

Financial Oversight & Management Board for Puerto Rico

Puerto Rico Electric Power Authority

Report Date **8/18/2026**



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FY26 Monthly B2A Summary

(\$ millions)

Summary	June-26				YTD			
	Jun-26 Budget	Jun-26 Actual	Jun-26 Variance (\$)	Jun-26 Variance (%)	YTD Certified Budget	YTD Actual	YTD Variance (\$)	YTD Variance (%)
A. Revenue								
Commonwealth Loan for PREPA ERS	-	-	-	n.a.	(25.000)	(25.000)	-	0.0%
Shared Services Separation	-	-	-	n.a.	-	-	-	n.a.
PREPA Restructuring & Title III	(1.593)	(1.593)	-	0.0%	(18.700)	(18.700)	-	0.0%
FOMB Advisor Costs allocated to PREPA	(2.561)	(2.561)	-	0.0%	(30.072)	(30.072)	-	0.0%
Pension Expense funded by Pension Revenues	(17.596)	(24.600)	(7.004)	39.8%	(211.146)	(195.859)	15.287	(7.2%)
B. Expenses								
HoldCo:								
HoldCo Labor Operating Expenses	0.557	0.610	(0.052)	(9.4%)	6.688	7.940	(1.252)	(18.7%)
HoldCo Non-Labor / Other Operating Expenses	1.974	3.791	(1.818)	(92.1%)	23.683	18.004	5.679	24.0%
Shared Services Agreement	0.351	0.343	0.007	2.1%	4.208	2.759	1.449	34.4%
HoldCo Maintenance Projects Expense	0.054	0.302	(0.248)	(461.2%)	0.645	0.595	0.050	7.7%
Total HoldCo Expenses (excluding Pensions)	\$ 2.935	\$ 5.046	\$ (2.111)	(71.9%)	\$ 35.224	\$ 29.298	\$ 5.926	16.8%
Pension Expense funded by PREPA	-	-	-	n.a.	25.000	21.502	3.498	14.0%
Shared Service Separation Expense	0.667	-	0.667	100.0%	4.000	-	4.000	100.0%
Total HoldCo Expenses (including Pensions)	\$ 3.602	\$ 5.046	\$ (1.444)	(40.1%)	\$ 64.224	\$ 50.800	\$ 13.424	20.9%
HydroCo:								
HydroCo Labor Operating Expenses	0.292	0.209	0.083	28.4%	3.502	2.779	0.723	20.6%
HydroCo Non-Labor / Other Operating Expenses	0.341	0.417	(0.076)	(22.2%)	4.093	2.333	1.760	43.0%
Shared Services Agreement	0.234	0.234	(0.001)	(0.3%)	2.805	1.845	0.960	34.2%
HydroCo Maintenance Projects Expense	0.056	0.454	(0.399)	(717.3%)	0.667	0.640	0.027	4.1%
Total HydroCo Expenses	\$ 0.922	\$ 1.315	\$ (0.392)	(42.5%)	\$ 11.067	\$ 7.596	\$ 3.471	31.4%
Total HoldCo & HydroCo Expenses (incl'd Pensions and Shared Services Separation)	\$ 4.524	\$ 6.360	\$ (1.836)	-40.59%	\$ 75.291	\$ 58.397	\$ 16.894	22.44%
Total HoldCo & HydroCo Expenses (excl'd Pensions and Shared Services Separation)	\$ 3.858	\$ 6.360	\$ (2.503)	-64.88%	\$ 46.291	\$ 36.895	\$ 9.396	20.30%

Note 1: Preliminary / unaudited financial information - subject to material change.

Note 2: Pursuant to the FOMB 2025 Certified Fiscal Plan dated February 6, 2025, PREPA is reporting HoldCo and HydroCo expenses for YTD FY2026.

Note 3: PREPA is reporting YTD FY2026 amounts based on the FOMB Certified Budget dated June 30, 2025, and as amended on June 26, 2026.

Note 4: YTD Pension expense reflective of loan proceeds received by PREPA from the Commonwealth and transferred to PREPA ERS for July 2025. Excludes August 2025, September 2025 and portion of the October 2025 PREPA Retirement System funding provided for by the Commonwealth Loan as it was directly transferred from the Puerto Rico Treasury Department to ERS. Starting in November 2025, all PREPA transfer amounts to PREPA ERS for funding of the pensions are paid with customer collections from pension rider revenues.

Note 5: PREPA Restructuring & Title III excludes amount allocated to LUMA.

Note 6: Pension & Benefits amounts are equal to 25% of Salaries and Wages for YTD FY2026.

Note 7: PREPA Restructuring & Title III and FOMB Advisors Cost actuals are accrued equal to budget.

Note 8: Approximately \$1.1M in the HoldCo Non-Labor / Other Operating Expenses YTD related to Shared Services Separation Expense is pending transfer entry in Oracle.

FY26 Monthly Expenses

(\$ millions)

		June-26				YTD			
		Jun-26 Budget	Jun-26 Actual	Jun-26 Variance (\$)	Jun-26 Variance (%)	YTD Certified Budget	YTD Actual	YTD Variance (\$)	YTD Variance (%)
Expenses									
C. HoldCo (& PropertyCo) – Operating & Maintenance Expenses									
Labor									
48	Salaries & Wages	0.421	0.486	(0.065)	(15.5%)	5.052	6.341	(1.289)	(25.5%)
49	Pension & Benefits	0.101	0.108	(0.007)	(6.5%)	1.214	1.417	(0.203)	(16.7%)
50	Overtime Pay	0.031	0.014	0.017	54.3%	0.377	0.164	0.213	56.4%
51	Overtime Benefits	0.004	0.001	0.002	64.6%	0.045	0.018	0.027	60.8%
Total HoldCo Labor Operating Expense		\$ 0.557	\$ 0.610	\$ (0.052)	(9.4%)	\$ 6.688	\$ 7.940	\$ (1.252)	(18.7%)
Non-Labor / Other Operating Expenses									
52	Materials & Supplies	0.005	0.016	(0.011)	(197.8%)	0.064	0.077	(0.013)	(20.2%)
53	Transportation, Per Diem, and Mileage	0.021	0.071	(0.050)	(235.2%)	0.255	0.186	0.069	26.9%
54	Retiree Medical Benefits	0.663	0.476	0.186	28.2%	7.950	6.290	1.660	20.9%
55	Security	0.066	0.084	(0.018)	(27.0%)	0.797	0.824	(0.027)	(3.3%)
56	Utilities & Rents	0.006	0.002	0.004	73.9%	0.072	0.032	0.040	55.7%
57	Legal Services	0.321	0.613	(0.293)	(91.3%)	3.847	2.586	1.261	32.8%
58	Professional & Technical Outsourced Services	0.180	0.808	(0.628)	(348.2%)	2.164	1.306	0.858	39.7%
59	IT – Maintenance & Corporate Services	0.050	1.084	(1.034)	(2089.0%)	0.594	3.036	(2.442)	(411.1%)
60	Regulation and Environmental Inspection	0.133	0.049	0.084	63.0%	1.591	0.761	0.830	52.2%
61	External Audit Services	0.092	0.366	(0.274)	(298.8%)	1.100	1.298	(0.198)	(18.0%)
62	Equipment, Inspections, Repairs & Other	0.104	0.217	(0.113)	(108.3%)	1.249	0.756	0.493	39.5%
63	General Civil Cases Settlement and Judgments	0.333	0.006	0.328	98.4%	4.000	0.851	3.149	78.7%
Total HoldCo Non-Labor / Other Operation Expenses		\$ 1.974	\$ 3.791	\$ (1.818)	(92.1%)	\$ 23.683	\$ 18.004	\$ 5.679	24.0%
64	Shared Services Agreement	0.351	0.343	0.007	2.1%	4.208	2.759	1.449	34.4%
65	Maintenance Projects Expenses	0.054	0.302	(0.248)	(461.2%)	0.645	0.595	0.050	7.7%
Total HoldCo Operating & Maintenance Expenses (excluding Pensions)		\$ 2.935	\$ 5.046	\$ (2.111)	(71.9%)	\$ 35.224	\$ 29.298	\$ 5.926	16.8%
66	Pension Expense funded by PREPA	-	-	\$ -	n.a.	25.000	21.502	3.498	14.0%
67	Shared Service Separation Expense	0.667	-	\$ 0.667	100.0%	4.000	-	4.000	100.0%
Total HoldCo Operating & Maintenance Expenses (including Pensions)		\$ 3.602	\$ 5.046	\$ (1.444)	(40.1%)	\$ 64.224	\$ 50.800	\$ 13.424	20.9%
D. HydroCo – Operating & Maintenance Expenses									
68	Salaries & Wages	0.212	0.142	0.070	33.1%	2.543	1.894	0.649	25.5%
69	Pension & Benefits	0.053	0.033	0.020	38.7%	0.636	0.443	0.193	30.4%
70	Overtime Pay	0.024	0.031	(0.007)	(29.5%)	0.288	0.397	(0.109)	(37.8%)
71	Overtime Benefits	0.003	0.004	(0.001)	(22.3%)	0.035	0.046	(0.011)	(30.4%)
Total HydroCo Labor Operating Expenses		\$ 0.292	\$ 0.209	\$ 0.083	28.4%	\$ 3.502	\$ 2.779	\$ 0.723	20.6%
Non-Labor / Other Operating Expenses									
72	Materials & Supplies	0.060	0.071	(0.011)	(18.4%)	0.724	0.251	0.473	65.3%
73	Transportation, Per Diem, and Mileage	0.020	0.063	(0.042)	(207.8%)	0.244	0.183	0.061	25.0%
74	Security	0.143	0.109	0.033	23.3%	1.712	1.361	0.351	20.5%
75	Utilities & Rents	0.007	0.002	0.005	73.9%	0.080	0.035	0.045	55.7%
76	Professional & Technical Outsourced Services	0.016	-	0.016	100.0%	0.187	0.002	0.185	99.0%
77	Regulation and Environmental Inspection	0.061	0.040	0.020	33.6%	0.731	0.164	0.567	77.5%
78	Equipment, Inspections, Repairs & Other	0.035	0.131	(0.097)	(279.3%)	0.415	0.336	0.079	19.0%
Total HydroCo Non-Labor / Other Operating Expenses		\$ 0.341	\$ 0.417	\$ (0.076)	(22.2%)	\$ 4.093	\$ 2.333	\$ 1.760	43.0%
79	Shared Services Agreement	0.234	0.234	(0.001)	(0.3%)	2.805	1.845	0.960	34.2%
80	Maintenance Projects Expenses	0.056	0.454	(0.399)	(717.3%)	0.667	0.640	0.027	4.1%
Total HydroCo Operating & Maintenance Expenses		\$ 0.922	\$ 1.315	\$ (0.392)	(42.5%)	\$ 11.067	\$ 7.596	\$ 3.471	31.4%
Total HoldCo & HydroCo O&M Expenses (incl'd Pensions and Shared Services Separation)		\$ 4.524	\$ 6.360	\$ (1.836)	-40.59%	\$ 75.291	\$ 58.397	\$ 16.894	22.44%
Total HoldCo & HydroCo O&M Expenses (excl'd Pensions and Shared Services Separation)		\$ 3.858	\$ 6.360	\$ (2.503)	-64.88%	\$ 46.291	\$ 36.895	\$ 9.396	20.30%
Memo: Pension Expense Funded by Pension Rider Revenues									
ERS	Pension Expense	\$ 17.596	\$ 24.600	\$ (7.004)	(39.8%)	\$ 211.146	\$ 195.859	\$ 15.287	7.2%

Note 1: Preliminary / unaudited financial information - subject to material change.

Note 2: Pension & Benefits amounts are equal to 25% of Salaries and Wages for YTD FY2026.

Note 3: July 2025 pension expense reflective of loan proceeds received by PREPA from the Commonwealth and transferred to PREPA ERS. Pension expense for August 2025, September 2025 and portion of the October 2025 PREPA Retirement System funding excludes Commonwealth Loan portions as it was directly transferred from the Puerto Rico Treasury Department to ERS. Starting in November 2025, all PREPA transfer amounts to PREPA ERS for funding of the pensions are paid with customer collections from pension rider revenues.

Note 4: Approximately \$1.1M in the HoldCo IT – Maintenance & Corporate Services YTD related to Shared Services Separation Expense is pending transfer entry in Oracle.

Note 5: Legal Services for August 2025, September 2025, November 2025, February 2026, and March 2026 have been revised to remove ~\$0.846M in Litigation Claims Settlement, which have been reclassified to the General Civil Cases Settlements and Judgments line item for each month.

Puerto Rico Electric Power Authority
Variance Detail
FISCAL YEAR 2026
8/18/2026

Variance #1

FOMB Category: HoldCo IT - Maintenance & Corporate Services HoldCo
Account: IT - Maintenance & Corporate Services HoldCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
IT - Maintenance & Corporate Services HoldCo	\$ 0.594	\$ 3.036	\$ (2.442)	-411.13%

Variance Explanation

PREPA has identified \$1,113,058.64 in expenses year-to-date that are related to shared services separation and are to be funded with the \$4.0M interagency transfer from AAFAF that PREPA anticipates receiving (\$511,542.39 in September, \$174,527.50 in November, \$74,023.75 in December, \$119,437.50 in January, \$76,142.50 in February and \$157,385.00 in June). As of the date of this report, PREPA has not received the \$4.0M from AAFAF.

Root Cause

Delay in receiving the \$4.0M from AAFAF.

Corrective Action

On January 23, 2026, the FOMB certified an amended budget that includes the \$4.0M PREPA anticipates received from AAFAF. Once PREPA receives the \$4.0M from AAFAF and an PREPA will move \$1,113,058.64 in expenses from the IT -Maintenance & Corporate Services line to be recorded against the \$4.0M to correspond with the budget.

Variance #2

FOMB Category: HoldCo General Civil Cases Settlement and Judgments HoldCo
Account: General Civil Cases Settlement and Judgments HoldCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
General Civil Cases Settlement and Judgments HoldCo	\$ 4.000	\$ 0.851	\$ 3.149	78.72%

Variance Explanation

The FOMB did not certify a budget approving General Civil Cases Settlements and Judgments until June 26, 2026. Legal Services for August 2025, September 2025, November 2025, February 2026, and March 2026 have been revised to remove Litigation Claims Settlement amounts totaling \$845,798.94, which have been reclassified to the General Civil Cases Settlements and Judgments line item. YTD actuals also includes \$5,500.00 in Litigation Claims Settlement incurred in June 2026.

Root Cause

PREPA had been budgeting for both Legal Services and Litigation Claims Settlements for eleven months of the fiscal year within the Legal Services line.

Corrective Action

General Civil Cases Settlement and Judgments is a reserve. Therefore, PREPA intends to include the unused funds as part of PREPA's FY 2026 Certification of Unused Funds to the FOMB, and PREPA intends to request that such amounts be reapportioned to FY 2027.

Variance #3

FOMB Category: HoldCo Retiree Medical Benefits HoldCo
Account: Retiree Medical Benefits HoldCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Retiree Medical Benefits HoldCo	\$ 7.950	\$ 6.290	\$ 1.660	20.88%

Variance Explanation

Since December 2024, PREPA has seen a reduction of over 1,500 retirees in the Medicare Advantage retiree group. This is due to market offerings and retirees opting for private health plans.

Root Cause

Reduction to participants in the Medicare Advantage retiree group.

Corrective Action

No action identified. PREPA will continue to monitor and adjust future budget proposals as needed.

Variance #4

FOMB Category: HoldCo Shared Service Agreement HoldCo
Account: Shared Service Agreement HoldCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Shared Service Agreement HoldCo	\$ 4.208	\$ 2.759	\$ 1.449	34.44%

Variance Explanation

On January 1, 2026 the Shared Services Agreement for non-insurance related services was extended through June 30, 2026. As a result, LUMA continues to incur and allocate to PREPA its labor (firm/fixed) and non-labor (as incurred) costs associated with providing Shared Services. Since the non-labor services are billed on an as incurred basis, these costs are subject to post-period revisions.

Root Cause

Timing of expense recognition.

Corrective Action

PREPA will continue to monitor and resolve any issues.

Variance #5

FOMB Category: HoldCo Legal Services HoldCo
Account: Legal Services HoldCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Legal Services HoldCo	\$ 3.847	\$ 2.586	\$ 1.261	32.77%

Variance Explanation

Legal Services for August 2025, September 2025, November 2025, February 2026, and March 2026 have been revised to remove Litigation Claims Settlement amounts totaling \$845,798.94, which have been reclassified to the General Civil Cases Settlements and Judgments line item. The FOMB did not certify a budget approving General Civil Cases Settlements and Judgments until June 26, 2026. PREPA had been budgeting for both Legal Services and Litigation Claims Settlements for eleven months of the fiscal year within the Legal Services line.

Root Cause

PREPA had been budgeting for both Legal Services and Litigation Claims Settlements for eleven months of the fiscal year within the Legal Services line.

Corrective Action

No action identified.

Variance #6**FOMB Category:** HydroCo Shared Service Agreement HydroCo**Account:** Shared Service Agreement HydroCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Shared Service Agreement HydroCo	\$ 2.805	\$ 1.845	\$ 0.960	34.23%

Variance Explanation

On January 1, 2026 the Shared Services Agreement for non-insurance related services was extended through June 30, 2026. As a result, LUMA continues to incur and allocate to PREPA its labor (firm/fixed) and non-labor (as incurred) costs associated with providing Shared Services. Since the non-labor services are billed on an as incurred basis, these costs are subject to post-period revisions.

Root Cause

Timing of expense recognition.

Corrective Action

PREPA will continue to monitor and resolve any issues.

Variance #7**FOMB Category:** HoldCo Professional & Technical Outsourced Services HoldCo**Account:** Professional & Technical Outsourced Services HoldCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Professional & Technical Outsourced Services HoldCo	\$ 2.164	\$ 1.306	\$ 0.858	39.65%

Variance Explanation

Budgetary reductions imposed by the approved budget results in internal delays and restrictions in PREPA's contract approval and execution process. PREPA had to re-evaluate its priority contracts and/or engage in negotiations with certain professionals before submitting for approval and execution.

Root Cause

Budgetary reductions imposed by the approved budget.

Corrective Action

Not applicable, no action identified or needed.

Variance #8**FOMB Category:** HoldCo Regulation and Environmental Inspection HoldCo**Account:** Regulation and Environmental Inspection HoldCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Regulation and Environmental Inspection HoldCo	\$ 1.591	\$ 0.761	\$ 0.830	52.17%

Variance Explanation

Funding constraints imposed by PREB and FOMB budgets caused delays in PREPA's contract approval and execution process.

Root Cause

Delay in PREPA's contract approval and execution process due to budgetary constraints.

Corrective Action

PREPA will continue to monitor and resolve any issues.

Variance #9**FOMB Category:** HydroCo Regulation and Environmental Inspection HydroCo**Account:** Regulation and Environmental Inspection HydroCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Regulation and Environmental Inspection HydroCo	\$ 0.731	\$ 0.164	\$ 0.567	77.51%

Variance Explanation

Funding constraints imposed by PREB and FOMB budgets caused delays in PREPA's contract approval and execution process. Of the FY 2026 certified budget of \$731K, approximately \$234K is related to services that are as needed basis/upon request or in the event of an emergency/to cover unforeseen circumstances in order to comply with state and federal environmental regulations.

Root Cause

Delay in PREPA's contract approval and execution process due to budgetary constraints.

Corrective Action

PREPA will continue to monitor and resolve any issues.

Variance #10

FOMB Category: HoldCo Equipment, Inspections, Repairs & Other HoldCo

Account: Equipment, Inspections, Repairs & Other HoldCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Equipment, Inspections, Repairs & Other HoldCo	\$ 1.249	\$ 0.756	\$ 0.493	39.47%

Variance Explanation

The FOMB approved PREPA's request to reallocate ~\$402K from this line item to the HoldCo Security on January 23, 2026. Additionally, this line item includes budget for the compensation of PREPA's Governing Board members who are not public employees. As of the date of this report, all current members of PREPA's Governing Board are public employees and therefore do not meet the criteria for compensation.

Root Cause

Reallocation of funds approved by FOMB in January. Current PREPA Governing Board members are public employees resulting in the related compensation budget unused.

Corrective Action

PREPA requested a reallocation of funds from this line item to the HoldCo Security line in the amount of ~\$402K. The FOMB approved this request on January 23, 2026.

Variance #11

FOMB Category: HydroCo Materials & Supplies HydroCo

Account: Materials & Supplies HydroCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Materials & Supplies HydroCo	\$ 0.724	\$ 0.251	\$ 0.473	65.34%

Variance Explanation

Approximately 70% of PREPA's proposed budget for HydroCo Materials & Supplies is for services related to turbine maintenance, with the remaining 30% related to services that are incurred on an as needed basis/upon request. In such, funding constraints imposed by PREB and FOMB budgets caused delays in PREPA's contract approval and execution process for contacts related to turbine maintenance.

Root Cause

Delay in PREPA's contract approval and execution process due to budgetary constraints.

Corrective Action

PREPA will continue to monitor and resolve any issues.

Variance #12

FOMB Category: HydroCo Security HydroCo

Account: Security HydroCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Security HydroCo	\$ 1.712	\$ 1.361	\$ 0.351	20.52%

Variance Explanation

Due to budgetary constraints, PREPA reduced the amount of services during the month of July until approved budget amounts were communicated with additional funds allocated. Additionally, the FOMB approved PREPA's request to reallocate ~\$383K from HydroCo Equipment, Inspections, Repairs & Other to HydroCo Security on January 23, 2026.

Root Cause

Reduction in the amount of services provided in July.

Corrective Action

Not applicable, no action identified or needed.

Variance #13

FOMB Category: HoldCo External Audit Services HoldCo

Account: External Audit Services HoldCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
External Audit Services HoldCo	\$ 1.100	\$ 1.298	\$ (0.198)	-18.02%

Variance Explanation

Due to the delay in the issuance of the FY 2023 audit and the resulting delay in commencing the FY 2024 financial audit process, PREPA's approved FY 2026 budget for External Audit is to perform, complete and issue the FY 2024 financial audit statements as well as covering remaining FY 2023 tasks for certain External Audit contracts. Variance is due to timing of invoices related to FY 2023 audit tasks and delay of FY 2024 audit commencement.

Root Cause

Timing of invoices related to FY 2023 audit tasks and delay of FY 2024 audit commencement.

Corrective Action

PREPA will continue to monitor and resolve any issues.

Variance #14

FOMB Category: HydroCo Professional & Technical Outsourced Services HydroCo

Account: Professional & Technical Outsourced Services HydroCo

Expenses	Budget YTD	Actual YTD	Variance (\$)	Variance (%)
Professional & Technical Outsourced Services HydroCo	\$ 0.187	\$ 0.002	\$ 0.185	98.99%

Variance Explanation

Budget constraints and prioritization have caused delays in PREPA's contract approval and execution process. PREPA has had to re-evaluate its priority contracts and/or engage in negotiations with certain professionals before submitting for approval and execution. While PREPA has made progress and executed various contracts totaling over \$115K, many of these services are performed on an as needed basis/upon request.

Root Cause

Delay in PREPA's contract approval and execution process due to budgetary constraints.

Corrective Action

PREPA will continue to monitor and resolve any issues.