



Monthly Report on the T&D System

For the Month of June 2024

July 17, 2024

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1.0 Mission, Goals and Areas of Responsibility

LUMA assumed operations of Puerto Rico's Transmission and Distribution System ("T&D System") on June 1, 2021, with the mission to recover and transform the energy grid and deliver customer-centric, reliable, resilient, safe, and sustainable electricity at reasonable prices for the 1.5 million customers LUMA is proud to serve. LUMA manages and operates the government-owned T&D Assets under the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("T&D OMA") executed on June 22, 2020, among the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3A") and LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, "LUMA"). This report outlines LUMA's key activities for the month of June 2024.

2.0 Monthly Sales Summary

Consumption in June increased by 6.0% compared to the previous month (May) and by 3.3% compared to the same month of the previous year (June 2023). In June 2024, energy sales (\$) decreased by 2.6% compared to May 2024 and increased by 29.2% compared to June 2023.

Table 2-1. Energy billed by customer segment

Consumption (GWh)	Residential	Commercial	Industrial	Public Lighting	Agriculture	Other Authorities	Total ⁴
2024 June	698.6	665.8	143.4	26.7	1.8	3.3	1,539.6
2024 May	578.2	740.1	103.2	25.7	2.1	3.4	1,452.7
2023 June	647.4	666.3	145.9	25.2	2.01	3.5	1,490.3

Table 2-2. Energy sales by customer segment

Sales (\$ Million)	Residential	Commercial	Industrial	Public Lighting	Agriculture	Other Authorities	Total ⁴
2024 June	169.5	168.6	34.8	10.3	0.5	0.8	384.5
2024 May	148.5	204.4	29.1	11.4	0.6	0.9	394.9
2023 June	133.7	122.8	29.6	10.3	0.5	0.7	297.6

Table 2-3. Energy sales by rate component

Energy Sales (\$ Million)	Base	FCA ¹	PPCA ²	CILT & Subsidies ³	Total ⁴
2024 June	105.5	205.6	49.4	24.0	384.5
2024 May	96.8	220.7	49.8	27.6	394.9
2023 June	81.3	150.7	43.3	22.3	297.6

¹ FCA: Fuel Charge Adjustment

² PPCA: Purchased Power Charge Adjustment

³ CILT: Contribution In Lieu of Taxes

⁴ The Total amount may not equal the sum of numbers for each category due to rounding.

3.0 System Operations Update

Reported Events

- Several generation forced outages occurred during the month. Three (3) resulted in automatic underfrequency loadsheds. Four (4) additional loadsheds occurred due to generation shortfall.
- Several transmission outages occurred during the month including a major cascading event on June 12.
- LUMA activated the LUMA Emergency Operations Center (“LEOC”) on June 3 to coordinate the response to the Outage Event and to the Santa Isabel restoration. LUMA also activated the Incident Management Team (“IMT”) to support the restoration of the system on June 12.

Table 3-1: Significant Generation Outages

Date	Generation Outages
06/01/2024	Aguirre 1: Derated Aguirre 2: Derated Palo Seco TM: Forced Outage
06/02/2024	Aguirre 2: Derated San Juan 9: Derated
06/03/2024	Aguirre 1: Derated AES 2: Derated
06/04/2024	AES 2: Derated Costa Sur 6: Derated Load Shed Event and Voltage Reductions
06/06/2024	AES 2: Derated San Juan 9: Derated
06/07/2024	AES 2: Derated San Juan 9: Derated
06/08/2024	San Juan 9: Derated San Juan 5: Forced Outage Aguirre 1: Forced Outage and Loadshed Loadshed due to Generation Shortfall
06/09/2024	Costa Sur 5: Derated Costa Sur 6: Derated Loadshed due to Generation Shortfall
06/10/2024	Loadshed due to Generation Shortfall
06/11/2024	San Juan 6: Forced Outage Aguirre 2: Derated
06/12/2024	San Juan 5, 6, 9 and TMs: Forced Outage Aguirre 1: Derated
06/13/2024	AES 2: Derated Aguirre 1: Derated
06/14/2024	Aguirre 2: Derated Costa Sur 5: Derated San Juan 9: Derated AES 2: Derated

Date	Generation Outages
06/15/2024	Aguirre 2: Derated
06/18/2024	San Juan 6: Forced Outage Costa Sur 5: Forced Outage and Loadshed
06/21/2024	San Juan 6: Forced Outage
06/22/2024	Costa Sur 5: Derated
06/23/2024	Costa Sur 5: Derated
06/25/2024	Costa Sur 6: Derated Aguirre 1: Derated
06/26/2024	AES 1 and AES 2: Forced Outage and Loadshed Costa Sur 5: Forced Outage
06/27/2024	AES 1: Derated
06/28/2024	AES 1: Derated AES 2: Derated
06/29/2024	Costa Sur 5: Derated
06/30/2024	Costa Sur 5: Derated

Table 3-2: Significant Transmission Outages

Date	Transmission Outages
06/01/2024	Line 37800 Tripped Line 40800 Tripped
06/02/2024	Line 39000 Tripped Line 36100 Tripped Line 37800 Tripped Line 40800 Tripped Santa Isabel Transformer Failure
06/03/2024	Line 36400 Tripped Line 37400 Tripped
06/04/2024	Line 50900 Tripped
06/05/2024	Line 37800 Tripped Line 50900 Tripped Line 39000 Tripped
06/08/2024	Line 36300 Tripped
06/09/2024	Line 36400 Tripped
06/10/2024	Line 36300 Tripped Line 36100 Tripped
06/12/2024	San Juan Transformer 115/38 Tripped Line 38300 Tripped Line 38200 Tripped Line 36300 Tripped Line 36200 Tripped Line 39000 Tripped Line 39000 Tripped
06/13/2024	Line 50800 Tripped
06/14/2024	Line 37800 Tripped

Date	Transmission Outages
06/15/2024	Line 36300 Tripped Caguas 115/38/13 Transformer Tripped
06/16/2024	Line 37400 Tripped
06/17/2024	Line 37800 Tripped Line 36300 Tripped Line 36700 Tripped
06/18/2024	Line 36300 Tripped
06/19/2024	Line 36400 Tripped Line 50800 Tripped
06/20/2024	Line 36100 Tripped
06/22/2024	Line 37800 Tripped
06/23/2024	Line 36700 Tripped
06/24/2024	Line 37400 Tripped
06/26/2024	Line 37400 Tripped
06/29/2024	Line 50700 Tripped

4.0 Puerto Rico Energy Bureau Filings and Hearings

LUMA participated in and supported discussions with the Puerto Rico Energy Bureau (“PREB”) across a broad range of topics during the month.

- [NEPR-MI-2021-0008](#) | Customer Bill** – On June 3, LUMA filed a motion to submit a revised version of the Customer Bill in response to the May 22 Resolution and Order (“R&O”) on docket NEPR-MI-2021-0013 on Electric Vehicles (“EV”). The purpose of the revision is to include the Electric Vehicles Time of Use (“EV TOU”) rate on the bill for those customers participating in the pilot program. On June 11, LUMA filed a corrected Exhibit 1 to the June 3 Motion. On June 28, PREB issued a R&O approving the representation of the EV TOU on the Customer Bill.
- [NEPR-MI-2021-0013](#) | EV** – On June 3, LUMA filed a motion to submit the revised EV TOU Tariff Sheet in Spanish and English. On the same day, LUMA submitted a response to the May 22 Requests for Information (“RFI”), to inform LUMA’s compliance with the requirement to submit revised Model Bill to reflect that Consumption Charges apply to the entire consumption of the customer.
- [NEPR-MI-2021-0002](#) | Federal Funding** – On June 4, LUMA reported to PREB the receipt of three FEMA Project Obligations, including one for the Distribution Pole and Conductor Repair and two for the Distribution Streetlighting Improvement Programs. On June 11, LUMA submitted to PREB the updated 90-Day Plan for T&D Projects. On June 13, LUMA submitted the Bayamón TC Rebuild amended Scope of Work (“SOW”) for approval. On June 14, LUMA reported to PREB the receipt of one FEMA Project Obligation for the Vegetation Management and Capital Clearing Implementation Improvement Program. On June 21, LUMA submitted the Transmission Lines for System Resilience initial SOW for approval. On June 25, LUMA reported to PREB the receipt of five FEMA Project Obligations, including three for Distribution Streetlighting, one for the

Distribution Pole and Conductor Repair and one for the Transmission Priority Pole Replacements Improvement Programs. On June 28, LUMA submitted four initial SOWs, three for Substation Rebuilds, and one for the Asset Management Information System for approval.

- [NEPR-MI-2020-0019](#) | **System Remediation Plan (“SRP”)** – On June 5, LUMA submitted a motion highlighting the modification of timelines, scope or milestones for certain SRP Improvement Programs in order to align them with the Fiscal Year (“FY”) 2025 Budget Proposal.
- [NEPR-AP-2023-0004](#) | **Integrated Resource Plan (“IRP”)** – On June 7, LUMA submitted a Motion requesting the continuance of the 2024 IRP Filing to allow completion of scenario 1 (base case) that had been delayed principally due to unforeseen software model technical issues and the unique characteristics of the Puerto Rico energy system. On the same date, LUMA filed a Motion submitting responses to the Third Set of 2024 IRP Prefiling Period Requests of Information (“ROI”) in compliance with the May 17 R&O. On June 18, PREB issued an R&O granting LUMA additional time to submit the 2024 IRP filing and ordering LUMA to file no later than June 28, 2024, the expected revised IRP filing date. On June 28, LUMA filed a Motion in compliance with the June 18 R&O, submitting the Second Revised 2024 IRP Schedule and a proposed May 2025 deadline for filing a complete and robust IRP.
- [NEPR-MI-2019-0007](#) | **Legacy Performance Metrics** – On June 10, PREB issued a R&O where it ordered LUMA to show cause on why it should not be fined up to \$25,000 per day for alleged under performance of the OSHA Severity Rate Metric. On June 20, LUMA submitted its Motion in Compliance with this R&O, stating that the OSHA metric’s performance for the current year had improved substantially when compared to the baseline. In this motion, LUMA also voiced its concern that PREB has not established rules for worsening performance when compared to baseline under the regulations in its jurisdiction. Consequently, imposing fines on LUMA for performing in any given manner when parameters for noncompliance with the baselines have not been determined, results in a violation of LUMA’s right to due process.
- [NEPR-MI-2019-0016](#) | **Interconnection Progress Reports** – On June 11, LUMA filed a motion submitting outstanding responses to the remaining RFIs in further compliance with Bench Orders issued at the Compliance Hearing held on May 6. LUMA responded to the PREB request on options for recovery of the cost associated with supplementary studies as future system upgrades. The motion recognized the unpaid backlog and existing \$300 fee and presented as a preferred option a flat-fee application cost. The motion also suggested reverse interconnection flow to determine if a Supplementary Study is needed before the DG interconnection. LUMA mentioned the importance of enforcement of existing regulations and that several options will require Regulation 8915 modification and amendment of Act 114.
- [NEPR-MI-2019-0011](#) | **Process for the Adoption of Regulation for Distributed Resource Planning (“IDP”)** – On June 12, LUMA participated in a Technical Conference to discuss the current status of LUMA’s implementation of the Voltage Level Maps, Interconnection Capacity Maps and the inventory of the Power Grid.
- [NEPR-MI-2021-0004](#) | **Initial Budgets** – On June 14, LUMA submitted a notice of reallocation for the FY2024 non-federally funded budget in the Distribution and Substation portfolios, within the 5% threshold. On June 19, LUMA submitted responses to approximately 70 RFIs issued by the PREB on the FY2025 budget. On June 21, LUMA participated in the FY2025 Budget Technical Conference. On June 26, LUMA received PREB’s determination on the FY2025 Budget, which

mostly aligned with LUMA's proposed budget, except for certain modifications. The order included decreasing LUMA's Billing Accuracy and Back Office Program by \$13.5 million, almost the entirety of the program, which, if LUMA complies, would vastly impact revenue generation by way of bill rendering, printing and sending and critical updates to the billing system. This decrease was intended to increase the Vegetation Management Program budget to \$63.6 million, including \$1.9 million related to Fire Mitigation.

- [NEPR-AP-2020-0025](#) | **LUMA's Performance Metrics** – On June 14, PREB issued a Reconsideration for the January 26 Final Order. PREB partially denied LUMA's Motion for Reconsideration, rejecting LUMA's proposition for Annex IX in terms of the minimum performance levels, targets, base points, baselines, additional metrics, amongst others, while granting LUMA's request to reinstate the incentive tiers. PREB also modified the incentive calculation scheme specified in the OMA by establishing a new methodology named "continuous approach." On June 28, LUMA submitted an urgent motion requesting the PREB reissue its June 14 Reconsideration to include language required by Puerto Rico administrative law. LUMA's Judicial Review before the Appeals Court is due on Monday, July 15.
- [NEPR-MI-2021-0011](#) | **Regulation of the Renewable Energy Certificate ("REC") Market and Compliance with the Puerto Rico Renewable Energy Portfolio** – On June 14, LUMA filed comments to the PREB's Proposed Regulation for RECs and Compliance with the Renewable Energy Portfolio of Puerto Rico. LUMA emphasizes the importance of RECs for tracking Renewable Portfolio Standards compliance and expanding renewable energy resources. LUMA recommends setting the minimum REC value to \$0.01/MWh to prevent economic harm to Puerto Rican electricity customers. Additionally, LUMA suggests clarification on the treatment of Distributed Renewable Energy for the purposes of compliance with renewable energy portfolio requirements and offers detailed feedback on the proposed REC regulations to enhance clarity and effectiveness.
- [NEPR-MI-2019-0009](#) | **Interconnection Regulations** – On June 18, LUMA participated in a Technical Conference to discuss LUMA's proposed technical interconnection requirements for distributed generation, smart inverter functionalities, and the management of operational challenges posed by high Distributed Generation penetration. On June 21, LUMA filed a Motion to submit the presentation shown at the Technical Conference/Stakeholder Workshop, with corrections, and a revised Technical Bulletin responding to comments received during the Technical Conference.
- [NEPR-IN-2024-0003](#) | **Incident Report** – On June 20, LUMA submitted the Preliminary Report of the June 12 outage event in compliance with June 14 R&O.
- [NEPR-MI-2020-0001](#) | **Permanent Rate** – On June 21, LUMA filed the proposed FCA, PPCA, and Fuel Oil Subsidy factors ("Q1 factors") to be in effect from July 1 to September 30, 2024. On June 25, PREB issued an RFI requesting LUMA to clarify the information included in Annex A of the June 25 R&O. On June 26, LUMA filed a Motion in response to the June 25 RFI, which included responses to the PREB's inquiries as well as an updated proposal for the Q1 factors. On June 27, PREB issued a second RFI, requesting further details related to Annex A of the June 25 R&O. On June 28, LUMA filed a motion in response to the second RFI and a second updated proposal for the Q1 factors. On June 30, PREB issued an R&O approving the Q1 factors as revised and submitted by LUMA.

- [NEPR-MI-2022-0001](#) | **Energy Efficiency (“EE”) and Demand Response Transition Period Plan (“TPP”)** – On June 29, LUMA filed a motion in compliance with the June 21 R&O, pertaining to the FY2024 and FY2025 budgets for the EE programs and reported status of the progress for these programs, including detailed updates of expenditures, projections and budgets in accordance with the revised TPP.

Other filings in June:

- [NEPR-MI-2019-0005](#) | **Vegetation Management** – Submitted updated Vegetation Management Plan (June 14)

5.0 Legislative Matters & Material Legal Update

Monitoring legislative activity, responding to requests for comments, and preparing LUMA employees for public hearings is an important and significant responsibility, requiring multiple interactions with members and staff of the Puerto Rico Senate and House of Representatives over the course of many months on some occasions. Responding to these inquiries requires considerable resources and time from LUMA.

Table 5-1: Summary of Relevant Legislation and Requests for Comments or Information in the Puerto Rico Senate, House of Representatives or Governor’s Office of Legislative Affairs

Committee	Act, Bill or Resolution	LUMA Response
House Committee on Economic Development, Planification, Telecommunications, Private-Public Partnerships and Energy	House Resolution 1049 – <i>orders research on issues linked to economic priorities aligned with Puerto Rico’s socioeconomic advancement. Also oversees federal issues linked to federal funds allocated for the reconstruction of generation, transmission, and distribution of energy by Public-Private Partnerships.</i>	On May 16, LUMA was summoned to appear at an executive hearing on June 14. On June 7, LUMA received a notice to change the location of the on-site hearing to the area of USERAS substation at Santa Isabel. On June 14, LUMA participated in the on-site hearing and submitted information. The hearing was converted to a joint hearing with the House Committee on Consumer Rights, Banking Services, and the Insurance Industry.
House Committee on Consumer Rights, Banking Services, and the Insurance Industry	House Resolution 229 – <i>orders a general study of the current situation of the municipalities that make up the South-Central region; and to determine the priorities to address the problems of the region and the course to follow through reports; and for other related purposes.</i>	On June 10, LUMA was summoned to participate in an <i>on-site</i> hearing at the USERAS substation site. LUMA participated in the hearing, a joint hearing with the House Committee on Economic Development, Planification, Telecommunications, Private-Public Partnerships and Energy. On June 20, LUMA submitted responses to an RFI received during the hearing. On June 17, LUMA was summoned to participate in a second <i>on-site</i> hearing at the USERAS substation site. LUMA participated in the hearing on June 21, and then submitted responses to an RFI received during the hearing. On June 25, LUMA was summoned to participate in a third <i>on-site</i> hearing on July 11.

Table 5-2: Material Litigation Update⁵

Case No. & Parties	Description	Updates
Domingo Marrero v. Mun. de Guánica, Civil Case No. PO2021CV00963	Plaintiff alleged that pole placement in sidewalks violates the Americans with Disabilities Act (“ADA”).	On June 10, Plaintiff requested reconsideration of the judgment staying the proceedings. On June 21, LUMA filed an opposition to the motion for reconsideration.
Civil Case No. SJ2022CV02868 – Ismael Herrero Domenech and the class composed of all residential electrical energy customers of LUMA Energy LLC v. LUMA Energy LLC, Wendco of Puerto Rico Inc. et al. v. LUMA Energy LLC	Consolidated class actions claiming damages from the April 6, 2022 event at Costa Sur that caused an island-wide blackout.	On June 11, the PR Supreme Court denied LUMA’s Motion for reconsideration challenging the Court of Appeals decision confirming the denial to LUMA’s Motion to Dismiss the Complaint for failure to include PREPA as an indispensable party. On June 17, both the Supreme Court and the Court of Appeals issued their respective mandates. On June 20, the Court of First Instance docketed said mandates and on the same date, Plaintiffs requested that LUMA be ordered to answer the Complaint. On June 28, LUMA requested a 30-day extension to file its responsive pleading.
<i>The following cases have had no significant changes since the last report:</i>		
Civil Case No. 22-CV-01357 – CADFI Corp. v. PREPA, LUMA and Municipality of San Juan	Plaintiff alleges that pole placement in sidewalks violates ADA.	
Civil Case No. SJ2022CV08894 – UTIER, et. al. v. LUMA Energy ServCo, LLC, et. al.	Damage claim alleging defamation, libel, and cyberbullying in online publications referencing UTIER and Angel Figueroa Jaramillo.	
Civil Cases No. SJ2023CV02513, No. SJ2023CV01793 (consolidated) – LUMA Energy ServCo, LLC v. Municipio Autónomo de Manatí	Challenge to Manatí Municipality’s construction excise tax determinations for LUMA.	

⁵ Material Litigation Activity refers to all litigation related to challenges to the OMA, matters that could impede the OMA work or litigation with significant financial risk. This does not include ordinary litigation proceedings that originate as part of the operation of the T&D System, including but not limited to pre-litigation dispute resolution, management of active litigation, discovery, PREB invoice challenges, and other litigation procedures.

6.0 Ongoing External Audits

LUMA is subject to audits related to its activities under the T&D OMA. Responding to these audits requires considerable resources and time from LUMA.

Table 6-1: Summary of Governmental Audits

Government Entity	Audit Description	Significant Updates
Puerto Rico Comptroller's Office ("OCPR"), No. 15592 (PREPA)	Audit to PREPA during the period of June 1, 2018, to June 30, 2021, by virtue of Article III, Section 22 of the Constitution of the Commonwealth of Puerto Rico, and Act 9 of July 24, 1952, as amended.	On June 10, the OCPR auditors sent an RFI in connection with the Transmission Operation Center in Monacillos, related to System Operation Principles approved by the PREB. The information for the RFIs was submitted on June 12.
OCPR, No. 15720 (PREPA)	Audit to PREPA during the period of June 1, 2020, to September 30, 2023, by virtue of Article III, Section 22 of the Constitution of the Commonwealth of Puerto Rico, and Act 9 of July 24, 1952, as amended.	On June 26 the OCPR auditors sent two RFIs to the Procurement department. The first was related to a sample of contracts executed by LUMA. The information for the first RFI will be submitted by July 12. The second RFI was related to supporting documentation shown on the OCPR's interview to Procurement personnel held on June 25. The information for the second RFI was submitted on June 27.
KPMG	Audit of PREPA Financial Statements (FY2023)	FY23 audit started during April. LUMA has been providing all the data requested by KPMG and PREPA. The expected release date is August 31, as requested by the department of Treasury. LUMA is committed to supporting PREPA's ability to meet this deadline.
KPMG	Audit of PREPA Single Audit (FY2022) – includes GridCo	FY22 audit started during May. LUMA has been meeting and providing all data requested. The expected release date is subsequent to July 15, since KPMG and PREPA are still closing FY2020 and FY2021 single audits.
P3A FY2022 Audit – Vázquez & Vilanova	First Year (FY2022) OMA Compliance – audit for the first full year of LUMA operations.	The audit remains ongoing, LUMA has been meeting, supporting and providing information to the P3A auditors. The FY2022 audit's deadline was shifted to the end of July. On June 28 it was communicated by P3A that the scope of the audit was increased to include FY2023 and 2024, with an overall deadline by November 2024. LUMA has not received the RFI listings for the FY2023 and FY2024 audits.

The following audits have had no significant changes since the last report:

OCPR, No. 15560 – Audit of debt issued by the Commonwealth of Puerto Rico and its public corporations from January 1, 2000 – present day.

OCPR, No. 15637 – Audit of the Municipality of Guánica.

OCPR, No. 15671 – Audit to PREPA operator (LUMA Energy ServCo, LLC) from the period of June 1, 2020, to February 28, 2023

7.0 Material OMA Items

PREPA's Non-Compliance with T&D OMA Obligations

- June was the nineteenth (19) consecutive month in which PREPA did not fully fund one or more of the Service Accounts and failed to comply with its contractual obligations, in breach of the T&D OMA. June was also the seventh (7) consecutive month in which PREPA did not provide any funding for the Outage Event Reserve Account. LUMA has issued nineteen (19) non-compliance notices to PREPA and notified P3A.
- Since January 2023, LUMA has been requesting PREPA provide balance sheet reconciliations. After multiple requests, PREPA delivered the FY2021 balance sheet reconciliations in September 2023. After reviewing the provided documentation, LUMA concluded the documents were incomplete and insufficient to understand the account transactions. LUMA has continued to request from PREPA complete information required for these reconciliations but as of the end of June, the issue remains outstanding. Until these are provided and PREPA provides a segregated opening balance sheet for the T&D system, LUMA is prevented from providing certain O&M Services related to financial reporting.
- In a letter sent on June 25, to PREPA, LUMA raised violations by PREPA, through its Executive Director, to O&M Sections 13.1(g) (II) and Annex I, Section IV (B) after PREPA made several uncoordinated, inaccurate and false comments related to the June 12 Event and the T&D System. PREPA's public communications have created confusion, impairing LUMA's ability to carry out its obligations under the O&M.

LUMA's Performance Metrics

- In January 2024, PREB issued a final R&O in case NEPR-AP-2020-0025, approving LUMA's Performance Metrics with modifications. In February, LUMA filed a Motion for Reconsideration requesting PREB to vacate its ruling, arguing due process violations and interference with essential provisions of the T&D OMA through the modifications.
- In June, PREB issued its Final Reconsideration where it sustains its modification to the incentive fee scheme and introduces further modifications. PREB also rejected LUMA's October 28, 2022, Proposed Annex IX. PREB established a new continuous approach for non-binary metrics that reformulates the incentive calculation structure negotiated as part of the T&D OMA and established in Annex X which is not subject to revision by PREB.
- PREB's Final Reconsideration continues to contain due process violations, represents a substantial modification to the T&D OMA, and deprives LUMA of a reasonable opportunity to earn the Incentive Fee.

PREPA Reorganization and Shared Services

- LUMA is preparing to terminate many of the shared services provided through the Shared Services Agreement by September 30 and strongly encourages both PREPA and Genera to execute their respective implementation plans to achieve the separation by said date. LUMA remains concerned with PREPA and Genera's lack of progress made to date towards Shared Service Exit.
- On June 13, LUMA provided Genera PR copy of its AssetSuite data. LUMA and Genera have been working together to ensure this copy contains all requirements for Genera to execute their own transactions within Genera's new Fusion environment. LUMA advised Genera to initiate the transfer of its AssetSuite copy to their new environment by July 1, 2024.
- LUMA, PREPA, and Genera are working collaboratively in finalizing the Insurance and Telecommunication Services Collaboration Agreements. LUMA will continue to work with PREPA and Genera to advance the agreements between the parties with P3A.
- Following the execution of the Capital Contribution Agreements ("CCA") in June 2023, LUMA conducted a thorough review of the vehicle lists attached to the CCAs. After several follow-ups, LUMA met with Fleet Managers of both PREPA and Genera and clarified the allocations of the 49 vehicles under question. During June, LUMA submitted the finalized allocation agreement with the updated and final status of the assets.

PREPA Title III Exit

- Numerous parties objected to confirmation of PREPA's proposed plan of adjustment. The FOMB, AAFAF, the Fuel Line Lender group, and several other parties argued in support of confirmation.
- On June 12, the First Circuit Court of Appeals issued its opinion regarding the nature and amount of the PREPA bondholders' claim. The First Circuit also affirmed Judge Swain's dismissal of the bondholders' breach of trust claim but reversed her dismissal of the bondholders' equitable accounting claim and reinstated it. This may result in extensive discovery that may require LUMA in its role as operator of the T&D system.
- On June 17, the FOMB filed an informative motion stating that it intends to seek to reopen the confirmation trial record "for the limited purpose of valuing the non-settling bondholders' share of the Net Revenues and showing the court how such value . . . will be paid."
- Judge Swain then issued an order directing the parties to mediate "immediately" and to meet and confer "as to appropriate steps in response to the First Circuit Decision and any further submissions or litigation that may be necessary to conclude the Title III confirmation proceedings for PREPA, and proposed timetables therefor." She also directed the FOMB to file a status update on July 3 and scheduled a status conference for July 10.
- On June 25, certain PREPA bondholders and monoline insurers holding or insuring over 49% of the outstanding PREPA bonds disclosed that they had agreed to extend to September 30 their cooperation agreement regarding their opposition to the current form of the proposed PREPA plan of adjustment.
- These recurring delays in PREPA's Title III proceedings are a growing concern for LUMA related to the timing of PREPA's exit from Title III and conditions associated with the Plan of Adjustment. LUMA is also increasingly concerned with the negative impact this contentious hearing will have on PREPA's ability to access Capital Markets in the future, which could constrain LUMA's ability to operate a stable utility prudently.

LUMA's Billing and Collection Efforts

- The LUMA billing team continues to implement technology changes to ensure more timely and accurate bills are being produced. During the month of June, LUMA launched new enhancements to the reporting platform that, for the first time ever, allow for productivity reporting at the individual employee level. This information will be a catalyst for increased opportunities for coaching/training and future efficiencies.
- LUMA reached 3,331 new payment agreements with customers in June, for a total of over 85,016 since June 2021. Also in June, LUMA completed over 88,000 outbound collection calls for a total of over 2.2 million outbound calls since June 2021. LUMA's Revenue Protection team collected over \$26.3 million in June directly related to active customer collections of past due receivables. Collection efforts include outbound calls, letters, emails, and inbound calls.
- PREB's June 26 Order regarding the FY2025 Budget decreased LUMA's Billing Accuracy and Back Office Program budget by \$13.5 million, almost the entirety of the program. If LUMA complies, this would vastly impact revenue generation by way of bill rendering, printing and sending and critical updates to the billing system.

Third-Party Pole Attachments ("TPA")

- On June 14, LUMA sent invoices to the telecom companies for FY2022 and FY2023 based on the pre-existing agreements with PREPA. The amount total invoiced for FY2022 is \$4,424,013.45 and \$4,653,826.61 for FY2023.
- On June 28, the Telecommunications Bureau of Puerto Rico ("NET", for its Spanish acronym) issued an Emergency Resolution and Order ([link](#)) to: (i) establish and enforce pole attachment fees for the usage of government-owned Transmission ("T&D") poles; (ii) resolve the allocation of equipment transfer costs related to the replacement of publicly-owned T&D poles; (iii) clarify new attachment and make ready issues, and (iv) schedule an adjudicatory proceeding to address pole attachment matters.

Net Energy Metering

- In compliance with the current regulation of distributed generation interconnection, LUMA successfully completed an additional 127 supplemental studies in June. Through these efforts, all feeders with penetration levels above 15% have been studied as of the close of June. LUMA has identified system upgrades that are required. Currently, LUMA is in the process of preparing the cost and timeline information to share with the developers. The studies cover distribution feeder voltage, thermal, and protection analyses, which are critical to maintaining the distributed system's stability and reliability. LUMA is highly concerned about the increasing number of interconnections surpassing the pace of comprehensive studies, which poses a systemic reliability risk. LUMA has engaged in discussions with DG developers and installers in order to secure the required payments for required supplemental studies.
- On June 30, the Senate approved Joint Resolution 604, which ordered the PREB to issue a resolution eliminating the \$300.00 special charge for customers with photovoltaic systems. LUMA is highly concerned that the resolution does not define the source of funds to cover the costs of supplementary studies not covered by distributed generation clients.

LUMA Budget Approval, Amendment and Reallocation

- LUMA continues to be concerned with PREB's procedure and orders on LUMA's budgets, reporting and related activities. Issues remain outstanding stemming from PREB's decisions on the budgets for FY2022, FY2023 and FY2024 – including differing points of views on operational efficiencies and PREB's ability to approve / reject LUMA's outlined responsibilities within the T&D OMA.
- Regarding the FY2025 Budget, PREB ordered changes affecting three key areas: Billing Accuracy & Back Office (decrease by \$13.5 million), Vegetation Management (increase by \$11.6 million) and Fire Mitigation (increase by \$1.9 million). Notably, the adjustments made across these three programs were across varying funding sources (Operating Expenditures and Non-Federally Funded Capital) altering the analysis and allocation previously contemplated. PREB approved \$692 million for GridCo, \$300 million for GenCo, \$16 million for HydroCo, and \$34 million for HoldCo roughly aligning with P3A's initial budget allocation made on May 9.
- Within the FY2025 Budget Order, PREB also said it would reinstate the Rate Case as a result of the uncertainty around the timing / determination of Title III.