

Monthly Report on the T&D System

For the Month of October 2024

November 20, 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 October 2024.

URGENT CASH MATTERS

October 2024 is the twenty-third (23rd) 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. In August, September and October 2024 PREPA also failed to meet the threshold of 2/3 funding of the required amount for the Operating Account, the Capital Federally Funded, the Capital Account Non-Federally Funded, and the Purchased Power Account. Each of these constitute, if notified, an Owner Event of Default. October 2024 is also the eleventh (11th) consecutive month in which PREPA did not provide any funding for the Outage Event Reserve Account. Failing to fund this account promptly to the required level of \$30 million is, if notified, an Owner Event of Default. LUMA has communicated repeatedly and consistently with PREPA and P3A that it is highly concerned with this continuing breach of PREPA's obligations, and that this working capital shortfall threatens progress of the electric sector operations and reconstruction.

As of October 18, 2024, Service Accounts were collectively underfunded by approximately \$669.9 million. Specifically, in October, PREPA funded LUMA's Operating Account to less than 34% of its minimum balance under the T&D OMA, the Capital Account – Non-Federally Funded to less than 34% of its minimum balance, the Purchased Power Account funded to less than 61% of its minimum required balance, and the Fuel Account to less than 45% of its minimum required balance.

LUMA notes that it has successfully and consistently operated within its budget, and that there is a need to properly fund working capital. This is PREPA's and P3A's responsibility under the T&D OMA. PREPA's bankruptcy, including the inability to obtain financing, further constrains the mechanisms available to appropriately fund operation and maintenance activities as well as capital improvements.

On September 30, the Energy Bureau ("PREB") declined to adjust the Fuel Cost Adjustment factors despite a deficit of over \$100 million between actual fuel costs and the billings from the FCA rider. In light of the above, the inability to fully recover incremental fuel and purchased power costs places additional pressure on the energy system's liquidity position and reduces the cash available to fund operations by approximately \$100 million. In September and October 2024, LUMA was forced to delay the execution of certain work to avoid further deterioration of working capital.

2.0 Monthly Sales Summary

Consumption in October increased by 10.1% compared to the previous month (September) and decreased by 0.8% compared to the same month of the previous year (October 2023). In October 2024, energy sales (\$) decreased by 2.7% compared to September 2024 and by 12.4% compared to October 2023.

Table 2–1. Energy billed by customer segment

Consumption (GWh)	Residential	Commercial	Industrial	Public Lighting	Agriculture	Other Authorities	Total ⁴
2024 October	694.4	727.5	152.6	23.8	1.8	3.4	1,603.5
2024 September	647.7	668.1	112.1	23.3	1.7	3.4	1,456.3
2023 October	699.8	735.9	149.4	25.9	1.9	3.8	1,616.8

Table 2–2. Energy sales by customer segment

Sales (\$ Million)	Residential	Commercial	Industrial	Public Lighting	Agriculture	Other Authorities	Total ⁴
2024 October	140.30	163.20	33.30	8.10	0.40	0.70	346.0
2024 September	149.7	165.8	29.8	9.0	0.5	0.8	355.6
2023 October	163.9	182.7	37.4	9.5	0.5	0.9	394.9

Table 2–3. Energy sales by rate component

Energy Sales (\$ Million)	Base	FCA ¹	PPCA ²	CILT & Subsidies & EE ³	Total ⁴
2024 October	108.0	157.2	54.5	26.3	346.0
2024 September	97.9	176.7	57.6	23.4	355.6
2023 October	107.5	218.8	33.9	34.7	394.9

3.0 Recent LUMA Accomplishments

- LUMA teams successfully completed the installation and energization of the replacement transformer at Santa Isabel TC. ([Press Release](#))
- LUMA launched elections support public information media campaign including over 10 media interviews. ([Press Release](#))
- LUMA successfully completed coordinated planned upgrades to improve reliability in Vieques and Culebra including substation maintenance, transmission line repairs and vegetation management. ([Press Release](#))
- LUMA Community Relations and Health & Safety teams offered an Electric Safety Talk to deaf youth at Colegio San Gabriel. ([video](#))

¹ FCA: Fuel Charge Adjustment

² PPCA: Purchased Power Charge Adjustment

³ CILT: Contribution In Lieu of Taxes and EE: Energy Efficiency

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

During Fiscal Year 2025 (“FY2025”):

- LUMA has completed the installation of 67 Distribution Automation Devices, that reduce customer interruptions.
- LUMA has activated 8,954 Rooftop Solar Systems, representing over 60 Megawatts (“MW”) of clean energy.
- LUMA has replaced over 2,700 broken and damaged utility poles and replaced over 4,600 streetlights.
- LUMA has answered 663,370 calls with an average wait time of less than two minutes.

4.0 System Operations Update

Reported Events

- During October a total of 18 generation forced outages occurred. Five loadsheds were performed due to generation shortfall (these occur when the demand is higher than the generation supply) and 11 loadsheds occurred because of generation outages that activated the under-frequency load shed (UFLS, a loadshed scheme that activates when the frequency drops below 59.2 Hz), one contingency loadshed and one manual loadshed were also performed due to the UFLS not being enough to stabilize frequency.

Table 3–1: Significant Generation Outages by Site for October 2024

Site Name	Derated ⁵	Forced Outage ⁶	Loadshed ⁷	Planned / Maintenance Outages ⁸
San Juan 5	7	6	3	2
San Juan 7	1	1	0	0
San Juan 9	2	1	0	0
Palo Seco 3	3	1	1	0
Costa Sur 5	4	0	1	0
Costa Sur 6	3	0	0	0
Aguirre 1	4	4	1	0
AES 1	10	1	1	0
AES 2	4	1	0	0
EcoEléctrica	2	3	4	0
TOTAL	40	18	11	2

⁵ Derated: A reduction in power generation capacity, typically due to technical limitation.

⁶ Force Outage: Unplanned shutdown of a power station, generation unit, transmission or distribution lines due to unexpected breakdown or failure.

⁷ Loadshed: A protective Electric System mechanism to curtail demand for electric power, typically due to power supply shortfalls or disturbances.

⁸ Maintenance Outages: A generating unit shutdown for planned maintenance service.

Table 3–2: Total Significant Generation Outages by Month

Outage Type:	Derated	Forced Outage	Loadshed	Loadshed due to Generation Shortfall ⁹	Planned / Maintenance Outages
2024 October	40	18	11	5	2
2024 September	66	11	4	6	2
2023 October	20	7	4	1	2

Table 3–3: Significant Transmission Outages by Line / Transformer for October 2024

Name	Line Trips ¹⁰	Transformer Trips ¹¹	Substation Trips ¹²
Cambalache TC 115/38 kV XMR	0	2	0
Dorado 115 kV Bus	0	0	1
Jobos TC XMR #2 115/38 kV	0	2	0
Line - 36100 Bayamón TC - Cana	2	0	0
Line - 36100 Dos Bocas - Piñas GIS	4	0	0
Line - 36200 Monacillos TC – Juncos TC	2	0	0
Line - 36300 Humacao TC – Rio Blanco HP	4	0	0
Line - 37100 Acacias – San Germán	1	0	0
Line - 37100 Costa Sur SP – Guánica TC	1	0	0
Line - 37400 Bayamón TC – Hato Tejas TC	1	0	0
Line - 37400 Cambalache TC – Barceloneta TC	1	0	0
Line - 37400 Dorado TC – Vega Baja TC	2	0	0
Line - 37700 Bayamón TC – Palo Seco SP	1	0	0
Line - 37800 Monacillos TC – Caguas TC	1	0	0
Line - 38200 Monacillos TC – Palo Seco SP	1	0	0
Line - 38400 San Juan SP – Viaducto TC	1	0	0
Line - 38700 Palo Seco SP – San Juan SP	2	0	0
Line - 38900 Berwind TC – Martin Peña	1	0	0
Line - 39000 Toro Negro - Barranquitas TC	3	0	0
Line - 39000 Juana Díaz - Toro Negro	3	0	0
Line - 39100 Hatillo TC – Cambalache	1	0	0
Line - 50200 Manatí TC – Bayamón TC	4	0	0
Line - 50300 Costa Sur SP – Aguirre SP	1	0	0

⁹ Loadshed due to Generation Shortfall: Occurs when the demand for electricity becomes higher than the available supply.

¹⁰ Line Trips: A protective disconnection of a transmission or distribution line due to a fault or abnormal condition.

¹¹ Transformer Trips: The automatic shutdown of a transformer triggered by protective relays due to faults such as overloads or internal issues.

¹² Substation Trips: The protective disconnection of electrical equipment within a substation, often caused by faults or abnormal operating conditions.

Name	Line Trips ¹⁰	Transformer Trips ¹¹	Substation Trips ¹²
Line - 50400 Mayagüez TC - Costa Sur SP	1	0	0
Line - 50500 Mayagüez TC - Mora TC	2	0	0
Line - 50500 Mora TC – Cambalache GP	2	0	0
Line - 50900 Aguas Buenas GIS - Bayamón TC	1	0	0
Line - 51000 Sabana Llana TC - Aguas Buenas GIS	3	0	0
Line - 51200 Costa Sur SP – Cambalache GP	1	0	0
Rio Blanco 38 kV Bus	0	0	1
Viaducto TC Bus #1 38 kV	0	0	1
Total	47	4	3

Table 3–4: Total Significant Transmission Outages by Month

Outage Type:	Line Trips	Transformer Trips	Substation Trips
2024 October	47	4	3
2024 September	77	1	12
2023 October	48	1	4

5.0 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-2021-0002](#) | **Federal Funding** – On October 8, 2024, LUMA submitted the list of potential Transmission & Distribution asset sites for the Battery Energy Storage System (“BESS”) project in compliance with the September 4, 2024, Resolution & Order (“R&O”).
- [NEPR-MI-2022-0001](#) | **Energy Efficiency (“EE”) and Demand Response (“DR”) Transition Period Plan** – On October 9, 2024, LUMA submitted a motion requesting approval for the Rollover of Unspent Fiscal Year (“FY”) 2024 EE Program Funds to be added to the FY2025 Budget for Energy Efficiency Program in order to enhance the Transition Period Plans ability to drive program growth, improve customer engagement, and maintain momentum. On October 28, 2024, LUMA filed a motion to submit the FY2024 Consolidated Transition Period Plan and Demand Response Administrative Cost Annual Report and requested approval of a template for the Annual Reports.
- [NEPR-MI-2019-0007](#) | **Legacy Performance Metrics** – On October 18, 2024, PREB issued a R&O with a revised quarterly report data template.
- [NEPR-MI-2024-0002](#) | **LUMA’s Accelerated Storage Addition Program (“ASAP”)** – On October 18, 2024, LUMA submitted Standard Offer Agreements for four of the Phase 1 participants in compliance with the October 11, R&O.

- [NEPR-MI-2021-0004](#) | **Initial Budgets** – On October 24, 2024, LUMA filed a revised program brief for the *Third-Party Use, Audit, Contract, and Billing Procedures Program*, modified to include a detailed plan for collecting past-due rents from third-party attachments.

Other Filings issued during October 2024:

- [NEPR-MI-2019-0005](#) | **Vegetation Management** – Revised Vegetation Quarterly Reports for FY2024 (October 25, 2024)
- [NEPR-MI-2020-0019](#) | **System Remediation Plan** – FY2024 Annual Report (October 28, 2024)
- [NEPR-MI-2021-0004](#) | **Initial Budgets** – FY2024 Annual Report (October 28, 2024)
- [NEPR-MI-2022-0002](#) | **Resource Adequacy Study** – Annual Resource Adequacy Study for Fiscal Year 2025 (October 31, 2024)

6.0 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 a continuous investigation on issues linked to economic priorities aligned with Puerto Rico’s socioeconomic advancement; examine the planning and monopolistic structure; evaluate advancement in technology, biotechnology, blockchain, the knowledge-based economy and key infrastructure projects at any stage of their development or construction. In addition, oversee federal issues linked to federal funds allocated for the reconstruction of the generation, transmission, and distribution of energy.</i>	On October 1, 2024, LUMA submitted a response to Request for Information (“RFI”) received.
House Committee on Consumer Rights, Banking Services,	House Resolution 259 – <i>orders a general study of the current situation of the municipalities that make up the South-Central region, in terms of</i>	On October 10, 2024, LUMA was summoned to participate in an on-site hearing at the USERAS substation site. On October 18,

Committee	Act, Bill or Resolution	LUMA Response
and the Insurance Industry	<i>socioeconomic, urban and rural development, environmental development, unemployment, housing, recreation, education, transportation, public protection and infrastructure, as well as all those areas of interest to said municipalities.</i>	2024, LUMA participated in the on-site hearing. On October 23, 2024, LUMA submitted responses to an RFI received during October 18 on-site hearing. The hearing was converted to a joint hearing with the House Committee on Economic Development, Planification, Telecommunications, Private-Public Partnerships and Energy.

Table 5–2: Material Litigation Update¹³

Case No. & Parties	Description	Updates
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 October 9, 2024, LUMA filed a motion requesting the bifurcation of the case to address the class certification in the first place. Plaintiffs have expressed their consent to the bifurcation.
The following cases have had no significant changes since the last report:		
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.	
Domingo Marrero v. Mun. de Guánica, Civil Case No. PO2021CV00963	Plaintiff alleged that pole placement in sidewalks violates the Americans with Disabilities Act (“ADA”).	
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.	

7.0 Ongoing External Audits

LUMA is subject to multiple audits related to its activities under the T&D OMA. LUMA takes all required audits under T&D OMA very seriously and therefore allocates considerable resources and time to completion of these.

¹³ *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.*

Table 6–1: Summary of Governmental Audits

Government Entity	Audit Description	Significant Updates
Comptroller’s Office of Puerto Rico (“OCPR”), No. 15592 (PREPA)	Audit to PREPA during the period of June 1, 2018 – 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.	<p>On October 23, 2024, OCPR sent an RFI related to a certified copy of the Standard Operating Procedure Root Cause Analysis and Corrective Actions approved by PREB. The information for this RFI was submitted to OCPR on October 24, 2024.</p> <p>On October 24, 2024, OCPR sent a second RFI related to the total number of customers affected by forced, programmed and coordinated outages for 30 events selected during the period September 27, 2016, to February 23, 2024.</p>
OCPR, No. 15671 (LUMA)	Audit to LUMA Energy ServCo, LLC for the period of June 1, 2020 – February 28, 2023, by Article III, Section 22 of the Constitution of the Commonwealth of Puerto Rico, and Act 9 of July 24, 1952, as amended.	<p>On October 2, 2024, OCPR sent an RFI related to the total amount of expenses incurred by LUMA related to hurricane Fiona. The information for this RFI was submitted on October 11, 2024.</p> <p>On October 7, 2024, OCPR sent a second RFI related to the original data on Outage Events gathered by LUMA from National Oceanic and Atmospheric Administration (“NOAA”), Grey Sky Days, outages floor and Customer Interrupted and Outage jobs dates. The information for this RFI was submitted on October 15, 2024.</p> <p>On October 11, 2024, OCPR sent a third RFI related to journal entries with supporting documentation for the refunding of service accounts for the period January 01 to January 31, 2024. The information for this RFI was submitted on October 16, 2024.</p> <p>On October 21, 2024, OCPR sent a fourth RFI related to a representation letter from LUMA to the OCPR confirming the information provided by LUMA as an agent of PREPA during the 15671 Audit. The due date for the submission is November 8, 2024.</p> <p>On October 24, 2024, OCPR sent a fifth RFI related to the monthly summary of the withdrawals from the Federally Funded Capital Account sent to P3A for the period of August 1 through August 31. The</p>

Government Entity	Audit Description	Significant Updates
		<p>information for this RFI was submitted on October 29, 2024.</p> <p>On October 24, 2024, OCPR sent a sixth RFI related to names, emails and dates of tenure of the employees that have occupied the position of President & CEO and the names of the employees that occupied leading positions of departments, offices or divisions for LUMA Energy ServCo, LLC during the period June 1, 2020, to June 30, 2024. The information for this RFI was submitted on October 31, 2024.</p>
OCPR, No. 15720 (LUMA)	Audit to LUMA Energy ServCo, LLC for the period of June 1, 2020 – September 30, 2023, by Article III, Section 22 of the Constitution of the Commonwealth of Puerto Rico, and Act 9 of July 24, 1952, as amended.	On October 15, 2024, OCPR auditors sent an RFI related to Payment Registers from Financial System Oracle with all the payment transactions for LUMA Energy ServCo for the period June 1, 2020, to December 31, 2023, and for PREPA for the period December 1, 2022, to December 31, 2023. The information for this RFI was submitted on October 18, 2024.
PREPA FY2023	KPMG Audit of PREPA Financial Statements (FY2023)	Audit started in April 2024. LUMA has been providing all the data requested by KPMG and PREPA. The expected release date was shifted from late November 2024 to January 2025, based on a revised timeline. LUMA is committed to supporting PREPA's updated deadline.
PREPA FY2022	KPMG Audit of PREPA Single Audit (FY2022) – includes GridCo.	Audit started in May 2023. LUMA has been attending related meetings and providing all requested data. The release date is expected to be after the FY23 PREPA Financial Statements are issued.
PR Treasury Department & Municipalities by PwC	PwC Audit of LUMA Energy, LLC 2022 (Consolidated: ManageCo & ServCo and Standalone: ServCo) – Financial Statements	Audit started at the beginning of August 2024 and remains ongoing. Target issuance date has shifted from October to mid-November 2024.
P3A FY2022 Audit – by Vázquez & Vilanova	First Year (FY22) OMA Compliance – audit for the first full year of LUMA operations.	P3A FY22 Audit is completed. LUMA received the final auditor's report on October 21, 2024. LUMA has prepared a response letter to the audit report that is expected to be issued on November 15, 2024.

Government Entity	Audit Description	Significant Updates
P3A FY2023 Audit – by Vázquez & Vilanova	Second Year (FY23) OMA Compliance – audit for the second year of LUMA operations.	The audit is ongoing nearing the closing stages. By the end of October 2024, approximately 95% of the FY23 LUMA past repeated RFIs that have been agreed to with P3A and the Auditors had been completed by LUMA and pending closure or fully closed by the auditors. For non-repeated RFI items, LUMA has provided approximately 61% of the requested information.
P3A FY2024 Audit – by Vázquez & Vilanova	Third Year (FY24) OMA Compliance – audit for the third year of LUMA operations.	The audit remains ongoing. By the end of October 2024, approximately 66% of the FY24 RFIs had been completed by LUMA and pending closure or fully closed by the auditors.
Union Pension Plan Compliance (“NEBF”) 2023 (Calendar) Audit – by Withum	Pursuant to Article 6, Sections 6.7 and 6.8 of the Restated Employees Benefit Agreement and Trust for the National Electrical Benefit Fund, the Trustees of the Fund have established a Payroll Audit Program.	On October 22, 2024, LUMA provided the auditors with additional requested information to execute their audit.
Department of the Treasury (Internal Revenue Service) & Department of Labor (DOL) – Financial Statements and Form 5500 audit by Galindez, LLC	Audit of the LUMA Energy 401k PR Retirement Savings Plan Financial Statements and Form 5500 – 2023 Calendar year.	On August 2024, LUMA started to meet with the auditors and provided the required information to execute the audit of the LUMA Energy 401k Retirement Plan. The audit was completed on October 15, 2024.
P3A Federal Funding Audit – by Kevane	Audit on the Management of Federally Funded Capital Improvements	On October 16, 2024, P3A announced a new LUMA audit related to the Federal Funding process. This audit is expected to kick off by mid-November.
COR3 - Central Office for Recovery, Reconstruction and Resiliency Monitoring by Deloitte	Deloitte Monitoring for Q1 – 2025 Federal Funding process.	On October 22, 2024, LUMA became aware of COR3’s site visit to sample LUMA’s operations around the Federal Funding process. A kick-off meeting was held on October 23, 2024. LUMA has been gathering the required information and responding to questionnaires provided by COR3. A follow-up site visit is scheduled for early November.
<i>The following audits have had no significant changes since the last report:</i>		

Government Entity	Audit Description	Significant Updates
	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.	

8.0 Material OMA Items

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

- October 2024 is the twenty-third (23rd) 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.
- October 2024 is also the eleventh (11th) consecutive month in which PREPA did not provide any funding for the Outage Event Reserve Account.
- LUMA has issued twenty-three (23) non-compliance notices to PREPA and notified P3A as T&D OMA Administrator.
- Since January 2023, LUMA has been requesting PREPA to provide balance sheet reconciliations. LUMA has continued to request from PREPA complete information required for these reconciliations, nonetheless the issue remains outstanding. Until initial balance sheet reconciliations are provided, including a segregated opening balance sheet for the T&D system, LUMA is prevented from providing certain O&M Services related to financial reporting under T&D OMA. On August 20, FTI was contracted by AAFAF to define the scope of PREPA's Accounting Remediation project, including the balance sheet separation efforts.

LUMA's Performance Metrics

- PREB's Final Reconsideration in case NEPR-AP-2020-0025 contains due process violations, represents a substantial modification to the T&D OMA, and deprives LUMA of a reasonable opportunity to earn the Incentive Fee. On July 15, LUMA filed for judicial review before the Puerto Rico Appeals Court. On July 19, the Appeals Court issued an Order notifying that it will proceed to rule on this case. In September, PREB presented its opposition to LUMA's request for judicial reviews. PREB's filing was made after the deadline that was established by the court. As of the end of October 2024, the court ruling is still pending.

PREPA Reorganization and Shared Services

- LUMA, PREPA and Genera agreed, in good faith, to extend the existing Amended and Restated Shared Services Agreement ("A&R SSA") until January 31, 2025, for Genera and February 28, 2025, for PREPA to facilitate the orderly termination of the services currently being provided.
- On October 29, 2024, LUMA and Genera met to discuss Shared Service separation plans in line with the extended A&R SSA. During this meeting, specific working milestones with completion target dates were discussed and these were summarized through the "*October 29th Shared Services Meeting between Genera and LUMA*" letter, sent by LUMA on November 1, 2024 (LUMA-GENCO-T-00146).

- As required by the executed extension of the A&R SSA, PREPA is required to submit an updated separation plan by end of October 2024. To this date, no such plan has been received.
- Despite past delays, LUMA's Collaboration Agreements with Genera progressed during October 2024. LUMA received the final reviewed draft of the Insurance Collaboration Agreement from Genera, and it has been shared with PREPA for final review before it is sent out for final execution among the parties.

PREPA Title III Exit

- There has been no public update on the progress of mediation, other than the starkly divergent proposals from the FOMB and the PREPA bondholder group that were posted on EMMA on October 8, 2024.
- On October 2024, the FOMB filed a first amendment to its plan support agreement ("PSA") with BlackRock, Whitebox Advisors, Nuveen Asset Management, Franklin Advisers, and Taconic Capital Advisors, who collectively hold more than 50% of the PREPA bond claims. Among other things, the amendment extends the deadline under the PSA for a plan of adjustment to go effective to October 1, 2025, and includes an updated "most favored nations" clause, as well as an updated form of Master Trust Agreement for the new bonds that would be issued under the current plan of adjustment.
- In sum, substantive activity in PREPA's Title III restructuring case has been stayed since July 10, 2024, and there is no date set for the resumption of litigation or progress toward confirmation of a plan of adjustment for PREPA. Given the current litigation stays in place through January 31, 2025, there is likely to be little activity before then.

Third-Party Pole Attachments ("TPA")

- On October 31, 2024, the Courts of Appeals' judgment declared the Puerto Rico Telecommunication's Emergency Order null and void became final, having transpired the 30-day jurisdictional term.
- In compliance with PREB's June 26, 2024, R&O under Docket No. NEPR-2021-0004, LUMA has developed a plan for collecting all past-due rents from all third-party attachments' companies. This plan includes a method for calculating past due amounts, a timeline for issuing invoices, collecting payments and proposed actions regarding non-compliant companies.

Net Energy Metering

- In compliance with the current regulation of distributed generation interconnection, LUMA successfully completed an additional 1,864 supplemental studies during October 2024. The studies cover distribution feeder voltage, thermal, and protection analyses, which are critical to maintaining the distributed system's stability and reliability. As of October 31, 2024, all feeders with penetration levels above fifteen percent (15%) have been studied. Through this process, LUMA has identified the required system upgrades. LUMA is currently in the process of preparing the cost and timeline information to share with the developers. 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 distributed generation developers and installers to secure payments for required supplemental studies.

LUMA's Billing and Collection Efforts

- LUMA continues to maintain industry standard results for estimation and unbilled accounts at 7.9% and 0.96%, respectively.
- LUMA processed and applied \$2.9M in payments from Energy Assistance Programs.
- LUMA reached 3,092 new payment agreements with customers in October 2024, for a total of over 97,481 since June 2021. Also, during October 2024, LUMA completed over 175,000 outbound collection calls for a total of over 2.8 million outbound calls since June 2021. LUMA Revenue Protection team collected over \$32 million during October 2024 directly related to active customer collections of past due receivables. Collection efforts include outbound calls, letters, emails and inbound calls.
- Internal policies and procedures were approved for the billing of Energy Irregularities, meaning LUMA will now be adjusting invoices to account for energy that was consumed and not appropriately billed due to the presence of an energy irregularity (example – theft). Impacted customers will be notified of applicable bill adjustments for positive energy irregularity starting in November 2024.
- Significant progress (71% completion) was made on a critical CC&B User Roles & Responsibilities initiative to assess and ensure appropriate levels of permission across all CC&B users.

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. On September 17, PREB issued a R&O denying LUMA's request for an evidentiary hearing and rejecting the reconsideration of the calculation methodology for the 5% threshold when reporting on variances within the Operating, non-Federally Funded, or Federally Funded budgets. LUMA submitted a response with an affidavit from witnesses to provide an alternative proposal on the timing to request budget reallocations and additional support for context.
- Additionally, on June 26, PREB approved a modified budget for FY2025 in which they misallocated Non-Federally Funded Capital and the Operating Expenditures by reducing by \$13.5 million the Billing Accuracy and Back Office improvement program's budget to increase the Vegetation Management and Capital Clearing improvement program (including Fire Mitigation activities). LUMA proposed that the PREB maintain the proposed \$50 million Vegetation Management operating expenditures budget and restore the Billing Accuracy and Back Office program. As LUMA analyzed the implications of the PREB's determination to defund the Billing Accuracy and Back Office program by \$11.4 million, is reflective of outsourced billing services, which include services such as bill rendering, printing and mailing to bill customers effectively and accurately. LUMA filed a reconsideration of this determination on July 16 and at the time of this filing, PREB has yet to issue a determination.