Illustrative Flow of Funds Diagram – Account Transfers & Disbursements

LUMA

1

1) LUMA bills customers and sends invoices for electric service

- **2) Cash collections from customer payments are deposited in PREPA accounts.**
- PREPA reports consolidated cash flows and liquidity position to FOMB, AAFAF, P3A and creditors on a weekly basis.
- **NOTE:** LUMA has full, real-time visibility of all bank accounts. Further, LUMA prepares and provides PREPA with all bank account balance data used for PREPA's cash reporting.

2

PREPA General Fund Concentration Accounts

3

LUMA Controlled Accounts

- Operating Account
- Non-Federally Funded Capital
- Outage Events Reserve
- Contingency Reserve
- Federally Funded Capital
- Purchased Power

Genera Controlled Accounts

- GenCo Operating Account
- GenCo Fuel Account
- GenCo Reserve Account

- **3) Per the T&D and Generation OMAs*: PREPA funds operator service accounts with available cash on hand on the 10th business day of each month.**

LUMA

4) Disbursements are made by LUMA for Power Purchases, Employee Payroll, Operator Service Fees ($139 million), Vendors and Other Expenses

4

GeneraPR

4) Disbursements are made by Genera for Fuel Purchases, Employee Payroll, Operator Service Fees, Vendors and Other Expenses

*PREPA's service account funding requirements are set forth in Section 6.1(a) and Section 7.5 of the Puerto Rico Transmission and Distribution System Operating and Maintenance Agreement ("T&D OMA")1 and in Section 7.6 (d) of the Puerto Rico Thermal Generation Facilities (Genera OMA),

Amounts Funded to LUMA and Genera PR Bank Accounts

LUMA

- **Government Loan (Taxpayer Funds)**: $750 million (June 2021)
- **Cash Collections from Ratepayer Revenues**: $6.892 billion (June 2021 thru Sep 2025)
- **LUMA Fixed Fee (Profit to LUMA):** $555 million (June 2021 thru Sep 2025)
- LUMA is responsible for ~$650 million (~66%) of annual base rate O&M budget

AMOUNT FUNDED ($-thousands)						
Operating Account	Capital - Federally Funded	Capital – Non-Federally Funded	Outage Event Reserve Account	Purchased Power Account	Contingency Reserve	**Total**
$3,919,761	$489,459	$306,447	$86,520	$2,476,643	$76,705	**$6,605,535**

GeneraPR

- **Government Loan (Taxpayer Funds)**: $434 million (June 2023)
- **Cash Collections from Ratepayer Revenues**: $4.533 billion (July 2023 thru Sep 2025)
- **Genera Fixed Fee (Profit to Genera):** $51 million (July 2023 thru Sep 2025)
- Genera is responsible for ~$300 million (~30%) of annual base rate O&M budget

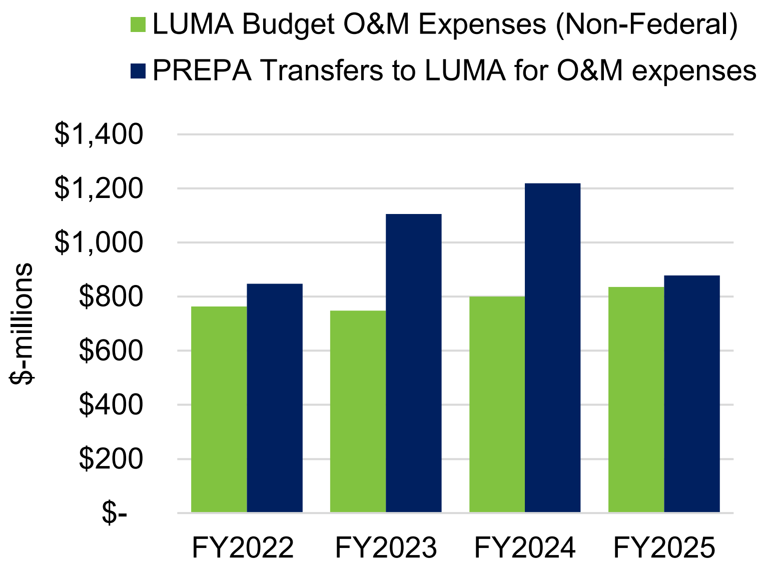
AMOUNT FUNDED ($-thousands)				
Genera PR - Mobilization Account	GenCo Operating Account	GenCo Fuel Account	GenCo Reserve Account	**Total**
$15,000	$616,489	$4,339,625	$30,000	**$5,001,113**

PREPA Transfers to LUMA Accounts for O&M Budget

PREPA has funded amounts to the LUMA operating and non-federally funded capital account in excess of LUMA's annual budgets in each of the four (4) fiscal years since LUMA service commencement.

LUMA O&M Budgets ($-thousands)	FY2022	FY2023	FY2024	FY2025
T&D Operator Front-End Transition & Service Fee	$ 115,131	$ 121,785	$ 129,162	$ 134,736
LUMA Title III - Interim Costs	-	-	8,750	8,750
T&D / LUMA O&M Budget (excluding Fixed Fee)	648,892	626,903	662,958	692,663
Total GridCo / LUMA Budget Expenses	**$ 764,023**	**$ 748,688**	**$ 800,870**	**$ 836,149**

PREPA Transfers to LUMA O&M Expense Accounts	FY2022	FY2023	FY2024	FY2025
Operating Account	770,517	1,064,333	1,134,418	796,513
Capital Account - Non-Federally Funded	76,878	40,925	84,471	81,654
Total Operating & Non-Federally Funded	**$ 847,395**	**$ 1,105,258**	**$ 1,218,889**	**$ 878,167**
Difference	$ 83,372	$ 356,570	$ 418,019	$ 42,018



The reason that PREPA's transfers to the LUMA O&M expense accounts exceed the LUMA annual operating budget is principally due to:

a) LUMA's cash disbursements from the Operating Account related to capital projects that LUMA considers federally reimbursable (approximately $1.2 billion out of $1.6 billion remains outstanding – as reported by LUMA to PREB); and

b) Outage Event expenses by LUMA that lacked a funding source (note: LUMA did not budget or report these expenditures, which exceed $300 million, to any regulatory authority, including PREB, P3A or FOMB).

LUMA's O&M Budget for Vegetation Management

- Under PREB's July 31, 2025 Order establishing Provisional Rates for FY 2026, PREB approved an additional $24.0 million related to LUMA's Vegetation Management Program in FY 2026, which is incremental to the $46.7 million approved under the Temporary Default budget.
- The $24.0 million is related to LUMA's Priority Stabilization Plan, addressing systematic clearance of overgrown vegetation along the 115 kV and 230 kV transmission corridors and on distribution "hot-spot" feeders that have been repeatedly linked to service interruptions.
- The incremental $24 million is subject to the usual prudence review in the permanent rate phase, and LUMA must apply to funds exclusively to the Vegetation Management scope set forth in the Priority Stabilization Plan.
- Below is a summary of LUMA's budget-to-actual spend related to Vegetation Management (O&M only) from FY 2022 to FY 2025

O&M Vegetation Management - B2A
($ in millions)

	Budget	Actuals	Var ($)	Var (%)
FY2022	$ 49.4	$ 50.9	$ (1.5)	-3.0%
FY2023	52.5	62.7	(10.2)	-19.4%
FY2024	56.0	55.7	0.3	0.5%
FY2025	50.0	46.6	3.4	6.8%
Total	**$ 207.9**	**$ 215.9**	**$ (8.0)**	**-3.8%**

**After Q1, FY2025 Vegetation Mgmt Budget changed from $61.6M to $50M.*

	FY2026
Temp. Budget	$ 46.7
Provisional	24.0
Total Budget	**$ 70.7**

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