



## NEWS

For immediate release

### **LUMA Energy presents detailed recovery and transformation plans for regulatory approval**

*Recommends no rate increase, commits to substantial improvements in safety, customer service and reliability across the first three years of operations*

**San Juan, Puerto Rico, February 21, 2021**—LUMA Energy, the company that will operate Puerto Rico’s electric power transmission and distribution system for the next 15 years, will file this week with the Puerto Rico Energy Bureau (PREB) the plans, budgets, metrics, and principles needed to begin its mission of transforming the island’s electric power system.

The documents specify how LUMA will prioritize safety, improve customer satisfaction, rebuild and harden the system for greater reliability, achieve operational excellence, and bring forth a sustainable energy transformation that will support improved quality of life and economic development for generations to come.

“Over the past eight months, we have conducted the due diligence and planning required for an orderly transition of the operation and management of the electric power transmission and distribution system in Puerto Rico. Our work during this time has led to the development of comprehensive plans, budgets, metrics, and principles that we are pleased to submit for approval of the regulator,” said Wayne Stensby, President and CEO of LUMA. “This filing with the Energy Bureau completes this phase of the front-end transition and initiates the sprint towards mid-year service commencement.”

LUMA applied its collective knowledge of the industry, prudent utility practice, and applicable standards to conduct a broad assessment of the utility condition. Since June 2020, LUMA has been reviewing PREPA’s business processes, systems, data, and infrastructure to conduct a detailed assessment of their current state. LUMA found issues that were not limited to hurricane and earthquake damage but also included substantial organization deficiencies that have led to widespread deterioration of the utility over time.

Significant long-term repair and replacement programs are required across the transmission and distribution system to address the temporary, substandard, and undocumented maintenance that has been previously carried out and address numerous areas like vegetation management, which has been largely neglected.

To address these systemic deficiencies, LUMA focused on a recovery and transformation strategy that resulted in over 600 initiatives. These initiatives address high-risk areas uniquely identified in LUMA's System Remediation Plan and address fundamental areas aimed at improving operational outcomes and customer satisfaction and meeting regulatory imperatives such as the Integrated Resource Plan that is critical to transforming Puerto Rico's electricity system.

LUMA also submitted initial budgets which cover all activities during its first three years of operation, including operation and management, non-federally funded capital, and federally funded capital. The budgets are within the limits of the previously approved PREB rate order, and therefore, require no rate increase or adjustment.

Additionally, LUMA is committing to a comprehensive set of specific performance metrics to improve safety, customer service, and reliability. LUMA's commitments to improved performance metrics by year three of operations include cutting average speed of answer to customer calls in half, reducing abandoned calls by 20%, reducing the frequency and duration of outages by approximately 30%, and slashing the rate of OSHA recordable incidents by more than 50%, among many others detailed in the submission to PREB.

"LUMA is aligned with the Government of Puerto Rico's vision for a modern electric utility. However, the current electricity system requires a significant investment for basic remediation and repair of damaged and poorly maintained critical infrastructure," said Stensby. "Our aim is to complete the front-end transition as planned to enable the deployment of funding that will jump-start the recovery and transformation of the electric utility – a catalyst to the economic revival of Puerto Rico."

Stensby said that customers could expect to experience notable changes following service commencement, which is targeted for June 1, 2021, in such areas as contact center responsiveness, clearing of vegetation from utility rights of way, inspections of areas experiencing a significant number or size of outages and improved public safety, including streetlights.

"LUMA's job is to provide electricity that Puerto Ricans can rely on to run their homes and businesses. These plans, budgets, metrics, and principles detail LUMA's mission to recover and transform Puerto Rico's electric power system to deliver customer-centric, reliable, resilient, sustainable electricity at reasonable prices," Stensby concluded.

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Contact: Laura Rentas | 787-430-5461 | [laura.rentas@lumamc.com](mailto:laura.rentas@lumamc.com)