

Annual Budgets

5.0 Deferred Activities While Operating within Budget Requirement

For FY2025, LUMA prioritized the activities detailed in prior sections in order to develop a Budget that is consistent with the 2017 Rate Order, the P3A's Budget Allocation Determination and the FY2024 budget approved by the Energy Bureau while also executing initiatives that benefit customers and address their needs. However, to remain within the existing financial constraints, a number of activities had to be excluded or postponed. As an example, the preventive maintenance and corrective maintenance initiatives have been scaled back to match available funding. These initiatives are intended to identify and address deficiencies proactively, focusing on high-priority issues to increase system reliability and resilience. Additional deferred activities include but are not limited to:

Customer Experience

Distribution Streetlighting: Upgrades to currently implemented programs and replacements distribution streetlights; these replacements require an ongoing maintenance program not currently funded; not having the financial resources to maintain streetlights possesses a safety risk for communities.

Billing Accuracy & Back Office: Changes to LUMA's billing system and web portals to prepare for a system upgrade, resulting in a delayed remediation date. Further, LUMA's ability to improve processes across the organization will be impacted, limiting expected decreases of future costs by operating efficiently.

New Business Connections: This new program (previously included in the Distribution Line Rebuild program) will experience slower response to new business requests with potential non-compliance with OGPE regulation.

Distribution

Distribution Line Rebuild: Funding reductions impact our ability to address the worst performing underground circuits. To date, FEMA has not obligated any of LUMA's underground distribution projects.

Substation

Substation Reliability: Metal clad switchgear will experience a budget reduction; undersized switchgear equipment currently installed represents both a documented worker safety risk (i.e., risk of arc flash) and operational hazard (i.e., increased risk of significant outages impacting the entire substation facility). Budget cuts will delay addressing these issues.

Control Center & Buildings

Facilities Development & Implementation: A myriad of assets are at their end of life; LUMA has prioritized the assets that pose safety concerns or most impact operations, but various other repairs have been deferred. The lack of funding has impacted the ability to transform working spaces for employees in addition to having insufficient space to relocate employees as needed to complete ongoing repairs.

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Enabling

T&D Fleet: LUMA has prioritized the fleet vehicle efforts for the assets that are inoperable for FY2025; however, the fleet revitalization plan will not be able to be carried out as planned.

Workflow Processes & Tracking: Program has been deferred in its entirety.

Tools Repair & Management: Delayed the launching of a second centralized tool crib which enables the team to maximize productivity via better tool management. The remediation date associated with fleet equipment has been deferred as a result of the delays in revitalizing the T&D Fleet.

Fire Mitigation Program: Program has been deferred in its entirety.

Support Services

Critical Financial Systems: Progress on the enterprise resource planning (ERP) transition from Asset Suite to Oracle EBS has been segmented due to a lack of funding related to IT OT systems; this slows the progress on reporting capabilities throughout the organization.