

February 15, 2022

To: Puerto Rico Electric Power Authority ("PREPA")

Attention: Josue Colón Ortiz

Executive Director

PO BOX 364267

San Juan, Puerto Rico 00936-4267

Re: Notice of PREPA Non-Compliance with Service Account Funding – January

LUMA is providing written notice of PREPA's failure to fully fund the Service Accounts by February 14, 2023, as required under Section 7.5(a)(iii), 7.5(b)(iii), 7.5(c)(iii), 7.5(e)(ii) of the T&D OMA¹, which state Owner shall replenish the Service Accounts no later than the tenth (10th) Business Day of each month in accordance with the funding requirements for each Service Account. Attached for reference is the Service Account Funding notification for January 2023 and associated funding Excel summary, which was sent to PREPA on February 1, 2023 (Transmittal # LUMA-PREP-T-00458).

On February 14, 2023, PREPA partially funded the Service Accounts with two-thirds (2/3) of the requisite funding for the Operating Account (Section 7.5(a)(iii)), Capital Account – Non-Federally Funded (Section 7.5(c)(iii)) and the Generation Expenses Accounts (Section 7.5(e)(ii)). PREPA has not provided an explanation regarding how and when PREPA plans to fund the remaining required Service Account replenishment.

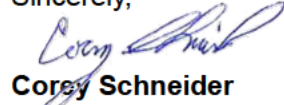
This is the third consecutive month that PREPA has not fully funded the Service Accounts and failed to meet its T&D OMA obligations. After PREPA did not fully fund the Service Accounts following the November 2022 Service Account Funding notification, LUMA formally notified PREPA of its non-compliance on December 16, 2022 (Transmittal # LUMA-PREP-T-00435). Subsequently, when PREPA did not fully fund the Service Accounts following the December 2022 Service Account Funding notification, LUMA formally notified PREPA of its non-compliance on January 18, 2022 (Transmittal # LUMA-PREP-T-00440). PREPA did not take any action to fully fund the Service Accounts following the December 16, 2022 letter or the January 18 letter and remains non-compliant with its T&D OMA requirements under Section 7.5 of the T&D OMA. **PREPA must take immediate action to ensure the Service Accounts are fully replenished to comply with its obligations under the OMA.**

¹ The Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("T&D OMA") executed on June 22, 2020, amongst 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")



PREPA's continued non-compliance with the Service Account funding is illustrative of PREPA's repeated disregard for its T&D OMA responsibilities, LUMA remains concerned regarding PREPA's cash flow issues and its ability to meet its obligations to vendors, creditors, and LUMA. It is critical that PREPA avoid any future delays in meeting its monthly Service Accounts funding obligations.

Sincerely,



Corey Schneider
Chief Financial Officer

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