

December 16, 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**

LUMA is providing written notice of PREPA's failure to fund the Service Accounts by December 14, 2022, as required under Section 7.5(a)(iii), 7.5(b)(iii), 7.5(c)(iii), 7.5(e)(ii) of the T&D OMA<sup>1</sup>, which state Owner shall replenish the Service Accounts no later than the tenth (10<sup>th</sup>) 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 November 2022 and the associated Funding Requirement Excel workbook, which was sent by LUMA to PREPA on December 1, 2022 (Transmittal # LUMA-PREP-T-00422).

On December 15, 2022, PREPA partially remediated the situation by funding the Service Accounts with two-thirds (2/3) of the requisite funding for the Operating Account (Section 7.5(a)(iii)), Capital Account - Federally Funded (Section 7.5(b)(iii)), Capital Account – Non-Federally Funded (Section 7.5(c)(iii)) and the Generation Expenses Accounts (Section 7.5(e)(ii)).

At this time, PREPA has not provided an explanation regarding how and when PREPA plans to fund the remaining required Service Account replenishment. LUMA remains concerned regarding PREPA's cash flow issues, which are presenting a risk to LUMA's ability to fulfill its T&D OMA obligations. 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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<sup>1</sup> 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")

