

March 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 Accounts Funding – February 2023

LUMA is providing written notice of PREPA's failure to fully fund the Service Accounts by March 15, 2023, as required under Section 7.5(a)(ii), 7.5(c)(iii), 7.5(e)(ii) and 7.5 (f)(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 Accounts Funding notification for February 2023 and associated funding Excel summary, which was sent to PREPA on March 1, 2023 (Transmittal # LUMA-PREP-T-00479).

On March 15, 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)), Purchased Power Account (Section 7.5(e)(ii)), Contingency Reserve (Section 7.5 (f)(ii)), and the Generation Expenses Accounts (Section 7.5(e)(ii)). Additionally, PREPA did not fund the Outage Event Reserve Account, in accordance with its requirements under Section 7.5(d)(ii) of the T&D OMA to promptly replenish such account following LUMA's most recent withdrawals, for which LUMA provided notification to PREPA on February 8, 2023, more than 35 days ago.

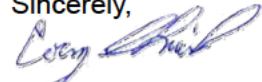
This is the fourth consecutive month in which PREPA has not fully funded the Service Accounts and thus has failed to comply with its contractual obligations, in breach of the T&D OMA. In each month after PREPA did not fully fund the Service Accounts, LUMA formally notified PREPA of its non-compliance. PREPA did not take any action to fully fund the Service Accounts following each of these letters of non-compliance and remains non-compliant with its T&D OMA requirements under Section 7.5 of the T&D OMA and has failed to provide an explanation or plan for PREPA to fully replenish the Service Accounts.

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")



LUMA expects PREPA to comply with its obligations under the T&D OMA and replenish the Service Accounts in full immediately upon receipt of this letter, and to avoid any future delays or shortfalls in meeting its obligations to fund the Service Accounts. LUMA reserves all rights and remedies under the T&D OMA and applicable law and equity with respect to the subject of this letter.

Sincerely,



Corey Schneider
Chief Financial Officer

C: Fermín Fontanés Gómez, Executive Director, P3A; Fermin.Fontanes@p3.pr.gov
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