

July 20, 2023

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 – June 2023

LUMA is providing written notice of PREPA's failure to fully fund the Service Accounts by July 17, 2023, as required under 7.5(e)(ii) and Section 7.5(d)(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 is the June Service Accounts Funding notification (LUMA-PREP-T-00593), which was sent on July 12, 2023, per the timelines in the PGHOA.

On July 14, 2023, PREPA fully funded the Operating Account and the Contingency Account in accordance with Sections 7.5(a)(ii) and Sections 7.5(f)(ii) of the T&D OMA, respectively, after seven (7) consecutive months of partial funding non-compliance.

However, PREPA partially funded the Purchased Power Account (Section 7.5 (e)(ii) (i)(A) of the T&D OMA), in the amount of \$62,846,000 out of \$127,861,000, which excludes the Genco Operating Account Deposit, as required and defined in the PGHOA² and the T&D OMA.

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 withdrawals, for which LUMA provided notification to PREPA on February 8, 2023, approximately 160 days ago.

This is the eighth consecutive month in which PREPA has not fully funded one or more of 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. Despite these notifications, PREPA remains non-compliant with its T&D OMA requirements under Section 7.5 of the T&D OMA.

PREPA's obligation to timely and fully fund the Service Accounts as required by Section 7.5 of the T&D OMA is a material obligation under the T&D OMA. As such, LUMA requests PREPA to discontinue this recurring practice immediately and wholly fund the Purchased Power Account and

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")

² The Puerto Rico PREPA-GenCo-HydroCo Operating Agreement ("PGHOA") executed on June 19, 2023, amongst the Puerto Rico Electric Power Authority ("PREPA"), PREPA Genco LLC ("Genco"), PREPA Hydroco LLC ("Hydroco"), LUMA Energy ServCo, LLC ("LUMA"), and the Puerto Rico Public-Private Partnerships Authority ("P3A")



Outage Event Reserve Account without delay. LUMA reserves all rights and remedies under the T&D OMA and applicable law and equity with respect to the subject of this notice.

Sincerely,



Corey Schneider
Chief Financial Officer

C: Brannen McElmurray, Chief Executive Officer, Genera PR; Brannen@genera-services.com
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