

October 17, 2023

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

Attention: Josué Colón Ortiz

Executive Director

PO BOX 364267

San Juan, Puerto Rico 00936-4267

Re: Notice of PREPA Non-Compliance with Service Accounts Funding – September 2023

LUMA is providing written notice of PREPA's failure to fund the Service Accounts by October 16, 2023, as required under Section 7.5 of the T&D OMA¹, which states 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 September Service Accounts Funding notification (LUMA-PREP-T-00629), which was sent on October 10, 2023.

PREPA has failed to provide the requisite funding for the Operating Account (Section 7.5(a)(ii)), the Purchased Power Account (Section 7.5 (e)(ii)), and the Outage Event Reserve Account (Section 7.5(d)(ii)). Additionally, as required under Section 3.3 of the PGHOA², PREPA has failed to provide the requisite funding for the Genco Operating Account and the Genco Fuel Account.

This is the eleventh 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 Service Accounts outlined above 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

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")



C: Brannen McElmurray, Chief Executive Officer, Genera; Brannen@genera-services.com
Fermín Fontanés Gómez, Executive Director, P3A; Fermin.Fontanes@p3.pr.gov
Sheila Torres-Sterling, Chief Legal Counsel, P3A; Sheila.Torres@p3.pr.gov
Gerardo Lorán, Director of Project Monitoring, P3A; Gerardo.loran@p3.pr.gov
Rubén Lugo, Contract Compliance and Control Manager, P3A; Ruben.lugo@p3.pr.gov
Shylene de Jesús Rivera, Deputy Executive Director, P3A; Shylene.dejesus@p3.pr.gov
Robert Mujica, Executive Director, Financial Oversight and Management Board; robert.mujica@promesa.gov
Edison Avilés Deliz, President, PREB; eavilesdeliz@energia.pr.gov
Juan Saca, Chief Executive Officer, LUMA; juan.saca@lumamc.com
Mario Hurtado, Chief Regulatory Officer, LUMA; Mario.Hurtado@lumapr.com
Mike Shaw, Vice President, PREPA Restructuring, LUMA; Mike.Shaw@lumapr.com
Jorge Flores de Jesus, Vice President, General Counsel, LUMA; Jorge.flores@lumapr.com
administrator@p3.pr.gov
pre@promesa.gov