

March 19, 2024

**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 – February 2023**

LUMA is providing written notice of PREPA's failure to fully fund the Service Accounts, as required under Section 7.5 of the T&D OMA<sup>1</sup>, which states 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 is the February Service Accounts Funding notification (LUMA-PREP-T-00709), which was sent on March 8, 2024.

On March 14, 2024, the tenth (10<sup>th</sup>) Business Day, PREPA failed to fully fund the requisite fundings for the Operating Account (Section 7.5 (a)(ii)), Capital Account – Non-Federally Funded (Section 7.5 (c)(i)), Purchased Power Account (Section 7.5 (e)(ii)), and the Genco Fuel Account (Section 3.3 of the PGHOA). Further, PREPA did not provide any funding for the Outage Event Reserve Account (Section 7.5 (d)(iii)), which would be an event of default under the OMA (Section 14.3(f)) should notice be provided to PREPA and not cured. This letter is not a written notice of an event of default, and should Operator choose to serve such a notice it will do so separate from this letter.

LUMA requests PREPA provide the remaining funding for the Service Accounts in accordance with the terms and conditions set forth in Section 7.5 of the T&D OMA.

Should PREPA fail to do so, it would be the sixteenth 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 did not act and remained 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.

Nothing contained in this Notice shall constitute a waiver or relinquishment by LUMA of any rights and remedies provided by the T&D OMA, the PGHOA, and Applicable law. LUMA reserves all rights


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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")



and remedies under the T&D OMA, the PGHOA, and applicable law and equity, including but not limited to, pursuing legal action, with respect to the subject of this notice.

Sincerely,



**Corey Schneider**  
Chief Financial Officer

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