

October 22, 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 – September 2024

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 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 August Service Accounts Funding notification (LUMA-PREP-T-00814), which was sent on October 8, 2024.

On October 15, 2024, the tenth (10th) Business Day, PREPA failed to fund all Service Accounts as required by Section 7.5 of the T&D OMA, including the GenCo Fuel Account as per Section 3.3 of the PGHOA, in an amount equal to the requisite funding amount established therein. PREPA also failed to fund the Outage Event Reserve Account (Section 7.5 (d)(ii)), which has remained unfunded since January 2024, and is particularly worrying at a time LUMA should be ready to deploy resources to restore electric service in case of a potential storm.

Furthermore, on September 23, 2024, LUMA received a communication from P3A, encouraging LUMA to utilize funds from the Contingency Reserve Account and notified P3A accordingly, in writing, that LUMA would proceed with a \$30M withdrawal. On September 27, 2024 LUMA proceeded to make the withdrawal. Under Section 7.5(f)(iv), PREPA is required by the 10th Business Day to replenish the Contingency Reserve Account following the formula specified in this section. However, as of the date of this notice, PREPA has not yet replenished the Contingency Reserve Account in an amount, in accordance with the prior mentioned section.

PREPA's obligation to timely and fully fund the Service Accounts is a Material Obligation under the T&D OMA and necessary to enable LUMA to comply with its responsibilities as Operator of the T&D System in a manner consistent with Contract Standards and Prudent Utility Practice, terms that are clearly defined and used in the T&D OMA. As such, in order to ensure continuity of service and avoid any impediment to LUMA's ability to respond to an emergency event, LUMA strongly urges PREPA to provide the remaining funding for the Service Accounts required by Section 7.5 of the T&D OMA, Section 3.3 of the PGHOA, and Section 7.6 of the LGA OMA immediately.

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 and remedies under the T&D OMA, the PGHOA, and Applicable Law and equity, including but not limited to,

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")



pursuing legal action related to the subject of this notice. This shall not be construed as a Notice of an Event of Default. LUMA reserves the right to issue such Notice of an Event of Default.

Sincerely,



Kazi Hasan (Oct 22, 2024 17:02 EDT)

Kazi Hasan

Chief Financial Officer

C: Lionel Santa Crispin, Counsel, PREPA; lionel.santa@prepa.pr.gov
Nelson Morales, Chief Financial Officer, PREPA; Nelson.Morales@prepa.pr.gov
Brannen McElmurray, Chief Executive Officer, Genera; Brannen@genera-services.com
Fermin E. 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
Robert Mujica, Executive Director, Financial Oversight and Management Board, FOMB; 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
Alejandro J. Figueroa Ramírez, Vice President Regulatory, LUMA; Alejandro.FigueroaRa@lumapr.com
Corey Schneider, Special Advisor to CEO, LUMA; Cory.Schneider@lumapr.com
Francisco Prego, Vice President, T&D OMA Contracts Management, LUMA; francisco.prego@lumapr.com
Angel E Rotger Sabat, Chief Legal Officer, LUMA; Angel.Rotger@Lumapr.com
administrator@p3.pr.gov
pre@promesa.gov