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November 25, 2024

**To: Puerto Rico Public-Private Partnerships Authority ("P3A")**

Attention: Fermín E. Fontanés Gómez, Esq.  
Executive Director  
Roberto Sánchez Vilella (Minillas) Government Center  
De Diego Ave. Stop 22,  
San Juan, PR 00907

**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 – October 2024**

LUMA is providing written notice of PREPA's failure to fully fund the Service Accounts, as required under Section 7.5 of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("T&D OMA")<sup>1</sup>, which states the 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 October Service Accounts Funding notification (LUMA-PREP-T-00830), which was sent on November 12, 2024.

On November 18, 2024, the tenth (10<sup>th</sup>) Business Day of the month, 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 Puerto Rico PREPA-GenCo-HydroCo Operating Agreement ("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) of the T&D OMA), which has remained unfunded since January 2024.

Furthermore, on September 27, 2024, LUMA withdrew \$30 million from the Contingency Reserve Account, following P3A's encouragement to utilize these funds. Under Section 7.5(f)(iv) of the T&D OMA, PREPA is required to replenish the Contingency Reserve Account by the tenth (10<sup>th</sup>) Business Day of the following month in accordance with the formula established therein. As of the date of this notice, PREPA has not replenished the Contingency Reserve Account in compliance with the T&D OMA for the second (2<sup>nd</sup>) consecutive month.

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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")

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. 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 Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement ("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, 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,

  
Krista Dungey (Nov 25, 2024 18:30 AST)

**Krista Dungey**

Acting as Chief Financial Officer

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