

December 6, 2024

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

Attention: Josué A. Colón Ortiz

Executive Director

PO BOX 364267

San Juan, Puerto Rico 00936-4267

**RE: Compliance with Section 7.5 of the T&D OMA: Federally Funded Capital Improvements Schedule and Reconciliation Deficiencies**

Dear Mr. Colón Ortiz:

LUMA is in receipt of PREPA's letter dated December 4, 2024, ("December 4<sup>th</sup> Letter") in which you claim LUMA has "failed to comply with its obligation under Section 7.5(b) to provide PREPA with the required detailed schedule of Federally Funded Capital Improvements." Despite your reference to Section 7.5(b) of the T&D OMA<sup>1</sup>, we fail to identify where in such section, or anywhere else in the T&D OMA, for that matter, such alleged reporting obligation exists. Nowhere in the T&D OMA is there a requirement for LUMA to provide such a report to PREPA as a condition for PREPA to comply with any of its funding obligations under the T&D OMA.

Your letter also makes certain statements regarding the reconciliation of Working Capital Advances ("WCA") and its alleged effect on PREPA's access to federal funds. As with many of your previous allegations, these statements are false and misleading. LUMA is unaware, and has not been notified of, any instance of non-compliance with any WCA requirement that has had an impact, or in any way limited, PREPA's access to federal funds.

Out of the \$838 million FEMA WCAs you referenced, approximately \$207 million has been transferred to LUMA's Operating Account to replenish federally funded expenditure initially funded from the Operating Account. Of these, \$159 million (or 77%) have been validated and reconciled by COR3. Of the remaining \$631 million, approximately \$507 million (or 80%) was made available to LUMA in the last 60 days.

Based on the above, we request you refrain from making any further unsubstantiated allegations regarding LUMA's performance of its obligations under the T&D OMA, particularly when such allegations have no basis in the terms and conditions of the T&D OMA. Furthermore, should a material noncompliance exist, there are remedies available under Article 15 of the T&D OMA, and that the P3A may use.

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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")



Sincerely,



**Mario Hurtado**

Chief Regulatory Officer

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