

March 3, 2025

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

Attention: Mary Carmen Zapata Acosta
Executive Director
Puerto Rico Electric Power Authority
PO Box 364267
San Juan, Puerto Rico 00936-4267

RE: LUMA's letter to PREPA related to the Outage Event Account Reconciliation

Dear Executive Director Zapata:

As previously communicated by LUMA,¹ February is the fourteenth (14th) consecutive month on which the Outage Event Reserve Account has not been funded to the minimum balance amount of \$30 million established in the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement² ("T&D OMA"). As of February 2025, the Outage Event Reserve Account reflects a balance of \$1,639,117.00.

Additionally, the cumulative underfunding of the Outage Event Reserve Account is \$209,644,779. In other words, there are over \$200 million in expenditures incurred by LUMA in connection with responding to Outage Events during Fiscal Years 2022 through January 2025, including Tropical Storm Ernesto, which were paid from LUMA's Operating Account and have not been replenished by PREPA pursuant to the T&D OMA. Together, the unreplenished Outage Event costs and the missing minimum balance requirement, the funding requirement associated to the Outage Event Reserve Account is \$238,005,662.

LUMA is highly concerned that the Outage Event Reserve Account has not been replenished by PREPA, as required under the T&D OMA and the risk such underfunding represents to service restoration efforts following a future Outage Event, particularly during the upcoming hurricane season. LUMA requests that PREPA promptly replenish all Outage Event costs and maintain the required minimum balance in the Outage Event Reserve Account.

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 PGHOA³, and Applicable Law. LUMA reserves all rights and remedies under the T&D OMA, the PGHOA, Applicable Law and equity, including but not

¹ Please see transmittals : LUMA-PREP-T-00863; LUMA-PREP-T-00851; LUMA-PREP-T-00833; LUMA-PREP-T-00817; LUMA-PREP-T-00798; LUMA-PREP-T-00784; LUMA-PREP-T-00773; LUMA-PREP-T-00760; LUMA-PREP-T-00744; LUMA-PREP-T-00728; LUMA-PREP-T-00710; LUMA-PREP-T-00695

² The Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("T&D OMA") executed in 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").

³ The Puerto Rico PREPA-GenCo-HydroCo Operating Agreement ("PGHOA") executed on June 19, 2023, by and among 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").



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.

Please contact us should you have any comment or concern.

Sincerely,

Andrew Smith

Andrew Smith
Chief Financial Officer

cc: Lionel E. Santa Crispin, General Counsel, PREPA; lionel.santa@prepa.pr.gov
Oscar Ocasio, Chief Financial Officer, PREPA; oscar.ocasio@p3a.pr.gov
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