

March 27, 2025

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

Attention: Josué A. Colón Ortiz
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: Mary C. Zapata Acosta
Executive Director
PO BOX 364267
San Juan, Puerto Rico 00936-4267

Re: Notice of PREPA Non-Compliance with Service Accounts Funding – February 2025

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")¹, which states the 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 February Service Accounts Funding notification (LUMA-PREP-T-00900), which was sent on March 10, 2025.

On March 17, 2025, the tenth (10th) Business Day of the month, PREPA failed to fund \$358,834,000 out of \$690,591,000. 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")², 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 (10th) 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 sixth (6th) consecutive month.

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")

² 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")



The following table provides a summary of the current underfunding of the Service Accounts:

Luma Energy Service Accounts	As per OMA Required	As per Bank, 2/28/2025	T&D OMA Underfunding	Funding Requirement	Amount Refunded by PREPA	Notes
<u>Luma Energy Service Accounts</u>						
Operating Account 350	\$ 268,812	\$ 36,683	\$ 232,129		\$ 51,584	
Capital Account - Federally Funded 468	\$ 452,683	\$ 670,325	\$ -		\$ -	
Capital Account - Non-Federally Funded 361	\$ 41,462	\$ 23,575	\$ 17,887		\$ 3,975	
Outage Event Reserve Account 372	\$ 30,000	\$ 1,643	\$ 28,357		\$ -	The amount of \$28M does not include an additional \$210M (approximately) that has not been reimbursed.
Purchased Power Account 383	\$ 114,704	\$ 37,501	\$ 126,703		\$ 69,368	Amounts include advance from Genco Operating Account 394
Contingency Reserve 405	\$ 78,184	\$ 53,424	\$ 3,258		\$ -	The account has not been funded for the last six months
Totals			\$ 358,834		\$ 124,927	
<u>Genera PR Service Accounts</u>						
Genco Operating Account 515	\$ -	\$ -	\$ -	\$ 49,500	\$ -	
Fuel Account 394	\$ -	\$ -	\$ -	\$ 277,700	\$ -	
Genco Reserve Account 875	\$ 30,000	\$ 25,443	\$ 4,557		\$ -	
Totals				331,757		

PREPA's obligation to timely and fully fund 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. 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")³ 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,

Andrew Smith

Andrew Smith
Chief Financial Officer

C: Lionel Santa Crispin, Counsel, PREPA; lionel.santa@prepa.pr.gov
Oscar X. Ocasio, Chief Financial Officer, PREPA; oscar.ocasio@prepa.pr.gov
Winnie Irizarry, Chief Executive Officer, Genera; winnie.irizarry@genera-services.com
Irma Rosario, P3A; irma.rosario@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; robert.mujica@promesa.gov
Edison Avilés Deliz, President, PREB; eavilesdeliz@energia.pr.gov
Juan Saca, Chief Executive Officer, LUMA; juan.saca@lumamc.com
Alejandro J. Figueroa Ramírez, Chief Regulatory Officer, LUMA; alejandro.figueroara@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

³ The Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement ("LGA OMA") executed on January 24, 2023, by and among the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3A"), and Genera PR LLC ("Genera").

