

June 25, 2025

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

Attention: Ezequiel Nieves
Roberto Sanchez Vilella (Minillas) Government Center
De Diego Ave. Stop 22,
San Juan, PR 00907

Re: Letter to P3A related to Kevane's Federal Funding Inquires

On October 16, 2024, P3A notified LUMA of its intention ("October letter") to conduct an Audit regarding the management of Federally Funded Capital Improvements focusing on federally funded grants assigned to LUMA and federally funded reimbursements for projects with the Federal Emergency Management Administration ("FEMA") through the Central Office for Recovery, Reconstruction and Resiliency of the Government of Puerto Rico ("COR3") in accordance with Section 6.3(c) of the Transmission and Distribution System Operation and Maintenance Agreement ("T&D OMA")¹.

Since the formal kickoff of this effort with P3A and its consultant Kevane Grant Thornton ("Kevane") on November 14, 2024, LUMA has dedicated over 400 working hours, including over 200 hours for meetings and walkthroughs to assist P3A in this exercise. Initially, LUMA understood this exercise, as expressed in P3A's October letter, to be an Audit. However, on January 15, 2025, and on multiple occasions thereafter, P3A and Kevane highlighted that this process would not be an Audit but rather involve process mapping walkthroughs and testing. They emphasized that this exercise would not result in a final Audit opinion, and the selected sampling would be small compared to an Audit.

Given the ongoing exercise is not being conducted as an Audit, it is beyond P3A's *ex post facto* Oversight capacity under Section 6.2(vi) of the T&D OMA². Moreover, given the current operational constraints caused by funding shortages³, we prefer to focus our resources on the performance of

¹ The Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement executed on June 22, 2020, by and 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 Section 6.2(vi) of the T&D OMA indicates Administrator has the right to exercise Oversight, as agent of Owner, in relation to operator's compliance with Federal Funding Requirements. Federal Funding Requirements are defined under Section 5.5(b) of the T&D OMA as those to comply with federal agency requirements, including any requirement set forth in the Federal Funding Procurement Manual.

³ Letters dated February 7, 2025, addressed to the Honorable Governor Jenniffer González Colón, dated February 14, 2025, addressed to the Puerto Rico Public-Private Partnerships Authority ("P3A") and letters dated February 21 and 25, 2025, and March 5, 2025 addressed to PREPA. (LUMA-GOV-T-00247, LUMA-P3A-T-01456, LUMA-PREP-T-00888, LUMA-PREP-T-00892, LUMA-PREP-T-00899)

O&M services to our customers until a clear Audit scope is established following the framework and guidelines established in the T&D OMA⁴.

For the above reasons, LUMA considers this exercise to be concluded. Should you have any questions, please do not hesitate to reach out.

Sincerely,

Francisco Prego

Francisco Prego (Jun 25, 2025 16:26 EDT)

Francisco Prego

Vice President, OMA Contract Management

C: Alejandro J. Figueroa Ramírez, Chief Regulatory Officer, LUMA; Alejandro.figueroara@lumapr.com
Andrew Smith, Chief Financial Officer, LUMA; Andrew.smith@lumapr.com
Pedro Javier LaSanta, General Auditor, LUMA; PedroJavier.Lasanta@Lumapr.com
Josué Colón, Executive Director, P3A; josue.colon@lumapr.com
Rubén Lugo Más, Management and Control Manager, P3A; Ruben.Lugo@p3.pr.gov
Cary Alsina, P3A; Cary.Alsina@p3.pr.gov

⁴ Section 6.3(a) of the T&D OMA dictates that Audits shall occur no more than once every Contract Year and that auditors must avoid any disruption to LUMA's performance of the O&M Services or its rights or responsibilities under this Agreement. Furthermore, related to federal funds audits, Section 6.3(c) states that from time to time, P3A may conduct a partial or full Audit limited to all Federally Funded Capital Improvements.