July 25, 2025

To: Puerto Rico Public-Private Partnership Authority ("P3A")
Attention: Josué Colón Ortiz
Executive Director
Roberto Sánchez Vilella (Minillas) Government Center
De Diego Ave. Stop 22
San Juan, PR 00907

Re: Lapse of MOU with 3PPO – Urgent Need to Resolve Outstanding Procurement Coordination

Dear Executive Director Colón:

I write to formally reiterate LUMA's concern regarding the lapse of the Memorandum of Understanding ("MOU") between LUMA Energy and the Third-Party Procurement Office ("3PPO"). On June 30, 2025, 3PPO informed LUMA that the current contract had expired and they have been instructed by the Public-Private Partnerships Authority ("P3A") to pause work until a new contract is signed. Since then, key strategic projects have been on hold, pending resolution of this issue and weekly meetings previously scheduled with the 3PPO have been canceled.

On July 8, the P3A sent to LUMA a proposed renewal of the MOU. LUMA executed and returned the signed agreement within 24 hours, on July 9, 2025. As the date of this letter, LUMA has not received a copy of the MOU signed by the P3A. Moreover, LUMA has received neither confirmation that the MOU has been executed by P3A nor that the new 3PPO contract with P3A has been executed or that the 3PPO has restarted the management and procurement of LUMA-related projects.

The absence of an MOU has operational consequences for reconstruction work. While LUMA remains committed to the successful execution of recovery projects, we are unable to move forward without the necessary administrative framework with the 3PPO. Furthermore, without the reciprocal commitment from P3A, in its role as Administrator, as stipulated in Section 6.2(xi) of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("T&D OMA")[1], progress on procurement efforts for key reconstruction initiatives remain.

Examples of key 3PPO-managed procurement efforts currently experiencing delays include the transmission line Request for Proposal (RFP), the distribution line initiative, and field craft labor solicitations. These efforts are directly tied to FEMA Public Assistance funds obligated under the FAASt strategy and their delay not only undermine the delivery of these critical infrastructure upgrades but could also compromise eligibility for federal reimbursement.

[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")

In addition to the above-mentioned, the following strategic projects have experienced the same delay:

- Emergency Restoration Services Cat. II
- Distribution Poles and Conductors Repairs
- Substation EPC - Batch 1
- Substation EPC - Batch 2
- Substation Construction MSA IDIQ
- Workforce Augmentation
- Distribution Streetlights
- Transmission Line Construction MSA IDIQ
- Costa Sur Autotransformer #2, Cable Repair

In light of the above, LUMA requests the P3A's immediate assistance in signing and executing the MOU and instructs the 3PPO to restart all functions associated to LUMA-related procurement processes.

LUMA remains fully committed to supporting this process and stands prepared to help advance it. We respectfully await your response and are available to engage directly in any of the matters outlined above.

Sincerely,



Juan Saca
President & Chief Executive Officer

CC:

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