AUTORIDAD PARA LAS
ALIANZAS PÚBLICO PRIVADAS

AAPP

GOBIERNO DE PUERTO RICO

Josué A. Colón Ortiz I Director Ejecutivo

April 17, 2025

BY ELECTRONIC MAIL
juan.saca@lumapr.com

Mr. Juan Saca
President and Chief Executive Officer
LUMA Energy, LLC and
LUMA Energy ServCo, LLC (LUMA)
PO Box 363508
San Juan, PR 00936-3508

Dear Mr. Saca,

Re.: Applicability of Project Labor Agreement (PLA) under RFP No. 3PPO-0312-19-TL25

We acknowledge receipt of your letter dated April 15, 2025 (April 15 letter), wherein LUMA asserts that the Project Labor Agreement (PLA) executed between LUMA and the International Brotherhood of Electrical Workers (IBEW) Local 222 on March 18, 2021, remains applicable to the above-captioned Request for Proposals (RFP), and objects to the clarification issued by the Third-Party Procurement Office (3PPO) on April 14, 2025.

As Administrator under the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (T&D OMA), and pursuant to the Governor's Executive Order OE-2025-015, the Puerto Rico Public-Private Partnerships Authority (P3A) reiterates that LUMA does not have the authority to impose a PLA requirement on procurement processes governed by the public policy of the Government of Puerto Rico. EO-2025-015 unambiguously eliminates the use of PLAs as a mandatory condition for public construction contracts and establishes a binding policy in favor of open competition, cost-efficiency, and streamlined procurement.

The PLA between LUMA and IBEW Local 222, while binding as between those parties, cannot override applicable executive authority or be imposed as a condition for participation in RFPs administered by or on behalf of the Puerto Rico Electric Power Authority (PREPA), P3A, or the Government of Puerto Rico. As confirmed in Addenda #2 issued by the 3PPO on April 14, 2025, no contractor or subcontractor responding to RFP No. 3PPO-0312-19-TL25 is required to adopt or comply with a PLA.

Moreover, this policy determination is not only legally mandated - it is aligned with the public interest and with P3A's contractual oversight obligations under Section 6.2(a) of the T&D OMA. As P3A indicated in its March 19, 2025 letter, the PLA requirement has materially impeded the goals of the O&M Agreement by limiting local contractor participation, increasing costs, restricting competitive access to government-funded opportunities, and contributing to procurement inefficiencies and delays. The removal of this requirement will:

- Broaden access for qualified local and small contractors;
- Reduce labor compliance overhead and transactional bottlenecks;
- Accelerate the mobilization of services and delivery of critical infrastructure projects; and
- Directly support PREPA's fiscal responsibility obligations and recovery milestones under the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA).

These results are not ancillary - they are central to the purpose and scope of the T&D OMA and to LUMA's duty, as PREPA's agent, to carry out procurement activities in a manner consistent with P3A's directives and applicable Puerto Rico law.

Finally, we must note that LUMA was formally requested by both 3PPO and P3A to submit a legal justification for its continued assertion that the PLA remained enforceable notwithstanding OE-2025-015. No such justification has been provided to date. This omission leaves your April 15 letter unsupported and in direct contradiction with the law and governing agreements. Accordingly, P3A, as Administrator under the T&D OMA, hereby reaffirms its directive that LUMA immediately and permanently remove the PLA requirement from all procurement processes conducted under the T&D OMA. Any further efforts to reintroduce or enforce such requirements will be treated as noncompliance with Section 6.2(a) of the OMA and may warrant additional remedial measures.

Cordially,

Josué A. Colón Ortiz
Executive Director

c Francisco J. Domenech, Executive Director, AAFAF, fjdomenech@aaaf.pr.gov
Mary C. Zapata Acosta, Executive Director, PREPA, mary.zapata@prepa.pr.gov
Robert F. Mujica, Executive Director, FOMB, robert.mujica@promesa.gov
Francisco Prego, Vice President T&D OMA Contract Management, LUMA, francisco.prego@lumapr.com
Alejandro J. Figueroa Ramírez, Chief Regulatory Officer, LUMA, alejandro.figueroara@lumapr.com
Ángel Rotger Sabat, Chief Legal Officer, LUMA, angel.rotger@lumapr.com
Lionel Santa, General Counsel, PREPA; lionel.santa@prepa.pr.gov