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PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY
GOVERNMENT OF PUERTO RICO
Eng. Josué A. Colón Ortiz I Executive Director

October 23, 2025

BY ELECTRONIC MAIL
juan.saca@lumapr.com

Mr. Juan Saca
President and Chief Executive Officer
LUMA Energy, LLC and
LUMA Energy ServCo, LLC
San Juan, Puerto Rico 00936-3508

Dear Mr. Saca:

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Re.: Response to LUMA's October 22, 2025 Letter

Reference is made to the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement, dated June 22, 2020 (the "T&D OMA"), by and among the Puerto Rico Electric Power Authority ("PREPA") as Owner, the Puerto Rico Public-Private Partnerships Authority ("P3A") as Administrator, and LUMA Energy, LLC ("LUMA") as Operator. The P3A, in its capacity as Administrator, acknowledges receipt of LUMA's correspondence dated October 22, 2025, regarding the Financial Oversight and Management Board for Puerto Rico ("FOMB") meeting of October 16, 2025, and related communications.

The P3A categorically rejects the suggestion that its prior correspondence of October 18, 2025, contained inaccuracies or mischaracterizations. Every statement and conclusion presented in that letter is supported by the financial data and schedules that LUMA itself has submitted to PREPA, the Puerto Rico Energy Bureau ("PREB"), and the FOMB. The documented facts are unequivocal:

- As of September 2025, federal reimbursements totaling approximately $800 million remain outstanding.

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- Off-budget and unreconciled expenditures under LUMA's management exceed $900 million, including over $300 million in "Outage Event" costs.

- LUMA's accounts payable balance now surpasses $300 million, with incomplete documentation to substantiate vendor obligations.

Under the T&D OMA, LUMA is contractually responsible for managing the financial and operational flow of the entire transmission and distribution system. Specifically, LUMA must:

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- Manage all system cash collections, including ensuring that all revenues derived from customer billing and federal reimbursements are timely deposited;

- Submit timely, complete, and fully documented reimbursement requests for all eligible federally funded projects, maintaining compliance with the Federal Emergency Management Agency ("FEMA") and the Central Office for Recovery, Reconstruction and Resiliency ("COR3"), the Department of Energy ("DOE"), and other applicable federal requirements, and ensuring that system revenues used to advance such projects are promptly replenished upon reimbursement; and

- Maintain full, accurate, and auditable reconciliations of all accounts, including detailed records of deposits, disbursements, transfers, and outstanding payables.

These obligations are not discretionary — they form the backbone of LUMA's fiduciary and operational duties under the T&D OMA. The current liquidity stress confronted by the system stems from LUMA's repeated failure to fulfill these obligations. The resulting shortfalls directly reduce the funds available for Service Account financing. These deficiencies are not attributable to PREPA; they are the predictable outcome of LUMA's own financial mismanagement and reporting failures.

The P3A has acted transparently and in good faith throughout this process. As Administrator, P3A has consistently issued repeated written requests for clarity on LUMA's cash position, federal reimbursements, and payables. Many of these

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requests remain unanswered or have been met with incomplete and evasive responses. If LUMA believes there are discrepancies in the data reflected in P3A's analysis, it should provide substantiating evidence rather than press releases or general boilerplate denials. If LUMA is right, as it claims, why does it not publicly produce its underlying ledgers, bank statements, general-ledger extracts, reimbursement files, and related correspondence in native format, certified by its CFO and CAO? If produced, the P3A stands ready to examine any and all verifiable documentation publicly and with the utmost transparency. However, until such evidence is presented, the P3A will rely on the established record, which unambiguously demonstrates LUMA's continued failure to comply with its contractual obligations.

The P3A cannot acknowledge any expression of willingness by LUMA to collaborate in resolving the current liquidity crisis until LUMA first accepts responsibility for having caused it. Genuine collaboration must be grounded in accountability and transparency. It is neither accurate nor constructive to characterize communications from the Government of Puerto Rico or its instrumentalities as "careless" or "misleading" when those communications are based on verifiable data and consistent factual records.

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The P3A urges LUMA to take immediate corrective measures to address the underlying causes of the current situation, specifically:

- Accelerate FEMA reimbursement submissions and provide a complete reconciliation of pending requests;
- Curtail off-budget spending and ensure adherence to approved O&M budgets;
- Deliver full transparency regarding accounts payable and unliquidated obligations; and
- Implement robust internal financial controls to prevent recurrence of these deficiencies.

As Administrator under the T&D OMA, P3A's foremost duty is to safeguard the public interest and ensure full contractual compliance by all operators entrusted with Puerto Rico's electrical infrastructure. This responsibility requires P3A to act decisively whenever operational, financial, or administrative deficiencies jeopardize the integrity and sustainability of the energy system. It

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must be unequivocally understood that the cost of LUMA's operational shortcomings, inefficiencies, or mismanagement cannot—and will not—be transferred to Puerto Rico's ratepayers or taxpayers. The public should not bear the financial consequences of private nonperformance. Accountability is fundamental to the success of the transformation process.

The P3A therefore calls upon LUMA to redirect its efforts away from narrative disputes and toward measurable corrective action, operational transparency, and tangible results. Only through verifiable performance, financial discipline, and adherence to contractual obligations can confidence in the system's transformation be restored. This is essential to ensure that the billions of dollars in federal funds available for Puerto Rico's energy reconstruction are deployed efficiently, transparently, and to the true benefit of the 3.2 million American citizens who call Puerto Rico home.

Cordially,

Signed by:

Josué A. Colón Ortiz

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Josué A. Colón Ortiz
Executive Director

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