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AUTORIDAD PARA LAS
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GOBIERNO DE PUERTO RICO

Josué A. Colón Ortiz I Director Ejecutivo

March 19th, 2025

BY ELECTRONIC MAIL
juan.saca@lumapr.com

Mr. Juan Saca
Chief Executive Officer
LUMA Energy, LLC and
LUMA Energy ServCo, LLC
PO Box 363508
San Juan, Puerto Rico 00936-3508

Dear Mr. Saca:

Re.: LUMA Project Labor Agreement

Initial
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Reference is made to the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("T&D OMA"), dated June 22, 2020, among the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3A"), LUMA Energy LLC, and LUMA Energy Servco, LLC (collectively, "LUMA"). Reference is also made to the Project Labor Agreement ("PLA"), dated March 18, 2021, between LUMA and the International Brotherhood of Electrical Workers Local Union 222 (the "Union"), which mandates that all contractors and subcontractors awarded construction and maintenance contracts under the T&D OMA comply with the PLA's terms and conditions.

The P3A and the Government of Puerto Rico remain committed to open and free competition in publicly funded projects. In accordance with P3A's oversight responsibilities under Section 6.2(a), including subsection (v), of the T&D OMA, and pursuant to a review of the state of performance and results since June 2021, it is evident that the PLA imposes burdensome requirements that restrict local contractor participation, create inefficiencies, inflate costs, and limit competition. As PREPA's agent, LUMA must not impose a PLA requirement that forces firms and contractors to alter their labor practices or policies as a prerequisite for competing in the performance of public works. Mandates like LUMA's PLA inherently stifle competition, drive up costs, and worse, lead to delays.

For these reasons, the Governor of Puerto Rico, Honorable Jenniffer González Colón, has signed Executive Order 2025-15 eliminating the mandatory application of PLAs for contractors and subcontractors on government construction projects. This policy

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change is expected to result in (a) broader participation by qualified suppliers and contractors, including local businesses, in essential construction and maintenance projects; (b) reduce costs and improve efficiency; and (c) enhance workforce / services deployment and construction timelines – all in an improved effort of rebuilding and modernizing the island's energy infrastructure.

As such, the P3A, as Owner's representative, hereby directs LUMA to immediately remove all mandatory PLA requirements from its procurement processes under the T&D OMA. Removing this requirement is compliant with the PREPA fiscal plan certified by the Financial Oversight and Management Board for Puerto Rico (FOMB), and with the Puerto Rico Oversight Management and Economic Stability Act's (PROMESA) statutory objectives of fostering market competition, enhancing government contracting efficiency, bolstering public confidence, and eliminating additional bureaucratic hurdles to efficient contracting.

In the face of Puerto Rico's ongoing energy crisis, and evident delays in reconstruction and modernizing efforts, it is imperative to immediately and decisively rebuild Puerto Rico's energy system with the resilience and reliability its people deserve. All stakeholders, including LUMA, must eliminate unnecessary bureaucratic obstacles, and allow critical work under the T&D OMA to proceed without delay and inefficiencies.

Given the gravity of this issue, P3A expects LUMA to confirm in writing its compliance with this directive within five (5) business days of receipt of this letter.

Sincerely,

Signed by:
Josué Colón Ortiz
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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 E. Santa Crispín, General Counsel, PREPA; lionel.santa@prepa.pr.gv
administrator@p3.pr.gov