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From: Franco Nogueras, María J. (AAPP) <Maria.Franco@p3.pr.gov>
Sent: Saturday, August 22, 2026 7:00 PM
To: Robert Mujica
Cc: governor@fortaleza.pr.gov; Mary C Zapata-Acosta; trivera@senado.pr.gov; Edison Aviles Deliz; cmendez@camara.pr.gov; ocarlo@carlolaw.com; Franco Nogueras, María J. (AAPP)
Subject: Proskauer August 20, 2026, Letter
Attachments: Proskauer August 20, 2026, Letter.pdf; Proskauer 08202026 Letter to 3PPO.pdf; FOMB_Governor_Letter_TPG2_Power_Expectations_Approval_Revocation.pdf

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Good evening, Mr. Mujica:

We include a letter and annexes from the engineer Josué A. Colón Ortiz, Czar Energy and Executive Director, of the *Puerto Rico Public-Private Partnerships Authority*, regarding the *Proskauer August 20, 2026, Letter.*

We would appreciate your confirmation that you received this communication.

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

August 22, 2026

BY ELECTRONIC MAIL
Robert.mujica@promesa.gov

Mr. Robert F. Mujica Jr.
Executive Director
Financial Oversight and Management
Board for Puerto Rico
PO Box 192018
San Juan, Puerto Rico 00919-2018

Dear Mr. Mujica:

Re.: Proskauer August 20, 2026, Letter

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The Puerto Rico Public-Private Partnerships Authority ("P3A") has reviewed the August 20, 2026 communication issued by counsel to the Financial Oversight and Management Board for Puerto Rico ("Oversight Board" or "FOMB") to Mr. Osvaldo Carlo Linares, President of the Third-Party Procurement Office ("3PPO"), concerning the above-referenced Contract. Although that communication was addressed solely to the 3PPO and, unlike prior Oversight Board communications concerning this matter, was not copied to the public officials and governmental entities that had been included in the related correspondence, it contains material clarifications concerning the basis upon which the Oversight Board states that it revoked its prior approval of the Contract.

Because several of those clarifications materially narrow or reframe characterizations contained in the Oversight Board's August 17 letter—and because that earlier communication repeatedly combines the roles and knowledge of P3A and the 3PPO notwithstanding their distinct institutional responsibilities—P3A considers it appropriate to clarify the record.

At the outset, the present status of the Contract is not in dispute. By notice dated August 18, 2026, the Puerto Rico Electric Power Authority ("PREPA") notified the Seller of its decision to terminate the Contract on the grounds stated in that notice. P3A does not undertake in this response to independently evaluate PREPA's determination or the grounds upon which it was based. The issue

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addressed here is different and narrower: the accuracy and consistency of the Oversight Board's characterization of the competitive procurement process, the respective institutional responsibilities of the 3PPO, P3A and PREPA, and the significance that may properly be attributed to developments occurring after the qualification, award, approval, and execution of the Contract.

I. THE AUGUST 20 LETTER MATERIALLY NARROWS THE BASIS ARTICULATED IN THE AUGUST 17 COMMUNICATION

The Oversight Board's August 20 communication now states unequivocally that its decision "does not depend on resolving the allegations of fraud or determining which party is correct in the dispute between Power Expectations and Enchanted Rock/ERock." It further states that the Oversight Board "expressly takes no position on that dispute." That clarification is significant. The August 17 letter repeatedly invoked ERock's allegations concerning the unauthorized use of its corporate name and signature as part of the factual narrative supporting the revocation. Indeed, after recounting ERock's August 7 representation that its name and signature had been used without authorization, the letter states that "[b]ased on this development" the Oversight Board revoked its approval. The August 17 communication then devoted substantial attention to when P3A and the 3PPO learned of those allegations, why the allegations had not previously been disclosed to PREPA and FOMB, the identity and authority of the individual who signed on behalf of Enchanted Rock, the investigation undertaken by the 3PPO, the subsequent referrals to investigative authorities, and the asserted inconsistency between investigating the allegations while continuing to administer the Contract.

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The letter of August 20 now makes clear that the Oversight Board does not rely upon the resolution of those allegations to sustain its decision. Instead, it states that its concern is whether the factual premises underlying its prior approval continued to exist, and emphasizes Enchanted Rock's subsequent nonparticipation, the proposed substitution of Enchanted Rock with Flotek, and the absence of the required performance security. That is a materially narrower proposition than the broader characterization of the procurement contained in the August 17 letter.

II. THE OVERSIGHT BOARD'S CURRENT POSITION CONFIRMS THE DISTINCTION BETWEEN PROCUREMENT PARTICIPATION AND AUTHORITY TO EXECUTE THE CONTRACT

Based on the analysis, findings, and recommendations provided by the 3PPO, P3A has consistently distinguished between two separate questions: first, whether Enchanted Rock participated in the competitive procurement and whether its

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technical, operational, and financial capabilities formed part of the procurement record considered by the 3PPO when evaluating and qualifying the consortium; and second, whether the individual who ultimately executed the PPOA on behalf of Enchanted Rock possessed sufficient authority to legally bind that entity. These are separate and legally distinct questions and should not be conflated. The August 20 letter effectively recognizes that distinction. The Oversight Board now assumes, expressly for purposes of its analysis, that Enchanted Rock was in fact part of the process and subsequently withdrew. Even under that assumption, FOMB states that its concern remains that the Seller as subsequently constituted was not the Seller that qualified under the request for proposal ("RFP") or that FOMB approved.

That position is materially different from a determination that Enchanted Rock never participated in the procurement or that its participation in the qualification record was fabricated. Indeed, FOMB's August 17 letter itself acknowledges that Enchanted Rock's technical, operational, and financial capabilities were expressly relied upon in the qualification process. More importantly, FOMB expressly recognizes that "[t]he qualification determination under the RFP was made by 3PPO" and that the Oversight Board's June 2 determination proceeded on that basis. The subsequent dispute concerning authority to execute the final agreement therefore cannot, without more, retroactively establish that the qualification determination was unreasonable on the procurement record existing when that determination was made.

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III. THE 3PPO'S INDEPENDENT PROCUREMENT RESPONSIBILITIES MUST BE DISTINGUISHED FROM THE INSTITUTIONAL RESPONSIBILITIES OF P3A AND PREPA

A proper assessment of this matter requires maintaining the institutional distinctions that governed the procurement from its inception. The 3PPO, P3A, and PREPA did not perform interchangeable functions, and the actions, determinations, or knowledge of one should not automatically be attributed to another with patent disregard of the responsibilities actually assigned to each entity.

The 3PPO is an independent private procurement entity whose functions in this procurement were performed by ReComS, consistent with the legal, contractual, and institutional framework established for the transformation of Puerto Rico's electric system—a framework developed and implemented with the participation, review, and approval of the Oversight Board. Within that framework, the 3PPO was responsible for administering the competitive procurement process, receiving and maintaining the procurement record, evaluating proposals against the requirements of the RFP, reviewing technical and financial information,

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conducting the applicable due diligence, assessing the qualifications of the proponents, documenting its evaluations and conclusions, conducting the procurement-related negotiations, and issuing its recommendations.

Those responsibilities were deliberately assigned to an independent procurement administrator. P3A did not participate in the evaluation or scoring of the competing proposals, did not independently qualify the proponents, did not conduct the negotiations with the Seller parties, and did not substitute its own procurement judgment for the evaluations and determinations made by the 3PPO. Again, the Oversight Board's own August 17 letter confirms this allocation of responsibility by expressly recognizing that the qualification determination was made by the 3PPO and that FOMB's own June 2 determination proceeded on that basis.

That acknowledgment is consequential. P3A, PREPA, and the Oversight Board itself, necessarily relied upon the work product of the independent entity charged with administering and evaluating the procurement. None of those entities independently performed the competitive evaluation assigned to the 3PPO. That reliance does not eliminate the separate institutional responsibilities of P3A or PREPA. P3A remains responsible for the actions and determinations falling within its own authority, and PREPA retains those responsibilities belonging to it as Owner and, ultimately, Buyer under the Contract. But neither entity thereby assumed the independent procurement functions assigned to the 3PPO.

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Accountability therefore requires identifying who was responsible for the particular function at issue, what information that entity possessed, what information was communicated to the other institutional actors, and what those actors were reasonably entitled to understand from the evaluations, certifications, findings, and recommendations presented to them.

IV. PREPA AND P3A ACTED UPON THE PROCUREMENT RECORD AND THE EVALUATIONS, CERTIFICATIONS, AND RECOMMENDATIONS PROVIDED BY THE 3PPO

This allocation of responsibilities provides essential context for evaluating the subsequent conduct and position of PREPA and P3A. PREPA's understanding of the qualification of the Seller, the participation and capabilities attributed to Enchanted Rock, and the underlying procurement record was based upon the information, evaluations, certifications, findings, and recommendations provided by the 3PPO in the exercise of its independent procurement responsibilities. PREPA did not conduct the RFP or independently repeat the 3PPO's competitive evaluation. In exercising those authorities reserved to it, PREPA received and

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acted upon the procurement documentation, evaluations, certifications, and recommendations generated through the 3PPO process.

The Oversight Board itself did the same. Its August 17 letter acknowledges both that Enchanted Rock's capabilities were relied upon to qualify the Seller and that the 3PPO made that qualification determination. Accordingly, Enchanted Rock's participation was not an assumption independently created by PREPA or FOMB. It was reflected in the procurement record evaluated by the 3PPO and formed part of the basis upon which the 3PPO determined that the Seller satisfied the RFP's qualification requirements. PREPA, and ultimately FOMB acted upon that determination within their respective institutional roles. If reliance upon the 3PPO's qualification determination was an appropriate basis upon which the Oversight Board could issue its June 2 approval, the same reliance by P3A and PREPA cannot now, without more, be characterized as a failure of diligence or oversight.

The relevant question must instead be what the 3PPO's procurement record reflected at the time, what the 3PPO represented and recommended to the governmental entities relying upon that process, and what information was actually available to each institutional actor when its respective determination was made. That is particularly important with respect to Enchanted Rock. The Oversight Board now emphasizes that Enchanted Rock's participation and capabilities were material to qualification. But those same capabilities were reflected in the procurement record evaluated by the 3PPO and formed part of the basis for the 3PPO's qualification determination upon which P3A, PREPA, and ultimately FOMB relied.

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Accordingly, the subsequent controversy concerning Enchanted Rock does not establish that P3A or PREPA independently misrepresented Enchanted Rock's participation or qualifications. The positions taken by P3A and PREPA concerning the procurement were based upon the record, evaluations, certifications, recommendations, and representations provided through the independent 3PPO process.

The same principle must apply when responsibility for subsequent events is evaluated. P3A should be accountable for decisions P3A made; PREPA for decisions reserved to and made by PREPA; and the 3PPO for the evaluations, recommendations, communications, and other determinations made in the exercise of its independent procurement and contract-administration responsibilities. Collectively referring to those entities as though they constituted a single decision-maker obscures the institutional structure rather than clarifying it. The respective entities should therefore be evaluated according to their actual functions and the information available to each at the relevant time.

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V. P3A'S JUNE 16 REFERRAL WAS CONSISTENT WITH THE 3PPO'S INDEPENDENT ROLE

The same institutional structure explains P3A's response when the ERock allegations were presented on June 16. P3A did not attempt to investigate or adjudicate those allegations itself. Instead, P3A immediately referred the matter to the 3PPO—the independent entity that had administered the procurement and possessed the underlying proposals, consortium documentation, certifications, technical and financial submissions, and communications necessary to evaluate the allegations against the contemporaneous procurement record. That referral was consistent with the 3PPO's independent role.

P3A requested an independent review and findings but did not direct or supervise the manner in which the 3PPO conducted the investigation. Once the matter had been referred, the 3PPO was responsible for conducting the fact-finding process and managing the investigation, including the communications and investigative steps it considered appropriate as the review progressed. P3A subsequently received and evaluated the information and findings provided by the 3PPO and then exercised its own institutional responsibility by determining that the developed matter warranted referral to authorities possessing broader investigative jurisdiction.

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Thus, the sequence again reflects the institutional allocation of responsibilities: the 3PPO independently conducted the fact-finding and reported its findings; P3A evaluated the information presented to it and determined what action P3A should take within its own authority. This distinction is particularly relevant to the Oversight Board's criticism concerning when PREPA or FOMB were informed of developments arising during the investigation. P3A did not direct or supervise the manner in which the 3PPO conducted that investigation and therefore does not undertake to characterize or pass judgment upon investigative determinations made independently by the 3PPO. Questions concerning those determinations should be evaluated from the 3PPO's contemporaneous investigative record.

VI. THE FLOTEK PROCESS MUST BE EVALUATED UNDER THE SAME INSTITUTIONAL FRAMEWORK

The same distinction applies to the proposed substitution of Flotek. P3A did not participate in the evaluation, analysis, negotiation, recommendation, or processing of the proposed assignment substituting Flotek Industries, Inc., for Enchanted Rock, LLC. The evaluation and recommendation were undertaken through the 3PPO process and submitted to PREPA, which possessed the contractual authority to determine whether to consent to the proposed assignment.

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Accordingly, P3A is not in a position to characterize or independently describe the analysis undertaken by the 3PPO, the information it considered, or the basis upon which it ultimately recommended the proposed substitution. Nor should P3A's knowledge of the separate ERock investigation be conflated with participation in the Flotek process. The fact that P3A had referred the ERock allegations to the 3PPO does not establish that P3A directed, participated in, or approved the 3PPO's subsequent evaluation or recommendation concerning Flotek. The August 17 letter nevertheless repeatedly combines P3A and the 3PPO when discussing those events. That characterization should be corrected. To the extent the Oversight Board seeks information concerning the 3PPO's evaluation of Flotek, the information considered in that evaluation, the timing of the recommendation, or the communications accompanying it, those matters should be addressed by the 3PPO from its contemporaneous records.

Likewise, questions concerning PREPA's subsequent exercise of its contractual consent authority should be addressed by PREPA based upon the information presented to it at the time. P3A should not be attributed decisions made through processes in which it did not participate.

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VII. FOMB'S AUGUST 20 CLARIFICATION IS CONSISTENT WITH P3A'S DECISION TO REQUIRE INVESTIGATION RATHER THAN PREJUDGE THE PRIVATE DISPUTE

The August 20 communication states that the Oversight Board did not adjudicate ERock's allegations, made no finding of fraud against Power Expectations LLC, and did not need to determine which private party was correct. Instead, FOMB states that it re-evaluated its own approval because Enchanted Rock was no longer participating. P3A welcomes that clarification because it confirms a principle P3A has maintained since June 16: serious allegations must be investigated, but an allegation is not an adjudication and disputed allegations should not be treated as established facts before the evidence has been evaluated.

That clarification bears directly upon the August 17 criticism of P3A for not immediately disseminating the allegations more broadly. If the Oversight Board itself now takes no position on whether ERock's allegations are true, then P3A's decision to refer those allegations to the independent 3PPO for investigation rather than immediately treating them as established procurement facts cannot fairly be characterized as indifference to procurement integrity or concealment. The positions are difficult to reconcile otherwise: FOMB cannot maintain that it need not determine whether ERock's allegations are true while simultaneously criticizing P3A for not acting at an earlier stage as though their truth had already been established.

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VIII. THE FLOTEK SUBSTITUTION AND PERFORMANCE-SECURITY ISSUES SHOULD NOT BE RETROACTIVELY CONFLATED WITH THE ORIGINAL PROCUREMENT

The August 20 letter identifies two additional and independent considerations: first, that Flotek did not compete in the original procurement and that its proposed substitution was not submitted to FOMB for approval; and second, that the required performance security was not furnished.

Those matters should be evaluated on their own merits and according to the responsibilities of the entities involved. Whether the proposed substitution of a material Seller party required separate FOMB approval under the Contract Review Policy presents a distinct contractual and the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA") compliance question arising from the proposed assignment. As previously explained, P3A did not participate in the evaluation, analysis, negotiation, recommendation, or processing of the proposed Flotek assignment. Likewise, the failure to furnish the required performance security concerns Power Expectations' subsequent performance of an obligation under the executed Contract and the exercise by PREPA, as Buyer, of the contractual rights and remedies available to it. P3A did not make either of those determinations.

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Neither matter, therefore, entails a procurement evaluation or contractual determination that P3A was responsible for making. Nor does either matter, standing alone, establish that the original competitive procurement was improperly administered by the 3PPO. More importantly for purposes of the present correspondence, these newly articulated grounds do not substantiate the prior assertions directed at P3A concerning its conduct, knowledge, or handling of the procurement and the subsequent Enchanted Rock controversy. The August 20 letter thus identifies grounds materially different from the allegations and institutional criticisms that occupied substantial portions of FOMB's August 17 communication.

Indeed, FOMB's August 20 formulation expressly assumes, for purposes of its analysis, that Enchanted Rock could have validly executed the Contract and subsequently withdrawn. Under that assumption, the issue concerning Flotek necessarily arose after the consortium had been evaluated and qualified by the 3PPO, after the procurement had been awarded, after FOMB had approved the Contract, and after the Contract had been executed. The Flotek issue is therefore analytically distinct from whether the original qualification and award determinations were reasonable on the procurement record existing when those determinations were made.

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The same distinction applies to the performance-security issue. Power Expectations' subsequent failure to satisfy a contractual performance requirement concerns post-execution contract performance. It does not retrospectively determine whether the 3PPO properly administered the competitive procurement or whether P3A and PREPA reasonably relied upon the evaluations, certifications, findings, and recommendations provided by the 3PPO when exercising their respective institutional responsibilities.

Accordingly, the matters identified in the August 20 letter must remain analytically and institutionally separate: (i) the original competitive procurement administered and evaluated by the independent 3PPO; (ii) the subsequent Enchanted Rock controversy and the independent investigation referred by P3A to the 3PPO; (iii) the proposed Flotek substitution, in whose evaluation, analysis, negotiation, recommendation, and processing P3A did not participate; and (iv) Power Expectations' subsequent contractual performance and PREPA's exercise of its authority as Buyer. Conflating those distinct matters would obscure both the chronology and the allocation of responsibilities among the entities involved.

IX. THE AUGUST 20 COMMUNICATION MATERIALLY REFRAMES THE OVERSIGHT BOARD'S AUGUST 17 CHARACTERIZATION OF THE PROCUREMENT

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When the two Oversight Board communications are read together, several distinctions become apparent. The August 17 letter described a procurement that FOMB characterized as "irreparably impaired" and "fundamentally flawed," and devoted substantial attention to ERock's allegations, the timing of their disclosure, the investigation, the proposed Flotek assignment, and the conduct of P3A and the 3PPO. The August 20 communication presents a materially more focused rationale. FOMB now expressly states that it:

- does not need to resolve the allegations of fraud;
- takes no position on which private party is correct;
- assumes, for purposes of its analysis, that Enchanted Rock may have validly executed the Contract and subsequently withdrawn;
- relies instead upon Enchanted Rock's present nonparticipation, the proposed substitution of Flotek without FOMB approval, and the failure to furnish the required performance security.

Those are material clarifications. They distinguish the original procurement and qualification determination from events occurring after that determination. They also confirm that resolution of the disputed allegations concerning Enchanted Rock's authority is not necessary to the Oversight Board's current position.

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P3A respectfully submits that those same distinctions must inform FOMB's characterization of the conduct of P3A. If the private dispute need not be resolved for FOMB to act, then the unresolved allegations should not simultaneously be used as a basis for suggesting that P3A should have known, before the independent investigation was completed, that the procurement record upon which P3A, PREPA, and FOMB had relied was inaccurate. Similarly, if the current basis for FOMB's position is the subsequent absence of Enchanted Rock from the Seller, that development should not be conflated with whether Enchanted Rock's participation was reflected in the procurement record when the Seller was originally evaluated and qualified. And if FOMB relies independently upon Power Expectations' subsequent failure to furnish performance security, that post-execution contractual issue should not be treated as retrospective evidence that the original competitive procurement was improperly administered.

Those are different questions arising at different points in time and implicating entities with different institutional responsibilities.

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XI. THE PRESENT STATUS OF THE CONTRACT DOES NOT ELIMINATE THE NEED FOR AN ACCURATE INSTITUTIONAL RECORD

P3A recognizes that the practical posture of this matter has changed. PREPA notified the Seller on August 18, 2026 of its decision to terminate the Contract. The Oversight Board's August 20 communication also identifies PREPA's termination and the grounds stated in that notice. Accordingly, this correspondence is not intended to advocate for continued implementation of the Contract or to request that the Oversight Board reverse its decision so that the project may proceed. But termination of the Contract does not render the accuracy of the institutional record academic.

The Oversight Board's August 17 letter makes serious assertions concerning the integrity of the procurement and the conduct of P3A and the 3PPO. It states, among other things, that without FOMB's involvement the Contract would have proceeded without adequate transparency and characterizes the procurement as irreparably impaired and fundamentally flawed. Those characterizations have consequences beyond this particular Contract. They concern the integrity of an independent procurement structure used in Puerto Rico's transformed electric system and the conduct of governmental entities operating within that structure.

P3A therefore has an institutional responsibility to ensure that the record accurately distinguishes:

- the procurement functions performed independently by the 3PPO;
- the contractual determinations reserved to PREPA;

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- the subsequent private-party dispute involving Enchanted Rock;
- the separate proposed assignment involving Flotek;
- and Power Expectations' subsequent contractual performance.

The fact that the Contract has now been terminated makes an accurate understanding of these institutional distinctions more, not less, important. The Government is presently evaluating the procurement structure applicable to future energy transactions, including whether competitive procurement processes of this nature should continue to be administered through private independent entities or whether a different institutional model would better serve the public interest. That evaluation should be informed by a complete and accurate understanding of the responsibilities assigned to the 3PPO, P3A, PREPA, and the other entities involved in this procurement, as well as the manner in which those responsibilities were actually exercised.

That prospective policy evaluation does not alter the institutional framework that governed this procurement or retrospectively reassign the responsibilities established under that framework. The conduct of the entities involved in this process must therefore be evaluated according to the legal, contractual, and institutional structure in effect at the relevant time, while the Government separately determines whether that structure should be maintained, modified, or replaced for future procurements.

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XII. THE ENERGY NEED THAT GAVE RISE TO THE PROCUREMENT REMAINS

Finally, termination of this Contract does not eliminate the underlying generation need that prompted the procurement. The Oversight Board's August 17 letter itself recognizes that the temporary-generation process originated from the Puerto Rico Energy Bureau's ("PREB") determination that Puerto Rico faced an anticipated generation shortfall of approximately 700 to 850 MW and that additional capacity was required to stabilize system reliability. The approximately 400 MW contemplated by this Contract must therefore be considered within the Government's broader strategy for addressing that continuing reliability requirement.

The Government is advancing other generation initiatives, and P3A will continue performing its responsibilities in connection with those processes under the applicable legal, regulatory, and contractual framework. Whatever differences may exist regarding the Contract that has now been terminated, P3A and the Oversight Board share an obligation to ensure that the remaining generation needs are addressed through processes that are expeditious, competitive, transparent, and consistent with the institutional framework governing Puerto Rico's electric system.

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XIII. CONCLUSION

The August 20 communication provides an important clarification of the Oversight Board's position. FOMB now expressly states that its decision does not require a determination that Power Expectations committed fraud, does not depend upon deciding which private party is correct, and does not require resolution of the investigation concerning Enchanted Rock. Instead, the Oversight Board identifies subsequent nonparticipation by Enchanted Rock, the proposed substitution of Flotek without FOMB approval, and the absence of the required performance security as the matters upon which its present position rests. That clarification materially narrows the issues and should likewise narrow the characterizations made concerning P3A and the original procurement process.

P3A does not seek to distance itself from its own institutional responsibilities. Rather, P3A asks that responsibility be attributed according to the institutional framework actually governing the procurement. The 3PPO independently administered and evaluated the competitive procurement, performed the qualification and due-diligence functions assigned to it, conducted the procurement-related negotiations, maintained the procurement record, and issued its recommendations. P3A did not duplicate or supplant those functions. In exercising its own responsibilities, P3A necessarily relied upon the information, evaluations, certifications, findings, and recommendations provided by the 3PPO. PREPA likewise acted within its own authority based upon the procurement record and recommendations presented to it. The Oversight Board itself acknowledges that its June 2 determination proceeded upon the qualification determination made by the 3PPO.

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That same allocation of responsibility must apply when the procurement is examined retrospectively. An evaluation performed by the 3PPO should not be characterized as an evaluation performed by P3A. Information possessed by the 3PPO should not automatically be imputed to P3A unless communicated to it. A recommendation made by the 3PPO should not be attributed to P3A merely because P3A exercises broader institutional responsibilities concerning Puerto Rico's electric-system transactions. And positions subsequently taken by P3A or PREPA based upon information supplied through the 3PPO process should be evaluated according to the information actually presented to those entities at the relevant time. This distinction is not an effort to avoid accountability. It is necessary for accountability to be accurate.

P3A accepts responsibility for the actions and determinations it made. It likewise expects the actions and determinations of the independent 3PPO, PREPA, and the Oversight Board to be evaluated according to the responsibilities assigned to each and the information actually available to them at the relevant time.

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The August 20 communication also confirms an important substantive distinction that P3A has maintained throughout this matter: **the unresolved controversy concerning Enchanted Rock's authority, the subsequent composition of the Seller, the proposed Flotek assignment, and Power Expectations' subsequent contractual performance are not interchangeable with the integrity of the original competitive procurement.**

Each issue should be evaluated on its own facts, under the applicable contractual and legal framework, and according to the entity responsible for the particular determination.

P3A, therefore, respectfully requests that the Oversight Board's final characterization of this matter reflect those distinctions and avoid attributing collectively to "P3A and 3PPO" actions, knowledge, evaluations, recommendations, or decisions that the institutional record assigns separately to one or the other.

P3A remains committed to cooperating with the Oversight Board, PREPA, PREB, the Puerto Rico Department of Justice, federal authorities, and all other entities possessing lawful jurisdiction over the matters presently under review. It likewise remains committed to advancing the generation initiatives necessary to address Puerto Rico's continuing reliability needs.

Nothing in this correspondence constitutes P3A's adoption of any disputed factual allegation concerning Power Expectations, Enchanted Rock/ERock, Flotek, or any other private party; an independent determination concerning PREPA's August 18 termination; a characterization of matters presently under investigation by competent authorities; or a waiver of any right, remedy, defense, or position.

All rights, remedies, defenses, and positions of P3A are expressly reserved.

Cordially,

Signed by:
Josué A. Colón Ortiz
7DAE19A3DAF5490...

Josué A. Colón-Ortiz
Executive Director

Annexes

c The Honorable Jenniffer A. González Colón
The Honorable Thomas Rivera Schatz
The Honorable Carlos J. Méndez Núñez
Chairman Edison Avilés Deliz
Ms. Mary C. Zapata Acosta
Mr. Osvaldo Carlo Linares

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Proskauer

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August 20, 2026

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By Electronic Mail

Mr. Osvaldo Carlo Linares
President
Third-Party Procurement Office (3PPO)
ocarlo@carlolaw.com

Re: Temporary Emergency Generation Contract – Power Expectations, LLC; Enchanted Rock, LLC; and Reyes Contractor, LLC

Dear President Carlo Linares:

We are counsel to the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board") and write in response to your letter of August 18, 2026, concerning the above-referenced Contract.

The concerns raised in your letter are misplaced and do not alter the Oversight Board's decision to revoke its approval of the Contract or its direction to the Puerto Rico Electric Power Authority ("PREPA") to terminate the Contract.

First, as the Oversight Board explained in its August 17 letter, its decision does not depend on resolving the allegations of fraud or determining which party is correct in the dispute between Power Expectations and Enchanted Rock/ERock. Indeed, the Oversight Board expressly takes no position on that dispute. Its concern is whether the facts underlying its approval remain as they were represented to the Oversight Board and whether the conditions on which that approval was granted continue to be satisfied.

They do not. Enchanted Rock/ERock is not participating in the Contract. That fact is dispositive because Enchanted Rock/ERock's participation was a fundamental basis for the procurement award and the Oversight Board's approval. As 3PPO itself determined, Power Expectations and Reyes Contractor had not demonstrated prior experience executing utility-scale projects of comparable scope and complexity. Enchanted Rock/ERock was the party relied upon to supply the technical, operational, and financial capacity necessary for the Seller to qualify under the RFP. The Oversight Board approved the Contract on that basis.

The Oversight Board subsequently learned that Enchanted Rock/ERock would not be performing the Contract and that its interest had purportedly been assigned to a company that did not compete in the procurement and whose substitution was never submitted to or approved by the Oversight Board. Thus, even assuming for purposes of argument that Enchanted Rock/ERock validly executed the Contract and subsequently withdrew—without reaching any conclusion

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regarding the allegations now under investigation—the Seller as presently constituted is not the Seller that qualified under the RFP or that the Oversight Board approved.

The due-process concerns raised in your letter therefore miss the point. Your letter characterizes the Oversight Board as cancelling the Contract "on account of the allegations of one party" and asks whether the Oversight Board considers itself exempt from constitutional due-process requirements. That is not what occurred. The Oversight Board did not adjudicate Enchanted Rock/ERock's allegations or make a finding of fraud against Power Expectations. It re-evaluated and revoked its own approval after learning that a material factual premise underlying that approval—Enchanted Rock/ERock's participation as a qualified Seller party—no longer existed. The Oversight Board's May 8 conditional approval and June 2 final determination expressly reserved the right to re-evaluate its approval upon learning of inaccuracies or misrepresentations, whether intentional or not.

Second, and independently, the Seller failed to satisfy the Contract's performance-security requirements. As 3PPO itself informed the Oversight Board on August 5, the approximately $1.18 billion construction-phase performance security had not been delivered. The Oversight Board's August 17 letter identified that failure as independently constituting grounds for termination under Article XV, Section 15.1. PREPA itself provided formal notice of termination by letter dated August 18, 2026, identifying two separate and independent grounds. The first of which was the Seller's failure to furnish the performance security required by Section C.1 of the Contract, which constitutes an Immediate Seller Event of Default under Section 15.1 and authorizes termination under Section 15.5(d).

In short, the Oversight Board was not required to adjudicate allegations of fraud before determining that its approval could no longer stand, nor is the outcome of any criminal or other investigation necessary to PREPA's termination of a Contract whose Seller no longer satisfies the basis on which it was qualified and whose required performance security was not provided.

Accordingly, nothing in 3PPO's August 18 letter provides a basis for reconsidering the Oversight Board's decision.

Sincerely,

Margaret A. Dale

Margaret A. Dale

cc by email:
Robert F. Mujica, Jr.
Jaime A. El Koury, Esq.

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Members
Andrew G. Biggs
John E. Nixon
Betty A. Rosa

Robert F. Mujica Jr.
Executive Director

Arthur J. Gonzalez
Chair and Board Member

BY ELECTRONIC MAIL

August 17, 2026

The Honorable Jenniffer A. González Colón
Governor of Puerto Rico

Mr. Josué Colón Ortiz
Energy Czar
Executive Director
Puerto Rico Public-Private Partnerships Authority

Ms. Mary C. Zapata Acosta
Executive Director
Puerto Rico Electric Power Authority

Mr. Osvaldo Carlo Linares
President
Third-Party Procurement Office

Re: Temporary Emergency Generation Contract - Power Expectations, LLC; Enchanted Rock, LLC; and Reyes Contractor, LLC

Dear Governor González Colón, Energy Czar Colón Ortiz, Executive Director Zapata Acosta, and President Carlo Linares,

The Financial Oversight and Management Board for Puerto Rico (the "Oversight Board") is writing to formally inform you of its decision to revoke its approval of the contract for temporary emergency generation between the Puerto Rico Electric Power Authority ("PREPA"), as buyer, and each of Power Expectations, LLC; Enchanted Rock LLC; and Reyes Contractor, LLC (jointly, the "Seller") (the "Contract"). The Oversight Board further directs PREPA to terminate the Contract.

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The Oversight Board had reviewed the Contract in accordance with its contract review policy (the "Contract Review Policy") established pursuant to Section 204(b)(2) of PROMESA. The Oversight Board's May 8, 2026, conditional approval and its June 2, 2026, final determination each reserved the right to re-evaluate its approval upon becoming aware of "any inaccuracies or misrepresentations — whether intentional or not." On August 7, 2026, Enchanted Rock/ERock informed the Oversight Board via electronic mail that "ERock is not a party to the temporary power generation project in reference," and that "We have become aware that our company's name and signature were used without our authorization in connection with this procurement." Based on this development and as discussed further below, the Oversight Board revoked its approval effective Friday, August 14, 2026.

The $5.9 billion, 10-year Contract to deploy, install, operate, and maintain temporary power generation units with an aggregate capacity of 400 megawatt (MW) stems from a Request for Proposals ("RFP") issued by the Third-Party Procurement Office ("3PPO") in response to the direction of the Puerto Rico Energy Bureau ("PREB") in March 2025 to address the emergency related to an anticipated generation shortfall of approximately 700 MW to 850 MW, and to stabilize the system's reliability. The RFP required a qualified party; the Seller was deemed qualified because Enchanted Rock/ERock supplied resources and experience the other members lacked.

3PPO found, and the Oversight Board concurred, that Power Expectations and Reyes had not demonstrated prior experience executing utility-scale projects of comparable scope and complexity, and that the participation of Enchanted Rock/ERock was expressly relied upon to provide the technical, operational, and financial capacity necessary to execute the Project and be deemed a qualified party pursuant to the RFP. The qualification determination under the RFP was made by 3PPO, and the Oversight Board's final determination communicated on June 2, 2026, proceeded on that basis. The absence of Enchanted Rock/ERock's participation, therefore, undermines the viability of the project and the procurement process.

Although the procurement was awarded in August 2025, PREPA did not submit the contract for the Oversight Board's review until January 16, 2026, approximately 6 months after the second procurement process ("TPG2") concluded. Immediately thereafter, on January 21, 2026, the Oversight Board issued an initial Request for Information ("RFI"), requiring documentation to sustain the basis for the cancellation of the initial procurement process and clarity on whether TPG2 was a new procurement or reissuance of the prior procurement ("TPG1"), how the negotiation was conducted, and how the "non-negotiable terms" of the Contract were developed and introduced.

Along with its response to the RFI, 3PPO asked the Oversight Board to provide so-called "Jurisdictional Clarification," questioning the "legal and operational boundaries" of the Oversight Board's review powers pursuant to PROMESA, urging the Oversight Board to reassess its involvement in its contract review processes, and claiming the Oversight Board's questions exceed the scope of its legal mandate and served only to delay execution of the Contract. The Oversight Board's role under PROMESA is to ensure government and public entity contracts promote market

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competition and are consistent with applicable fiscal plans. Section 204(b)(3) of PROMESA mandates the Oversight Board to increase the public's faith in the government contracting process. The Oversight Board takes this legal obligation and responsibility very seriously and expects every government agency to share this diligence, duty, and care.

Subsequently, the Oversight Board had additional questions about the business and financing model and the pricing structure embedded in the Contract. The lack of financial commitments or guarantees on behalf of PREPA, in exchange for the provision of 400MW of temporary emergency generation, coupled with an immediate deployment schedule that required a substantial investment, raised serious concerns about the feasibility of the project. 3PPO's answers were incomplete.

The Oversight Board issued another RFI, inquiring about the evaluation and scoring process and how the final pricing structure was achieved. The Oversight Board requested the energy demand projections that were used to sustain the generation forecast assumed in the contract value and underlying financing mechanism (based on energy sales receivables), the due diligence conducted with respect to the identity, experience and financial resources of the proposed lender, information on the performance bond requirements and lastly, details about the natural gas infrastructure and logistics requirements and clarity on how the fuel type impacted the contract price.

On May 8, 2026, the Oversight Board issued its conditional approval of the Contract to enable the execution of a project intended to add much-needed emergency generation capacity to Puerto Rico for peak demand season. The Oversight Board's conditions addressed outstanding risks and concerns identified throughout the review process and required significant changes to be incorporated in the Contract. After 3PPO and PREPA submitted a revised version of the Contract in compliance with the terms of our conditional approval, the Oversight Board gave its final approval on June 2, 2026.

The Contract was executed on June 10, 2026. However, on June 12, 2026, unbeknownst to the Oversight Board, Power Expectations transferred the interest of Enchanted Rock/ERock to an entirely new party, Flotek Industries, Inc. ("Flotek"), through an Assignment and Assumption Agreement. It remains unclear how Flotek was selected, and it is the Oversight Board's understanding that Power Expectations did not request PREPA's written consent to the assignment until July 29, 2026. The Oversight Board only learned of PREPA's consent to the assignment on August 5, 2026, as part of 3PPO's response to yet another RFI.

The Puerto Rico Public-Private Partnerships Authority ("P3A"), 3PPO, and PREPA are well aware that all proposed amendments or modifications to a contract, including the replacement of a material counterparty, are subject to the Contract Review Policy and must be submitted to the Oversight Board for review and approval. Any consent by PREPA to such a material amendment is not valid without Oversight Board approval. However, such approval from the Oversight Board was never sought or provided.

It was not until August 7, 2026, that the Oversight Board was informed of Enchanted Rock/ERock contention that its corporate name and signature on the Contract were unauthorized. That

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information came to the Oversight Board through the media and a subsequent notice from Enchanted Rock/ERock.[1] That same day, the Oversight Board informed 3PPO by letter that it was reviewing its options, including revoking its approval of the Contract and making a referral to the relevant law enforcement authorities.

The Oversight Board subsequently learned through a media release issued by P3A on August 9, 2026, that representatives of Enchanted Rock/ERock first made contact with P3A and 3PPO on June 16, 2026, about the issue of the unauthorized use of their name and signature on the Contract.

Lastly, in a letter to the Oversight Board on August 14, 2026, PREPA's Executive Director Mary C. Zapata stated that PREPA also became "aware of the allegations made by ERock on August 7, 2026, when it received a request for information from a TV program." Ms. Zapata clarified to the Oversight Board that PREPA had consented to the substitution of Enchanted Rock/ERock with Flotek on July 31, 2026, without knowing that Enchanted Rock/ERock had contacted P3A and 3PPO about the issue over six weeks earlier. Despite P3A and 3PPO's knowledge of the issue, 3PPO sent a letter to PREPA recommending the substitution on July 30, 2026, without disclosing ERock's allegations.

Many of the details around this Contract remain unclear. Accordingly, the Oversight Board is providing, as an attachment to this letter, a list of relevant questions that to this day remain unanswered. It is clear, however, that without the Oversight Board's involvement, review process, and persistent questions, the Contract would have gone ahead, and the people of Puerto Rico would not have adequate transparency into a procurement that is irreparably impaired.

Nonetheless, 3PPO urged the Oversight Board to "weigh the practical consequences that revocation of its approval of the Contract would have on Puerto Rico's ongoing energy emergency." The Oversight Board did. The emergency was declared 17 months ago, and to date, even 68 calendar days since the Contract's purported execution, no progress has been reported. Based on the facts, it is highly unlikely that the Seller could ever have met the Contract's terms.

Therefore, after careful review of the facts available, the Oversight Board has revoked its approval in order to increase the public's faith in the government contracting process and safeguard the interests of the people of Puerto Rico, and instructs PREPA to terminate the Contract, among other reasons, due to the loss of authority to perform the Contract by a key Seller party.

The Oversight Board was keenly aware of the energy emergency when it reviewed the Contract. But at this point, it would be unconscionable to prolong a project that is seriously delayed and rests on a procurement that is fundamentally flawed. As outlined below, other effective solutions are available and should be considered in addition to the possibility of a new procurement. It is time for P3A and PREPA to move both competently and expeditiously to respond to the existing energy emergency.

[1] *See* Oversight Board's August 7, 2026 letter

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Puerto Rico's electric power system is in permacrisis. A failing infrastructure, dilapidated grid, inadequate maintenance, leadership failure, and financial mismanagement left Puerto Rico's energy supply in a state of emergency that is enduring for far too long. Given the facts discussed in this letter, the Contract is no longer a viable vehicle to help address this emergency. Yet, providing the people and businesses of Puerto Rico with the electricity they need is imperative.

The U.S. Department of Energy has offered their help and assistance, as they have done in the past, to ensure our people have the energy they deserve. Therefore, the Oversight Board urges PREB, the Energy Czar, and PREPA to pursue effective solutions that are, at this point, both more viable and effective:

- Immediate repairs on San Juan and Palo Seco MP and TMs generation units. These repairs could add ~200MW to system.
- Accelerate installation of Genera PR peakers (~244 MW) & Genera PR BESS projects (~430 MW).
- AES Jobos & Salinas can and should inject ~485 MW (PV + BESS) capacity by the end of 2026.
- A new, expeditious procurement process to secure additional capacity.

Attached to this letter we include a statement of facts (Appendix A) and a list of outstanding questions (Appendix B) to provide a record of the chain of events and issues that led to the revocation of the Oversight Board's approval of the Contract.

Respectfully,

Robert F. Mujica, Jr.
Executive Director

CC: The Honorable Thomas Rivera Schatz
The Honorable Carlos J. Méndez Núñez
Chairman Edison Avilés Deliz

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APPENDIX A

STATEMENT OF FACTS

1. The Oversight Board's role in the procurement process

a. The Oversight Board is not a party to the Contract.

b. The Oversight Board's May 8, 2026, conditional approval and its June 2, 2026, determination each reserved the right to re-evaluate its approval upon becoming aware of "any inaccuracies or misrepresentations, whether intentional or not."

c. The Oversight Board's process to review and approve contracts relies largely on the government parties entering into the agreement to vet the counterparties. In accordance with PROMESA, the Oversight Board's contract review policy is designed to restore the public's faith in the procurement process by ensuring the government procures public contracts in a way that promotes market competition and that contracts are consistent with the Fiscal Plans.

d. The Oversight Board takes no position on the dispute between Power Expectations and Enchanted Rock/ERock. The Oversight Board's concern is confined to the accuracy and completeness of the record presented and whether the conditions of approval have been met.

e. The Oversight Board's August 7, 2026, letter put the Contract parties on notice that revocation of approval and referral to the relevant authorities were under consideration.

2. The award depended on Enchanted Rock/ERock

a. 3PPO's own "Financial Capacity and Liquidity Comparison" of August 28, 2025, concluded that the proposal did not provide adequate evidence of the organizational or financial capacity necessary to sustain performance over the ten-year term, and that the contemplated award was "substantially disproportionate" to Power Expectations' reported revenues.

b. 3PPO found that Power Expectations and Reyes Contractor had not demonstrated prior experience executing utility-scale projects of comparable scope and complexity. Enchanted Rock/ERock's participation was expressly relied upon to provide the technical, operational, and financial capacity necessary to execute the Project and be deemed a qualified party pursuant to the RFP. The qualification determination under the RFP was made by 3PPO. The Oversight Board's June 2, 2026, determination proceeded on that basis.

c. Multiple iterations of 3PPO's Final Evaluation and Recommendation Report documented that Enchanted Rock/ERock was excluded from the Joint Venture. However, its recommendation to award required the Joint Venture to be amended to include Enchanted Rock/ERock as a party to mitigate the financial and capacity risks identified. (Final Evaluation Report Summary TPG2-9.30.2025)

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d. 3PPO's "Background Analysis on Power Expectations LLC and Entities and Individuals Related" dated August 14, 2025, stated that Power Expectations "has been widely compared to the post-hurricane 'Whitefish' contracting scandal, due to the firm's small size and political connections."
e. According to 3PPO's Final Evaluation Report Summary, Power Expectations was the lowest-scored bid. The original bid bond offered by Power Expectations was $300,000 against a maximum contract value of $5,886,720,000. The Oversight Board questioned who authorized the acceptance of the $300,000 bid bond, which remained without a clear answer.
f. The Oversight Board's approval the Contract therefore relied on Enchanted Rock/ERock as a signing member of the Seller. Absent Enchanted Rock/ERock's participation, Power Expectations and Reyes Contractor would not have been qualified based on the record provided. The RFP required a qualified party; the Seller was deemed qualified because Enchanted Rock supplied what the other members lacked.
g. The purported assignment to Flotek does not preserve the award as approved; it attempts to place an entity that never competed in the procurement into the role of the qualified Seller. Further, no re-qualification or substitution of the Seller with Flotek has been submitted to the Oversight Board for approval.
h. Even on the assumption that Enchanted Rock/ERock validly signed and later withdrew from the Contract — the assumption most favorable to the Seller — the Seller, as presently constituted, no longer satisfies the qualification basis on which the Oversight Board approved the Contract.

3. A named Seller party disputes the record:

a. On August 7, 2026, an Enchanted Rock/ERock spokesperson confirmed to the Oversight Board that "ERock is not a party to the temporary power generation project referenced" and that it had "become aware that our company's name and signature were used without our authorization in connection with the procurement."
b. A person named Jhoby Weaks signed the contract on behalf of Enchanted Rock/ERock. The identity of the person and his background is unclear, although the 3PPO publicly claimed to have identified the individual.
c. ERock's General Counsel contacted the legal counsel for the P3A about a "potential misconduct and possible criminal conduct." P3A counsel forwarded the communication to 3PPO's president on June 16, 2026. The Oversight Board was not informed of this communication and allegation, and according to PREPA, neither were they.
d. Verification of the Seller's internal corporate authority was a function of the procurement, which was led by 3PPO. The Oversight Board received the May 29, 2026, final execution version of the Contract, which identified all three entities as signatories, including

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Enchanted Rock/ERock, as the Seller, and on that basis determined that the conditions for approval had been satisfied.

4. What the Oversight Board was told, and when:

a. Each of the versions of the Contract provided to the Oversight Board, including the one the Oversight Board finally approved, included Enchanted Rock/ERock executive Corey Amthor as the signee. On July 22, 2026, in a partial response to the Oversight Board's RFI dated June 16, 2026, PREPA submitted a copy of the executed Contract to the Oversight Board. That Contract is signed by a person named Jhoby Weaks, purporting to be the Chief Operating Officer (COO) of Caribbean Operations of Enchanted Rock. The Oversight Board has no information about the identity of Jhoby Weaks. The Oversight Board was never informed of the change to the signee on behalf of Enchanted Rock/ERock.

b. On August 9, 2026, P3A informed the Oversight Board that on June 16, 2026, it referred Enchanted Rock/ERock's "report" of "potential misconduct and possible criminal conduct" to the principal officer of 3PPO for investigation and agreed to support the investigation.

c. P3A subsequently received and evaluated 3PPO's findings and determined that the matter should be brought to the attention of authorities with investigative competence. P3A disclosed the referral to the Puerto Rico Department of Justice and to federal authorities in a media release nearly two months later, on August 13, 2026.[2]

d. On July 16, 2026, the Oversight Board had issued a request for information to PREPA and 3PPO asking, among other things, for any changes in the Seller parties, "whether or not consummated," together with a copy of the executed Contract, the ~$1.18 billion performance security, interconnection status, milestone-compliance reports, delay or extension notices, and PREPA's current estimate of the commercial operation date.

e. On July 22, 2026, PREPA submitted a partial response to the Oversight Board including:

   1. A copy of the executed Contract;
   2. A copy of July 17, 2026, letter addressed to Power Expectations by PREPA, clarifying that:
      (a) Power Expectations' prior letter addressed to 3PPO on June 17, 2026, did not constitute a formal request to PREPA seeking its consent to the proposed assignment;
      (b) On July 9, 2026, Greenberg Traurig LLP, counsel to Power Expectations, sent a letter to PREPA formally requesting PREPA's approval of the assignment and included a copy of the June 17 letter to 3PPO;

[2] Autoridad para las Alianzas Público-Privadas y el zar de Energía refieren al Departamento de Justicia y a las autoridades federales alegaciones relacionadas con contrato de Power Expectations - WIPR

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(c) The Assignment and Assumption Agreement was executed on June 12, 2026, before PREPA was afforded the opportunity to provide written consent pursuant to Article VXI of the Contract;
(d) PREPA could not consent to the assignment because it had "not been furnished with a complete record relating to the proposed assignment"; and
(e) PREPA was requesting copies of all communications exchanged between Power Expectations and 3PPO relating to the proposed assignment of Enchanted Rock's obligations to Flotek .

3. A copy of PREPA's July 15 response letter, which denied Power Expectations' July 9 request for an extension of the Commercial Operation Date
4. A copy of PREPA's July 17 Non-Compliance notice to Power Expectations regarding its failure to comply with the Reporting Obligations under Section 2.5 of the Contract

f. 3PPO responded to the Oversight Board's request on August 5, 2026, stating that

1. Flotek Industries, Inc. had been substituted for Enchanted Rock.
2. The ~$1.18 billion performance bond had not been delivered.
3. All contractual milestones were unmet and no progress had occurred.
4. The Commercial Operation Date ("COD") extension request had been denied[3] and was still estimated to take place on November 4, 2026.

g. On July 30, 2026, despite P3A and 3PPO's knowledge and ongoing investigation of the allegations regarding Enchanted Rock/ERock's lack of authorization to sign the Contract (and without telling PREPA about Enchanted Rock/ERock's allegations), 3PPO recommended that PREPA approve the assignment to Flotek. Subsequently, PREPA notified Power Expectations' CEO of PREPA's consent to the assignment to Flotek.

h. On August 5, 2026, 3PPO provided the Oversight Board with the paperwork of the PREPA-authorized assignment change without mentioning Enchanted Rock/ERock's allegation. The allegation came to the Oversight Board's attention through a press inquiry on August 7, 2026, whereupon the Oversight Board obtained confirmation from an ERock spokesperson on the same day.

i. After receiving confirmation from the Enchanted Rock/ERock spokesperson that their company's name and signature were used without their authorization, the Oversight Board sent a letter on August 7, 2026, to place the parties on notice that revocation of approval and referral to the relevant authorities were under consideration.

[3] COD is defined in the contract as: the date on which the power generation system is fully deployed, tested, and supplying power to grid.

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j. 3PPO's August 9, 2026, response:

1. Acknowledges the controversy for the first time. This material disclosure *followed* the Oversight Board's revocation warning of August 7th.
2. Urges the Oversight Board to "weigh the practical consequences that revocation of its approval of the Contract would have on Puerto Rico's ongoing energy emergency", rather than terminate an impaired procurement process.
3. States that it treated the matter with "utmost seriousness and urgency from the moment it first came to our attention — nearly seven weeks before the Oversight Board's August 7 letter," conceding the 52-day period of its knowledge without disclosure.

k. Also on August 9, 2026, P3A stated in a letter to the Oversight Board that "while the investigation proceeds, the Government must continue protecting the public interest by enforcing the Contract, monitoring project implementation, and pursuing the urgent objective for which the procurement was undertaken."

l. In a letter to the Oversight Board on August 14, 2026, PREPA's Executive Director Mary C. Zapata stated that PREPA also became "aware of the allegations made by ERock on August 7, 2026, when it received a request for information from a TV program." Ms. Zapata clarified to the Oversight Board that PREPA therefore consented to the substitution of Enchanted Rock/ERock with Flotek on July 31, 2026, without knowing that Enchanted Rock/ERock had contacted P3A and the 3PPO about the controversy more than six weeks earlier.

5. The condition of the Oversight Board's approval of the Contract

a. May 8, 2026, conditional approval:

1. Schedule, milestones, reporting, COD remedies: not met. One non-conforming biweekly report and two daily reports were produced. PREPA declared reporting non-compliance on July 17, 2026, and demanded cure by July 20; the deadline passed without compliance. On August 5 the 3PPO confirmed that all contractual milestones were unmet and no progress had occurred.
2. Payment and performance guarantees: not met. The ~$1.18 billion construction-phase performance security was never delivered, as the 3PPO confirmed in writing on August 5, 2026. This alone constitutes grounds for termination pursuant to Article XV, Section 15.1.
3. Fuel structure and fixed-price assurances: not a current deliverable.

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6. **Progress and schedule**
   a. On August 5, 2026, 3PPO reported to the Oversight Board that no milestone had been met, the performance security did not exist, and no progress had occurred.
   b. The Seller gave a Notice of Delay on July 6, 2026, seeking an open-ended extension without the recovery schedule the Contract requires. PREPA denied the extension on July 15, 2026.
   c. According to the terms of the Contract, the contractual Commercial Operation Date is November 7, 2026 — Day 150 from execution. 3PPO had reported the date as November 4, 2026, to the Oversight Board. The Oversight Board had asked for PREPA's good-faith estimate and received a restatement of the contractual deadline.

7. **Inconsistencies**
   a. On August 9, 2026, 3PPO urged the Oversight Board not to revoke its approval of the Contract, citing reliance on Power Expectations' representations, and on a Power Expectations project update, asserting that the first batch of generation units was "already in transit to Puerto Rico." Yet that position is inconsistent with a potential referral to the authorities announced at a news conference that same day.
   b. In the August 9, 2026, letter responding to the Oversight Board, the P3A Executive Director also stated he had knowledge of the allegations since June 16, 2026. He agreed with the Oversight Board's concerns but insisted the contract move forward in the interest of "protecting the continuity of a critical energy project."
   c. The Oversight Board could not leave a $5.8 billion contract in place in reliance on a party's representations while a government authority publicly announced that the same matter may warrant a referral to prosecuting federal and local authorities.
   d. On August 7, 2026, the Oversight Board learned from the media rather than from P3A or 3PPO of Enchanted Rock/ERock's claim that its name and signature were not authorized.
   e. Another inconsistency concerns the timing of PREPA's consent and 3PPOs knowledge of the assignment of Enchanted Rock/ERock's participation as Seller to Flotek:

      1. Power Expectations informed 3PPO of the executed Assignment and Assumption Agreement on or before June 17, 2026, while PREPA was not aware of this until July 9, 2026.
      2. 3PPO receives serious allegations of misconduct on June 16; an investigation was directed the same day;

   f. 3PPO, which is responsible for the very procurement process being challenged, conducts the investigation and does not notify PREPA
      1. P3A received and evaluated 3PPO's findings; and the matter was judged to warrant referral to prosecuting authorities.

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2. Between July 29, 2026, and July 31, 2026, the same officials processed, recommended and obtained PREPA's consent to an assignment of Enchanted Rock/ERock's obligation to Flotek, in reliance on the representations of Power Expectations, a party to whom a referral was initiated.

g. While the allegation was serious enough to warrant an investigation and referral to law enforcement, the procurement of the Contract continued and consent to a new Seller party was obtained without condition while that investigation remained open.

h. Article XVI provides that any assignment of Enchanted Rock/ERock's rights and obligations under the Contract shall require PREPA's prior written consent, which may be withheld or conditioned in PREPA's "sole and absolute discretion." The Contract states that "[a]ny attempted assignment without such consent shall be null, void and without effect."

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APPENDIX B

Relevant Questions about the Procurement, Contract, and Project that Remain Unanswered

1. Jhoby Weaks and Enchanted Rock/ERock
    a. When did 3PPO first become aware of the change in Enchanted Rock's signatory from Corey Amthor to Jhoby Weaks?
    b. Did 3PPO investigate why the Enchanted Rock/ERock signatory was changed from Corey Amthor to Jhoby Weaks?
    c. Did 3PPO conduct any background check to validate the identity of Jhoby Weaks, also referenced in the contract and other documents as Joby Weaks and Jhoby Weeks?
    d. Did 3PPO communicate directly with Corey Amthor or any other representative of Enchanted Rock/ERock during the procurement process?
    e. Did 3PPO communicate directly with Jhoby Weaks, Joby Weaks or Jhoby Weeks?
    f. On what date, and by whom, was 3PPO's favorable recommendation on the assignment to Flotek issued?
    g. In an interview on August 12, 2026, 3PPO's president, Osvaldo Carlo Linares, stated that he located Jhoby Weaks, and that he has information about Jhoby Weaks. Mr. Carlo Linares further said there were some concerns related to Mr. Jhoby Weaks that were raised to federal authorities. Does the 3PPO believe that, based on what they now know about the signatory, his participation is consistent with Section Article XV Sec.15.1(viii) which makes *"criminal conviction, regulatory disqualification, suspension, debarment, or loss of authority necessary to perform"* an immediate Seller Event of Default without opportunity to cure?
2. What was the June 16, 2026, instruction from P3A to 3PPO directing the investigation, and the findings, conclusions and recommendations 3PPO delivered to P3A? What was the date of delivery and the identity of the P3A officials who evaluated them?
    a. In the August 9, 2026, letter by P3A's Executive Director and Energy Czar, Josué Colón to the Oversight Board's Executive Director, Robert Mujica, Mr., Colón states: "*P3A shares the Oversight Board's view that the allegations concerning the alleged unauthorized use of Enchanted Rock's name and signature are serious and require an independent and thorough review. Importantly, however, that review did not commence as a consequence of the Oversight Board's August 7 letter or recent press reports. P3A acted immediately when the allegations were brought to its attention on June 16, 2026, and on that same date it referred the matter for independent review by the 3PPO.*"[4] If that was the case, why wasn't PREPA's Executive Director Zapata Acosta notified?
3. Per PREPA's letter addressed to the FOMB on August 14, 2026, PREPA was not aware of the allegations concerning the alleged unauthorized use of Enchanted Rock/ERock's name and signature prior to PREPA consenting to the assignment to Flotek as recommended by

[4] Temporary_Generation_Contract_-_Power_Expectations_LLC_Enchanted_Rock_LLC_and_Reyes_Contract.pdf

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P3A and 3PPO. Why did P3A and 3PPO not inform PREPA about these *"serious" allegations* prior to its recommendation for assignment? Why did PREPA, whose approval for the assignment was required, first learn about Enchanted Rock/ERock's allegation through the media?

4. Was Reyes Contractor, the other signing party to the contract, aware of these allegations? Did P3A or 3PPO question if Reyes Contractor was aware of these allegations during their investigation?
5. Why was the pendency of this investigation never disclosed to the Oversight Board at any time before August 9, 2026?
6. Why was consent to the assignment to Flotek recommended and granted while the investigation remained open, and who determined that the investigation did not warrant withholding or conditioning consent under Article XVI?
7. Did 3PPO disclose to PREPA, in or before that recommendation, the allegations it had received on June 16?
8. What analysis addressed the assignability of the interest in question before the recommendation was issued?
9. According to PREPA's Consent letter dated July 31, 2026, Power Expectations' assignment consent request was dated July 29, 2026. Was the review performed in that interval, who performed it, or did 3PPO's evaluation commence before July 29, 2026? When did Power Expectations initially request consent to the assignment from 3PPO and PREPA respectively?
10. Was the complete Article XVI record demanded by PREPA on July 16, 2026, ever furnished?
11. Who determined that the Seller-party change need not be submitted to the Oversight Board for prior approval notwithstanding the instruction included in the RFI letter dated July 16, 2026, instruction, and on what basis?
12. Before June 2, 2026, was 3PPO, PREPA, P3A, PREB or Genera PR aware of any actual, proposed or contemplated change in the composition of the Seller?
13. In a letter to PREPA's Executive Director dated July 9, 2026, Power Expectations' counsel stated that Enchanted Rock/ERock notified Power Expectations two days after execution of the contract, on or about June 12, 2026, that it did not wish to continue with the Project, and that Enchanted Rock/ERock's interests were consequently assigned to Flotek. The Assignment and Assumption Agreement bears that same date.
    a. How was a substitute counterparty for a ten-year, $5.886 billion obligation identified, negotiated with, and documented on the same day that notice is said to have been received?
    b. Power Expectations did not inform PREPA until July 9, 2026 — twenty-seven days later. What are the reasons for the delay, and when did Power Expectations inform 3PPO?

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14. What re-qualification of the Seller in its new composition has been performed against the RFP criteria, by whom, and on what date?
15. 3PPO's response dated January 28, 2026, to the Oversight Board's January 21, 2026, inquiry asserted that the Oversight Board's scrutiny "exceeded [its] fiscal oversight functions."
    a. Was that the position of 3PPO or was the 3PPO directed by another party to take this position?
    b. If directed, by whom, in what form, and on what date? Who outside 3PPO reviewed, commented on, or approved the letter before transmission?
16. Lobbyist engagement:
    a. Who were each of the Seller parties' lobbyists, consultants, government-relations representatives, attorneys, or other intermediaries engaged in connection with the procurement of this project?
    b. What were the terms of each engagement, including any compensation contingent on award, approval, execution or continuation of the Contract?
    c. Who attended meetings (in person, by video or by telephone) in which the terms of the Contract were negotiated?
    d. Exhibit D to the Contract contains an Anti-Lobbying Certification under 31 U.S.C. § 1352. Was Standard Form-LLL filed by or on behalf of any Seller party? If not, on what basis was the certification made?
    e. Did any individual associated with any Seller party hold Commonwealth or public-corporation employment within the preceding four years, and was such disclosure made?
17. In its August 9, 2026, letter to the Oversight Board, P3A stated that the Government should continue enforcing and implementing the Power Expectations Contract while the investigation proceeds. On August 14, 2026, however, the Governor stated that "if that contract can be cancelled, it should be cancelled." Does the Government continue to support the implementation of the Power Expectations Contract and were P3A and 3PPO directed to take any action in light of the Governor's statement.