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From:	Maria Reyes-Robles
Sent:	Friday, August 28, 2026 5:58 PM
To:	Robert Mujica; Jaime Elkoury
Cc:	Mary C Zapata-Acosta; Colón Ortiz, Josué A. (AAPP); Alexis G. Rivera-Medina; Santa Crispín, Lionel (AAPP)
Subject:	Response to August 17, 2026, Letter and Appendix B — Temporary Emergency Generation Contract; RFP No. 3PPO-0314-20-TPG2; Contract No. 2026-P00107
Attachments:	Response to August 17, 2026, Letter and Appendix B — Temporary Emergency Generation Contract; RFP No. 3PPO-0314-20-TPG2; Contract No. 2026-P00107.pdf; Appendix B from July 16 RFI.pdf

Good Afternoon, Mr. Mujica and Mr. El Koury:

Attached is a letter from Mary C. Zapata Acosta, Chief Executive Officer of the Puerto Rico Electric Power Authority, regarding Response to August 17, 2026, Letter and Appendix B — Temporary Emergency Generation Contract; RFP No. 3PPO-0314-20-TPG2; Contract No. 2026-P00107.

We would appreciate your confirmation that you have received this communication.

Cordially,

Maria Reyes-Robles
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PUERTO RICO
ELECTRIC POWER AUTHORITY
PREPA
GOVERNMENT OF PUERTO RICO

Mary C. Zapata Acosta
Executive Director

August 28, 2026

By Electronic Mail
robert.mujica@promesa.gov
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Mr. Robert F. Mujica, Jr.
Executive Director
Fiscal Oversight and Management
Board for Puerto Rico
PO Box192018
San Juan, PR 00919-2018

Mr. Jaime A. El Koury, Esq.
General Counsel
Financial Oversight and Management
Board of Puerto Rico

Dear Mr. Mujica and Mr. El Koury:

Re: Response to August 17, 2026, Letter and Appendix B — Temporary Emergency Generation Contract; RFP No. 3PPO-0314-20-TPG2; Contract No. 2026-P00107

The Puerto Rico Electric Power Authority (PREPA) writes in response to the Financial Oversight and Management Board for Puerto Rico's (Oversight Board) letter dated August 17, 2026, concerning the Power Purchase and Operating Agreement, Contract No. 2026-P00107(Contract), between PREPA, as Buyer, and Power Expectations, LLC, Enchanted Rock, LLC, and Reyes Contractor Group, Inc., collectively as Seller. PREPA's responses to the questions included in Appendix B to the August 17 letter are attached.

On August 18, 2026, PREPA terminated the Contract on two separate and independent grounds. First, Seller failed to furnish the performance security required by Exhibit C.1 of the Contract, which constituted an Immediate Seller Event of Default under Article XV. Second, the Oversight Board revoked its prior conditional approval of the Contract and directed PREPA to terminate it. PREPA is therefore no longer implementing the Contract.

The Contract resulted from RFP No. 3PPO-0314-20-TPG2, administered by the Third-Party Procurement Office (3PPO). PREPA subsequently became the Buyer and contractual counterparty under the Contract and exercised the rights and responsibilities assigned to it thereunder, subject to applicable regulatory and fiscal-oversight requirements.

With respect to the proposed substitution of Flotek Industries, Inc. for Enchanted Rock, LLC, we reiterate that PREPA became aware of this action by means of a response to a 3PPO's request for information (RFI) from Power Expectations, LLC, which included a communication between Power Expectation and 3PPO dated June 17, 2026. PREPA later received additional communications and documentation concerning the proposed assignment.

Furthermore, PREPA was not informed of the separate allegations made by Enchanted Rock/ERock concerning the authority under which Enchanted Rock had purportedly been bound to the Contract, or that P3A and 3PPO had been reviewing or investigating those allegations since June. As PREPA stated in its August 14, 2026, letter, PREPA first became aware of those allegations on August 7, 2026, through a media inquiry.

Responses to questions addressed to PREPA in Appendix B are attached, while those addressed to other entities are identified accordingly.

PREPA also reiterates its August 14, 2026, clarification that it did not authorize the 3PPO to respond to the Oversight Board on PREPA's behalf concerning the Enchanted Rock/ERock allegations and did not review or approve the August 9, 2026, response submitted by the 3PPO in connection with those matters.

PREPA's responses are based on its records and institutional knowledge and should not be understood as adopting disputed allegations as established facts or as making findings with respect to matters that may be subject to investigation by the appropriate authorities.

We remain available to provide additional information from PREPA's records as may be necessary.

Cordially,

Mary C. Zapata Acosta
Executive Director

Annex

C: Josué A. Colón Ortiz, Executive Director, P3A; josue.colon@p3.pr.gov
Alexis G. Rivera Medina, Chief Legal Counsel, PREPA; alexis.rivera@prepa.pr.gov
Lionel Santa Crispin, Counsel, PREPA; lionel.santa@prepa.pr.gov

PREPA RESPONSES TO APPENDIX B

These responses are limited to matters concerning PREPA's own knowledge, actions, and contractual determinations. Several questions in Appendix B concern actions or decisions of P3A, 3PPO, the Seller parties, or other entities. PREPA does not answer on behalf of those entities. Where a question concerns PREPA, in whole or in part, PREPA responds to that portion based on its records and institutional knowledge.

For purposes of brevity, the questions set forth in Appendix B are not reproduced below; PREPA's responses follow the numbering used in the Oversight Board's August 17, 2026 letter.

1.

(a)–(e). These questions do not concern PREPA.

(f). On July 30, 2026, PREPA received 3PPO's recommendation concerning the proposed substitution of Flotek Industries, Inc. for Enchanted Rock, LLC. The recommendation was signed by Osvaldo Carlo Linares, Esq., on behalf of ReComS/3PPO, and transmitted to PREPA's Executive Director.

(g). This question does not concern PREPA.

2.

This question does not concern PREPA.

(a). PREPA was not notified of the allegations or the related investigation.

3.

PREPA was not informed of the Enchanted Rock/ERock allegations before granting its July 31, 2026 consent to the proposed assignment. PREPA first became aware of those allegations on August 7, 2026 through a media inquiry.

4.

This question does not concern PREPA.

5.

PREPA was unaware of the investigation before August 7, 2026.

6.

PREPA did not know that an investigation concerning the Enchanted Rock/ERock allegations was pending when it granted its July 31, 2026 consent. PREPA therefore made no determination that the investigation did not warrant withholding or conditioning consent. PREPA acted on the record then before it, including the assignment materials and 3PPO's July 30 recommendation.

7.

No. 3PPO did not disclose the Enchanted Rock/ERock allegations to PREPA before or in connection with its July 30, 2026 recommendation.

8.

This question does not concern PREPA.

9.

On June 17, 2026, Power Expectations submitted a response to a request of information to 3PPO concerning the proposed substitution of Enchanted Rock. PREPA's Legal Director was copied on that communication.

On July 10, 2026, counsel for Power Expectations sent PREPA a communication dated July 9, 2026 concerning the proposed assignment. On July 16, 2026, PREPA responded to the Power Expectation's letter and indicated that contrary to the statements contained on July 9 Letter, PREPA has not received a formal request seeking its prior written consent pursuant to Article XVI of the PPOA, nor the supporting documents necessary to evaluate such request.

On July 29, 2026, PREPA received Power Expectations' formal request for consent to the assignment in accordance with the PPOA, together with the executed Assignment and Assumption Agreement. On July 30, 2026, PREPA received 3PPO's favorable report and recommendation concerning the proposed substitution. PREPA thereafter issued its written consent on July 31, 2026.

10.

No, not as a complete factual record concerning the proposed substitution.

On July 22, 2026, Seller's counsel represented that it was providing PREPA with the complete package of materials previously submitted to and exchanged with 3PPO concerning the reassignment.

PREPA later learned that the materials provided before its July 31 consent did not include the Enchanted Rock/ERock allegations or the investigation concerning those allegations.

11.

PREPA respectfully clarifies the premise of this question. PREPA did not make a determination that the proposed assignment was exempt from Oversight Board review, nor did PREPA make a determination that the assignment would or would not be submitted to the Oversight Board for approval.

PREPA's review at the time was focused on the authority granted to it under Article XVI of the Contract. Article XVI, which formed part of the Contract previously reviewed and approved by the Oversight Board, expressly contemplated the assignment of a Seller party's rights and obligations and provided that such assignment required PREPA's prior written consent, which PREPA could grant, withhold, or condition in its sole and absolute discretion. The provision did not characterize the exercise of that contractual consent authority as an amendment to the Contract, nor did it expressly provide that PREPA's consent was conditioned upon additional Oversight Board approval. The contract was approved containing that framework.

Accordingly, PREPA understood that its July 31, 2026 action constituted the exercise of a contractual consent right expressly contemplated by the Oversight Board-approved Contract, rather than the negotiation or execution of an amendment to the Contract. PREPA proceeded with that contractual determination only after receiving 3PPO's July 30, 2026 favorable evaluation and recommendation concerning the proposed substitution. As reflected in PREPA's records, 3PPO had been evaluating the proposed substitution before PREPA exercised its consent authority.

This should not be understood to mean that PREPA made an affirmative determination to withhold the assignment from the Oversight Board or that PREPA intended to avoid Oversight Board review. No such determination was made. At most, the circumstances reflect a difference in legal interpretation as to whether an assignment expressly contemplated and authorized under Article XVI constituted a contractual amendment or modification requiring separate prior approval under the Oversight Board's Contract Review Policy. The Oversight Board has subsequently expressed its position that the replacement of a material counterparty constitutes a modification requiring its prior approval. PREPA's understanding at the time it granted consent was based on the language and structure of Article XVI of the Contract as previously approved by the Oversight Board.

12.

PREPA was not aware before June 2, 2026 of any actual, proposed, or contemplated change in the composition of the Seller.

13.

(a). This question does not require a PREPA response.

(b). This question does not require a PREPA response.

14.

This question does not require a PREPA response.

15.

This question does not require a PREPA response.

16.

(a)–(b). These questions do not require a PREPA response.

(c). PREPA did not participate in meetings with Power Expectations in which the terms of the Contract were negotiated. PREPA provided comments on terms and conditions to the 3PPO.

(d). Exhibit D to the PPOA contains the Anti-Lobbying Certification executed by Power Expectations. Under the terms of the certification, Power Expectations was required to complete and submit Standard Form-LLL if funds other than federal appropriated funds had been or were to be paid for lobbying activities identified in the certification.

PREPA has no record or knowledge of Standard Form-LLL having been submitted by or on behalf of Power Expectations. PREPA likewise has no knowledge of facts indicating that the circumstances requiring the submission of Standard Form-LLL existed. The Anti-Lobbying Certification was executed by Power Expectations and formed part of the procurement documentation incorporated into the PPOA transmitted by 3PPO to PREPA for execution. PREPA did not independently prepare or make the representations contained in Power Expectations' certification and therefore cannot speak to the factual basis upon which Power Expectations executed it.

(e). The procurement process, including the evaluation of the Seller parties and their respective disclosures, was conducted by 3PPO. PREPA did not conduct the procurement-related review concerning the matters identified in this question and has no independent information as to whether any individual associated with a Seller party held Commonwealth or public-corporation employment during the preceding four years or whether any such information was disclosed during the procurement process.

17.

This question does not require a PREPA response. However, PREPA notes that it terminated the Contract on August 18, 2026.