**mczapata23@outlook.com**

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| **From:** | Magda Brito-Rivera |
| **Sent:** | Monday, August 10, 2026 8:14 PM |
| **To:** | eechevarria@powerexpectations.com |
| **Cc:** | Mary C Zapata-Acosta; Colón Ortiz, Josué A. (AAPP); Santa Crispín, Lionel (AAPP); Alexis G. Rivera-Medina; lgallagher@powerexpectations.com; Carlos.AndreuCollazo@gtlaw.com |
| **Subject:** | Notice of Seller Event Default |
| **Attachments:** | PREPA to Power Expectations -Notice of Seller Event Default.pdf |

Good night, Mr. Echevarria:

Attached is a letter from Mary C. Zapata Acosta, Chief Executive Officer of the Puerto Rico Electric Power Authority, regarding to Notice of Seller Event Default.

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

Cordially,

**Magda Brito-Rivera**
Asesora Ejecutiva
Executive Director's Office
W: 787-521-4686
MAGDA.BRITO@prepa.pr.gov
https://aeepr.com
1110 Ave. Ponce de León, San Juan, PR 00922

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PUERTO RICO
ELECTRIC POWER AUTHORITY
PREPA
GOVERNMENT OF PUERTO RICO

Mary C. Zapata Acosta
Executive Director

August 10, 2026

**By Electronic Mail**
eechevarria@powerexpectations.com

Mr. Eddie Echevarria
Chief Executive Officer
Power Expectations, LLC
Marginal Villamar 9
Manzana CE Local 1
Carolina, PR 00979

Dear Mr. Echevarria:

**Re: Notice of Seller Event of Default**

Reference is made to the Power Purchase and Operating Agreement (PPOA), dated June 10, 2026, entered into by and among the Puerto Rico Electric Power Authority (PREPA) and Power Expectations, LLC, Reyes Contractor Group, Inc., and Enchanted Rock, LLC (jointly, Seller).

PREPA writes regarding the Seller's failure to provide the Payment and Performance Bond required under the PPOA. Exhibit C, Section C.1 of the PPOA requires the Seller to deliver to PREPA, no later than fifteen (15) Business Days after execution of the PPOA, an irrevocable standby letter of credit or on-demand performance bond in the amount specified therein. The PPOA was executed on June 10, 2026, and Seller did not provide the required bond within the contractual period.

As previously communicated by the Independent Third-Party Procurement Office (3PPO), following PREPA's July 31, 2026 consent to the substitution of Enchanted Rock, LLC with Flotek Industries, Inc. within the Seller group, additional time was afforded to allow the current Seller group to jointly arrange and obtain the required bond. In that context, Seller expressly committed to deliver the Payment and Performance Bond on or before August 7, 2026. The 3PPO's August 5, 2026 communication further advised the Seller that failure to provide the Payment and Performance Bond by that date could result in PREPA exercising the contractual rights and remedies available to it.

The August 7, 2026 deadline has expired, and PREPA has not received the required Payment and Performance Bond. Accordingly, Seller remains in breach of an express contractual obligation under the PPOA.

More importantly, Article XV of the PPOA, titled "Termination," expressly identifies noncompliance with the Performance Bond requirements as an Immediate Seller Event of Default. Specifically, Section 15.1 provides that, except to the extent otherwise excused under the PPOA, the "failure to maintain required insurance coverage, permits, licenses, or Performance Bond requirements" constitutes an Immediate Seller Event of Default without opportunity to cure. Accordingly, Seller's failure to provide the required Payment and Performance Bond constitutes an Immediate Seller Event of Default under Section 15.1 of the PPOA.

The consequences established by the PPOA for an Immediate Seller Event of Default are significant. Section 15.1 provides that, upon the occurrence of such an Event of Default, PREPA may, among other things, suspend Seller's operations, dispatch rights, interconnection activities, fuel-related activities, or mobilization activities; exercise rights under the Performance Bond; terminate the PPOA; offset amounts owed by Seller against amounts otherwise payable under the Agreement; procure replacement power or substitute services; and exercise any other remedies available under the PPOA or Applicable Law.

Similarly, Section 15.5 expressly provides that PREPA may terminate the PPOA upon the occurrence of an Immediate Seller Event of Default under Section 15.1. Furthermore, Section 15.6 provides that, upon the occurrence of a Seller Event of Default, PREPA may exercise one or more of the contractual remedies identified therein and that, except where expressly stated otherwise, such remedies are cumulative and not exclusive.

MCQ

PREPA is presently evaluating Seller's Immediate Seller Event of Default, the circumstances surrounding Seller's continued failure to comply with the Performance Bond requirement, and the impact of such noncompliance on the Project. PREPA's decision to undertake this evaluation before determining which contractual remedy or remedies to exercise shall not be construed as a waiver, modification, extension, forbearance, or relinquishment of any right arising from Seller's existing Event of Default. Nor shall PREPA's continued communications with Seller or willingness to receive the required Bond after the contractual deadlines be interpreted as establishing a contractual cure period where none exists or otherwise altering the consequences expressly established under Article XV.

PREPA expects Seller to take all necessary measures to provide the required Payment and Performance Bond immediately and without further delay. Any subsequent delivery of the Bond will be considered by PREPA as part of its ongoing evaluation of this matter but shall not, by itself, constitute a waiver of the Event of Default that has already occurred or of any rights or remedies accrued to PREPA as a result thereof.

For the avoidance of doubt, this letter constitutes notice that Seller is presently in an Immediate Seller Event of Default pursuant to Section 15.1 of the PPOA. PREPA expressly reserves all rights and remedies available under Article XV, Exhibit C, any other provision of the PPOA, and applicable law, including the right to exercise one or more such remedies should PREPA determine that doing so is appropriate.

Nothing contained herein shall be construed as a waiver of any other breach, default, claim, right, or remedy that PREPA may presently have or that may subsequently arise under the PPOA or applicable law.

Cordially,

Mary C. Zapata Acosta
Executive Director

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