From:	Mary C Zapata-Acosta
To:	Landon Gallagher
Cc:	Eddie Echevarria; Tom Redlinger; Royce Wells; Reyes Contractor; Management; Fabian Velez; Mariela Quinones; Alexis G. Rivera-Medina; Jorge L Cotto-Perez; Felix A Hernandez-Caban; Marilyn Roman-Morales; Maria Reyes-Robles; Colón Ortiz, Josué A. (AAPP); Santa Crispín, Lionel (AAPP)
Subject:	RE: Follow-Up to Today's Call – Obligee Acceptance / Exhibit C Clarification, Bond Amount, and Bank Account Designation
Date:	Monday, August 17, 2026 10:34:53 AM
Attachments:	inline-signature-inky-0b78e4cd44ca5f161b6b7ba9127dfb11.png inline-signature-inky-5b6d4c9ef849117808bd80d3e68237eb.png inline-signature-inky-9bfba875bdc0e9ee75039a78c13d1d53.png inline-signature-inky-685c96bac18dd286c7077d2b7ee7a22d.png inline-signature-inky-fb72e8337e8983a78866740c8c25ee8a.png
Importance:	High

Greetings,

In response to your emails sent last week, on August 13 and 14, PREPA informs that it is currently evaluating Power Expectations' request in those messages, included below. PREPA is also evaluating a press release published by the Fiscal Oversight and Management Board (FOMB) last Friday, regarding their authorization for signing the power and operating agreement (PPOA) between PREPA and Power Expectations ,Flotek Industries, and Reyes Contractor. I light of these evaluations, PREPA hereby requests Power Expectations, Flotek Industries, and Reyes Contractor to immediately hold all work related to the development of the project, until PREPA completes such evaluations.

We appreciate your prompt attention to PREPA's request.

Best regards,

PUERTO RICO ELECTRIC POWER AUTHORITY
PREPA
GOVERNMENT OF PUERTO RICO

Mary C Zapata-Acosta
Chief Executive Officer
Executive Director's Office
W: 787-521-4671
MARY.ZAPATA@prepa.pr.gov
https://aeepr.com
1110 Ave. Ponce de León, San Juan, PR 00922

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From: Landon Gallagher <lgallagher@powerexpectations.com>
Sent: Friday, August 14, 2026 7:58 PM
To: Alexis G. Rivera-Medina <alexis.rivera@prepa.pr.gov>; Jorge L Cotto-Perez <JORGE.COTTO@prepa.pr.gov>; Felix A Hernandez-Caban <FELIX.HERNANDEZ@prepa.pr.gov>; Mary C Zapata-Acosta <MARY.ZAPATA@prepa.pr.gov>
Cc: Eddie Echevarria <eechevarria@powerexpectations.com>; Tom Redlinger <tredlinger@flotekind.com>; Royce Wells <royce.wells@arbitragetrade.com>; Reyes Contractor <reyescontractorgroup@gmail.com>; Management <management@recomspr.net>; Fabian Velez <fvelez@recomspr.net>; Mariela Quinones <mquinones@recomspr.net>
Subject: Re: Follow-Up to Today's Call – Obligee Acceptance / Exhibit C Clarification, Bond Amount, and Bank Account Designation

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Dear PREPA and 3PPO Teams,

Following up on our email of last evening and the discussion regarding construction-phase performance security under Contract No. 2026-P00107.

We respectfully reiterate our request that PREPA execute and return the following as soon as possible:

1. **Obligee Acceptance and Exhibit C Clarification** form — so we may finalize the surety path for the construction-phase performance bond in the amount of **US $236,000,000**; and
2. **Acknowledgment of Assignment and Payment Direction** — so the designated lockbox account for receivables (pursuant to Section 10.3 and the Notice of Assignment previously transmitted) is fully effective.

In parallel, we continue to advance the irrevocable standby letter of credit (ILOC) alternative expressly permitted under Exhibit C. In that regard, please find attached a **Commitment Letter** dated August 13, 2026 from CJO & Co confirming readiness to arrange and cause the issuance of an institutional ISP98 Standby Letter of Credit in the face amount of **USD 236,000,000** for the construction-phase performance security.

As previously noted, advancement of the ILOC path remains conditioned on PREPA's delivery of:

1. The required **MT760 / SBLC operative language**; and
2. **Beneficiary bank account details** and receiving account coordinates.

Both instruments remain available under the Agreement. We are prepared to close either path promptly once PREPA provides the signed Obligee Acceptance form (surety path) and/or the MT760 language and bank details (ILOC path), and we request the same prompt attention to the Assignment Acknowledgment.

Given the contractual timeline and the need to maintain continuous progress, we respectfully request PREPA's earliest attention to these outstanding items.

We remain available to discuss or clarify any point at your convenience.

Best regards,

Landon Gallagher

Chief Operating Officer

Power Expectations LLC

From: Landon Gallagher
Sent: Thursday, August 13, 2026 8:58 PM
To: Alexis G. Rivera-Medina <alexis.rivera@prepa.pr.gov>; Jorge L Cotto-Perez <jorge.cotto@prepa.pr.gov>; Felix A Hernandez-Caban <felix.hernandez@prepa.pr.gov>; Mary C Zapata-Acosta <mary.zapata@prepa.pr.gov>
Cc: Eddie Echevarria <eechevarria@powerexpectations.com>; Tom Redlinger

<tredlinger@flotekind.com>; Royce Wells <royce.wells@arbitragetrade.com>; Reyes Contractor <reyescontractorgroup@gmail.com>; Management <management@recomspr.net>; Fabian Velez <fvelez@recomspr.net>; Mariela Quinones <mquinones@recomspr.net>
Subject: Follow-Up to Today's Call – Obligee Acceptance / Exhibit C Clarification, Bond Amount, and Bank Account Designation

Dear PREPA and 3PPO Teams,

Thank you for the productive discussion today regarding the construction-phase performance security and related documentation.

As requested, we are transmitting the following updated and supporting documents for your review and signature/acknowledgment:

1. Obligee Acceptance and Exhibit C Clarification (updated) This form confirms PREPA's acceptance of the Construction Completion Performance Bond in the amount of **US $236,000,000.00** and clarifies the scope relative to Exhibit C of the Agreement (Contract No. 2026-P00107).

Key points addressed on today's call:

- **Item 1** – The Obligee Acceptance form addresses the **surety bond** path. It is not intended to preclude or replace the parallel irrevocable standby letter of credit (ILOC) path. We continue to pursue both instruments. As discussed, PREPA has not yet provided the required MT760 text or bank account details needed to advance the ILOC.
- **Item 6** – Consistent with Section C.5 of Exhibit C, any payment or completion cost paid by the Surety reduces the remaining penal sum dollar-for-dollar. Seller shall, within fifteen (15) Business Days of any draw, cause a new or replacement bond (or restore the existing instrument) so that the total available performance security returns to the full required penal sum.

2. Construction Cost Breakdown Supporting the $236 Million Figure Attached is the current generation/construction cost breakdown that supports the $236 million construction-phase bond amount. This figure reflects the material reduction from the April 1, 2026 preliminary estimate of 280 Million original estimate. Subsequent site visits, engineering assessments, and PREPA's confirmation (including Executive Director Zapata's August 2026

direction) that the project may interconnect into existing out-of-service capacity up to 434 MW have eliminated the need for new generator step-up transformers and associated high-voltage equipment that drove the earlier higher estimate of $280 Million.

3. Designation of Bank Account and Notice of Assignment of Receivables We again attach the formal Designation of Bank Account (pursuant to Section 10.3) and the Notice of Assignment and Payment Instructions from Arbitrage Business & Loan, LLC, together with the Acknowledgment form. We respectfully request PREPA's acknowledgment and signature on the Acknowledgment of Assignment and Payment Direction so that the designated lockbox account is fully effective.

Requested Actions We kindly ask that PREPA:

1. Execute the Obligee Acceptance and Exhibit C Clarification form; and
2. Execute the Acknowledgment of Assignment and Payment Direction.
3. Send over ILOC MT760 text and bank account information

Please return the signed documents at your earliest convenience so we may continue advancing both the surety and ILOC paths without further delay.

We remain available to answer any additional questions and appreciate the constructive dialogue today.

Best regards,

Landon Gallagher

P3A Document Portal
vpares@camara.pr.gov
10/1/2026 12:51:22 PM
207.150.251.143
Osana Suarez Martinez
Camara