Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

ENERGY
CZAR

PUBLIC-PRIVATE
PARTNERSHIPS
AUTHORITY

GOVERNMENT OF PUERTO RICO

Eng. Josué A. Colón Ortiz I Executive Director

November 10, 2026

BY ELECTRONIC MAIL
janisse.quinones@lumapr.com

Eng. Janisse Quiñones
President and Chief Executive Officer
LUMA Energy, LLC and
LUMA Energy ServCo, LLC ("LUMA")
San Juan, Puerto Rico 00936-3508

Dear Engineer Quiñones:

Re.: Formal Response and Request for Information — FY2026 Budget Execution and Contractual Performance

Initial
JCO

Reference is made to the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (the "T&D OMA"), by and among the Puerto Rico Electric Power Authority ("PREPA"), as Owner, the Puerto Rico Public-Private Partnerships Authority ("P3A"), as Administrator, and LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, "LUMA"), as Operator.

P3A writes concerning LUMA Energy's recent public statements regarding its financial performance, capital expenditure execution, federal reconstruction projects, and alleged funding deficiencies involving PREPA. Reference is specifically made to the article published by *El Nuevo Día* on November 7, 2026, entitled *"LUMA Energy gastó $1,000 millones por debajo del presupuesto el pasado año fiscal,"* which reports that LUMA executed approximately 68% of its budgeted capital improvements funded with non-federal resources and only 42% of its planned federally funded capital expenditures during the preceding fiscal year. The article further reports that LUMA attributed these significant execution shortfalls to disputes concerning transfers from PREPA and changes to the federal reconstruction project portfolio, including the classification of approximately 300 FEMA-funded projects as inactive.

These public representations raise serious questions regarding LUMA's performance of its contractual obligations, the accuracy and completeness of its financial reporting, its administration of federal reconstruction funds, and its continuing efforts to attribute operational and financial deficiencies to governmental entities rather than addressing matters within its own

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

contractual responsibilities. **P3A expressly rejects any suggestion that LUMA's substantial under execution of capital expenditures can be justified through generalized references to funding disputes, governmental decisions, or changes in project prioritization.**

A budgetary expenditure shortfall is not, by itself, evidence of savings, financial efficiency, or prudent fiscal management. When planned investments involve essential infrastructure reconstruction, system reliability, vegetation management, and other critical improvements, the failure to execute those investments may instead reflect delayed projects, deferred maintenance, unresolved procurement deficiencies, and missed opportunities to strengthen Puerto Rico's electric system. LUMA must therefore account for the difference between the resources budgeted, the amounts actually available, the expenditures incurred, the projects completed, and the measurable improvements delivered to customers.

I. Budget Execution, Revenue Collections, Billing Performance, and LUMA's Claims Concerning PREPA Transfers

Initial

The allocation of financial responsibilities under the T&D OMA must be evaluated in the context of the respective contractual obligations of PREPA and LUMA. While Sections 6.1(a) and 7.5 of the T&D OMA establish PREPA's obligations regarding the funding of the applicable service accounts, those obligations cannot be considered in isolation from LUMA's corresponding contractual responsibilities to generate, collect, administer, and recover the revenues and federal reimbursements necessary to sustain the electric system's liquidity. As the Operator, LUMA is responsible for performing the essential billing, revenue collection, accounts receivable management, cash management, and federal reimbursement functions entrusted to it under the T&D OMA. The effective performance of these functions is fundamental to ensuring that sufficient resources are available to fund the service accounts and support the continued operation, maintenance, and reconstruction of the electric system.

PREPA cannot reasonably be expected to continuously compensate for liquidity deficiencies arising from LUMA's failure to adequately perform these contractual responsibilities, particularly when such deficiencies have required PREPA to redirect its own financial resources to sustain LUMA's operations. Any allegation that PREPA failed to provide sufficient funding must therefore be evaluated against LUMA's performance of its corresponding contractual obligations and supported by a reconciliation of the applicable funding requirements, actual account balances, customer collections, authorized expenditures, and the timing and amount of the specific funding requests allegedly not satisfied.

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

P3A is particularly concerned with LUMA's continuing reliance on alleged funding deficiencies involving PREPA as an explanation for its failure to execute planned investments. According to PREPA's financial records and the reconciliation of its transfers to LUMA-controlled operating and non-federally funded capital accounts, PREPA transferred approximately $4.92 billion during FY2022 through FY2026, compared with aggregate approved budgets of approximately $4.08 billion. Consequently, cumulative transfers exceeded the corresponding budgets by approximately $842.5 million over that five-year period. During FY2022 through FY2025 alone, PREPA transferred approximately $900 million in excess of LUMA's corresponding annual budgets. Although transfers during FY2026 were approximately $57.4 million below the approved budget, this variance must be evaluated in the context of the substantial cumulative funding previously provided to LUMA, the availability and use of funds within the applicable service accounts, and LUMA's inability to perform its contractual obligations, which is and has been the underlying causes of the electric system's liquidity constraints.

Moreover, LUMA's assertions concerning insufficient funding must be evaluated in light of the substantial budgetary reallocations approved by the Puerto Rico Energy Bureau ("Energy Bureau") on its April 15, 2026, Final Resolution and Order in Case No. NEPR-AP-2023-0003. Through that determination, the Energy Bureau significantly increased the financial resources allocated to LUMA while reducing the corresponding allocations for other essential components of Puerto Rico's electric system, including generation operations and PREPA's restructuring and Title III obligations.

Initial

Specifically, the Energy Bureau increased LUMA's approved operating and maintenance budget, including the Operator Service Fee, from approximately $919.5 million under the July 31, 2025, Provisional Order to approximately $1.108 billion under the April 15, 2026, Final Order, representing an additional $188.7 million, or approximately 21%. Compared with the original FY2026 Default Budget of approximately $786.1 million, LUMA's final allocation represented an increase of approximately $322.1 million, or 41%. These reallocations were implemented without authorizing an additional increase in the base electricity rate beyond the previously established provisional framework. Accordingly, the Energy Bureau's determination resulted in a substantial redistribution of existing financial resources in favor of LUMA, while reducing funding available to generation operations and certain essential obligations of PREPA.

These circumstances are particularly relevant to LUMA's public representations regarding its FY2026 budget execution. LUMA cannot reasonably attribute its failure to execute planned expenditures to insufficient funding from PREPA without accounting for the substantial increase in its approved operating budget, the corresponding reductions imposed on other system components, and the actual utilization of the additional resources allocated to its operations.

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

P3A therefore requires LUMA to explain how the additional $188.7 million allocated to its operating and maintenance budget under the April 15, 2026 Final Order was incorporated into its financial planning, how those resources were utilized or committed, and whether any portion of the approved allocation remained unexecuted during FY2026. LUMA shall further reconcile its claims of insufficient funding with the budgetary resources approved by the Energy Bureau, the amounts actually transferred by PREPA, and the expenditures incurred under the applicable service accounts.

LUMA cannot attribute its FY2026 budget under execution to an isolated annual funding variance without reconciling the cumulative resources transferred by PREPA, the actual cash requirements of the system, the expenditures charged to the corresponding accounts, and the specific contractual obligations allegedly affected by any funding deficiency.

PREPA's financial analysis identifies two principal factors contributing to the historical transfers in excess of LUMA's approved operating budgets: expenditures charged to LUMA's Operating Account for capital projects that LUMA considers eligible for federal reimbursement, and expenses associated with Outage Events for which no corresponding funding source had been identified within the applicable operating budgets. Of particular concern, LUMA has indicated that expenditures associated with Outage Events exceed $300 million. However, PREPA's analysis indicates that a complete and sufficiently detailed accounting of those expenditures has not been made available to the relevant oversight entities.

Initial

Accordingly, P3A requires LUMA to provide a comprehensive reconciliation of all Outage Event expenditures incurred since Service Commencement, identifying the event, applicable contractual authorization, expenditures incurred, funding source, amounts charged to the Operating Account or other service accounts, supporting documentation, applicable insurance recoveries, and any corresponding federal reimbursement requests. LUMA must also explain the extent to which the use of operating funds for federally reimbursable capital expenditures and unfunded Outage Events contributed to the liquidity deficiencies it now attributes to PREPA.

These concerns are further substantiated by the findings of the Office of the Comptroller of Puerto Rico in Audit Report No. OC-26-32, which examined fiscal operations associated with the T&D OMA for the period from June 1, 2020, through June 30, 2024. In particular, the Comptroller reported that PREPA's accounts receivable increased by approximately $447 million between June 2021 and June 2024, while PREPA's revenues declined by approximately $274 million between FY2023 and FY2024. **These findings are particularly significant because customer billing, revenue collection, accounts receivable management, and related commercial functions fall within**

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

LUMA's contractual responsibilities under the T&D OMA. Accordingly, these developments materially affected PREPA's liquidity and raise serious concerns regarding LUMA's performance of the contractual obligations directly related to the collection and management of the revenues necessary to sustain the operation of Puerto Rico's electric system.

The Comptroller's report also documented substantial disparities between expenditures incurred by LUMA on federally funded capital projects and the corresponding federal reimbursements recovered. Between July 2022 and June 2024, LUMA incurred approximately $1.043 billion in federally funded capital expenditures, while federal reimbursements received during the same period totaled approximately $415 million. The report further identified approximately $372.3 million in expenditures associated with Hurricane Fiona for which corresponding federal reimbursements had not been received at the time of the audit. Moreover, the audit documented that PREPA utilized funds from its own FEMA federal reimbursement account to support LUMA's service accounts. As reflected in P3A's comments incorporated into the audit report, approximately $496 million in transfers were identified in connection with liquidity deficiencies that P3A and PREPA attributed to LUMA's deficiencies in the performance of its contractual responsibilities, particularly those related to customer billing, revenue collections, accounts receivable management, and the timely processing and recovery of federal reimbursements.

Initial
NC

PREPA was consequently compelled to redirect substantial financial resources to sustain LUMA's service accounts and address liquidity deficiencies that P3A attributes, in a large and significant part, to LUMA's failure to adequately perform these essential contractual functions. These transfers placed an additional financial burden on PREPA and reduced the resources otherwise available to support its own obligations and electric system priorities. Significantly, the Comptroller's report also recommended that LUMA undertake corrective measures to expedite FEMA reimbursements, strengthen revenue collection practices, and improve the financial processes necessary to ensure adequate funding for the operation of the electric system.

These documented circumstances directly contradict any attempt to portray PREPA's liquidity constraints as an isolated funding failure attributable to the Owner without examining LUMA's performance of the commercial, financial administrative, and federal reimbursement functions entrusted to it under the T&D OMA. **LUMA's contractual responsibilities extend beyond administering the funds transferred by PREPA. They include the effective performance of the billing, collection, metering, revenue protection, and commercial functions necessary to generate and preserve the financial resources upon which the electric system depends.** Consequently, any meaningful analysis of LUMA's liquidity must address its performance in identifying and reducing nontechnical losses, preventing energy theft, managing customer accounts, and ensuring accurate and timely billing and collections. P3A therefore

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

requires a comprehensive assessment of LUMA's performance concerning energy theft, unauthorized connections, unregistered or improperly configured meters, inaccurate consumption measurements, billing exceptions, and uncollected receivables.

At a minimum, LUMA shall provide updated information concerning the number of meters identified as unregistered, improperly configured, inactive despite consumption, or otherwise excluded from normal billing processes; estimated energy losses attributable to theft and unauthorized consumption; investigations and corrective actions undertaken during FY2026; amounts recovered or written off; and the financial effect of outstanding receivables and billing deficiencies. These concerns are further compounded by the extraordinary and unexplained increases in electricity bills recently reported by customers across Puerto Rico, including complaints involving increases amounting to thousands of dollars. On October 24, 2026, P3A issued a formal communication to LUMA entitled "Urgent Request for Information and Investigation — Unusual Customer Billing Increases, Quarterly Reconciliation Adjustments, and Smart Meter Replacements," requiring an immediate and comprehensive investigation into the circumstances surrounding these reported billing increases across all customer classes. The investigation specifically encompasses the implementation of the most recent quarterly fuel and purchased-power cost reconciliation adjustments, the accuracy of consumption measurements and billing periods, estimated and actual meter readings, prior-period adjustments, and the potential effects of smart meter replacements, programming, configuration, and integration with LUMA's billing systems.

Initial

P3A's October 24, 2026 Request for Information expressly required LUMA to investigate these matters, identify the affected customer accounts, determine the causes of any verified discrepancies, quantify their financial impact, and implement the corresponding corrective measures, including billing adjustments, credits, and appropriate customer protections where warranted. Pursuant to P3A's contractual oversight authority under Sections 3.5, 5.15, and 6.3 of the T&D OMA, LUMA was required to submit a comprehensive, certified written report within five (5) calendar days of receipt, simultaneously to P3A and the Puerto Rico Energy Bureau. Notwithstanding that requirement and P3A's subsequent follow-up communication, LUMA has not provided the complete response requested. **P3A hereby reiterates the entirety of its October 24, 2026 Request for Information and demands the immediate submission of all outstanding information and supporting documentation, without further delay.**

The investigation into these extraordinary billing increases is directly relevant to the present evaluation of LUMA's financial performance. LUMA must demonstrate that its billing and collection systems accurately measure and invoice customer consumption, correctly implement the rates and

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

reconciliation factors authorized by the Puerto Rico Energy Bureau, and maintain reliable customer account information. Any confirmed billing inaccuracies, metering deficiencies, or failures in the administration of customer accounts must be evaluated not only in terms of their impact on affected customers, but also their potential consequences for revenue collections, accounts receivable, customer confidence, and the financial liquidity of the electric system. Accordingly, P3A requires LUMA to provide a complete reconciliation of its FY2026 budget execution, separately identifying operating expenditures, non-federally funded capital expenditures, federally funded capital expenditures, and all applicable funding sources. For every material variance, LUMA shall identify the amount budgeted, amount received or otherwise available, amount expended, amount committed, amount remaining, and the specific reason the expenditure did not occur.

Before attributing insufficient liquidity to PREPA, LUMA must demonstrate that it has effectively performed the commercial, billing, metering, collection, revenue-protection, and federal reimbursement functions entrusted to it under the T&D OMA. General allegations of insufficient funding, unsupported by the required financial and operational documentation, do not constitute an adequate contractual explanation for LUMA's reported expenditure shortfalls.

Initial

II. Federal Reconstruction Funding, Working Capital Advances, Reimbursements, and Project Execution

LUMA's explanation concerning federally funded capital expenditures is equally troubling. The reconstruction and modernization of Puerto Rico's transmission and distribution system are supported by substantial federal resources administered through FEMA's Public Assistance Program, the Accelerated Awards Strategy ("FAASt"), and the applicable federal funding framework. The availability of federal funding, however, must be distinguished from the obligation, disbursement, expenditure, and reimbursement of those resources.

The federal funding process requires project formulation, engineering validation, detailed scopes of work, environmental and historic preservation compliance, procurement compliance, expenditure documentation, and timely submission of reimbursement requests. These activities fall within LUMA's contractual responsibilities as the operator charged with developing and implementing transmission and distribution reconstruction projects. The financial and project execution information reviewed by P3A raises substantial concerns regarding LUMA's ability to effectively deploy available federal reconstruction resources and timely reconcile the corresponding expenditures. As of December 2025, LUMA had approximately $2.74 billion in FEMA-obligated funding for permanent reconstruction and mitigation projects under Sections 406 and 428 of the

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

Stafford Act, together with approximately $174.1 million for equipment acquisition
and $251.7 million for engineering design activities and studies. At that time, LUMA had reportedly received approximately $1.18 billion in advance funding, of which approximately $451.9 million had been reconciled against eligible expenditures, leaving approximately $732.9 million in unreconciled advance funds available to support ongoing reconstruction activities, subject to applicable federal requirements.

As of November 4, 2026, LUMA had approximately $4.06 billion in obligated funding for permanent reconstruction and mitigation projects, together with approximately $183.6 million for equipment and materials and $284.8 million for engineering design activities and studies. The same financial assessment identifies approximately $1.27 billion in advance funding received by LUMA, of which approximately $615.4 million had been reconciled against documented expenditures, leaving approximately $653.3 million in advances pending reconciliation, the availability and permitted use of which remain subject to applicable federal requirements and verification of the corresponding account balances. These figures raise a fundamental question regarding LUMA's public assertions that insufficient funding prevented the execution of its capital investment program. The existence of substantial federal obligations and previously disbursed advances requires LUMA to identify the specific funding limitations affecting each project and explain why available resources could not be deployed in accordance with the applicable federal requirements.

Initial
NC

P3A recognizes that obligated federal funding, cash advances, expenditures incurred, reimbursement requests, reconciled amounts, and reimbursements actually disbursed constitute distinct financial categories. Accordingly, the foregoing figures must be reconciled with COR3's official November 4, 2026 status report, including the corresponding Project Worksheets, Requests for Reimbursement, Requests for Advances, Working Capital Advances, and reconciliation balances.

Of particular concern are the unresolved issues surrounding LUMA's administration and reconciliation of Working Capital Advances ("WCA"). As previously documented, LUMA projected approximately $188 million in working capital advances for the October–December 2025 period, while supporting documentation initially reflected approximately $19.4 million in justified expenditures. COR3 subsequently required the return of more than $107 million in unused or unreconciled funds associated with October and November 2025. These discrepancies raise legitimate questions regarding the accuracy of LUMA's cash-flow projections, the timing and sufficiency of supporting documentation, and the effectiveness of its internal financial controls. **LUMA must explain how it could simultaneously assert insufficient funding for critical infrastructure investments while substantial federal advances remained subject to reconciliation and significant discrepancies**

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

persisted between projected cash requirements and documented expenditures.

P3A therefore requires LUMA to provide an updated reconciliation of all Working Capital Advances, including the amounts requested and advanced, expenditures incurred, supporting documentation submitted, amounts accepted or rejected, funds reconciled, reimbursements received, amounts returned, outstanding balances, and corrective actions undertaken. In addition, LUMA shall reconcile all expenditures associated with federally reimbursable capital projects that were initially funded through its Operating Account, identifying the amounts transferred from PREPA, the corresponding federal projects, the reimbursement requests submitted, the funds recovered, and the amounts remaining outstanding. LUMA shall further distinguish these expenditures from Outage Event costs, Working Capital Advances, and other extraordinary funding requirements to ensure that the same amounts are not duplicated across financial reports, reimbursement requests, or liquidity projections.

This reconciliation is necessary to determine whether the reported liquidity deficiencies resulted from an actual shortage of contractually required funding, the temporary use of operating resources for federally reimbursable expenditures, delays in federal reimbursement recovery, extraordinary expenses, or deficiencies in financial administration and documentation.

Initial

P3A further requires LUMA to submit a comprehensive federal funding reconciliation identifying, for each project and funding source, the approved scope, estimated cost, obligated federal amount, expenditures incurred, invoices paid, reimbursement requests submitted, amounts approved or denied, advances received, funds reconciled, and reimbursements received or pending. LUMA shall identify outstanding engineering, environmental, procurement, documentation, or eligibility requirements, together with the corrective actions and projected dates for resolving each deficiency. These figures must be reconciled against LUMA's representations to PREPA, P3A, COR3, FEMA, the Puerto Rico Energy Bureau, and the Financial Oversight and Management Board.

Of equal concern is the exposure of federally funded reconstruction projects to the expiration of their applicable Periods of Performance ("POP"). Federal funding is not an indefinite authorization to postpone project execution. FEMA-funded projects are subject to applicable performance periods, program requirements, extension procedures, and documentation obligations. Failure to complete eligible work within the authorized period, or to obtain an applicable extension, may jeopardize the eligibility of expenditures, delay reimbursement, or expose the funding recipient to adverse federal determinations. The risk is particularly serious where projects have already

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

received federal obligations but remain delayed because of incomplete procurement, deficient project formulation, unresolved documentation, or lack of physical execution. P3A is deeply concerned that continued delays in the execution of federally obligated projects may expose PREPA and Puerto Rico's electric customers to the potential loss of federal funding opportunities, reimbursement disallowances, and other financial consequences that could otherwise have been avoided through timely contractual performance. Such exposure is unacceptable, particularly when billions of dollars in federal resources have been made available to support the reconstruction and modernization of Puerto Rico's electric system.

LUMA shall therefore provide a comprehensive inventory of all federally funded projects under its responsibility for which the applicable POP has expired, will expire within the next twelve (12) months, or otherwise presents a material risk to funding eligibility because of execution delays.

For each project, LUMA shall identify the FEMA project number, approved scope, obligated amount, original and current POP expiration dates, any extension requested or approved, expenditures and reimbursements, percentage of physical completion, outstanding work, and the corrective actions necessary to preserve funding eligibility. LUMA shall further identify any project for which federal funding has already been reduced, questioned, disallowed, deobligated, or otherwise placed at risk because of an expired POP or failure to satisfy applicable performance requirements. **LUMA must demonstrate that it is taking all measures within its contractual authority to preserve federal funding eligibility and prevent avoidable losses resulting from delays in project execution. The responsibility to protect these resources cannot be satisfied through generalized references to administrative complexity or funding constraints.** It requires documented project management, timely compliance with federal requirements, and effective coordination with PREPA, COR3, FEMA, DOE, and USACE. **The objective is straightforward: determine how much federal funding has been converted into completed, eligible, documented, and reimbursed reconstruction work, and whether LUMA has effectively administered the financial resources entrusted to it under the T&D OMA.**

Initial

III. The FAASt Consolidated Project List and the 289 Inactive Projects

P3A rejects any incomplete characterization suggesting that the Government of Puerto Rico or PREPA arbitrarily suspended approximately 300 reconstruction projects and thereby caused LUMA's inability to execute its capital program. On June 3, 2025, FEMA requested that PREPA submit a prioritized list of projects to allocate the remaining approximately $3.62 billion available under the FAASt. In response, PREPA, in coordination with LUMA and Genera PR, LLC ("Genera"), developed the Consolidated FAASt Project List to

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

prioritize reconstruction initiatives within the available federal funding allocation.

The Final Consolidated FAASt Project List was submitted to FEMA on July 31, 2025, and subsequently presented to the Puerto Rico Energy Bureau ("Energy Bureau") on August 8, 2025. The Consolidated Project List established the portfolio of projects to advance within the available federal allocation and identified other projects as inactive. As previously documented, 289 LUMA-driven projects were classified as inactive. Of those, 65 projects had been administratively withdrawn by FEMA because of insufficient progress in project formulation. The remaining 224 projects were affected by funding-capacity limitations and project-development deficiencies, including incomplete Detailed Scopes of Work, insufficient documented progress, and inadequate formulation schedules. The estimated combined cost of those 224 projects, approximately $5.5 billion, substantially exceeded the remaining FAASt allocation available at the relevant time.

The prioritization and reconciliation of projects to conform to available federal funding and applicable eligibility requirements cannot reasonably be characterized as an arbitrary governmental decision to obstruct reconstruction. Nor does the classification of a project as inactive necessarily establish that it has been permanently canceled or cannot be reformulated, reprioritized, or advanced through the applicable procedures. Significantly, the Energy Bureau has expressly recognized the development and subsequent regulatory approval of the Consolidated Project List. In its November 4, 2026 Resolution and Order in Case No. NEPR-MI-2021-0002, the Energy Bureau confirmed that, following its February 5, 2026 Updated Allocation Framework, LUMA submitted an adjusted Consolidated Project List and revised Attachment A on May 14, 2026. On June 18, 2026, the Energy Bureau approved Attachment A, as modified, and directed that the projects included therein be incorporated into the Consolidated Project List for continued FEMA and COR3 processing.

Initial

Furthermore, on August 11, 2026, the Energy Bureau established additional cost controls, determining that the approved project costs constitute the applicable regulatory baselines and that the aggregate amount approved for the Consolidated Project List represents the maximum portfolio-level funding authorization. While project-level adjustments, savings, underruns, and reconciliations may be managed within the approved portfolio, any resulting funding gap must be addressed through available funding capacity and may not increase the approved aggregate amount without prior Energy Bureau authorization.

These regulatory determinations demonstrate that the Consolidated Project List is not merely an administrative initiative undertaken by the Government of Puerto Rico. It constitutes an established regulatory

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

framework reviewed and approved by the Energy Bureau for advancing reconstruction projects within the available federal funding allocation.

Of particular importance, the Energy Bureau's November 4, 2026 Resolution and Order expressly states that, having completed its regulatory evaluation and issued the corresponding approvals, PREPA, LUMA, and Genera are expected, within their respective responsibilities, to diligently advance the approved projects through FEMA obligation, procurement, construction, and completion. The Energy Bureau further clarified that regulatory approval does not constitute FEMA approval or obligation of federal funds. Nevertheless, the regulatory approvals already granted provide the necessary framework for the responsible entities to advance implementation without unnecessary delay. The responsibility to complete outstanding federal requirements, secure the necessary obligations, and demonstrate measurable implementation progress rests with the entities responsible for executing the projects.

Accordingly, LUMA cannot rely on the existence of the Consolidated Project List, the reprioritization of projects, or the need for additional federal approvals as a generalized justification for its substantial under execution of capital expenditures without identifying the specific projects affected, the approvals or funding requirements outstanding, the documented effect of those circumstances on project execution, and the actions undertaken by LUMA within its contractual responsibilities to advance the corresponding work.

Initial

The Energy Bureau also emphasized the approaching September 20, 2027 Period of Performance as a critical milestone for preserving available FEMA funding. It expressly directed PREPA, LUMA, and Genera to undertake the necessary actions to secure outstanding federal obligations and ensure timely completion of the projects under their respective responsibility, unless an extension is duly authorized by the appropriate federal authorities. The Energy Bureau warned that failure to timely advance approved projects, secure outstanding federal obligations, or comply with applicable completion requirements could place federal funding at risk and potentially affect the financial assumptions underlying approved electricity rates. **These findings are particularly significant because they confirm that continued delays in project execution create not only operational and reconstruction risks, but also potential financial exposure for PREPA and Puerto Rico's electricity customers.**

In its November 4, 2026, Resolution and Order, the Energy Bureau further directed PREPA, LUMA, and Genera to submit, within twenty (20) calendar days of notification, their respective completed worksheets included in Exhibit I. Each entity must validate its project information against FEMA's Grants Portal, including federal obligation status, obligated amounts, approved project costs, applicable Section 428 and Section 406 components, and relevant Architecture

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

and Engineering and Equipment and Materials allocations. The Energy Bureau also required updated implementation schedules, including anticipated FEMA obligation dates for projects not yet obligated, projected commencement dates for design and construction, estimated project status as of September 2027, and identification and justification of any necessary extension of the applicable federal completion period. Importantly, the Energy Bureau expressly warned that identifying a potential cost adjustment or requesting an extension does not constitute authorization to modify approved project costs or extend federal deadlines, nor does it relieve the responsible entity of its obligation to diligently advance project execution.

In view of these determinations, P3A requires LUMA to provide a complete reconciliation of the projects under its responsibility included in the approved Consolidated FAASt Project List, consistent with the information required by the Energy Bureau's November 4, 2026 Resolution and Order. LUMA shall identify, for each project, its current FEMA obligation status, approved funding, outstanding federal requirements, procurement and construction status, anticipated completion date, and any circumstances that may prevent completion within the applicable Period of Performance. P3A also requires LUMA to provide a copy of its completed Exhibit I worksheet and the corresponding filing submitted to the Energy Bureau, together with any supporting reconciliation identifying changes in project costs, federal obligation status, execution schedules, and anticipated requests for extensions.

Initial

The Government of Puerto Rico and PREPA have undertaken the actions necessary to establish and advance a prioritized reconstruction portfolio within the available federal funding framework. The Energy Bureau has now expressly confirmed the regulatory approvals, implementation responsibilities, reporting requirements, and federal funding deadlines applicable to that portfolio. **LUMA must therefore demonstrate how it intends to fulfill its contractual responsibilities, advance the projects entrusted to it, preserve the availability of federal funds, and achieve measurable reconstruction progress within the applicable deadlines.**

IV. Project Labor Agreements and Procurement Restrictions

LUMA's capital execution performance must also be evaluated in light of the procurement practices and contractual restrictions that have been the subject of repeated communications from P3A. As documented in P3A's letters of March 19 and April 17, 2025, and subsequent correspondence, LUMA was directed not to impose Project Labor Agreement ("PLA") requirements as eligibility criteria, evaluation factors, conditions of award, or mandatory terms in procurement processes conducted under the T&D OMA in contravention of applicable governmental policy. The independent Third-Party Procurement Office reiterated these concerns on February 5, 2026. Despite these communications, unresolved questions have persisted regarding LUMA's

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

implementation of the applicable procurement requirements and the effect of its PLA-related positions on pending contracts, task orders, and reconstruction activities.

LUMA cannot attribute procurement delays exclusively to governmental action while failing to address whether its own procurement requirements, contract administration practices, or refusal to implement prior directives contributed to those delays. LUMA shall identify all projects, solicitations, contracts, and task orders whose execution was delayed, suspended, or otherwise affected by PLA requirements or related procurement disputes, together with the corresponding financial and schedule impacts. LUMA shall also identify the specific actions taken to comply with P3A's prior directives and applicable federal procurement requirements.

V. Seconded Employees, Affiliate Transactions, and Federal Funding Eligibility

The continued use of seconded personnel and affiliate-related contracting arrangements remains a material issue affecting federal funding compliance, project costs, and execution. P3A previously raised formal concerns regarding LUMA's use of seconded employees in federally funded projects, particularly where such arrangements involved personnel supplied by affiliates of LUMA's parent companies and raised questions regarding full and open competition, organizational conflicts of interest, and compliance with 2 C.F.R. Part 200.

Initial

These concerns were the subject of federal procurement compliance determinations issued by FEMA in connection with Hurricane Fiona recovery projects. Specifically, FEMA initially determined that certain costs associated with seconded resources provided by ATCO Infrastructure Solutions Ltd. and Quanta Workforce Solutions, LLC, affiliates of LUMA, did not comply with applicable federal procurement requirements. As a result, FEMA initially denied approximately $39.85 million in costs across four FEMA projects. On September 28, 2026, FEMA, COR3, and PREPA, acting through its authorized representative LUMA, executed an Arbitration Agreement resolving the dispute identified as CBCA 8909-FEMA before the United States Civilian Board of Contract Appeals. Under that agreement, FEMA agreed to rescind the procurement noncompliance findings and related remedies associated with the four disputed projects. FEMA further determined that the costs of the seconded resources at issue were reasonable and eligible for reimbursement and agreed to obligate approximately $39.85 million in corresponding costs, in addition to the amounts previously approved for those projects.

Importantly, the Arbitration Agreement expressly provides that it does not constitute a deviation from FEMA policies or practices, creates no precedent, and does not establish authority upon which the Applicant may rely in future matters except as necessary to enforce the agreement itself.

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

The agreement also expressly provides that any additional costs submitted in connection with the four projects will remain subject to independent FEMA determinations concerning eligibility and reasonableness, including applicable appeal rights. The agreement further preserves the application of federal statutes, regulations, policies, and procedures governing FEMA Public Assistance grants. Accordingly, while P3A recognizes the resolution reached concerning the specific disputed costs and projects, **the agreement does not constitute a blanket determination that all secondment arrangements, affiliate transactions, or future expenditures involving seconded personnel automatically comply with federal procurement requirements or qualify for federal reimbursement.**

The resolution of the specific FEMA dispute does not eliminate LUMA's continuing obligation to demonstrate compliance with applicable federal procurement requirements, substantiate the reasonableness and eligibility of its expenditures, and ensure that its personnel and affiliate arrangements do not unnecessarily delay project execution or jeopardize the recovery of federal funds. P3A therefore requires LUMA to explain whether any FY2026 project delays, federal reimbursement deficiencies, procurement restrictions, or expenditure variances were attributable, in whole or in part, to secondment arrangements or affiliate-related procurement practices. LUMA shall provide a complete accounting of seconded personnel assigned to federally funded projects, associated compensation and indirect costs, relevant affiliate transactions, the applicable procurement methodology, and the federal funding eligibility status of the resulting expenditures. LUMA shall further identify any costs questioned, disallowed, withheld, or otherwise affected by FEMA or COR3, distinguishing those resolved under the September 28, 2026, Arbitration Agreement from any other pending or subsequent determinations.

Initial

VI. Vegetation Management, System Reliability, and Compliance with Federal Emergency Orders

LUMA's reported under execution of capital expenditures cannot be evaluated independently of its continuing deficiencies in vegetation management, the deterioration of system reliability, and the repeated failure to achieve the performance milestones established under the emergency directives issued by the United States Department of Energy ("DOE").

Under Section 5.1 and Annex I, Section II(A)(10) of the T&D OMA, LUMA is contractually responsible for the management and maintenance of the transmission and distribution system, including vegetation management in accordance with Prudent Utility Practice, Applicable Law, and the Contract Standards. These obligations have acquired particular significance following the issuance of DOE Emergency Order No. 202-25-2 on May 16, 2025, and its subsequent extensions and modifications, including Orders Nos. 202-25-2A

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

through 202-25-2F, issued pursuant to Section 202(c) of the Federal Power Act, 16 U.S.C. § 824a(c). **Most recently, on November 6, 2026, DOE issued Emergency Order No. 202-25-2F, expressly determining that the statutory emergency affecting Puerto Rico's electric system continues to exist and that the failure to comply with prior vegetation-management directives has prolonged the risks to transmission and distribution reliability.**

In that Order, DOE recognized that, as of October 22, 2026, approximately 2,186 miles of transmission and distribution lines had been cleared of vegetation. Nevertheless, DOE expressly concluded that the risk of adverse events remains high because of the failure to meet prior directives and the continuing delays affecting vegetation-management activities. DOE also determined that Puerto Rico continues to experience inadequate transmission-line ratings, a high number of transmission disruptions, and persistent distribution-system interruptions associated with delayed vegetation management. Significantly, DOE reiterated that prior emergency directives had not been fully satisfied. Under Order No. 202-25-2B, PREPA and its agents were directed to clear at least 130 miles of transmission rights-of-way by December 29, 2025, and a total of 400 miles by February 10, 2026. Subsequent orders imposed additional vegetation-management requirements, while the federal government continued to identify substantial deficiencies in execution.

Initial

The fact that DOE has now issued a seventh consecutive emergency order addressing the same underlying vegetation-management conditions demonstrates the continuing seriousness of the deficiencies affecting the electric system and the need for sustained corrective action. Moreover, DOE expressly recognized that delays in vegetation management have also delayed other emergency improvements necessary to address deficiencies in voltage and frequency regulation. These conditions threaten public safety, healthcare facilities, residential customers, industrial and commercial activity, telecommunications, and other essential services. DOE's November 6, 2026 Order also recognizes the potential reliability benefits of completing the required work. Based on technical information previously provided to DOE by LUMA, full vegetation clearing along 115 kV and 230 kV transmission rights-of-way could reduce adverse events by more than 80%, potentially avoiding approximately 1.76 million customer interruptions and more than 1.2 billion customer-minutes of interrupted service. **These findings are particularly significant because they establish a direct relationship between vegetation-management execution, system reliability, and the substantial service interruptions experienced by Puerto Rico's electric customers.**

Under Emergency Order No. 202-25-2F, DOE has directed PREPA and its agents to perform vegetation management and asset-management activities, including component refurbishment and replacement, to ensure the operational availability of specified transmission and distribution facilities. The Order further establishes a new mandatory requirement to clear at least an additional 400 miles of 38 kV, 115 kV, and 230 kV transmission rights-of-way by

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

February 5, 2027, together with biweekly reporting obligations and requirements to document any inability to meet the prescribed performance milestone. Although PREPA remains the entity directly accountable under the federal emergency directives, LUMA's contractual responsibilities as transmission and distribution system operator require it to perform the functions within its authority necessary to support compliance with those directives.

These documented deficiencies cannot be reconciled with generalized representations that insufficient governmental funding was the principal obstacle to vegetation-management execution without a complete explanation of the funding status, procurement readiness, and actual impediments affecting each project. P3A further emphasizes that DOE's emergency directives are not merely recommendations or discretionary policy objectives. They arise under federal emergency authority and establish compliance obligations that must be addressed through timely and effective implementation.

In view of DOE's latest findings, P3A requires LUMA to provide a complete reconciliation of its vegetation-management performance under Emergency Orders Nos. 202-25-2 through 202-25-2F, including the cumulative mileage completed, the mileage attributable to each reporting period, the transmission and distribution facilities addressed, and the work remaining under each applicable directive. LUMA shall specifically explain the relationship between the 2,186 miles reported as cleared as of October 22, 2026, and the performance milestones established under the prior emergency orders, distinguishing transmission-line clearing from distribution-line clearing and identifying any work that cannot properly be credited toward the applicable federal requirements.

Initial
NO

LUMA shall also submit a detailed implementation plan demonstrating how it intends to satisfy the additional 400-mile requirement established under Order No. 202-25-2F by February 5, 2027. The plan shall identify the transmission corridors to be addressed, contractors and personnel assigned, available funding, procurement status, anticipated monthly progress, and any outstanding impediments requiring immediate resolution. Furthermore, LUMA shall identify all federally funded vegetation-management projects that remain unexecuted or materially delayed, including the four previously identified FEMA-obligated transmission projects and the six additional projects that PREPA reported as pending in FEMA's Grants Portal in January 2026. For each project, LUMA shall provide its current status, obligated funding, physical progress, expenditures incurred, reimbursement status, and any outstanding administrative or contractual requirements.

The continued need for federal emergency intervention, notwithstanding the substantial resources available for vegetation management and

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

reconstruction, raises serious concerns regarding LUMA's ability to execute its contractual responsibilities in a timely and effective manner. P3A expects LUMA to demonstrate, through verified operational data and project-level documentation, how its vegetation-management program will achieve compliance with the federal directives, reduce service interruptions, restore transmission capacity, and materially improve the reliability of Puerto Rico's electric system. **The failure to execute federally funded vegetation-management activities while the electric system remains exposed to vegetation-related outages is a matter of serious contractual and regulatory concern that requires an immediate, documented explanation.**

VII. USACE Implementation

The continued delays in executing vegetation-management and reconstruction projects are especially concerning in light of the extraordinary measures undertaken by the Government of Puerto Rico, PREPA, DOE, FEMA, and the United States Army Corps of Engineers ("USACE") to accelerate critical infrastructure improvements. On February 19, 2026, PREPA's Governing Board approved Resolution No. 5217, authorizing a Memorandum of Agreement ("MOA") with USACE for transmission and distribution projects, including vegetation management. On February 24, 2026, PREPA and USACE executed the corresponding MOA, establishing a framework for federal assistance in the implementation of these activities.

Initial
NO

These measures were undertaken in response to documented execution deficiencies and the urgent need to comply with DOE's emergency directives while addressing persistent reliability risks. The contemplated participation of USACE represents an additional mechanism to accelerate the execution of critical work. It does not eliminate LUMA's existing contractual responsibilities, nor does it relieve LUMA of its obligation to cooperate with PREPA and the relevant federal agencies. **LUMA must not obstruct, delay, or otherwise interfere with the implementation of duly authorized USACE activities, particularly where those activities are intended to address work that has remained unexecuted and to mitigate conditions expressly identified by DOE as threats to system reliability.**

Accordingly, P3A requires LUMA to identify all actions taken to facilitate the PREPA–USACE framework, including the provision of technical information, transmission-line access, system coordination, switching and clearance requirements, operational protocols, and any other assistance necessary to permit the safe and timely execution of vegetation-management work. LUMA shall also identify any outstanding issue that it contends prevents implementation, the contractual or regulatory basis for that position, the date on which the issue was raised, and the specific actions necessary to resolve it.

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

VIII. Service Interruptions, Reliability Performance, and the Consequences of Deferred Investment

LUMA's reported expenditure shortfalls must also be examined against the actual reliability performance of Puerto Rico's transmission and distribution system. The fundamental purpose of the T&D OMA is not merely to administer budgets or manage expenditures. It is to provide reliable, safe, and efficient transmission and distribution services, maintain the electric infrastructure in accordance with applicable contractual standards, and implement the improvements necessary to strengthen the system.

The record of repeated service interruptions, prolonged restoration periods, vegetation-related transmission failures, and recurring reliability deficiencies raises substantial questions concerning whether LUMA has translated the financial resources available to it into measurable improvements for electric customers. Historical reliability data previously examined by the Government reflect that the System Average Interruption Duration Index ("SAIDI") increased from approximately 1,448 minutes in 2024 to 1,579 minutes in 2025 and approximately 1,705 minutes in 2026. The System Average Interruption Frequency Index ("SAIFI") remained elevated, at approximately 7.90 interruptions in 2024, 8.15 in 2025, and 7.98 in 2026. These figures reflect a system in which customers continue to experience frequent and prolonged interruptions, notwithstanding years of private operation and substantial public and federal expenditures.

Initial

The reliability concerns identified above are further reinforced by the findings contained in DOE Emergency Order No. 202-25-2F, issued on November 6, 2026, as discussed in Section VI of this communication. Those findings underscore the relationship between delayed vegetation management, unresolved transmission and distribution deficiencies, and the continued deterioration of electric service reliability. Accordingly, LUMA's failure to timely execute critical maintenance and infrastructure investments must be evaluated not only in terms of budget execution, but also in terms of the resulting operational consequences, including prolonged service interruptions, increased system vulnerability, and the continued exposure of Puerto Rico's electric customers to preventable reliability risks.

Against this operational record, LUMA cannot reasonably characterize the under execution of approximately $1 billion in planned expenditures as an isolated financial circumstance without accounting for the resulting effects on maintenance, infrastructure improvements, vegetation management, system reliability, and customer service. P3A therefore requires LUMA to explain whether the reported FY2026 expenditure shortfalls contributed to the postponement, reduction, or cancellation of maintenance activities, vegetation-management work, transmission-line improvements, substation rehabilitation, equipment replacement, system hardening, or other reliability-

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

related initiatives. LUMA shall also provide a detailed assessment correlating the execution of its capital and maintenance programs with the reliability results reported to the Puerto Rico Energy Bureau, including SAIDI, SAIFI, major transmission events, customer interruptions, restoration performance, and vegetation-related outages. For each material reliability-related project that was not executed as scheduled, LUMA shall identify the operational risks associated with the delay, the number of customers potentially affected, the corrective measures implemented to mitigate those risks, and the anticipated date for completion of the outstanding work.

LUMA shall further reconcile its vegetation-related interruption data with the technical information previously submitted to DOE, including the estimates concerning the potential reduction in adverse events and customer interruptions resulting from the completion of the required vegetation-management activities. **The ultimate measure of contractual performance is not the amount LUMA claims to have saved or the amount it requested in additional funding. It is whether the Operator has fulfilled its contractual responsibilities and delivered the reliability, maintenance, and infrastructure improvements that Puerto Rico's electric customers are entitled to expect.**

Initial

IX. Required Information, Financial Reconciliations, and Corrective Action Plan

In view of the foregoing, and pursuant to P3A's contractual oversight and information-request authority under the T&D OMA, P3A hereby requires LUMA to provide a comprehensive, documented, and technically substantiated response addressing the financial, operational, contractual, and federal compliance matters identified in this communication.

Within five (5) business days of receipt of this communication, LUMA shall submit a preliminary executive reconciliation of the approximately $1 billion in FY2026 budgeted expenditures reportedly not executed, separately identifying operating expenditures, non-federally funded capital expenditures, federally funded capital expenditures, and any other relevant expenditure categories. This preliminary submission shall identify the amounts budgeted, funds received or otherwise available, expenditures incurred, outstanding commitments, material variances, and the specific funding, procurement, regulatory, or operational circumstances alleged to have prevented execution. The preliminary submission shall also identify all federally funded projects under LUMA's responsibility for which the applicable Period of Performance has expired, will expire within the next twelve (12) months, or presents a material risk of losing federal funding because of execution delays. LUMA shall identify the corresponding federal funding exposure, current project status, applicable deadlines, and immediate corrective measures required to preserve eligibility.

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

Within ten (10) business days of receipt of this communication, LUMA shall submit a complete written response, supported by contemporaneous financial records, project-level documentation, contractual records, and applicable federal funding information. The comprehensive response shall include, at a minimum, the following:

1. **FY2026 Budget Execution and PREPA Funding Reconciliation.** A complete reconciliation of FY2026 budget execution and PREPA transfers to LUMA-controlled accounts, identifying the applicable contractual funding requirements, approved budgets, amounts requested, amounts transferred, available account balances, actual expenditures, outstanding commitments, and the specific funding deficiencies alleged by LUMA. The reconciliation shall also address the cumulative transfers made by PREPA during FY2022 through FY2026 and explain the extent to which any FY2026 funding variance affected particular contractual obligations or capital projects.

2. **Revenue Collections, Billing Performance, and Financial Liquidity.** A comprehensive assessment of LUMA's performance in customer billing, revenue collections, accounts receivable management, metering, revenue protection, and the identification and reduction of nontechnical losses. LUMA shall identify material deficiencies, the financial consequences of those deficiencies, corrective measures undertaken, and the extent to which its performance of these contractual functions contributed to the liquidity conditions attributed to PREPA.

Initial

3. **Outstanding Customer Billing Request for Information.** The complete response and supporting documentation required under P3A's October 24, 2026 Request for Information concerning extraordinary customer billing increases, quarterly reconciliation adjustments, and smart meter replacements, including all outstanding information previously requested. **This requirement reiterates an existing contractual information request and shall not be construed as granting an extension, waiving the original deadline, or excusing LUMA's failure to provide the required response within the period previously established.**

4. **Federal Funding, Advances, and Reimbursement Reconciliation.** A project-level accounting of federal funds obligated, advances received, expenditures incurred, reimbursement requests submitted, amounts approved or denied, funds reconciled, reimbursements received, and outstanding balances. The accounting shall distinguish Requests for Reimbursement, Requests for Advances, Working Capital Advances, and other applicable funding mechanisms, and reconcile the reported

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

amounts with COR3's November 4, 2026 status report and the corresponding FEMA and COR3 records.

5. **Working Capital Advances, Outage Events, and Extraordinary Expenditures.** A complete reconciliation of Working Capital Advances and extraordinary expenditures, including the previously identified October–December 2025 discrepancies, amounts returned or remaining subject to reconciliation, and expenditures charged to LUMA's Operating Account for federally reimbursable capital projects. LUMA shall separately account for all Outage Event expenditures incurred since Service Commencement, identifying the applicable contractual authorization, funding source, supporting documentation, insurance recoveries, and federal reimbursement status. The reconciliation shall identify and eliminate any duplication among these categories.

6. **Consolidated FAASt Project List and Federal Funding Deadlines.** An updated project-level assessment of the approved Consolidated FAASt Project List, including the status of the 289 projects previously classified as inactive, together with the information required under the Puerto Rico Energy Bureau's November 4, 2026 Resolution and Order in Case No. NEPR-MI-2021-0002. LUMA shall identify outstanding FEMA obligations, project costs, procurement and construction status, anticipated completion dates, applicable Periods of Performance, necessary extensions, and any specific governmental or federal action it contends prevented timely execution. LUMA shall also provide its completed Exhibit I worksheet and corresponding regulatory filing, if already submitted, or identify the status and anticipated submission date of those documents.

Initial

7. **Procurement Restrictions, Project Labor Agreements, and Seconded Personnel.** A detailed explanation of the effects of Project Labor Agreement requirements, procurement restrictions, secondment arrangements, and affiliate-related transactions on project execution, federal funding eligibility, and reimbursement recovery. LUMA shall identify affected projects, associated costs, outstanding compliance issues, corrective measures, and the status of any questioned or disallowed expenditures, distinguishing matters resolved through the September 28, 2026 Arbitration Agreement from any other pending or subsequent federal determinations.

8. **Vegetation Management and Compliance with DOE Emergency Orders.** A comprehensive accounting of vegetation-management activities performed under DOE Emergency Orders Nos. 202-25-2 through 202-25-2F, including completed mileage, transmission and distribution facilities addressed, expenditures incurred, available

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

funding, outstanding work, and compliance with the applicable federal milestones. LUMA shall provide a detailed implementation plan demonstrating how it intends to satisfy the additional 400-mile clearance requirement established by DOE for February 5, 2027, identifying the transmission corridors, contractors, personnel, funding sources, procurement status, implementation schedule, and any impediments requiring immediate resolution.

9. **USACE Coordination and Implementation.** A complete report of the actions undertaken by LUMA to facilitate implementation of the PREPA–USACE Memorandum of Agreement, including the provision of technical information, access to facilities, operational coordination, switching and clearance requirements, and any outstanding issues affecting the execution of authorized vegetation-management or reconstruction activities.

10. **Reliability Performance and Consequences of Deferred Investment.** A documented assessment of the operational consequences of FY2026 budget underexecution, including any maintenance, vegetation-management, transmission, distribution, substation, equipment replacement, or system-hardening projects that were postponed, reduced, or not executed as scheduled. LUMA shall identify the resulting reliability risks, affected customers, corrective measures, and anticipated completion dates, and reconcile its capital execution performance with the reliability indicators reported to the Puerto Rico Energy Bureau, including SAIDI, SAIFI, major transmission events, customer interruptions, and restoration performance.

Initial
NC

In addition to the foregoing information, **LUMA shall submit a consolidated Corrective Action Plan** identifying the measures necessary to address the deficiencies and outstanding obligations discussed in this communication. The plan shall identify the responsible personnel, required resources, funding sources, implementation milestones, completion deadlines, and measurable performance objectives for each corrective action. The Corrective Action Plan shall distinguish activities that can proceed immediately under LUMA's existing contractual authority from those requiring additional governmental, regulatory, or federal approvals. Particular attention shall be given to federally obligated projects approaching the expiration of their authorized Periods of Performance, outstanding vegetation-management obligations, coordination with USACE, unresolved federal reimbursement and financial reconciliation matters, and critical infrastructure investments whose continued delay may adversely affect system reliability.

The purpose of these requirements is to establish a complete and verifiable record of LUMA's financial administration, budget execution, federal funding management, contractual compliance, and operational performance, and to

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

identify the corrective measures necessary to ensure that available resources are translated into completed infrastructure improvements and measurable benefits for Puerto Rico's electric customers. LUMA's response shall clearly distinguish verified facts supported by contemporaneous records from estimates, projections, assumptions, and interpretations advanced by the Operator. Any information that cannot be provided within the applicable deadline shall be specifically identified, together with the reason for its unavailability, the responsible custodian, and a definitive date for its submission.

P3A expressly emphasizes that the deadlines established in this communication do not suspend, modify, or extend any existing contractual, regulatory, or federal compliance obligation, including the requirements established under DOE Emergency Order No. 202-25-2F, the Energy Bureau's November 4, 2026 Resolution and Order, or P3A's previously issued Requests for Information.

X. Contractual Accountability and Reservation of Rights

Initial

P3A reiterates that the obligations assumed by LUMA under the T&D OMA are enforceable contractual commitments that cannot be displaced or excused through generalized allegations of insufficient funding, administrative disagreements, project reprioritization, or actions attributed to governmental entities. The mere existence of a funding disagreement or an outstanding governmental approval does not establish that LUMA was relieved of its contractual responsibilities, nor does it excuse deficiencies attributable to its own procurement practices, project administration, financial controls, or failure to timely advance eligible work.

The Government of Puerto Rico, PREPA, and P3A have a legitimate and compelling interest in ensuring that the substantial resources dedicated to Puerto Rico's electric system are translated into completed projects, improved reliability, and measurable benefits for customers. **LUMA's obligation is not merely to prepare budgets, request additional resources, or identify obstacles. It is to execute the services and projects entrusted to it, administer the associated resources responsibly, comply with applicable federal and local requirements, and provide complete and accurate information demonstrating its performance.** The continued failure to execute critical infrastructure investments, comply with federal emergency directives, advance federally funded projects within their authorized performance periods, and achieve measurable improvements in system reliability cannot be dismissed as a budgetary or administrative disagreement. These matters directly implicate LUMA's contractual performance, PREPA's exposure to federal funding and compliance risks, and the public interest in maintaining a safe and reliable electric system.

Docusign Envelope ID: D361C95E-1FF5-8F0A-83BE-358F9D8E994E

P3A expects LUMA to be accountable not only for the funds it did not spend, but also for the work it did not complete, the federal resources it may have placed at risk, and the reliability improvements that Puerto Rico's electric customers have yet to receive. P3A expects LUMA to provide a complete, documented, and technically substantiated explanation of its reported FY2026 expenditure shortfalls and to demonstrate the corrective measures necessary to prevent further delays in the reconstruction and stabilization of Puerto Rico's electric system.

P3A expressly reserves all rights, remedies, claims, and enforcement authorities available under the T&D OMA, including the applicable oversight, information-request, compliance, and dispute-resolution provisions, and under applicable law. Nothing in this communication constitutes a waiver of any previously asserted contractual dispute, notice of noncompliance, request for information, or position concerning LUMA's performance.

Cordially,

Signed by:
Josué A. Colón Ortiz
ACAE19A8DEF549C...

Josué A. Colón Ortiz
Executive Director, P3A
Energy Czar of Puerto Rico

c Ángel E. Rotger Sabat, Chief Legal & Compliance Officer, LUMA
Alejandro J. Figueroa Ramírez, Chief Regulatory Officer, LUMA
Francisco Prego, VP, T&D OMA Contract Management, LUMA
Michael A. Juarbe, VP of Government Affairs, LUMA
Rebeca I. Maldonado, Director of Government Affairs and Public Policy, LUMA:
Fernando Osorio Caño, Interim Executive Director, PREPA
Alexis G. Rivera Medina, Chief Legal Counsel, PREPA
Lionel Santa Crispín, Chief Legal Officer, P3A
Rubén Lugo Mas, Contract Compliance Manager, P3A
Administrator@p3..pr.gov; p3a@lumamc.com