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Robert F. Mujica Jr.
Executive Director

BY ELECTRONIC MAIL

April 7, 2025

The Honorable Jenniffer A. González Colón
Governor of Puerto Rico

The Honorable Thomas Rivera Schatz
President of the Senate of Puerto Rico

The Honorable Carlos J. Méndez Núñez
Speaker of the House of Representatives of Puerto Rico

Governor González Colón, President Rivera Schatz, and Speaker Méndez Núñez:

The purpose of this letter is to establish the schedule for the process of developing, submitting, approving, and certifying a second Revised Fiscal Year 2025 (“FY2025”) Budget for the Puerto Rico Electric Power Authority (“PREPA”).

The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”) is initiating this process of revising the FY2025 Revised PREPA Budget to allow PREPA to fund pension benefits in April 2025 with proceeds from a \$25 million loan from the Commonwealth of Puerto Rico.

Pursuant to Section 202(a) of PROMESA, the schedule for the process of developing, submitting, approving, and certifying a second Revised FY2025 Budget for PREPA is as follows:

- April 8, 2025, on or before 12:00PM – Pursuant to Section 202(c)(1), the Governor submits a proposed second revised FY2025 Budget for PREPA with supporting documentation.
- April 9, 2025 – Pursuant to Section 202(c)(1)(B), the Oversight Board sends the Governor a notice of violation, as needed.

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- April 10, 2025 – Pursuant to Section 202(c)(2), the Governor submits an amended proposed second revised FY2025 Budget for PREPA, as needed.
- April 11, 2025 – Pursuant to Section 202(e), the Oversight Board expects to certify a second Revised FY2025 PREPA Budget.

The proposed \$25 million loan from the Commonwealth will serve as a temporary solution to allow payments to PREPA retirees and beneficiaries only for the month of April 2025. In the absence of additional funding for FY2025, it is imperative that PREPA take decisive action today to charge and collect an electricity rate that is sufficient to meet its pension obligations through a longer-term, if not permanently.

As you are aware, the Puerto Rico Energy Bureau (“PREB”) has requested PREPA and its operators to seek relief in the form of an emergency rate petition, and also has requested as part of the pending rate review (PREB Case No. NEPR-AP-2023-0003, the “Rate Case”) that PREPA provide the revenue requirements for monthly pension funding for the three (3) years of the rate review period covering Fiscal Year 2026 through Fiscal Year 2028, which amount is currently estimated at approximately \$25 million per month.

Therefore, pursuant to Section 104(c) of PROMESA, the Oversight Board requests that the Governor’s submission of the proposed second Revised FY2025 PREPA Budget include supporting information for the funding of pensions for the remainder of FY2025. Furthermore, the Oversight Board requires that the proposed second Revised FY2025 PREPA Budget also includes the supporting documentation and analysis that PREPA has prepared as part of the PREPA HoldCo revenue requirement, which must include pensions, and that PREPA will be providing to LUMA and PREB as required for the Rate Case.

Please submit the requested documentation to the Oversight Board **on or before April 11, 2025** to comply with the timeline set forth above.

We look forward to continuing working with you to accomplish the requirements and goals of PROMESA for the benefit of the people of Puerto Rico.

Sincerely,



Robert F. Mujica, Jr.
Executive Director

CC: Mr. Francisco J. Domenech Fernández
Mrs. Verónica Ferraiuoli Hornedo
Mr. Josué A. Colón Ortiz
Mr. Edison Avilés Deliz
Ms. Mary C. Zapata Acosta

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PREPA Governing Board

Mr. Orlando C. Rivera Berríos

Mr. Juan Saca

Mr. Winnie Irizarry Velázquez