



PUERTO RICO
ELECTRIC POWER AUTHORITY

PREPA

GOVERNMENT OF PUERTO RICO

Exhibit II

Mary C. Zapata Acosta
Executive Director

September 29, 2025

By Electronic Mail
juan.saca@lumapr.com

Mr. Juan Saca
President and Chief Executive Officer
LUMA Energy, LLC
LUMA Energy ServCo, LLC
San Juan, PR 00936

Dear Mr. Saca:

Re.: Request for Project Costs Reconciliation and Documentation FAAST Consolidated Plan

Following up on discussions during the recent Energy Sector Coordination Meeting—and in direct response to Federal Management Agency (FEMA) September 23, 2025 communication regarding the FEMA Accelerated Award Strategy (FAAST) Consolidated Plan and ongoing cost reconciliation efforts—the Puerto Rico Electric Power Authority (PREPA) formally requests that LUMA Energy, LLC and LUMA Energy ServCo (jointly, LUMA) provide the information outlined below.

MCB
FEMA has noted that while significant progress has been achieved in advancing project obligations under the FAAST Consolidated Plan, there remains a set of projects not currently included in the Master List for which pre-construction costs have already been incurred. These expenditures include design services, environmental studies, equipment acquisitions, and other preparatory activities.

The fact that such costs were incurred for projects outside the current FAAST Master List was only recently raised in coordination meetings, underscoring the need for more transparent reporting and corrective action by LUMA. FEMA and PREPA have emphasized the importance of ensuring these costs are fully documented, properly reported, and clearly tied to eligible Project Worksheets (PWs) in order to confirm reimbursement eligibility and maintain compliance with Section 428/406 program requirements.

As highlighted in PREPA's FAAST Consolidated Plan submission of July 31, 2025, a \$600 million budgetary buffer was reserved as a precautionary measure to address the following:

- Priority projects still under development.

- Pre-construction expenditures not yet tied to an eligible PW,
- Potential adjustments to approved projects with higher incurred costs and/or scope of work changes

Incorporation of such projects into the FAASSt Consolidated Plan List remains contingent upon ensuring that all incurred and reimbursed costs are fully documented, demonstrably eligible, and linked to properly formulated PWs. To this end, PREPA requires LUMA to submit the following information in order to maintain compliance with FEMA Public Assistance requirements:

1. Reconciliation of Incurred Costs Under PWs 10710 and 9510

LUMA must provide a complete, itemized, and fully detailed breakdown of all costs incurred and reimbursed under the following:

- PW 10710 – Equipment and Materials (E&M): All purchase costs incurred and reimbursed.
- PW 9510 – Architectural and Engineering (A&E): All services costs incurred and reimbursed.

mcg
This reconciliation applies not only to obligated PWs but also, and more critically, to projects not currently reflected in the FAASSt Consolidated Plan.

2. Work Completed Projects Not Yet Submitted

PREPA is aware that LUMA has executed work and incurred costs for projects that have not yet been submitted to FEMA for formulation as Work Completed PWs.

Accordingly, PREPA requests that LUMA submit:

- A comprehensive list of all Work Completed projects.
- The total incurred costs for each project, including E&M purchases and A&E services.
- Reimbursements received to date for E&M purchases and A&E services.

3. Obligated PWs with Actual Costs Exceeding FEMA's Obligations

PREPA has identified several obligated PWs where actual costs reported by LUMA exceed FEMA's obligated amounts. This situation poses significant liquidity and compliance risks to the program.

To address this matter, PREPA requests that LUMA provide:

- A detailed list of all such PWs.

- FEMA's original obligation amount and the actual incurred costs to date.

FEMA has emphasized the need to reconcile costs obligated under Section 428. While initial full 428 obligations were intended to expedite construction, all projects must now be supported by the required documentation. Completing this reconciliation will enable FEMA to de-obligate and reallocate funds, thereby increasing the available balance under the FAASt donor project and ensuring compliance with Public Assistance requirements.

As PREPA previously noted, LUMA submitted its PWs Reconciliation Plan on September 19, 2025, establishing target dates for finalizing and submitting all amendments to reclassify previously obligated Section 428 costs that should be aligned with Section 406 Hazard Mitigation activities. To ensure compliance and maintain project momentum, PREPA requests that LUMA complete this reconciliation in accordance with the submitted schedule, so that obligated funds under Section 428 can be released and redirected to support additional FAASt projects.

Given the compliance and operational needs outlined above, PREPA underscores the importance of LUMA's active engagement in addressing these matters. Timely reconciliation and submission of the requested documentation will ensure adherence to FEMA Public Assistance requirements, enhance transparency, and enable more efficient use of FAASt funds for the benefit of the people of Puerto Rico.

Accordingly, PREPA requests that LUMA provide the information detailed above no later than **October 10, 2025**, in order to satisfy FEMA's requirements and enable a full discussion during the upcoming Energy Sector Coordination Meeting, scheduled within the next two weeks. We appreciate your prompt attention and cooperation.

Cordially,



Mary C. Zapata Acosta
Executive Director

C Josué A. Colón Ortiz, Executive Director, P3A; josue.colon@p3.pr.gov
Andrés García Martínó, Director PR Recovery Office - FEMA Region II; andres.garciamartino@fema.dhs.gov
Al Gómez – Rivera; Infrastructure Division Director, Puerto Rico Recovery Office, Region 2; al.gomez@fema.dhs.gov
Eduardo Soria, Executive Director, COR3; esoria@cor3.pr.gov