

**GOVERNMENT OF PUERTO RICO
PUBLIC SERVICE REGULATORY BOARD
PUERTO RICO ENERGY BUREAU**

NEPR Received: Jun 25, 2026 5:25 PM
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IN RE: REVIEW OF LUMA’S INITIAL BUDGETS

CASE NO.: NEPR-MI-2021-0004

SUBJECT: Motion to Inform and Supplement Record Regarding Fiscal Year 2026 Budget Implementation

**MOTION TO INFORM AND SUPPLEMENT RECORD REGARDING FISCAL YEAR
2026 BUDGET IMPLEMENTATION**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COME NOW LUMA Energy, LLC and LUMA Energy ServCo, LLC (jointly referred to as “LUMA”) and respectfully state and request the following:

I. Introduction

1. On May 28, 2026, LUMA filed a *Motion to Inform and Requesting Order Regarding PREPA’s Failure to Comply with Fiscal Year 2026 Approved Budget* (“May 28th Motion”), whereby it informed the honorable Puerto Rico Energy Bureau (“Energy Bureau”) that the Puerto Rico Electric Power Authority (“PREPA”) had failed to implement the funding determinations established in the Final Order on Electricity Rates issued and notified on April 15, 2026, in Case No. NEPR-AP-2023-0003, In Re: *Puerto Rico Electric Power Authority Rate Review* (“Final Rate Order”).

2. On May 29, 2026, the Energy Bureau issued a Resolution and Order in the captioned proceeding taking notice of the May 28th Motion and ordering PREPA to respond within five (5) days of the notification of said Resolution and Order regarding the funding implementation for the Fiscal Year 2026 budget as approved in the Final Rate Order.

3. On June 5, 2026, PREPA filed a *Motion in Compliance with the May 29, 2026 Resolution and Order* (“Motion in Compliance”). In what is relevant to this motion, PREPA asserted in the Motion in Compliance, that it had fully funded the Service Accounts consistent with the Fourth Revised Fiscal Year 2026 Budget certified by the Financial Oversight and Management Board for Puerto Rico (“FOMB”) on March 13, 2026, which PREPA identified as the only legally operative budget under the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”) at the time the May 2026 deposits were made.

4. Since the filing of the May 28th Motion, two relevant developments have occurred that LUMA respectfully brings to the Energy Bureau’s attention.

5. On June 17, 2026, the FOMB certified the Fifth Revised FY2026 PREPA Budget. The FOMB determined that the Fifth Revised FY2026 PREPA Budget is a compliant budget under PROMESA Section 202(f) and is consistent with the revised consolidated FY2026 budget for PREPA approved by the Energy Bureau; that is, the budget framework established by the Final Rate Order. The Fifth Revised FY2026 PREPA Budget is in full force and effect as of June 12, 2026, the tenth business day of the month. A copy of the FOMB’s certification letter and resolution is attached hereto as *Exhibit 1*.

6. On June 24, 2026, LUMA transmitted to PREPA formal written notice of PREPA’s failure to fully fund the Service Accounts for June 2026 as required under Section 7.5 of the Puerto Rico Transmission and Distribution Operation and Maintenance Agreement (the “T&D OMA”)¹ (the “June 2026 Non-Compliance Notice”). As detailed in that notice, since April 15, 2026 there

¹ LUMA Energy, LLC, LUMA Energy ServCo, LLC, the Puerto Rico Electric Power Authority and the Puerto Rico Public-Private Partnerships Authority, *Transmission and Distribution System Operation and Management Agreement* (June 22, 2020); *Puerto Rico Transmission and Distribution System Operation and Maintenance Supplemental Terms Agreement* (June 22, 2020) (together herein referred to as the “T&D OMA”). Available at <https://docs.pr.gov/files/P3-PublicaPrivadas/Projects/Projects/TD%20-%20LUMA/OM%20Agreement/executed-consolidated-om-agreement-td.pdf>

remains an outstanding balance owed by PREPA of \$36.02 million for the Operating Account and \$3.13 million for the Non-Federally Funded Capital Account, for a total amount due of \$39.15 million. A copy of the June 2026 Non-Compliance Notice is attached hereto as *Exhibit 2*.

7. LUMA respectfully submits the foregoing documents for the Energy Bureau's consideration in connection with the matters addressed in the May 28th Motion and the ongoing proceedings in this docket.

WHEREFORE, LUMA respectfully requests that the Energy Bureau: (i) take notice of the FOMB's certification of the Fifth Revised FY2026 PREPA Budget consistent with the Final Rate Order; (ii) take notice of LUMA's June 2026 Non-Compliance Notice; and (iii) grant any further relief that the Energy Bureau deems just and proper.

RESPECTFULLY SUBMITTED.

In Guaynabo, Puerto Rico, on the 25th day of June, 2026.



DLA Piper (Puerto Rico) LLC
B-7 Tabonuco Street, Suite 1501
Guaynabo, PR 00968-3028
Tel. 787-945-9122 / 9103
Fax 939-697-6092 / 6063

/s/ Margarita Mercado Echegaray
Margarita Mercado Echegaray
RUA 16,266
margarita.mercado@us.dlapiper.com

/s/ Jan M. Albino López
Jan M. Albino López
RUA NÚM. 22,891
jan.albinolopez@us.dlapiper.com

CERTIFICATE OF SERVICE

WE HEREBY CERTIFY that this motion was filed using the electronic filing system of this Energy Bureau and that electronic copies of this motion will be notified to the Puerto Rico Electric Power Authority, through its attorneys of record: Richard Cruz-Franqui, rcruzfranqui@gmlex.net; Mirelis Valle-Cancel, mvalle@gmlex.net; Natalia Zayas Godoy, nzayas@gmlex.net; and Alexis G. Rivera Medina, alexis.rivera@prepa.pr.gov; and to Genera PR, LLC, through: Jorge Fernández-Reboredo, jfernandez@ecija.com, José J. Díaz Alonso, jdiaz@ecija.com; Ernesto Ramos Maldonado, eramos@ecija.com; Ricardo Pallens Cruz, ricardo.pallens@genera-pr.com; Ramón L. Ramos Aponte; ramon.ramos@jsyalaw.com; legal@genera-pr.com; and regulatory@genera-pr.com.

In Guaynabo, Puerto Rico, on the 25th day of June, 2026.

/s/ Jan M. Albino López
Jan M. Albino López

Exhibit 1



Arthur J. Gonzalez
Chair and Board Member

Members
Andrew G. Biggs
John E. Nixon
Betty A. Rosa

Robert F. Mujica Jr.
Executive Director

BY ELECTRONIC MAIL

June 17, 2026

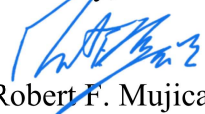
The Honorable Jenniffer A. González Colón
Governor of Puerto Rico

Dear Governor González Colón:

Pursuant to a Resolution adopted by the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), a copy of which is attached hereto as **Exhibit A** (the “Resolution”), and Section 202(f) of the Puerto Rico Oversight, Management, and Economic Stability Act, the Oversight Board hereby issues this certification that the fifth revised Fiscal Year 2026 budget for the Puerto Rico Electric Power Authority (“PREPA”), attached as **Exhibit 1** to the Resolution (the “Fifth Revised FY2026 PREPA Budget”), is a compliant budget as set forth in the Resolution.

The Oversight Board looks forward to working with the Government and PREPA to implement the Fifth Revised FY2026 PREPA Budget for the benefit of the people of Puerto Rico.

Sincerely,



Robert F. Mujica, Jr.

Arthur J. González
Andrew G. Biggs
John E. Nixon
Betty A. Rosa

CC: Mr. Francisco J. Domenech Fernández
Mr. Josué A. Colón Ortiz
Ms. Mary Zapata

The Hon. Jenniffer A. González Colón

June 17, 2026

Page: 2

PREPA Governing Board

Mr. Edison Avilés

Ms. Janisse Quiñones

Mr. Winnie Irizarry

EXHIBIT A

FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO

June 12, 2026

**RESOLUTION CERTIFYING FIFTH REVISED
FISCAL YEAR 2026 BUDGET FOR THE
PUERTO RICO ELECTRIC POWER AUTHORITY**

WHEREAS, on June 30, 2016, the federal Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”) was enacted;

WHEREAS, PROMESA Section 101 created the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”);

WHEREAS, PROMESA Section 202 establishes a multi-step procedure for the development, submission, review, approval, and certification of budgets for covered territorial instrumentalities of the Commonwealth of Puerto Rico;

WHEREAS, on September 30, 2016, the Oversight Board designated the Puerto Rico Electric Power Authority (“PREPA”) as a covered territorial instrumentality pursuant to PROMESA Section 101(d)(1)(A);

WHEREAS, pursuant to PROMESA Sections 202(c)(2) and 202(e)(4), the Oversight Board developed and certified the FY2026 Budget for PREPA on June 30, 2025 (the “FY2026 PREPA Budget”), which is consistent with the proposed budget approved by the Puerto Rico Energy Bureau (“PREB”) in its June 20, 2025 Resolution and Order, and submitted the FY2026 PREPA Budget to the Governor, which was deemed approved by the Governor and in full force and effect beginning on July 1, 2025;

WHEREAS, on July 25, 2025, pursuant to PROMESA 202(f), the Oversight Board approved the First Revised FY2026 PREPA Budget to reflect the executed third amendment to the existing loan agreement between PREPA and the Oversight Board providing a \$50 million loan to PREPA, to be made available in two installments of \$25 million each, with the first installment of \$25 million to be used solely for the purpose of paying pensions and related obligations to participants in the PREPA ERS with respect to the month of July 2025;

WHEREAS, on October 24, 2025, pursuant to PROMESA 202(f), the Oversight Board approved the Second Revised FY2026 PREPA Budget as approved by PREB through a Resolution and Order dated July 31, 2025 to reflect the establishment of provisional rates and budget for Fiscal Year 2026 applicable to LUMA Energy, LLC and LUMA Energy ServCo, LLC, Genera PR, LLC, and PREPA to serve as an interim measure to maintain operations starting no earlier than September 1, 2025, and extending for ten months or until PREB issues the final rate resolution and order;

WHEREAS, on January 23, 2026, pursuant to PROMESA Section 202(f), the Oversight Board approved the Third Revised FY2026 PREPA Budget to reflect (i) a \$4,000,000 reprogramming of funds to PREPA to cover costs associated with the transition from LUMA Energy's Shared Services Center to PREPA's outsourced services model, and (ii) a reprogramming of funds in GridCo's budget to align with PREB's Resolution and Order dated October 24, 2025;

WHEREAS, on March 13, 2026, pursuant to PROMESA Section 202(f), the Oversight Boards certified the Fourth Revised FY2026 PREPA Budget to reflect an amended Energy Efficiency portfolio that includes projected revenues of approximately \$13,667,036 during FY2026, together with a rollover of \$2,520,620 from FY2025, for total available funds of \$16,187,656 to support the portfolio during FY2026;

WHEREAS, on April 15, 2026, PREB published the Final Resolution and Order on Electricity Rates (the "2026 Rate Order") approving a new permanent base-rate framework for PREPA, LUMA, and Genera and establishing a system-wide, non-federally funded (base rate) revenue requirement of \$1,779,624,259 for FY2026;

WHEREAS, on June 9, 2026, LUMA requested that the FY2026 GridCo Annual Budget be revised to reflect the allocation and budgetary determinations made by PREB in the 2026 Rate Order (the "Proposed Fifth Revised FY2026 PREPA Budget");

WHEREAS, PROMESA Section 202(f) establishes a procedure for the joint development of an instrumentality budget by the Governor and the Oversight Board, and that each must certify that such budget reflects a consensus between them;

WHEREAS, after substantial deliberations, on June 12, 2026, the Oversight Board determined, in its sole discretion, that the Proposed Fifth Revised FY2026 PREPA Budget, attached hereto as Exhibit 1, is a compliant budget as required by PROMESA 202(f), and such budget reflects a consensus between the Governor, PREPA, and the Oversight Board and is consistent with the revised consolidated FY2026 budget for PREPA approved by PREB (the "Fifth Revised FY2026 PREPA Budget");

NOW, THEREFORE, IT IS HEREBY RESOLVED THAT, pursuant to PROMESA Section 202(f), the Fifth Revised FY2026 PREPA Budget shall serve as the budget for PREPA for FY2026 and be in full force and effect beginning on June 12, 2026.

APPENDIX A

(Page A-1)

**EXHIBIT 1: CERTIFIED FIFTH REVISED FISCAL YEAR 2026
BUDGET FOR THE PUERTO RICO ELECTRIC POWER
AUTHORITY
AND
BUDGETARY RESOLUTION PROVISIONS**

APPENDIX A

(Page A-2)

Section 1.- The following amounts are presented as the appropriations and expenses of the Puerto Rico Electric Power Authority (“PREPA”) for the fiscal year ending June 30, 2026:

\$ Thousand	FY2026 Budget
Basic Revenue	
Residential	610,790
Commercial	732,205
Industrial	279,785
Public Lighting	70,015
Agricultural	2,320
Others	105
Total	\$ 1,695,220
Fuel & Purchased Power	
Residential	1,000,277
Commercial	1,161,359
Industrial	222,182
Public Lighting	43,552
Agricultural	3,518
Others	5,825
Total	\$ 2,436,713
CILT	
Residential	38,138
Commercial	44,241
Industrial	8,456
Public Lighting	1,658
Agricultural	134
Others	222
Total	\$ 92,849
Subsidies	
Residential	84,457
Commercial	97,973
Industrial	18,726
Public Lighting	3,671
Agricultural	297
Others	491
Total	\$ 205,615
Energy Efficiency	
Residential	5,614
Commercial	6,512
Industrial	1,245
Public Lighting	244
Agricultural	19
Others	33
FY2025 Rollover	2,521
Total	\$ 16,188
Total Gross Revenue	\$ 4,446,585
Other Income	84,404
Commonwealth Loan for PREPA Employee Retirement System ^[1]	25,000
Shared Services Separation ^[2]	4,000
Total Unconsolidated Revenue	\$ 4,559,989
Bad Debt expense	(67,743)

APPENDIX A

(Page A-3)

PREPA Restructuring & Title III	(6,233)
FOMB Advisor Costs allocated to PREPA	(51,289)
GenCo - Operator Service Fees	(26,585)
GridCo - Operator Service Fees	(139,368)
CILT, Subsidies, EE, & Pensions	(525,798)
Total Consolidated Revenue Net of Shared System Expenses	\$ 3,742,973

\$ Thousand	FY2026 Budget
A. Fuel & Purchased Power	
Fuel	1,710,960
Purchased Power - Conventional	575,692
Purchased Power - Renewable	150,061
Total Fuel & Purchase Power Expenses	\$ 2,436,713
B. GenCo - Operations & Maintenance Expenses	
Genco Labor Operating Expenses	67,863
Genco Non-Labor / Other Operating Expenses	140,731
PSP ^[3]	17,000
Maintenance Projects Expenses	36,539
Total GenCo Operating & Maintenance Expenses	\$ 262,133
C. HoldCo (PropertyCo) – Operating & Maintenance Expenses	
Labor	
Salaries & Wages	5,052
Pension & Benefits	1,214
Overtime Pay	377
Overtime Benefits	45
Total HoldCo Labor Operating Expenses	\$6,688
Non-Labor / Other Operating Expenses	
Materials & Supplies	64
Transportation, Per Diem, and Mileage	255
Retiree Medical Benefits	7,950
Security	797
IT Service Agreements	594
Utilities & Rents	72
Legal Services	3,847
Professional & Technical Outsourced Services	2,164
Regulation and Environmental Inspection	1,591
External Audit Services	1,100
Equipment, Inspections, Repairs & Other O&M	1,249
General Civil Cases Settlement and Judgments	4,000
Total HoldCo Non-Labor / Other Operation Expenses	\$23,683
Shared Services Agreement	4,208
Maintenance Projects Expenses	645
Total HoldCo Operating & Maintenance Expenses	\$35,224
Pension Expense^[4]	25,000

APPENDIX A

(Page A-4)

Shared Services Separation Expense^[5]	4,000
Total HoldCo Operating & Maintenance Expense (including Pensions)	\$64,224

\$ Thousand	FY2026 Budget
D. HydroCo – Operating & Maintenance Expenses	
Labor	
Salaries & Wages	2,543
Pension & Benefits	636
Overtime Pay	288
Overtime Benefits	35
Total HydroCo Labor Operating Expenses	\$3,502
Non-Labor / Other Operating Expenses	
Materials & Supplies	724
Transportation, Per Diem, and Mileage	244
Security	1,712
Utilities & Rents	80
Professional & Technical Outsourced Services	187
Regulation and Environmental Inspection	731
Other Expenses	415
Total HydroCo Non-Labor / Other Operating Expenses	\$4,093
Shared Services Agreement	2,805
Maintenance Projects Expenses	667
Total HydroCo Operating & Maintenance Expenses	\$11,067
E. GridCo - Operating & Maintenance Expenses	
GridCo Labor Operating Expenses	335,752
GridCo Non-Labor / Other Operating Expenses	428,045
2% Reserve	7,970
Non-Federally Funded Necessary Maintenance Expenses	197,069
Total GridCo Operating & Maintenance Expenses	\$ 968,836
Total Operating & Maintenance Expenses	\$ 3,742,973
Surplus / (Deficit) Before Legacy Pension and Debt Obligations	\$ 0

[1] Commonwealth Loan proceeds pursuant to Amendment No. 3 to the Loan Agreement between PREPA and the Commonwealth dated July 11, 2025. This measure allocates PREPA cash amounting to \$25,000,000 for the month of July 2025 for the payment of PREPA's pension obligations. Although not reflected in the budget, the Commonwealth made payments directly to the ERS to cover PREPA's pension obligations, accounting for an incremental \$57,120,646 from the loan for the months of August, September, and October 2025.

[2] Funded by the \$4M interagency transfer to PREPA from funds held under the custody of the Puerto Rico Fiscal Agency and Financial Advisory Authority to cover costs associated with the transition from LUMA Energy's Shared Services center to PREPA's own outsourced services model.

[3] Electric System Priority Stabilization Plan Activity #1, March 28, 2025 order (NEPR-MI-2024-0005)

[4] Pension expenses are subject to the restrictions contained in footnote 1 and Section 3 below. Expense does not represent total annual pension expense.

[5] Shared Services Separation Expense is subject to the restrictions contained in footnote 2 and Section 3 below.

APPENDIX A

(Page A-5)

Section 2.- All expenditures authorized in any prior fiscal year, including appropriations without a specific fiscal year, are terminated and no disbursement of public funds may be covered by such expenditure authorization, except: (1) appropriations authorized in a prior fiscal year to carry out capital improvements that have been encumbered, accounted for and kept on the books in fiscal year 2025 and in fiscal year 2026; (2) capital and maintenance expenditures with procurement cycles that extend beyond the end of fiscal year 2025 that have been accounted for and kept on the books in both fiscal year 2025 and fiscal year 2026; (3) the portion of any other expenditures authorized in the certified FY2026 PREPA Budget; and (4) the portion of the appropriations authorized in the certified FY2025 PREPA Budget that have been allocated, transferred or designated on or before June 30, 2025. This restriction on expenditures authorized in any prior fiscal year shall not apply to programs financed in whole or part with federal funds; and (ii) matters pertaining to any consent decree or injunction, or an administrative order or settlement entered into with a Federal Agency, with respect to Federal programs. In addition, the foregoing exceptions to the restrictions on expenditures authorized in any prior fiscal year are conditioned on PREPA requesting and receiving prior written approval of the Oversight Board.

Section 3.- Funds included in the “Commonwealth Loan for PREPA Employee Retirement System Contribution” revenue line item represents the available funds resulting from an executed loan agreement by and amongst the Commonwealth, PREPA and the Oversight Board in the amount of \$25 million. All revenue line items have the purpose of funding disbursements made under the “Pension Expense” line item, solely and exclusively to fund PREPA Employee Retirement System benefits and related costs and pursuant to the terms agreed upon therein. Such funds may not be recognized nor disbursed for any purpose other than those provided under the loan agreement. Funds included in the “Shared Services Separation” revenue line item represents the available funds resulting from an interagency transfer by the Puerto Rico Fiscal Agency and Financial Advisory Authority to PREPA to cover costs associated with the transition from LUMA Energy’s Shared Services center to PREPA’s own outsourced services model. All revenue line items have the purpose of funding disbursements made under the “Shared Services Expense” line item, solely and exclusively to fund shared services separation and related costs and pursuant to the terms agreed upon therein. Such funds may not be recognized nor disbursed for any purpose other than those provided under the shared services separation agreement.

Section 4.- On or before August 31, 2025, the Executive Director of PREPA shall provide to the Oversight Board a certification indicating whether there are any unused amounts of the FY2025 appropriations for all items enumerated in Section 2 and, if so, an itemization of such unused amounts. If the Government fails to submit said certification, the amount of unused funds permitted to be disbursed in FY2026 pursuant to Section 3 will not carry over to the following fiscal year.

Section 5.- Notwithstanding any other statement, no unused budget allotments from any previous fiscal year shall be used by PREPA to fund current fiscal year expenditures, except as otherwise expressly authorized by the Oversight Board in writing after June 30, 2025.

Section 6.- Pursuant to Section 203 of PROMESA, LUMA must submit to the Oversight Board, no later than 15 days after the last day of each month of FY2026, a Federal Fund report that includes the type of fund, the emergency or disaster associated with the funds, amount of the

APPENDIX A

(Page A-6)

obligation, amount disbursed by contractor and amount reimbursed along with explanations of relevant variances.

Section 7.- The Chief Executive Officer of LUMA, the Chief Executive Officer of Genera and the Executive Director of PREPA shall be responsible for not spending or encumbering during FY2026 any amount that exceeds the operational expenditures (not-including passthroughs) authorized herein for GridCo, GenCo, HydroCo and HoldCo for fiscal year 2026.

Section 8.- Except for additional expenditures related to fuel and purchased power, the expenditures approved in this budget, including payroll and related expenses, may only be reprogrammed with the prior express written approval of the Oversight Board. For the avoidance of doubt, this prohibition includes any reprogramming of any amount, line item or expenditure provided in this budget.

Section 9.- Pursuant to Section 203 of PROMESA, PREPA must submit to the Oversight Board, no later than 15 days after the last day of each quarter of FY2026, a budget to actual report, along with an explanation of relevant variances as provided in the Certified PREPA Fiscal Plan. The Oversight Board may determine to provide PREPA a template to be used for such reporting, in which case any quarterly budget to actual reports submitted by PREPA must be submitted consistent with such reporting template.

Section 10.- The Oversight Board reserves the right to, in its sole discretion, issue a notice to the Governor, pursuant to PROMESA Section 202(a), setting forth a schedule for revising PREPA's budget.

Section 11.- The FY2026 PREPA Budget shall go into effect on July 1, 2025.

Exhibit 2



June 24, 2026

To: Puerto Rico Public-Private Partnerships Authority (“P3A”)

Attention: Josué A. Colón Ortiz
Executive Director
Roberto Sánchez Vilella (Minillas) Government Center
De Diego Ave. Stop 22,
San Juan, PR 00907

To: Puerto Rico Electric Power Authority (“PREPA”)

Attention: Mary C. Zapata Acosta
Executive Director
PO BOX 364267
San Juan, Puerto Rico 00936-4267

Re: Notice of PREPA Non-Compliance with Service Accounts Funding – June 2026

LUMA hereby provides formal written notice of PREPA’s failure to fully fund the Service Accounts as required under Section 7.5 of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (“T&D OMA”) ¹. Under this provision, the Owner must replenish all Service Accounts no later than the tenth (10th) Business Day of each month in accordance with the applicable funding requirements.

On June 12, 2026, the tenth Business Day of the month, **PREPA failed to fund \$969,543,000 of the \$1,293,261,000 required for the Service Accounts**. This includes the GenCo Fuel Account, which must be funded in accordance with Section 3.3 of the Puerto Rico PREPA-GenCo-HydroCo Operating Agreement (“PGHOA”) ². PREPA also failed to fund the Outage Event Reserve Account, as required under Section 7.5(d)(ii) of the T&D OMA, which has remained unfunded since January 2024. Furthermore, on October 29, 2025, due to ongoing underfunding of the Service Accounts, LUMA withdrew \$31 million from the Contingency Reserve Account to meet outstanding obligations and sustain operations. Under Section 7.5(f)(iv) of the T&D OMA, PREPA is required to replenish the Contingency Reserve Account by the tenth Business Day of the following month. As of this notice, PREPA has failed to do so for twenty-two (22) consecutive months.

To support transparency and comparison, LUMA has consolidated the relevant information into Exhibit 1. This highlights key compliance concerns, funding gaps, and other material observations necessary for informed decision making and prioritization of corrective actions.

- The PREB approved monthly budget

¹ The Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (“T&D OMA”) executed on June 22, 2020, amongst the Puerto Rico Electric Power Authority (“PREPA”), the Puerto Rico Public-Private Partnerships Authority (“P3A”) and LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, “LUMA”)

² The Puerto Rico PREPA-GenCo-HydroCo Operating Agreement (“PGHOA”) executed on June 19, 2023, by and among the Puerto Rico Electric Power Authority (“PREPA”), PREPA Genco LLC (“GenCo”), PREPA HydroCo LLC (“HydroCo”), LUMA Energy ServCo, LLC (“LUMA”), and the Puerto Rico Public-Private Partnerships Authority (“P3A”)

- Minimum balances required under the T&D OMA
- Actual bank balances as of May 31, 2026
- Required replenishment amounts
- PREPA's actual contributions to each Service Account and other programs within the Purchase Power Account

PREPA's funding calculations improperly disregarded the binding April 15, 2026, Puerto Rico Energy Bureau ("PREB") Final Order on Electricity Rates ("April 15 Rate Order").

On April 15, 2026, PREB issued its Final Rates Order establishing the approved Fiscal Year 2026 ("FY26") budget and revenue requirements. This order is binding on LUMA, PREPA, and Genera for all operational and financial purposes and governs the calculation and funding of the Service Accounts under the T&D OMA.

On May 14, 2026, LUMA informed PREPA³ that it had failed to comply with the April 15 Rate Order with respect to the May 2026 replenishment. Although LUMA's replenishment request followed both the T&D OMA and the Rate Order, PREPA funded amounts inconsistent with the approved allocations. PREPA relied on outdated directives, resulting in both underfunding and overfunding across several Service Accounts. PREPA also failed to provide the required funding detail for the ASAP program, creating further noncompliance.

Additionally, on May 28, 2026, LUMA submitted a motion to PREB⁴ advising that PREPA continued to disregard the binding FY26 budget framework established in the Rate Order, again leading to inconsistent replenishments for May 2026.

On June 5, 2026, PREPA subsequently filed its Motion in Compliance before PREB⁵, explaining that the May 2026 replenishments were made in accordance with the fourth revised FY26 budget certified by the Financial Oversight and Management Board ("FOMB"), which PREPA identified as the only legally operative budget under the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA") as this time. In its filing, PREPA asserted that the April 15 Rate Order did not mandate changes to the Service Account funding methodology and that LUMA's allegations constitute a contractual Service Account dispute under the T&D OMA rather than a violation of the Rate Order. Nonetheless, FOMB is in the process of recertifying the budget, and PREB is in the process of evaluating PREPA's motion explaining its disregard of the April 15 order.

On June 17, 2026, the FOMB certified the fifth revised FY26 budget for PREPA⁶ as compliant with PROMESA and consistent with the PREB's April 15 order, allowing the amended budget to take effect and support continued implementation of PREPA's FY26 operational and financial plan.

³ Transmittal LUMA-PREPA-T-01259

⁴ NEPR-MI-2021-0004 (March 28, 2026, Motion to Inform and Requesting Order Regarding PREPA's Failure to Comply with Fiscal Year 2026 Approved Budget)

⁵ NEPR-MI-2021-0004 (June 5, 2026, Motion in Compliance with May 29, 2026 Resolution and Order)

⁶ Resolution Certifying Fifth Revised Fiscal Year 2026 Budget for the Puerto Rico Electric Power Authority



Based on the figures included in the fifth revised FY26 budget certified by the FOMB, and when compared with the replenished amounts since April 15, 2026, **there remains an outstanding balance owed by PREPA of \$36,020 million for the Operating Account and \$3,134 million for the Non-Federally Funded Capital Account, for a total amount due of \$39,154 million.** This outstanding amount will be included in the next funding request for July 2026. The July 2026 funding request will be the first funding request for the new Fiscal Year 2027. As such, it should include the past due \$39.154M in addition to the July 2026 funding requirements.

PREPA's persistent failure to adequately fund the T&D OMA Accounts limits LUMA's ability to operate, hindering essential work, reliability improvements, and compliance with Contract Standards and Prudent Utility Practice.

PREPA's obligation to timely and fully fund the Service Accounts constitutes a Material Obligation under the T&D OMA. LUMA urges PREPA to immediately provide the outstanding funding required under Section 7.5 of the T&D OMA, Section 3.3 of the PGHOA, and Section 7.6 of the Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement ("LGA OMA").

Nothing in this Notice shall constitute a waiver of any rights or remedies available to LUMA under the T&D OMA, the PGHOA, the LGA OMA⁷, or Applicable Law. LUMA expressly reserves all rights, including the right to pursue legal action and the right to issue a Notice of an Event of Default.

Sincerely,

Andrew Smith

Andrew Smith
Chief Financial Officer

CC: Lionel Santa Crispin, Counsel, PREPA; lionel.santa@prepa.pr.gov
Valerie Beauchamp, Chief Financial Officer, PREPA; valerie.beauchamp@prepa.pr.gov
Winnie Irizarry, Chief Executive Officer, Genera; winnie.irizarry@genera-services.com
Rubén Lugo, Contract Compliance and Control Manager, P3A; ruben.lugo@p3.pr.gov
Robert Mujica, Executive Director, Financial Oversight and Management Board; robert.mujica@promesa.gov
Fausto Hernández, Senior infrastructure Manager, FOMB; fausto.hernandez@promesa.gov
Edison Avilés Deliz, President, PREB; eavilesdeliz@energia.pr.gov
Alejandro J. Figueroa Ramírez, Chief Regulatory Officer, LUMA; alejandro.figueroara@lumapr.com
Francisco Prego, Vice President, T&D OMA Contracts Management, LUMA; francisco.prego@lumapr.com
Ángel E Rotger Sabat, Chief Legal Officer, LUMA; angel.rotger@Lumapr.com

⁷ The Puerto Rico Thermal Generation Facilities Operation and Maintenance Agreement ("LGA OMA") executed on January 24, 2023, by and among the Puerto Rico Electric Power Authority ("PREPA"), the Puerto Rico Public-Private Partnerships Authority ("P3A"), and Genera PR LLC ("Genera").



Exhibit 1: June 2026 Service Account Funding

Service Accounts	PREB Approved Monthly Budget	Service Account minimum monthly balance required per T&D OMA	Bank Account balance as of 05/31/2026	Minimum Funding Replenishment Required from PREPA (T&D OMA required – Bank Balance)	Amount Replenished by PREPA	% Required vs Replenished	Comments
LUMA Energy Service Accounts							
Operating Account 350	\$76,640	\$341,601	\$25,804	\$315,797	\$62,049	20%	
Capital Account - Federally Funded 468	\$100,596	\$452,684	\$77,348	\$375,336	\$ -	0%	
Capital Account - Non-Federally Funded 361	\$16,579	\$74,607	\$35,567	\$39,040	\$15,305	39%	
Outage Event Reserve Account 372	\$30,000	\$30,000	\$1	\$29,999	\$ -	0%	The amount of \$29.9M does not include an additional approx. \$240M that has not been reimbursed for prior compliant Outage Event expenses as of May 2026.
Purchased Power Account 383 can be Itemized as follows: •Purchase Power Conventional & Renewable - \$61,124 •Shares Services Agreement - \$5,264 • CBES ⁸ - \$303 • ASAP - \$367 TOTAL - \$67,058	\$67,058	\$133,074	\$10,644	\$122,430	\$66,413	54%	PREPA replenishes this account with funds from Purchase Power and Genera Operating Funds. In this row, we are including only the Purchase Power amount. For the Genera Operating Funds, please refer to the below Genera PR Service Accounts section.
Contingency Reserve 405	\$3,258	\$78,184	\$23,941	\$54,243	\$ -	0%	The account has not been funded for the last twenty-two months.
Energy Efficiency	\$1,157	\$1,157	\$ -	\$1,157	\$1,157	100%	The Energy Efficiency Program has formally acknowledged and confirmed funding. This acknowledgment ensures the initiative can advance to the next initiatives as required.
LUMA Subtotals	\$295,289	\$1,111,307	\$173,305	\$924,626	\$144,924		T&D OMA Funding Requirement LUMA Subtotal excludes Genera Operating Account funding requirement as it is included in Genera's Operating Account as shown below.
Genera PR Service Accounts							
Genera PR Service Accounts							The Energy Efficiency Program formally acknowledged and confirmed funding. This acknowledgment ensures the initiative can advance to the next initiatives as required.
Genco Operating Account 515	\$19,902	\$39,803	\$26,427	\$13,376	\$26,138	195%	PREPA funds this amount within the Purchase Power account funding. Amount included separately for clarity.
Fuel Account 394	\$157,755	\$315,509	\$3,400	\$312,109	\$152,656	49%	Please note, the amount refunded by PREPA for the Fuel Account includes \$88M in out-of-cycle Fuel Advances Genera obtained from PREPA to fund the Fuel Account. These fuel funding advances, as noted by LUMA on numerous occasions, go against the agreements made under the T&D OMA, LGA OMA, and PGHOA.
Genco Reserve Account 875	\$30,000	\$30,000	\$226	\$29,774	\$ -	0%	
Genera Subtotals	\$207,656	\$385,312	\$30,053	\$355,259	\$178,794		
Total Replenishment Required				\$1,279,885			
Total Refunded by PREPA					\$323,718		

⁸ NEPR-MI-2020-0001 (March 27, 2026, Resolution & Order)