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June 26, 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 given that the Government did not submit a proposed Fiscal Year 2027 budget for the Puerto Rico Electric Power Authority ("PREPA") to the Oversight Board, the Oversight Board hereby issues this certification that the Fiscal Year 2027 PREPA budget developed by the Oversight Board in accordance with Sections 202(c)(2) and 202(e)(4) of the Puerto Rico Oversight, Management, and Economic Stability Act, attached as **Exhibit 1** to the Resolution (the "FY2027 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 FY2027 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 C. Zapata Acosta
PREPA Governing Board
Mr. Edison Avilés Deliz
Ms. Janisse Quiñones
Mr. Winnie Irizarry

<u>EXHIBIT A</u>

FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO

June 26, 2026

RESOLUTION CERTIFYING THE FISCAL YEAR 2027 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(c) establishes a multi-step procedure for the development, review, and approval of budgets for covered 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, PROMESA Section 202(c) establishes that the Oversight Board has the final and binding authority over the budgets of covered territorial instrumentalities, which pursuant to PROMESA Section 4 prevails over any inconsistent territory law, State law, or regulation, including any budgets approved by the Puerto Rico Energy Bureau ("PREB");

WHEREAS, on April 15, 2026, PREB issued a Final Resolution and Order for Electricity Rates (the "2026 Rate Order") establishing a budget for Fiscal Year 2027 applicable to LUMA Energy, LLC and LUMA Energy ServCo, LLC, Genera PR, LLC, and PREPA reflecting the new permanent base-rate framework, expense allocations and other budgetary determinations;

WHEREAS, by letter dated June 22, 2026, the Oversight Board notified the Governor and the Legislature, pursuant to PROMESA Section 202(a), of the schedule for developing, submitting, approving, and certifying the Fiscal Year 2027 PREPA budget;

WHEREAS, by letter dated June 22, 2026, pursuant to PROMESA Section 202(b), the Oversight Board submitted the PREPA forecast of revenues to the Governor and the Legislature;

WHEREAS, the Governor did not submit to the Oversight Board a proposed Fiscal Year 2027 PREPA budget;

WHEREAS, pursuant to PROMESA Sections 202(c)(2) and 202(e)(4), the Oversight Board developed a compliant budget for PREPA, which is consistent with the budget set forth in the 2026 Rate Order, a copy of which is attached hereto as **Exhibit 1** (the "FY2027 PREPA Budget");

WHEREAS, pursuant to PROMESA 202(a), the Oversight Board may revise the FY2027 PREPA Budget in its sole discretion based on future events, such as any reconsideration by PREB;

NOW, THEREFORE, IT IS HEREBY RESOLVED THAT, pursuant to PROMESA Sections 202(c)(2) and 202(e)(4), the Oversight Board shall submit to the Governor the FY2027 PREPA Budget and such budget shall be (i) deemed to be approved by the Governor; (ii) the subject of a compliance certification issued by the Oversight Board to the Governor; and (iii) in full force and effect beginning on July 1, 2026.

EXHIBIT 1: CERTIFIED FISCAL YEAR 2027 BUDGET FOR THE PUERTO RICO ELECTRIC POWER AUTHORITY
AND
BUDGETARY RESOLUTION PROVISIONS

Section 1.- The following amounts are presented as the appropriations and expenses of the Puerto Rico Electric Authority ("PREPA"), set forth herein for the fiscal year ending June 30, 2027:

$ Thousand	**FY2027 Budget**
Basic Revenue	
Residential	647,535
Commercial	825,883
Industrial	241,827
Public Lighting	75,768
Agricultural	2,816
Others	139
Total	**$ 1,793,968**
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
Total	**$ 13,667**
Total Gross Revenue	**$ 4,542,812**
Other Income	87,342
Total Unconsolidated Revenue	**$ 4,630,154**
Bad Debt expense	(25,598)
PREPA Restructuring & Title III	(3,716)
FOMB Advisor Costs allocated to PREPA	(26,341)
GenCo - Operator Service Fees	(27,621)

GridCo - Operator Service Fees	(143,200)
CILT, Subsidies, EE, & Pensions[1]	(619,540)
Management and Operations Audit (MOA)	(5,000)
Total Consolidated Revenue Net of Shared System Expenses	**$ 3,779,138**

$ Thousand	**FY2027 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	69,085
Genco Non-Labor / Other Operating Expenses	139,034
PSP[2]	17,000
Maintenance Projects Expenses	23,808
Contingency Reserve	30,000
Total GenCo Operating & Maintenance Expenses	**$ 278,927**
C. HoldCo (PropertyCo) – Operating & Maintenance Expenses	
Labor	
Salaries & Wages	5,052
Pension & Benefits	1,360
Overtime Pay	377
Overtime Benefits	57
Total HoldCo Labor Operating Expenses	**$ 6,846**
Non-Labor / Other Operating Expenses	
Materials & Supplies	64
Transportation, Per Diem, and Mileage	255
Retiree Medical Benefits	8,348
Security	797
Utilities & Rents	76
Legal Services	3,847
Professional & Technical Outsourced Services	2,164
IT – Maintenance & Corporate Services	594
Regulation and Environmental Inspection	1,591
External Audit Services	1,100
Equipment, Inspections, Repairs & Other	1,249
Total HoldCo Non-Labor / Other Operation Expenses	**$ 20,085**
Shared Services Agreement	**3,458**
Maintenance Projects Expenses	**645**
Contingency Reserve	**1,000**
Total HoldCo Operating & Maintenance Expenses	**$ 32,034**

$ Thousand	FY2027 Budget
D. HydroCo – Operating & Maintenance Expenses	
Labor	
Salaries & Wages	2,543
Pension & Benefits	712
Overtime Pay	288
Overtime Benefits	43
Total HydroCo Labor Operating Expenses	**$ 3,586**
Non-Labor / Other Operating Expenses	
Materials & Supplies	724
Transportation, Per Diem, and Mileage	244
Security	1,712
Utilities & Rents	84
Professional & Technical Outsourced Services	187
Regulation and Environmental Inspection	731
Equipment, Inspections, Repairs & Other	422
Total HydroCo Non-Labor / Other Operating Expenses	**$ 4,104**
Shared Services Agreement	**2,305**
Maintenance Projects Expenses	**1,030**
Total HydroCo Operating & Maintenance Expenses	**$ 11,025**
E. GridCo - Operating & Maintenance Expenses	
GridCo Labor Operating Expenses	341,202
GridCo Non-Labor / Other Operating Expenses	445,825
Up to 2% Reserve for Excess Expenditures	7,970
Non-Federally Funded Necessary Maintenance Expenses	157,695
Contingency Reserve	30,000
Total GridCo Operating & Maintenance Expenses	**$ 982,692**
F. Other	
FY26 Unallocated Reconciliation Funds[3]	37,747
Total Operating & Maintenance Expenses	**$ 3,779,138**
Surplus / (Deficit) Before Legacy Pension and Debt Obligations	**$ 0**

[1] Total annual pension expense totals $307,408,581.
[2] Electric System Priority Stabilization Plan Activity #1, March 28, 2025 order (NEPR-MI-2024-0005).
[3] See PREB June 15, 2026 Resolution and Order (NEPR-MI-2021-0004).

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 2026 and in fiscal year 2027; (2) capital and maintenance expenditures with procurement cycles that extend beyond the end of fiscal year 2026 that have been accounted for and kept on the books in both fiscal year 2026 and fiscal year 2027; (3) the portion of any other expenditures authorized in the certified FY2027 PREPA Budget; and (4) the portion of the appropriations authorized in the certified FY2026 PREPA Budget that have been allocated, transferred or designated on or before June 30, 2026. 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.- On or before August 31, 2026, the Executive Director of PREPA shall provide to the Oversight Board a certification indicating whether there are any unused amounts of the FY2026 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 FY2027 pursuant to Section 3 will not carry over to the following fiscal year.

Section 4.- 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, 2026.

Section 5.- 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 FY2027, a Federal Fund report that includes the type of fund, the emergency or disaster associated with the funds, amount of the obligation, amount disbursed by contractor and amount reimbursed along with explanations of relevant variances.

Section 6.- 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 FY2027 any amount that exceeds the operational expenditures (not-including passthroughs) authorized herein for GridCo, GenCo, HydroCo and HoldCo for fiscal year 2027.

Section 7.- 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 8.- 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 FY2027, 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 FY2027 PREPA Budget shall go into effect on July 1, 2026.