

# FINANCIAL OVERSIGHT & MANAGEMENT BOARD FOR PUERTO RICO



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## **BY ELECTRONIC MAIL**

June 20, 2022

The Honorable Pedro Pierluisi Urrutia  
Governor of Puerto Rico

The Honorable Jose Luis Dalmau Santiago  
President of the Senate of Puerto Rico

The Honorable Rafael Hernández Montañez  
Speaker of the House of Representatives of Puerto Rico

Dear Governor Pierluisi Urrutia, President Dalmau, and Speaker Hernández,

The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”) is in receipt of a letter from the Puerto Rico Electric Power Authority (“PREPA”), requesting an extension of time, until June 22, 2022, to submit the revised FY2023 PREPA Fiscal Plan. The letter is dated June 16, 2022, but was delivered to the Oversight Board on June 17, 2022, the same day PREPA was required to submit the revised FY2023 PREPA Fiscal Plan to the Oversight Board, and constitutes PREPA’s third request for extension of time during the ongoing fiscal plan certification process.

In support of its request for an extension of time to submit the revised FY2023 PREPA Fiscal Plan, PREPA identifies various outstanding matters that, according to PREPA, must be resolved through ongoing discussions with LUMA before it is able to submit the revised FY2023 PREPA Fiscal Plan. Those matters involve (1) revisions to long-term projections and inputs provided by LUMA, (2) a determination on the revenue allocation between LUMA and PREPA, and (3) a determination on the fiscal year 2023 budgets for GridCo, GenCo and HoldCo.

While it is correct that additional refinements to the revised FY2023 PREPA Fiscal Plan projections are necessary before the Oversight Board can certify it as compliant with PROMESA, the delays experienced throughout the entire process, which ultimately resulted in PREPA’s most recent request for extension of time, are the result of a lack of coordination, urgency, and collaboration between PREPA and LUMA, and cannot be attributed solely to ongoing discussions.

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PREPA and LUMA were aware of the majority of the outstanding matters since at least the beginning of April 2022, yet failed to proactively work to reach a solution that fits within the constraints and limitations of Puerto Rico's energy system.

The Oversight Board's ability to certify a Fiscal Plan for PREPA that is compliant with PROMESA cannot be unduly delayed by the inability of PREPA and LUMA to work collaboratively. To that end, the Oversight Board reiterates that it will certify a FY2023 Fiscal Plan for PREPA on or before June 24, 2022, and that PREPA and LUMA must provide all the necessary information, including a revised FY2023 PREPA Fiscal Plan that is fully compliant with PROMESA, **no later than June 22, 2022 at 12:00pm EST**. Any submission after such date and time would not allow the Oversight Board an opportunity to review the materials submitted by PREPA. Accordingly, any submission made after this deadline will be deemed incomplete and non-compliant.

Accordingly, pursuant to Section 201(a) of PROMESA, the schedule for the process of developing, submitting, approving, and certifying the FY2023 PREPA Fiscal Plan is amended as follows:

- June 22nd – Pursuant to § 201(d)(1), the Governor submits a revised proposed FY2023 PREPA Fiscal Plan to the Oversight Board.
- June 24th – Pursuant to § 201(e), the Oversight Board expects to certify a revised FY2023 PREPA Fiscal Plan.

Additionally, pursuant to Section 202(a) of PROMESA, the schedule for the process of developing, submitting, approving, and certifying the FY2023 PREPA Budget is amended as follows:

- June 22nd – Pursuant to § 202(c)(1), the Governor submits a proposed FY2023 Budget for PREPA to the Oversight Board, along with detailed supporting documentation.
- June 24th – Pursuant to § 202(b), the Oversight Board sends the Governor and the Legislature a forecast of revenues for PREPA, a copy of which shall also be delivered to LUMA, the Puerto Rico Public-Private Partnerships Authority (“P3A”) and Puerto Rico Energy Bureau (“PREB”).
- June 24th – Pursuant to § 202(c)(1)(B), the Oversight Board sends the Governor a notice of violation, if required, copy of which shall also be delivered to LUMA, the P3A and PREB.
- June 27th – Pursuant to § 202(c)(2), the Governor submits a revised proposed FY2023 Budget, if required.
- June 30th – Pursuant to § 202(e), the Oversight Board expects to certify the FY2023 Budget.

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Finally, while the Oversight Board believes it has information sufficient to allow it to address the outstanding issues highlighted by PREPA in its letter, it once again encourages and calls on PREPA and LUMA to work together to reach a mutually satisfactory solution, particularly on the allocation of fiscal year 2023 revenues and the fiscal year 2023 budgeted expenditures for GridCo, GenCo and HoldCo. While PREPA and LUMA's inability to reach the necessary compromises will not prevent the Oversight Board from certifying a Fiscal Plan for PREPA, it will be a disservice to the people of Puerto Rico who are counting on PREPA and LUMA to rise to the challenge of building a better energy system.

The Oversight Board looks forward to working with you to accomplish the requirements and goals of PROMESA for the benefit of the people of Puerto Rico.

Sincerely,



Jaime A. El Koury  
General Counsel

CC: Hon. Omar Marrero Díaz  
PREPA Governing Board  
Mr. Josué A. Colón Ortiz  
Mr. Fermín Fontanés Gómez  
Mr. Mario Hurtado  
Ms. Ashley Engbloom  
Mr. Edison Avilés