

FINANCIAL OVERSIGHT & MANAGEMENT BOARD FOR PUERTO RICO



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Executive Director

BY ELECTRONIC MAIL

May 25, 2021

The Honorable Pedro Pierluisi Urrutia
Governor of Puerto Rico

The Honorable José 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 Santiago and Speaker Hernández Montañez:

By this letter, the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), pursuant to PROMESA Section 202(a), sets May 27, 2021 as the deadline for the submission to the Oversight Board of the proposed budget for Fiscal Year 2022 for the Puerto Rico Electric Power Authority (“PREPA”). The expenditures in such proposed budget should be consistent with the expenditures projected in PREPA’s 2021 Fiscal Plan expected to be certified by the Oversight Board on May 27, 2021 (“2021 PREPA Fiscal Plan”). Together with the revised budget, the Governor and PREPA’s Governing Board should provide: (i) the proposed resolution of PREPA’s Governing Board authorizing its budget and (ii) a detailed reconciliation of such proposed budget to the 2021 PREPA Fiscal Plan.

By this letter, pursuant to PROMESA Section 202(a), the Oversight Board also sets the following deadlines for the approval of the budget for fiscal year 2022 for PREPA:

1. On or before 6:00 pm AST May 27, 2021: The Governor shall submit a proposed budget (including PREPA’s Governing Board resolution in electronic format with its supporting documentation authorizing such revised budget) to the Oversight Board.

Governor Pierluisi Urrutia

May 25, 2021

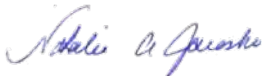
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2. On or before May 28, 2021: (a) If the Governor submits a revised, compliant proposed budget to the Oversight Board, the Oversight Board shall approve it and issue a compliance certification to the Governor, (b) if the Governor fails to submit a revised, compliant proposed budget to the Oversight Board, the Oversight Board shall submit, pursuant to PROMESA Section 202(c)(2), its own compliant budget to the Governor on May 28, 2021 and that budget, pursuant to PROMESA Section 202(e)(4), shall be (i) deemed to be approved by the Governor, (ii) deemed to be subject to a compliance certification issued by the Oversight Board to the Governor, and (iii) in full force and effect beginning the first day of the fiscal year.
3. Any time through May 28, 2021: Pursuant to PROMESA Section 202(f), if the Governor and Oversight Board each certify that a jointly developed budget reflects a consensus among them, then such budget shall serve as the budget for fiscal year 2022 for PREPA.

Pursuant to PROMESA Section 202(b), the Oversight Board provides the forecast of revenues for the period covered by the budget that is attached hereto for use in developing the budget for fiscal year 2022 for PREPA.

We look forward to working with you throughout the budget approval process.

Sincerely,



Natalie A. Jaresko

CC: Ms. Efran Paredes Maisonet
Mr. Omar Marrero Díaz
PREPA Governing Board

APPENDIX A

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Table 1: PREPA Revised Revenue Forecast for Fiscal Year Ending June 30, 2022

\$ Thousands	Certified Fiscal Plan	Proposed Revised Budget	Variance
Fuel & Purchase Power ¹	1,635,411	1,635,411	-
CILT and subsidies	261,672	261,672	-
Basic Revenue	2,025,522	2,025,522	-
Bad Debt expense	(68,407)	(68,407)	-
Subtotal Revenue – PREPA unconsolidated	3,854,199	3,854,199	-
Other Income ²	28,965	28,965	-
CILT and Subsidies	(261,672)	(261,672)	-
Adjustments/Other / Eliminations			-
Total Consolidated Revenue	\$3,621,492	\$3,621,492	-

¹ Fuel adjustment and purchased power projected together

² Other income includes interest income, unrealized gains or losses on market value of investments, miscellaneous non-operating income, late payment charges, sales of water, and administrative penalties for irregular consumption, among others.