Docusign Envelope ID: 67F573BB-49F1-8E25-80E2-7DE0D67C6CB4

PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY
GOVERNMENT OF PUERTO RICO
Eng. Josué A. Colón Ortiz I Executive Director

August 9, 2026

BY ELECTRONIC MAIL
Robert.mujica@promesa.gov

Mr. Robert F. Mujica Jr.
Executive Director
Financial Oversight and Management
Board for Puerto Rico
PO Box 192018
San Juan, Puerto Rico 00919-2018

Dear Mr. Mujica:

Re.: Temporary Generation Contract – Power Expectations, LLC; Enchanted Rock, LLC; and Reyes Contractor Group, Inc. – Response by the Puerto Rico Public-Private Partnerships Authority

Initial
JCO

The Puerto Rico Public-Private Partnerships Authority ("P3A") acknowledges receipt of the Financial Oversight and Management Board's ("Oversight Board" or "FOMB") letter dated August 7, 2026, concerning Contract No. 2026-P0010 for the deployment, installation, operation, and maintenance of temporary generation at the Aguirre Power Plant (the "Contract"). Although the Oversight Board's correspondence was addressed to the Third-Party Procurement Office ("3PPO"), P3A believes it is appropriate to address separately those matters and the actions taken by P3A upon learning of the allegations concerning Enchanted Rock, LLC ("Enchanted Rock").

P3A shares the Oversight Board's view that the allegations concerning the alleged unauthorized use of Enchanted Rock's name and signature are serious and require an independent and thorough review. Importantly, however, that review did not commence as a consequence of the Oversight Board's August 7 letter or recent press reports. P3A acted immediately when the allegations were brought to its attention on June 16, 2026, and on that same date it referred the matter for independent review by the 3PPO. P3A's position has been consistent from the outset: no allegation of fraud, falsification, unauthorized execution, or other misconduct in a public procurement process should be minimized or prejudged.

Docusign Envelope ID: 67F573BB-49F1-8E25-80E2-7DE0D67C6CB4

Such allegations must be investigated based upon the underlying evidence. If that review establishes conduct that warrants referral to governmental, regulatory, or law-enforcement authorities, the appropriate referral must be made and the concerned Government entities must evaluate the contractual and legal remedies available to protect the Puerto Rico Electric Power Authority ("PREPA") and the public interest.

I. P3A's Immediate Response to the ERock, Inc., Allegations

On June 16, 2026, P3A received a communication from representatives of ERock, Inc. ("ERock"), raising allegations concerning the company's participation in the procurement and the authority associated with certain representations made in connection with the Project. P3A responded that same day. Without expressing any opinion regarding the accuracy, validity, or merits of the allegations, P3A referred the matter to Mr. Osvaldo Carlo, Principal Executive Officer of the 3PPO, the independent entity that administered and oversaw the competitive procurement process. P3A specifically requested that Mr. Carlo:

Initial
NC

- conduct an independent review of the allegations;
- evaluate the information available;
- undertake any additional fact-finding he considered appropriate; and
- provide a written report setting forth his findings, conclusions, and recommendations as expeditiously as practicable.

The 3PPO was the entity that administered the procurement and therefore possessed direct access to the procurement record, submissions, representations, evaluation materials, and communications relevant to the allegations. Moreover, Mr. Carlo is a former United States Attorney for the District of Puerto Rico with extensive experience addressing complex matters involving public procurement, compliance, investigations, and governmental integrity. P3A therefore determined that an independent review conducted through the 3PPO represented the appropriate mechanism for establishing the relevant facts. P3A's June 16 communication expressly cautioned that the referral should not be interpreted as a determination that any violation had occurred. Rather, the purpose was to ensure that the allegations would be reviewed objectively, thoroughly, and in accordance with applicable law and established procedures. In that same June 16 communication, P3A placed the ERock representatives who had raised the matter, directly in contact with Mr. Osvaldo Carlo and the 3PPO team, thereby enabling 3PPO to immediately commence its independent review and communicate directly with ERock regarding the allegations, supporting

Docusign Envelope ID: 67F573BB-49F1-8E25-80E2-7DE0D67C6CB4

information, and any additional documentation necessary to conduct its investigation.

Consistent with P3A's referral, the 3PPO's August 8, 2026 Official Report confirms that the 3PPO formally received the communication from ERock's legal representatives on June 17, 2026 and immediately commenced its review. As part of that process, the 3PPO met with representatives of ERock and Enchanted Rock on June 22, 2026, and separately met with representatives of Power Expectations on June 23, 2026. During June and July, the 3PPO continued reviewing relevant corporate documentation, contractual materials, and information contained in the procurement record.

Thus, approximately seven weeks before the Oversight Board's August 7 letter, P3A had already:

- formally acknowledged the allegations;
- recognized their seriousness;
- ordered an independent review;
- designated the 3PPO to conduct the fact-finding;
- requested written findings, conclusions, and recommendations; and
- expressly contemplated referral to the appropriate authorities if warranted by the evidence.

Initial
NO

The Oversight Board's statement that the alleged conduct "must be investigated" is therefore entirely consistent with the course of action P3A had already undertaken. Following P3A's referral, the 3PPO conducted its independent review and, on August 8, 2026, submitted an Official Report documenting the diligence performed to date, including separate interviews with the parties, review of the procurement and contractual record, and examination of the corporate and representation documents relevant to the disputed authority. The Report confirms Enchanted Rock's participation as a member of the consortium and reflects the contractual designation of Power Expectations as the consortium's representative, Managing Member, and Principal Contractor throughout the competitive procurement process. The procurement record therefore does not support the conclusion that Enchanted Rock was unrelated to the competitive process or that its participation in the consortium arose only at the time the PPOA was executed. To the contrary, the record reflects Enchanted Rock's documented and continuing participation in the consortium and an established contractual

Docusign Envelope ID: 67F573BB-49F1-8E25-80E2-7DE0D67C6CB4

structure through which Power Expectations acted in an agent/representative and managerial capacity on behalf of the consortium.

II. Important Distinction Between Enchanted Rock or ERock's Participation in the RFP and Authority to Execute the Contract

Based upon the information made available by the 3PPO to P3A, several important distinctions are necessary when evaluating the allegations raised by ERock. First, ERock and Enchanted Rock are distinct corporate entities. ERock was not a party to the temporary generation Contract executed with PREPA. The entity that participated in the competitive procurement and was identified as a member of the consortium with Power Expectations and Reyes Contractor Group was Enchanted Rock.

Second, the information provided by the 3PPO indicates that Enchanted Rock's participation in the competitive procurement was not limited to its appearance as a signatory in the final Contract. Rather, the procurement record reflects that Enchanted Rock was presented as a member of the consortium from the earlier stages of the RFP process. Financial information and evidence of industry experience attributed to Enchanted Rock were submitted and considered by the 3PPO as part of its evaluation of the consortium's technical and financial qualifications. The documentation reviewed during the procurement also reflected that Enchanted Rock had designated Power Expectations as its exclusive agent and representative, to promote, market and sell Enchanted Rock's products and services in Puerto Rico. Significantly, the 3PPO further confirms that the subsequent dispute between Power Expectations and Enchanted Rock/ERock regarding the scope of authority at the time of contract execution does not alter the procurement record documenting Enchanted Rock's participation in the consortium.

Initial
MO

This distinction is also consistent with the Oversight Board's own August 7 letter. In describing its review of the proposed Contract, the Oversight Board states that Power Expectations and Reyes Contractor had not independently demonstrated experience executing utility-scale projects of comparable scope and expressly acknowledges that Enchanted Rock's participation was relied upon as part of the technical, operational, and financial capacity supporting the consortium's qualification. Moreover, the final execution version submitted to the Oversight Board on May 29, 2026, continued to identify Power Expectations, Reyes Contractor, and Enchanted Rock as the Seller, and the Oversight Board authorized the execution of that version on June 2, 2026.

The 3PPO's Official Report further characterizes the matter presently under review as an active and unresolved dispute between Enchanted Rock/ERock, and Power

Docusign Envelope ID: 67F573BB-49F1-8E25-80E2-7DE0D67C6CB4

Expectations, concerning the scope of the authority in effect at the time the PPOA was executed. The 3PPO has expressly refrained from adjudicating the private rights of the parties and has limited its review to the procurement record and the sufficiency of the documentation available at the time of award and execution of the Contract.

Accordingly, based on the information presently available to P3A, the allegation raised by ERock after execution should not be understood as establishing that Enchanted Rock never participated in the procurement or that the 3PPO evaluated a consortium in which Enchanted Rock was entirely absent. The documentary record available to the Government and the Oversight Board during the procurement reflected the opposite: Enchanted Rock was presented and evaluated as a member of the consortium. The issue requiring further investigation is therefore more specific: whether the authority previously granted to Power Expectations extended to execution of the Contract on Enchanted Rock's behalf. According to the information provided by the 3PPO, Power Expectations maintains that its authority to represent Enchanted Rock in Puerto Rico was sufficient for that purpose, while ERock disputes that position.

Initial
MO

The 3PPO's Official Report also provides additional information concerning the individual identified in the Contract as "Jhoby Weaks." The 3PPO confirms that its review established that the individual had been associated with the consortium team of Power Expectations, Enchanted Rock, and Reyes Construction in activities related to Puerto Rico. In addition, the 3PPO's confidential record contains a June 1, 2025 representation agreement between Power Expectations and the individual subsequently identified as the signatory of the PPOA on behalf of Enchanted Rock. According to the 3PPO, the designation "COO-Caribbean Operations" originates from that representation agreement.

III. Contract Administration and the Substitution of Flotek Industries, Inc.

Separately from the investigation concerning Enchanted Rock, P3A has remained actively involved in overseeing the administration and implementation of the temporary generation program. Following execution of the Contract, Power Expectations requested that Enchanted Rock be replaced by Flotek Industries, Inc. within the project structure. That request was not treated as an automatic or ministerial substitution. The 3PPO's Official Report confirms that Power Expectations submitted that request on June 12, 2026, two days after execution of the PPOA and before the 3PPO formally received ERock's June 17 communication challenging the authority associated with execution of the Contract. The information provided to P3A reflects that due diligence was undertaken regarding Flotek's:

Docusign Envelope ID: 67F573BB-49F1-8E25-80E2-7DE0D67C6CB4

- financial capacity;
- industry experience;
- operational capabilities;
- technical qualifications; and
- ability to support execution of the temporary generation project.

As part of that process, representatives of Flotek, including its principal executive, traveled to Puerto Rico and participated in meetings concerning the Project. On July 30, 2026, ReComS issued a due-diligence memorandum recommending approval of the substitution, subject to completion of outstanding administrative documentation. PREPA thereafter issued written consent to the substitution on July 31, 2026. Critically, PREPA's consent did not amend or alter the substantive terms, conditions and obligations of the Contract. The substitution did not modify:

- price;
- project scope;
- deployment schedule;
- Commercial Operation Date;
- performance obligations;
- guarantees; or
- PREPA's contractual rights and remedies.

Initial
NC

Please note that the substitution should not be interpreted as resolving or prejudging the separate controversy concerning the authority associated with Enchanted Rock's participation in execution of the Contract. Those are two distinct matters. Consistent with that distinction, the 3PPO's Official Report expressly confirms that authorization of the substitution does not adjudicate or resolve the dispute between Power Expectations and ERock/Enchanted Rock. Rather, its purpose was to protect continuity in contract execution while the underlying dispute remained subject to independent review.

IV. Status and Progress of the Project

P3A also believes that the Oversight Board's characterization that there has been "no significant progress" should be placed in the appropriate contractual and operational context. There is no dispute that, as of Milestone Compliance Report No. 3, the contractual generation milestones remained at zero percent completion. Nor has PREPA granted an extension of the Commercial Operation Date. Those facts are important and must continue to be monitored closely.

Docusign Envelope ID: 67F573BB-49F1-8E25-80E2-7DE0D67C6CB4

At the same time, zero percent completion of the contractual generation milestones is not equivalent to zero project activity. Since execution, the project has involved engineering work, preparation of design-basis and installation materials, site planning, interconnection coordination, mobilization planning, submission of Milestone Compliance Reports, site visits, and other activities necessary to advance implementation. The materials reviewed by P3A reflect the submission of substantial technical and project-development documentation since June 10.

A significant interconnection issue has also been substantially addressed. On August 3, 2026, representatives of PREPA, P3A, ReComS, LUMA, and Power Expectations reached an agreement on an initial interconnection configuration providing for up to 434 MW at Aguirre, consisting of:

- up to 42 MW at the 115 kV bus; and
- up to 392 MW at the 230 kV bus.

The agreed configuration was designed to permit the initial project to proceed without a full System Impact Study or Facility Study, provided that the established capacity limitations are observed. P3A has also received information indicating that an initial tranche of generation equipment is staged for mobilization, including approximately 40 MW intended for installation utilizing infrastructure associated with the former John Browning units at Aguirre. Additional generation equipment has likewise been represented as staged for subsequent deployment.

Initial

These representations remain subject to PREPA's continuing verification and enforcement of the Contract.

V. Private Financing and Allocation of Project Development Risk

An additional and important feature of the Contract is its allocation of financing and project-development risk. The Project is privately financed and does not require PREPA or the Government of Puerto Rico to advance public funds to finance the acquisition, mobilization, installation, or commissioning of the temporary generation units. Those responsibilities, and the financial risks associated with developing and placing the generation equipment into operation, remain with the contractor, subject to the milestones, security requirements, guarantees, and other obligations established under the Contract. The contractual structure likewise ties PREPA's payment obligations to electricity actually generated, dispatched, and delivered in accordance with the Contract, rather than requiring PREPA to finance in advance the acquisition or construction of the infrastructure necessary to develop the Project. Accordingly, the contractor must first finance, mobilize, install, and place the required equipment into operation

Docusign Envelope ID: 67F573BB-49F1-8E25-80E2-7DE0D67C6CB4

before becoming entitled to the sole payment for energy delivered in accordance with the Contract.

This allocation of risk is particularly relevant when evaluating the public interest associated with continued implementation of the Project. PREPA is not financing the contractor's acquisition or development of the generation assets; rather, the contractor bears the upfront financing and execution risk, while PREPA pays for electricity actually supplied in accordance with the Contract. The structure therefore seeks to add urgently needed generation capacity and operating reserves without transferring the initial financing and development risk of the Project to PREPA or the Government. For that reason, the Government's continued oversight of the Project must protect both interests simultaneously: strict enforcement of the contractor's contractual obligations and timely implementation of a privately financed project intended to provide additional generation capacity necessary for the reliability and reserve margin of Puerto Rico's electric system.

VI. P3A Supports Strict Enforcement of the Contractual Milestones and Security Requirements

Initial
NO

P3A shares the Oversight Board's concern regarding compliance with the Contract's Payment and Performance Bond requirements. The record reflects that the contractual deadline passed without delivery of the required bond. P3A understands that PREPA subsequently issued formal notice preserving and asserting its contractual remedies regarding the outstanding security requirement. Similarly, when Power Expectations requested an extension of the contractual milestones and Commercial Operation Date, PREPA denied that request and reaffirmed that the project schedule remains a material contractual obligation and that time is of the essence. P3A agrees with that approach.

The substitution of a participant, the continuing investigation concerning Enchanted Rock, or interconnection coordination should not operate automatically to amend the substantive obligations of the Contract. The Contract must continue to be administered according to its terms unless and until a modification is properly authorized in accordance with applicable law and contractual requirements.

VII. The Full Regulatory History Is Relevant to the Current Schedule

The Oversight Board correctly notes that the temporary generation procurement was undertaken because Puerto Rico faced—and continues to face—a material need for additional dispatchable generation capacity. The complete timeline is nevertheless important when evaluating the current implementation schedule.

Docusign Envelope ID: 67F573BB-49F1-8E25-80E2-7DE0D67C6CB4

The original temporary generation procurement was initiated against a system condition in which approximately 1,846 MW of generation capacity was unavailable for repairs, available capacity was approximately 2,800 MW, and projected peak demand was approximately 3,200 MW. Following PREB's July 4, 2025, conditional approval, material changes to the required contractual structure resulted in the procurement being relaunched to preserve competitive procurement requirements.

The TPG2 proposed Contract was submitted to PREB on November 26, 2025, and approved on December 11, 2025. It was then submitted to the Oversight Board on January 16, 2026. Thereafter, the Oversight Board conducted an extensive contract review involving multiple rounds of requests for information and contractual revisions addressing financial capacity, security requirements, fuel, deployment milestones, force majeure, project financing, and other protections. Following that process, the Oversight Board approved the final execution version on June 2, 2026, and the Contract was executed on June 10, 2026.

Initial

P3A does not raise this history to diminish the importance of the current contractual deadlines. To the contrary, those deadlines must be enforced. The chronology is relevant because it demonstrates that the Project has undergone extensive technical, regulatory, contractual, and financial review and that the Government must now remain focused on converting those approvals into actual generating capacity as quickly as possible.

VIII. P3A's Position Going Forward

P3A's position can be summarized simply.

First, the allegations concerning Enchanted Rock must be investigated fully and independently.

Second, P3A had already initiated that process on June 16, well before the Oversight Board's August 7 correspondence.

Third, since P3A's initial referral, the 3PPO has documented the diligence undertaken as part of its independent review in an Official Report dated August 8, 2026. That Report confirms that the 3PPO has interviewed representatives of both sides, reviewed relevant procurement, contractual, and corporate documentation, preserved additional confidential materials, and continues its review without adjudicating the unresolved dispute between the private parties.

Docusign Envelope ID: 67F573BB-49F1-8E25-80E2-7DE0D67C6CB4

Fourth, if the investigation establishes fraud, falsification, unauthorized execution, material misrepresentation, or other illegal conduct, the matter should be referred to the appropriate authorities and all applicable contractual and legal remedies should be evaluated. The 3PPO has likewise confirmed that any evidence establishing fraud, falsification of documents, or other unlawful conduct in the public procurement process will be referred to the appropriate authorities.

Fifth, while that investigation proceeds, the Government must continue protecting the public interest by enforcing the Contract, monitoring project implementation, and pursuing the urgent objective for which the procurement was undertaken: the timely addition of temporary generation capacity necessary to strengthen the reliability and reserve margin of Puerto Rico's electric system.

The Government should not be required to choose between investigating a serious allegation and protecting the continuity of a critical energy project. Both responsibilities can — and must — be pursued simultaneously. P3A remains committed to cooperating with the Oversight Board, PREPA, the 3PPO, PREB, and all other relevant entities while ensuring that the independent investigation proceeds without interference and that contractual performance is monitored and enforced.

Nothing in this response should be interpreted as P3A adopting or prejudging any factual determination that remains within the independent review being conducted by the 3PPO, nor as waiving any right, remedy, authority, or legal position available to P3A, PREPA, or the Government of Puerto Rico.

Cordially,

Signed by:
Josué A. Colón Ortiz
ACAE19A8DEF549C...

Josué A. Colón-Ortiz
Executive Director

Annexes

The Honorable Jenniffer A. González Colón
The Honorable Thomas Rivera Schatz
The Honorable Carlos J. Méndez Núñez
Ms. Mary C. Zapata Acosta
Mr. Edison Avilés Deliz
Mr. Osvaldo Carlo Linares