

**FINANCIAL OVERSIGHT AND MANAGEMENT BOARD  
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Executive Director

BY ELECTRONIC MAIL

April 20, 2018

Tom Sanzillo, Director of Finance  
Cathy Kunkel, Energy Finance Analyst  
Institute for Energy Economics and Financial Analysis  
Rivers Edge  
3430 Rocky River Drive  
Cleveland, OH 44111

Dear Mr. Sanzillo and Ms. Kunkel:

I write in response to your letter, dated April 18, 2018, expressing concerns regarding the draft fiscal plan submitted by the Puerto Rico Electric Power Authority (PREPA) on April 5, 2018, and in particular, the Aguirre Offshore Gas Port (“Gas Port”) and associated conversions of the Aguirre units to natural gas. Your input is highly valued as we carry out our mandate under PROMESA.

First, we would like to confirm that we share your commitment to a transformation of the power sector and the transition to a cleaner and more efficient generation base. Regarding your specific concerns, we ask that you review the New Fiscal Plan for PREPA that the Oversight Board certified today at its 12th public meeting. As detailed below, we believe that the New Fiscal Plan for PREPA addresses many of your concerns:

- Expenditures related to specific projects, including the Gas Port, will be determined (i) following the market sounding being conducted for the PREPA transaction and (ii) in connection with the development of a new Integrated Resource Plan (IRP), which will be reviewed and approved by the regulator as is standard practice. Furthermore, as part of this review by the regulator, the IRP will be subject to public comment.
- The least cost generation scenario that can achieve the target rate of 20c/kWh includes a role for both natural gas and renewables in the generation mix but is not project specific, and therefore does not assume the Gas Port is required. We would expect that the IRP would conclude that the Gas Port is not the only solution for supporting the projected demand nor the only solution for MATS compliance as you note.

Again, we appreciate your letter and engagement and leadership in the transformation of power sector, a critical step in supporting economic growth in Puerto Rico.

Sincerely,



Natalie A. Jaresko

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CC: Christian Sobrino Vega