Members
Andrew G. Biggs
John E. Nixon
Betty A. Rosa

Robert F. Mujica Jr.
Executive Director

Arthur J. Gonzalez
Chair and Board Member

**BY ELECTRONIC MAIL**

August 7, 2026

Mr. Osvaldo Carlo Linares
President
Third-Party Procurement Office

**Temporary Generation Contract - Power Expectations, LLC; Enchanted Rock; and Reyes Contractor, LLC**

Dear Mr. Carlo Linares:

We write to raise a significant issue regarding the temporary power generation contract between the Puerto Rico Electric Power Authority ("PREPA"), as buyer, and Power Expectations, LLC, Reyes Contractor, LLC, and, as we have recently been told, Flotek Industries, Inc. rather than Enchanted Rock, collectively, as seller (the "Contract").

Today, an Enchanted Rock company spokesperson confirmed the following statement to the Oversight Board: Enchanted Rock has "become aware that our company name and signature were used without our authorization in connection with the procurement" of the Contract. This statement is extremely troubling given the history of this procurement, which we detail below. That alleged misrepresentation may have been committed in connection with the procurement of the Contract and must be investigated. Under the circumstances, and consistent with the statement in the Oversight Board's June 2, 2026 approval letter, the Oversight Board is considering its alternatives including revoking its approval of the Contract and making a referral to the relevant authorities.

**Background Facts:** The Contract contemplates the deployment, installation, operation, and maintenance of 400 MW of temporary generation at the Aguirre power plant within a 90 to 150-day deployment period. To date, 57 calendar days have elapsed since the Contract's execution on June 10, 2026, with no significant progress reported. This lack of progress is particularly concerning given the conditional approval of the contract was based on Puerto Rico's ongoing energy emergency.

The initial procurement (the "original procurement") of temporary power generation originated in **March 2025,** after the Puerto Rico Energy Bureau ("PREB") directed that an expedited process be conducted to address an anticipated generation shortfall of approximately 700 to 850 MW following the failure of Aguirre Unit 1. The original procurement was issued on March 25, 2025 and required that the emergency generation units be commissioned and operational by **June 1, 2025** to meet the peak-demand season. The initial procurement did not result in the timely deployment of the generation units. On **July 4, 2025**, PREB conditionally approved a contract resulting from that process, subject to material technical, pricing, term, and regulatory modifications. Following regulatory objections and legal challenges to the original 800 MW procurement process, PREB subsequently halted all related administrative proceedings while the appellate court reviewed. This led to the cancellation of the original procurement and issuance of a new solicitation, RFP No. 3PPO-0314-20-TPG2, which was issued on **July 15, 2025** with proposals due 10 days later, by July 25, 2025[1]. Accordingly, the June 1st operational deadline had already passed, and material delays had already occurred during the procurement processes.

Despite the urgent need for the temporary generation, PREPA did not submit the proposed Contract to the Oversight Board until **January 16, 2026**, approximately **six months after** the second solicitation concluded. Upon receipt of the proposed Contract, and pursuant to the Contract Review Policy, the Oversight Board conducted its review and due diligence through a series of requests for information addressing, among other matters, the procurement history, financial capacity, bid-bond compliance, project schedule, contractual safeguards, and the proposed partnership structure of the Seller.

Throughout its diligence, the Oversight Board identified substantial uncertainty as to whether the Seller could finance and complete the Project within the required timeframe. Consistent with these concerns, the Third Party Procurement Office's ("3PPO") "Financial Capacity and Liquidity Comparison" dated August 28, 2025, concluded that the proposal did not provide adequate evidence of the organizational or financial capacity necessary to sustain performance over the ten-year contract term. It further found that the contemplated award was substantially disproportionate to Power Expectations' reported revenues, raising material concerns regarding the company's ability to scale operations and sustain performance over the life of the Contract. In other words, Power Expectations and Reyes Contractor, LLC had not demonstrated prior experience executing utility-scale projects of comparable scope and complexity, and Enchanted Rock's participation was expressly relied upon to provide the technical, operational, and financial capacity necessary to execute the Project and be deemed a qualified party pursuant to the RFP.

The initial draft of the proposed Contract as submitted to the Oversight Board, also lacked enforceable milestones, adequate delay remedies, and a complete performance-security framework. These deficiencies were compounded by inconsistent bid-bond valuations (i.e., including an original surety-backed bid bond of only $300,000, when the actual maximum contract value is of ~$5.8B)[2], doubts regarding the projected delivery schedule, and a financing structure

[1] The proposals due date was later extended to August 6, 2025.
[2] This bid bond was materially lower than the amounts submitted by other proponents.

dependent on outside funding and PREPA receivables despite the absence of guaranteed runtime or other committed revenues. As a result, the record did not establish a bankable, project-specific mechanism capable of assuring timely delivery and performance. In addition to the aforementioned, on July 1, 2025, a Florida news outlet characterized the proposed Contract as "Whitefish 2.0," referencing the widely criticized post-Hurricane María contracting experience involving Whitefish Energy Holdings.[3]

To the Oversight Board's initial questions sent on January 21, 2026, regarding the procurement process such as why the original procurement was cancelled, whether any judicial or administrative challenges were filed, why a new process was issued, what scoring matrix or evaluation criteria was applied, and how the terms and conditions of the contract structure were developed, the 3PPO addressed a letter to the Oversight Board alleging that the operational scrutiny being exercised with respect to the Proposed Contract exceeded our fiscal oversight functions. To further questions from the Oversight Board regarding technical viability and costs of the project such as interconnection, permitting requirements, natural gas supply delivery and logistics, 3PPO's responses suggested that critical aspects of the projects were not yet planned or unclear while indicating that these matters were a contractual responsibility solely of the Seller. This ignited additional concerns.

Despite 3PPO's own documentation reflecting clear skepticism about Power Expectations; financial and technical capacity to execute the project, the Proposed Contract was submitted at an estimated contract value ~$5 billion and initial investment (prior to achieving commercial operation) of ~$1.2B. Considering no guaranteed runtime hours or revenues were embedded in the contract, the Oversight Board questioned how such value was derived and how it would be financed. In response, the 3PPO indicated that this was only a theoretical maximum value which was calculated by assuming full capacity operation (400MW) multiplied by the contractual energy rate throughout the contract term. Additionally, the 3PPO explained that the financing model presented was consistent with the contract structure as it was solely based on receivables generated from delivered energy, rather than any fixed payment obligations. These explanations provided limited confidence in the due diligence efforts that preceded the Proposed Contract and doubts remained that the project would yield speedy delivery of emergency generation by the selected party.

Notwithstanding those concerns, driven by urgent need for additional generation coupled with the speed and timeline in which Power Expectations was going to be ready to supply energy, the Oversight Board conditionally approved the proposed Contract on **May 8, 2026**. That approval required revisions establishing defined project milestones, weekly compliance reporting, remedies for failure to timely achieve commercial operation, termination provisions, payment and performance guarantees, fuel-structure and fixed-price protections. During the Contract revisions submitted, one iteration included an appendix limiting Enchanted Rock's responsibilities rather

[3] *See* In repeat of Hurricane Maria aftermath, Puerto Rico is again spending big on infrastructure contractor with little history. The 3PPO submitted a document titled "Background Analysis on Power Expectations LLC and Entities and Individuals Related" dated August 14, 2025, in which it indicates that "Power Expectations has been widely compared to the post-hurricane "Whitefish" contracting scandal, due to the firm's small size and political connections." See also Puerto Rico Energy Bureau's temporary response to electric grid woes is problematic at best, corrupt at worst.

than reflecting the collective partnership responsibilities as presented and conditionally approved by the Oversight Board.

On **May 29, 2026**, 3PPO submitted the revised final execution version, which continued to identify all three entities (Power Expectations, LLC, Reyes Contractor, LLC, and, Enchanted Rock, LLC) as the Seller, and on **June 2, 2026**, the Oversight Board determined that the conditions for approval had been satisfied and authorized execution of the Contract.[4] The revised Contract consequently included defined milestones, weekly and biweekly reporting, liquidated damages for deployment delays, and termination rights for failure to achieve timely commercial operation. As a result, the Oversight Board understood that the Contract was executed by the parties, including Enchanted Rock, LLC, on **June 10, 2026**. The Oversight Board then learned, based on a letter addressed to Mrs. Zapata dated July 9, 2026, from Power Expectations' counsel that allegedly Enchanted Rock notified Power Expectations, just 2 days after contract execution, that it did not wish to continue with the Temporary Power Generation Project. Based on that development, the Power Expectations letter continued, Enchanted Rock's interests were assigned to FloTek of Houston, Texas.

On **July 16, 2026**, 36 days into the 150-day deployment period, the Oversight Board requested documentation concerning the Seller's performance, including any change in the Seller parties, the Executed Contract, the required ~$1.18 billion construction-phase performance security, the status of interconnection requirements, milestone-compliance reports, delay or extension notices, and PREPA's current estimate of the commercial operation date. On **August 5, 2026**, the 3PPO responded that PREPA confirmed that Flotek Industries, Inc. had been substituted for Enchanted Rock, the required ~$1.18 billion performance bond had not been delivered, and all contractual milestones had not been met – no progress had occurred. PREPA also confirmed that it had denied the Seller's requested schedule extension and continued to estimate commercial operation by November 4, 2026.

*****

Given today's developments regarding Enchanted Rock, the Oversight Board is reviewing all of its options, including revoking its approval of the Contract and making a referral to the relevant authorities.

Sincerely,

Robert F. Mujica, Jr.
Executive Director

---

[4] *See* Reuters, *Gas Generator Maker ERock Raises $600 Million in U.S. IPO* (June 10, 2026), noting that ERock, formerly known as Enchanted Rock, completed its initial public offering and began trading on the New York Stock Exchange under the ticker "EROC," available at https://www.reuters.com/legal/transactional/gas-generator-maker-erock-raises-600-million-us-ipo-2026-06-10/.

CC: The Honorable Jenniffer A. González Colón
The Honorable Thomas Rivera Schatz
The Honorable Carlos J. Méndez Núñez
Mr. Josué A. Colón Ortiz
Ms. Mary C. Zapata Acosta
Mr. Edison Avilés Deliz