



Arthur J. Gonzalez
Chair and Board Member

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

Robert F. Mujica Jr.
Executive Director

BY ELECTRONIC MAIL

September 11, 2026

The Honorable Jenniffer A. González Colón
Governor of Puerto Rico

Dear Governor González Colón:

We are writing in response to your letter dated September 1, 2026, requesting that the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”) expand and formally clarify the Oversight Board’s Emergency Reserve authorization dated August 5, 2026¹ to allow access to up to \$9,688,345 for the assessment, rehabilitation, and reactivation of five existing Puerto Rico Aqueduct and Sewer Authority (“PRASA”) public-supply wells (the “Request”).

The Emergency Reserve is intended to support urgent responses in an emergency of such severity that an effective response exceeds the capacity of existing budget resources and federal disaster assistance.² The current drought is such an emergency, and the Oversight Board recognizes the need to continue implementing measures that ensure reliable access to potable water for Puerto Rico’s families.

However, several matters in your request require clarification to ensure the proposed projects address the immediate needs of the people in real time:

- Expected timeline for reactivation, and anticipated system benefits to ensure it adequately addresses the urgency of the current emergency.
- Viability of the five wells and subsequently rehabilitating and returning them to service.
- Suitability of the wells for reactivation, including current production capacity, water quality and conditions about water contamination.
- Magnitude of the long-term costs beyond the current emergency.

To evaluate the Request as expeditiously as possible, the Oversight Board requests that a meeting be held with PRASA, the Department of Natural and Environmental Resources (“DNER”), the

¹ See https://drive.google.com/file/d/1ES_J_Wsl3oyV8lzzNOc2WgUzoRUvVg6-/view.

² See <https://drive.google.com/file/d/1njYYh1JNJepwhY0Ogt7Hc1oTVijRdBw0/view>.

Office of Management and Budget, the Puerto Rico Infrastructure Financing Authority, and any other relevant Government entities you deem necessary to address the matters identified in Appendix A, as soon as your team is available to meet.

The proposed reactivation of the wells may result in operational, maintenance, monitoring, and other costs extending beyond the current drought emergency. The Government's submission indicates that recurring operating expenses extending beyond the emergency period would be absorbed within PRASA's Certified Budget or otherwise addressed through the ordinary Fiscal Plan and budget development processes.

However, the Government has not provided an assessment of the magnitude of these costs, the respective recurring responsibilities of PRASA, the DNER, and other participating Government entities, as well as the resources available to support such costs to the people of Puerto Rico long after the emergency.

PRASA already faces considerable fiscal and operational challenges. The current emergency reflects, in part, the long-standing strain caused by insufficient system maintenance. This must change, and therefore the urgently needed response to the current emergency must not create even more unsupported financial obligations in the future that would burden PRASA's own long-term recovery. Investments and ongoing responsibilities must both be incorporated into the Government's capital plan in a fiscally and operationally sustainable manner.

Maintaining sufficient and sustainable funding for PRASA's long-term operational needs in serving Puerto Rico's families and businesses not just today, but tomorrow and for years to come remains critical.

We look forward to continuing to work together for the benefit of the people of Puerto Rico.

Sincerely,

A handwritten signature in blue ink, appearing to read 'R. Mujica Jr.', is positioned above the printed name.

Robert F. Mujica Jr.
Executive Director

CC: Ms. Norma E. Burgos Andújar
Ms. Vicky González Vega
Mr. Orlando Rivera Berríos
Mr. Luis R. González Delgado
The Honorable Waldemar Quiles Pérez
Mr. Eduardo Rivera Cruz

APPENDIX A

TOPICS FOR DISCUSSION

To facilitate the review of the Request, the Oversight Board seeks to discuss and obtain clarification regarding the following matters with respect to the five public-supply wells included in the Request.

1. Historical Status and Current Condition

For each proposed well, provide:

- a. The date the well was taken out of service and the reason for its deactivation, including an explanation of why it remained unavailable.
- b. A description of any prior maintenance, rehabilitation, or reactivation efforts, including whether rehabilitation or reactivation was previously contemplated and, if so, why it was not undertaken or incorporated into PRASA's current Capital Improvement Program ("CIP").
- c. The well's historical production levels and the service area it supported while in operation.
- d. The current physical and operational condition of the well, including any known water-quality, environmental, or regulatory issues that may affect its rehabilitation or reactivation.
- e. Identification of the technical, environmental, water-quality, and regulatory assessments that remain necessary to determine the viability of each well for rehabilitation and reactivation, including the expected timeline for completion and the entity responsible for each assessment.

2. Emergency Need and Expected Benefits

For each proposed well, provide:

- a. The basis for its selection and prioritization compared with other inactive wells and available emergency response alternatives.
- b. Current water source(s) supplying the area historically associated with the well and any constraints affecting those sources during the current emergency.
- c. Expected incremental production and service-area benefit expected following reactivation, including the basis and assumptions used for these estimates.
- d. Expected reduction in reliance on reservoirs, Superaqueduct, or other water sources affected by the current drought.
- e. The estimated date by which the well could be returned to service and begin producing potable water, considering the assessments, permitting, rehabilitation, and interconnection activities that remain outstanding.
- f. Explanation of how the expected timing and production would contribute to addressing the current drought emergency and the expected benefits, if any, beyond the emergency period.

3. Project Scope, Cost, and Implementation

Provide:

- a. The basis and supporting documentation for the estimated cost of each proposed well.

- b. A breakdown of the requested funding for each well, including assessment and testing, design and permitting, rehabilitation, interconnection, and other material costs.
- c. The proposed phases of the assessments needed to determine each well's viability and to inform the decision to proceed with rehabilitation and reactivation.
- d. An explanation of the basis for requesting authorization of the full \$9,688,345 at this time, given that certain assessments needed to determine the wells' viability are still outstanding.
- e. The proposed treatment for funds associated with any well determined not to be viable or appropriate for rehabilitation following completion of the required assessments.
- f. Explanation of whether other funding alternatives were evaluated to support the proposed projects, including available PRASA operational resources, PRASA's Rate Stabilization Account, potential reprioritization of existing or planned PRASA CIP projects, federal funds, DNER resources, or other available funding sources, and why such resources could not be used or reprioritized to support the Request.

4. Long-Term Operations and Sustainability

For each well expected to be rehabilitated, provide:

- a. The intended operating status following termination of the current drought emergency, including whether the well will remain operational or be maintained as emergency or standby capacity.
- b. The expected useful life of the rehabilitated well and related equipment.
- c. Estimated annual recurring operating, maintenance, monitoring, and other costs.
- d. Measures that will be implemented to ensure the wells remain operationally available and to prevent recurrence of the circumstances that resulted in their current unavailability.
- e. Explanation of how the rehabilitated wells will be incorporated into PRASA's long-term water-supply, capital, and asset-management planning.

5. Government Responsibilities and Budgetary Impact

For PRASA, DNER, and any other Government entity expected to incur costs or assume responsibilities related to the proposed projects, provide:

- a. A description of the respective responsibilities during the assessment and rehabilitation phases and following reactivation, including any ongoing operational, regulatory, monitoring, or maintenance responsibilities.
- b. Estimated nonrecurring and recurring costs associated with those responsibilities, including costs not included in the Request.
- c. Identification of existing FY2027 Certified Budget resources available to support such costs, as applicable.
- d. Identification of any additional personnel, professional services, equipment, monitoring, maintenance, or other resources that will be required.
- e. Identification of any additional budgetary actions or resources that may be required to support these responsibilities during FY2027 and in subsequent fiscal years.