

\$720,370,000
Puerto Rico Electric Power Authority
\$515,305,000 Power Revenue Bonds, Series II
\$205,065,000 Power Revenue Refunding Bonds, Series JJ

Supplement dated December 19, 2001 to the Official Statement dated
December 13, 2001 (the "Official Statement") relating to the above Bonds

1. The fourth footnote identified with a "‡" in the inside cover page of the Official Statement is hereby amended so that it reads as follows:

"‡ Insured by XL Capital Assurance Inc."

2. The second sentence of the third paragraph of the sub-section titled "*General*" under the section titled "**The XLCA Bond Insurance Policy**" under **BOND INSURANCE** on page 15 of the Official Statement is hereby amended so that it reads as follows:

"On February 22, 2001, XLCA's direct parent, XL Reinsurance America Inc. ("XL Re"), acquired 100% of the stock of London."

3. The next to last sentence in the first paragraph of the sub-section titled "*Reinsurance*" under the section titled "**The XLCA Bond Insurance Policy**" under **BOND INSURANCE** on pages 15 and 16 of the Official Statement is hereby amended so that it reads as follows:

"XLFA also benefits from an excess of loss reinsurance agreement with XLI (with an aggregate limit of liability of \$500,000,000) pursuant to which XLI reinsures any single insured or reinsured loss incurred by XLFA that is in excess of 10% of XLFA's capital and surplus."

4. The following section is hereby added after the section titled "**The XLCA Bond Insurance Policy**" under **BOND INSURANCE** on page 17 of the Official Statement:

"Concerning the Policies

As provided in the insurance agreements to be entered into by the Authority with each of FSA, MBIA and XLCA concurrently with the delivery of their respective municipal bond insurance policies, as long as FSA, MBIA and XLCA shall not then be in default on their respective obligations under the municipal bond insurance policies, FSA, MBIA and XLCA shall be deemed to be the owners of the Insured Bonds insured by each of them for purposes of (1) taking remedial actions under the 1974 Agreement and (2) the giving of consents to the execution of any supplemental agreement to the 1974 Agreement."

5. The fifth sentence of the first paragraph in the section titled "**Management**" under **THE AUTHORITY** on page 22 of the Official Statement is deleted. The following name is hereby added as one of the members of the Board in the section titled "**Management**" under **THE AUTHORITY** on page 22 of the Official Statement:

"José Luis Rodríguez Oms, P.E. Engineer February 2003"

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TO: Members of the Syndicate and Investors

DATE: December 19, 2001

RE: Supplement dated December 19, 2001 to the Official Statement dated December 13, 2001 relating to the above **Bonds**

Attached hereto please find a supplement (the "Supplement") relating to the Puerto Rico Electric Power Authority's Official Statement dated December 13, 2001 relating to its Power Revenue Bonds Series II and Power Revenue Refunding Bonds, Series JJ.

The Supplement also will be filed with the appropriate nationally recognized municipal securities information repositories.