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Comisión de Energía de Puerto Rico

DEPARTMENT OF STATE

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Secretary of State

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**REGULATION ON THE STANDARDS OF ETHICAL CONDUCT FOR
EMPLOYEES OF THE PUERTO RICO ENERGY COMMISSION AND THE
PRINCIPLES THAT SHOULD GOVERN THE COMMISSIONERS'
ACTIONS AS REPRESENTATIVES OF THE COMMISSION**

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COMMONWEALTH OF PUERTO RICO
ENERGY COMMISSION OF PUERTO RICO

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COMMISSION**

ARTICLE I.- GENERAL PROVISIONS

Section 1.01.- Title

This Regulation shall be known as Regulation on the Standards of Ethical Conduct for Employees of the Puerto Rico Energy Commission and the Principles that Should Govern the Commissioners' Actions as Representatives of the Commission.

Section 1.02.- Legal Basis

This Regulation is adopted pursuant to Articles 6.3, 6.7, 6.10 and 6.20 of Act 57-2014, as amended, known as the Puerto Rico Energy Transformation and RELIEF Act, and Act No. 170 of August 12, 1988, as amended, known as the Uniform Administrative Procedure Act.

Section 1.03.- Purpose

The purpose of this Regulation is to establish the standards that will define and govern—together with the provisions of Act No. 57-2014, as amended, known as the Puerto Rico Energy Transformation and RELIEF Act; Act No. 1-2012, as amended, known as the Puerto Rico Government Ethics Act of 2011; the applicable bylaws of the Puerto Rico Office of Government Ethics; and the professional ethical standards applicable to each case—the ethical conduct of employees of the Puerto Rico Energy Commission, as well as the principles that will regulate and establish the parameters of participation of commissioners acting in the name of, or as representatives of the Commission.

Section 1.04.- Application

Unless the text or context of a provision in this Regulation indicates otherwise, the standards contained herein shall apply to all employees of the Commission.

Furthermore, unless the text or context of a provision indicates otherwise, the standards contained herein shall govern the conduct of all employees of the Commission, both within and outside the workplace and office hours.

Section 1.05.- Interpretation

This Regulation shall be interpreted in such a way as to promote the best public interest, protect and preserve the integrity of the Puerto Rico Energy Commission and its projects, and avoid any situation that may result in a conflict of interest or in the appearance of a conflict of interest.

Section 1.06.- Provisions of Other Regulations

The provisions of this Regulation shall be supplemented by provisions, not incompatible with the purposes and precepts stated herein, of other regulations of the Puerto Rico Energy Commission.

Section 1.07.- Definitions

- A) Every word used in the singular in this Regulation, shall be understood to also include the plural, unless the context indicates otherwise. Similarly, the terms used in the masculine gender include the feminine and vice versa.
- B) The terms "Commission" and "Energy Commission" refer to the Energy Commission of Puerto Rico.
- C) "Ex parte communication" refers to oral communications held outside the presence of all the parties to a case, without giving prior notice and opportunity for all parties to be present; as well as written communications presented off the record of the case or without serving notice and a copy of the communication presented to all other parties to a case.
- D) "Conflict of interest" occurs when the personal, family or property interests of an employee or any other person the employee wishes to benefit interfere or may interfere in either the decision-making process of the employee or in the employee's capacity to protect public interests, as mandated by virtue of his position.
- E) "Appearance of conflict of interest" occurs when a person can reasonably conclude, based on a specific situation or circumstance, that the personal, family or property interests of an employee or any other person the employee wants to benefit interfere in the decision-making process of the employee or the employee's capacity to protect public interests, as mandated by virtue of his position.
- F) Unless the text or context of a provision within this Regulation indicates otherwise, the term "employee" includes the Chairman of the Commission, the Associate Commissioners, trusted employees, regular employees, temporary employees, probationary employees, professional service contractors, temporary service company employees who work for or offer services to the

Commission or in Commission facilities, volunteers, consultants, summer or temporary employees, interns or trainees.

- G) "Government entity" refers to any public entity of a local, state or federal government of the Commonwealth of Puerto Rico or any jurisdiction inside or outside of the United States of America.
- H) "Non-profit, non-government entity" refers to any legal entity, whose operations are not for profit, located and organized under the laws of the Commonwealth of Puerto or under the laws of any jurisdiction inside or outside of the United States of America.
- I) "CEPPO" refers to the Commonwealth Energy Public Policy Office.
- J) "ICPO" refers to the Independent Consumer Protection Office.

Section 1.08.- Certification

Upon commencing employment, all employees of the Commission shall certify, by signing, to the Commission that they have read this Regulation, that they have understood its provisions, and that they commit to full compliance with the standards established in this Regulation.

Section 1.09.- Language

If there is a discrepancy between the Spanish version and the English version of this Regulation, the provisions of the Spanish version shall prevail.

Section 1.10.- Severability Clause

If any provision, word, sentence, paragraph or section of this Regulation is contested, for any reason, before a court and declared unconstitutional or void, such ruling shall not affect, diminish or invalidate the remaining provisions of this Regulation, but its effect shall be limited to the provision, word, sentence, paragraph or section that is declared unconstitutional or void. The nullification or invalidity of any word, sentence, paragraph or section, in any specific case, shall not affect in any way its validity or enforceability in any other case, except when expressly stated.

Section 1.11.- Validity

Pursuant to Article 6.20 of Act No. 57-2014, as amended, this Regulation shall enter into effect immediately after its presentation to the Department of State and the Legislative Library.

ARTICLE II.- RULES OF CONDUCT FOR COMMISSIONERS

Section 2.01.- In General

In the exercise of their duties as commissioners and while acting in that capacity, every commissioner shall observe conduct that conforms to the highest ethical standards and shall abstain from engaging in conflicting actions or omissions, as well as actions or omissions that appear to be improper or put in doubt their objectivity and uprightness in the performance of their duties as commissioner. At all times, commissioners shall behave in accordance with the standards established in Act No. 1-2012, as amended, known as the Government Ethics Act of 2011, the applicable bylaws of the Office of Government Ethics, the provisions of Act No. 57-2014, as amended, known as the Energy Transformation and RELIEF Act, and conform to the provisions of this Regulation. While serving in such acting capacity, commissioners:

- A) Shall execute their tasks and duties diligently, and impartially evaluate the affairs under their consideration.
- B) Shall abstain from engaging in ex parte communications regarding cases and matters pending before the Commission. Through its website, the Commission shall caution people not to send messages or contact commissioners in their individual capacity about matters pending before the Commission, and inform that all communication about such matters shall be presented according to the regulations of the Commission.
- C) Shall abstain from making public comments in relation to the merits of cases or matters pending before the Commission.
- D) Shall protect and zealously guard the reputation of the Commission. Therefore, commissioners shall observe their fiduciary duties and avoid finding themselves in situations that present a conflict of interest, whether real or apparent, when fulfilling their duties and responsibilities as commissioners.
- E) Shall refrain from any proceeding or matter in which they have a conflict of interest or in which reasonable questions of their impartiality may arise.
 - 1) Commissioners shall abstain from participating in trials, hearings, exchanges, forums or other types of activities that are not part of their role as commissioner and in which a controversy of fact or law is discussed in such a way that their participation leads to or could reasonably lead to their censure.
 - 2) Commissioners shall recuse themselves from any case in which they are related by blood, within the fourth degree, or affinity, within the second degree, with one of the parties, a majority shareholder or associate of one of the parties, an official or director of one of the parties, or a legal counsel of one of the parties.

- F) Shall limit their extracurricular activities in such a way that they do not interfere or create the appearance of a conflict of interest with their duties and responsibilities as commissioner, as well as with the Commission's projects.
- G) Shall abstain from performing or participating in business or commercial transactions that put in doubt their impartiality as commissioners.
- H) Shall not use information or documents obtained in the exercise of their duties, which are not available to the public, to gain advantage, for personal benefit or for the benefit of any purpose foreign to the Commission's interests and its reputation.
- I) Shall impose, as a licensed body, disciplinary measures against any employee of the Commission who violates the ethical standards established herein, or engages in conduct that puts in doubt the reputation, objectivity, integrity or uprightness of the Commission. Notwithstanding the above, the Chairman of the Commission shall have the responsibility and authority to impose the referred disciplinary measures in relation to trusted employees of the Commission, as well as his administrative assistant and trusted advisor. Likewise, Associate Commissioners shall have the responsibility and authority to impose said disciplinary measures in relation to their respective administrative assistants and trusted advisors.

Section 2.02.- Employment, Services, Contracts and Personal Interests

- A) Commissioners may not be employed by persons or entities other than the Energy Commission.
- B) Commissioners may not offer, lend or give advise or counseling services to entities other than the Commission, with the exceptions of giving classes, seminars or conferences in academic institutions and participating in forums, congresses or activities organized and sponsored by government entities or non-profit, non-government entities that are not regulated by the Commission nor have cases or matters pending before the Commission. Commissioners who plan to offer, in their individual capacity or as members of the Commission, classes, seminars or conferences in academic institutions, or participate in forums, congresses or activities organized and sponsored by government entities or non-profit, non-government entities that are not regulated by the Commission nor have cases or matters pending before it, must notify the Commission first.
- C) Commissioners may not intervene in any matter or controversy in which any natural person or legal entity is involved, with whom they have had a contractual, professional, work or trusted relationship during the two (2) years prior to their appointment. For purposes of this paragraph, the "contractual relationship" does not include the energy supply contract or the agreement for

the net mediation program between a client and the Electric Power Authority. Nor does it include the electrical service contract between a client and an electrical service company that offers service by virtue of a turnover contract between said company and the Electric Power Authority.

- D) Upon ceasing their duties, commissioners may not represent any person or entity before the Commission during the two (2) years subsequent to removal from office.
- E) Commissioners may not have a direct or indirect property interest in any legal entity subject to the jurisdiction of the Energy Commission, the CEPPPO, or in entities inside or outside of Puerto Rico affiliated with, or having an interest in said legal entities.

Section 2.03.- Invitations

- (A) In his capacity as representative or member, the Chairman of the Commission, may accept invitations or sponsorships from government entities or non-profit, non-government entities that are not regulated by the Commission or have cases or matters pending before the Commission, to travel or stay in or outside of the Commonwealth of Puerto Rico with the purpose of participating as a recourse or as a guest, in representation of the Commission, in any conference, forum, congress or activity sponsored or held by one or more government entities or for one or more non-profit, non-government entities, provided that said entities are not regulated by the Commission or have cases or matters pending before the Commission. At his discretion, the Chairman may delegate invitations or the accepting of sponsorships to any Commission employee.
- (B) Associate Commissioners, in their capacity as members of the Commission, may accept invitations or sponsorships from government entities or non-profit, non-government entities that are not regulated by the Commission or have cases or matters pending before the Commission, to travel or stay in or outside the Commonwealth of Puerto Rico with the purpose of participating as speaker or guest, in any conference, forum, congress or activity sponsored or held by one or more government entities or one or more non-profit, non-government entities, as long as said entities are not regulated by the Commission or have cases or matters pending before the Commission. At their discretion, commissioners may delegate invitations or the accepting of sponsorships to any employee of the Commission.

Section 2.04.- Referrals to the Governor's Office for Unethical Conduct of Commissioners

If a commissioner understands that another commissioner has engaged in one or more ethical violation based on this Regulation, he shall refer the matter to the Governor of the Commonwealth of Puerto Rico in writing with copy to the Governor's Appointments

Office, or their successor office. The commissioner shall sign the written communication and include the following:

- A) The name of the commissioner or commissioners who have engaged in one or more ethical violations;
- B) A detailed explanation of the ethical violations that, according to the commissioner making the referral, the commissioner or commissioners engaged in;
- C) A detailed narration of the acts which led the commissioner to think that ethical violations occurred, in accordance with paragraph (B) of this Section;
- D) An identification of the provisions of this Regulation that characterize the acts revealed as ethical violations;
- E) The names of all persons involved in the acts that, according to the commissioner's view, violate the ethical standards of this Regulation; and
- F) Any other information the commissioner making the referral finds necessary to include.

If the alleged ethical violations involve only one commissioner, the referral may be signed by the other two (2) commissioners. However, if it concerns a referral for alleged ethical violations of one commissioner, but is only signed by one other commissioner, the commissioner making the referral must explain the reasons for which, to his understanding, the other commissioner not accused of an ethical violation has abstained from signing the referral.

ARTICLE III.- RULES OF CONDUCT FOR EMPLOYEES OF THE COMMISSION

Section 3.01.- In General

Every employee of the Commission must behave according to the highest ethical standards of conduct and shall abstain from engaging in improper actions or omissions that conflict with the good reputation and the duties and responsibilities of the Commission. Moreover, employees shall refrain from engaging in actions or omissions that appear to be improper or that question the impartiality and uprightness of the Commission's projects. At all times, employees of the Commission shall conform to the standards established in Act No. 1-2012, as amended, known as the Government Ethics Act of 2011; the applicable bylaws of the Office of Government Ethics; the provisions of Act No. 57-2014, as amended, known as the Energy Transformation and RELIEF Act; and the provisions stated herein.

Section 3.02.-Special Obligations

In the exercise of their functions and throughout their employment, all employees of the Commission:

- A) Shall execute their tasks and duties diligently and objectively.
- B) Shall abstain from engaging in ex parte communications related to cases and affairs pending before the Commission.
 - 1) In the event an employee receives any ex parte communication, or knows of a party that is trying to engage in an ex parte communication with any commissioner or Commission employee, the employee who received the ex parte communication or obtained the information should notify, in writing, all three commissioners. Said notification must provide all the details known about the identity of the party that sent or intends to send the ex parte communication, as well as the circumstances of the event. The employee must also show whether the person who sent or tried to send the ex parte communication insisted on continuing with that course of action after having been warned that such communication is prohibited.
 - 2) The Commission shall evaluate the employee's statement and determine the appropriate course of action regarding the matter, which shall include a written notice to all parties to the case with an affixed copy of the ex parte communication received, if any.
- C) Shall abstain from making public comments in relation to the cases or affairs pending before the Commission.
- D) Shall protect the reputation of the Commission and observe, at all times, their duty to be loyal and true to the Commission.
- E) Shall avoid finding themselves in situations that present a conflict of interest, real or apparent, with their duties and responsibilities as employees of the Commission.
- F) Shall not engage in conduct that casts doubt on the reputation, objectivity, integrity or uprightness of the Commission's work.
- G) Shall not use information or documents obtained in the exercise of their duties and unavailable to the public, to gain advantage, for personal benefit or the benefit of any purpose foreign to the Commission's interests and purpose.
- H) Shall limit their extracurricular activities in such a way that they do not interfere or create the appearance of a conflict of interest with their duties and responsibilities as employees of the Commission, and with the Commission's work.

Section 3.03.- Office, Division or Directorate Managers within the Commission, or Employees Working Exclusively for a Commissioner

The provisions and standards established in paragraphs (A), (B), (C), (D), (E), (F), (G) and (H) of Section 2.01, and in paragraphs (A), (B), (C) and (E) of Section 2.02 of this Regulation apply, and compliance with them shall be required of all employees of the Commission who supervise any of its divisions, offices or directorates. These provisions shall also be applicable for employees who work as administrative assistants and trusted advisors of a commissioner. Compliance with the aforementioned is mandatory.

Section 3.04.- Contracts and Personal Interests

- A) Employees of the Commission may not have a contractual, professional, work-related or fiduciary relationship with any electric service company or member that is regulated by the Commission. For purposes of this paragraph, the "contractual relationship" does not include the energy supply contract or the agreement for the net mediation program between a client and the Electric Power Authority, nor does it include the electrical service contract between a client and an electrical service company that offers service by virtue of a turnover contract between said company and the Electric Power Authority.
- B) Commission employees may not have a direct or indirect property interest in any legal entity subject to the jurisdiction of the Energy Commission, the CEPPO, or in entities in or outside of Puerto Rico affiliated with, or having an interest in said legal entities.

ARTICLE IV.- COMMISSION COMMUNICATIONS AND EXCHANGES OF INFORMATION

Section 4.01.- Communications and Exchanges of Information with Other Entities not Regulated by the Commission

The Chairman of the Commission is responsible for representing the Commission in all matters related to legislation and legislative reports, and serves as liaison with other state or federal public entities. He is also responsible for representing the Commission in activities, communications and agreements with the heads of other public entities of the Commonwealth of Puerto Rico on matters subject to the jurisdiction of the Commission. In the case of reports or communications that require a public policy determination, the Commission Plenary must consider the matter.

All communications and exchanges of information between the Commission and CEPPO, ICPO or any public or private entity that is not regulated by the Commission nor a party to any case pending before it, shall be made by way of the Chairman of the Commission, or through the employees designated by him. Communications and exchanges of information not channeled through the Chairman, or the designated

Commission employees, shall not be attributable to the Commission nor will have any effect upon it.

Section 4.02.- Communication and Exchanges of Information with Electrical Service Companies and Individuals Involved in Matters or Cases Pending before the Commission

The Commission shall promote transparency and access of information regarding all processes addressed by the Commission. Communications and exchanges of information with electric service companies and individuals involved in matters or cases pending before the Commission shall be subject to the following standards:

- A) All communication and exchanges of information between the Commission and electric service companies regarding cases or matters that are not pending consideration before the Commission shall be addressed by the Office of the Chairman of the Energy Commission. Communications and exchanges of information not conducted through this office cannot be attributed to the Commission nor will have any effect upon it.
- B) Communications and exchanges of information, as indicated in paragraph (A) of this Section, are allowed provided that they do not cast any shadow of doubt on the impartiality of the Commission, the Associate Commissioners, or the Chairman of the Commission, and as long as they do not induce or may not reasonably induce any of the commissioners to misconduct.
- C) All communication and exchange of information between the Commission or commissioners and people involved in matters or cases pending before the Commission shall be conducted or processed via the Commission's official channel or vehicle if the interaction, directly or indirectly, relates to the pending matter or case. The Commission, commissioners and employees of the Commission shall not partake in ex parte communications.
- D) Commissioners, in their individual capacity, may not communicate or exchange information with people who are a party to a case pending before the Commission if it involves issues, directly or indirectly, related to the pending matter or case.
 - 1) In the event a commissioner receives an ex parte communication, or learns of a party that has tried to engage in an ex parte communication with any commissioner or employee of the Commission, the commissioner who received the ex parte communication or obtained the information should notify, in writing, all other commissioners. In said notice, the commissioner shall provide all the details known about the identity of the party that sent or intended to send the ex parte communication, as well as the circumstances of the event. The commissioner shall also show if the

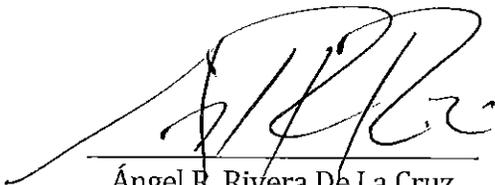
person who sent or tried to send the ex parte communication insisted on proceeding with it after having been warned that such communications are prohibited.

- 2) The Commission shall evaluate the written notice and determine how to proceed with the matter, which shall include notifying, in writing, a copy of the ex parte communication, if any, that was received to all parties to the case.

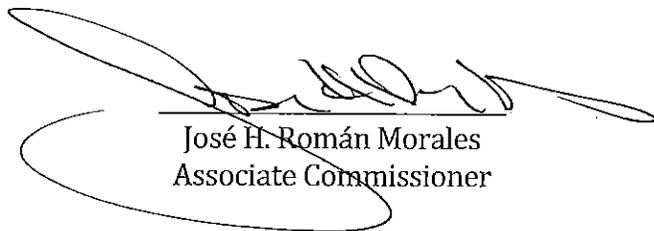
This was agreed upon by the Commission in San Juan, Puerto Rico, the 18 of December of 2014.



Agustín F. Carbó Lugo
Chairman



Ángel R. Rivera De La Cruz
Associate Commissioner



José H. Román Morales
Associate Commissioner