COMMONWEALTH OF PUERTO RICO
PUERTO RICO ENERGY COMMISSION

IN RE: PETITION FOR APPROVAL OF TRANSITION ORDER FILED BY THE PREPA REVITALIZATION CORPORATION	**CASE NO.:** CEPR-AP-2016-0001

RESOLUTION AND ORDER

I. Introduction and Determination of Sufficiency

On April 7, 2016, the Puerto Rico Electric Power Authority Revitalization Corporation ("Corporation") filed before the Puerto Rico Energy Commission ("Commission") a petition for a Restructuring Order ("Petition") pursuant to Article 6.25A of the Energy Transformation and RELIEF Act, Act No. 57-2014 ("Act 57-2014"), as amended. The Petition seeks Commission approval of the imposition of a Transition Charge and Adjustment Mechanism in relation to the issuance of certain Restructuring Bonds, as such terms are defined in Act 4-2016, known as the Puerto Rico Electric Power Authority Revitalization Act.

After reviewing the Corporation's Petition, the Commission finds that said Petition is complete for purposes of Article 6.25A(c) since it includes, in some form, each of the documents required by Article 6.25A. As such, the seventy-five (75) day term set forth in subsection (f)(2) of Article 6.25A for the Commission to issue a final ruling shall begin on April 7, 2016 (the Petition Date). Correspondingly, the Commission shall have until June 21, 2016 to issue a final ruling with regards to the Petition.

While the Petition is complete for purposes of Section 6.25A(c), the information contained in the documents may not have sufficient clarity to allow the Commission to make each of the positive findings requested by the Petitioners and required by Section 6.25A. The Commission will shortly issue a request for clarification and an accompanying procedure, so that Petitioners have an opportunity to provide the necessary clarifications expeditiously.

II. Nature of the Proceedings

The Commission's evaluation of the Petition shall be subject to the provisions of Article 6.25A of Act 57-2014 and Chapter IV of Act 4-2016. Unlike other proceedings under the Commission jurisdiction, including the review of the Puerto Rico Electric Power Authority's ("PREPA") electric rates, Act 4-2016 sets the guidelines which shall apply to the Commission's evaluation of the Petition. The Commission's review of the Petition includes:

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(1) determine whether, in light of the information included in the Petition, the "calculation methodology" proposed by the Corporation is "designed to provide for the full and timely payment of the Restructuring Bonds in accordance with their terms and other Ongoing Financing Costs," and also satisfies the "criteria for distributing Financing Costs among Customer classes and for calculating and adjusting the Transition Charges," as required by Section 6.25A(d) of Act 57-2014;

(2) verifying the "mathematical accuracy" of, when filed, the initial Transition Charge and any adjustment thereto, as required by Section 6.25A(e)(1)(xii) of Act 57-2014;

(3) determine whether, in light of the information included in the Petition, the Transition Charge as proposed is "practicable to administer and [will] ensure the full and timely payment of the Restructuring Bonds in accordance with their terms and all other Ongoing Financing Costs during the term of the Restructuring Bonds, as required by Section 6.25A(e)(1)(vii) of Act 57-2014;

(4) determine whether, in light of the information included in the Petition, the proposed transaction will "satisfy the savings test set forth in Section 35 and Chapter IV of the PREPA Revitalization Act," as required by Section 6.25A(e)(5) of Act 57-2014; and

(5) determine whether, in light of the information included in the Petition, the servicing costs proposed to be recovered by PREPA as Servicer are sufficient to compensate PREPA for the reasonable incremental costs related to its servicing functions," as required by Section 6.25(e)(6) of Act 57-2014;

As such, and given the unique nature of the proceeding, any provision of the Commission's Regulation on Adjudicative, Notice of Noncompliance, Rate Review and Investigation Proceedings ("Regulation 8543") which is incompatible with the spirit of the current proceeding, as set forth by Act 4-2016, shall not apply.

Furthermore, judicial review of the Commission's final determination with regards to the Petition shall be pursuant to the mechanism set forth in subsection (d) of Article 35 of Act 4-2016.

III. Intervenors

The Commonwealth Energy Public Policy Office ("CEPPO") and the Independent Consumer Protection Office ("ICPO") may participate in the evidentiary hearings as intervenors. Should they choose to participate, said entities shall be considered as intervenors by right and are therefore not required to justify their intervention in the case. However, said entities shall be required to notify their intention to intervene on or before the date set forth below for the filing of petitions to intervene and shall include a summary of their legal position in relation to the merits of the case. Failure to notify their interest on or before

said date shall be construed by the Commission as a waiver of their right to intervene. In any request to intervene filed by CEPPO or ICPO after such date the Commission shall have full discretion in determining whether to grant or deny the same.

Any person or entity wishing to intervene in the current proceeding must file a written petition to the Commission on or before April 19, 2016 at 4:00 p.m. A petition to intervene shall comply with Sections 2.02 and 5.05 of Regulation 8543 and this Resolution and Order. Specifically, the petition to intervene shall discuss the following:

(1) The nature and scope of the petitioner's interest in the current proceeding and how that interest is relevant to the limited purposes of the statute at issue;

(2) To the extent known, a summary of the petitioner's legal position in relation to the merits of the case;

(3) A detailed explanation describing how the intervention will contribute to the Petition's evaluation and to a just determination by the Commission pursuant to the parameters set forth in Act 4-2016 Where the petitioner is a business or other entity, such contribution can be described in terms of petitioner's unique experience or position in an industry; where the petitioner is a person, such contribution can be described in terms of the person's relevant professional and/or academic credentials; and

(4) A determination of how the petitioner's intervention in the case will not result in repetitive testimony or an unreasonable delay of the proceedings.

The Commission shall have full discretion in granting or denying any petition to intervene taking into consideration any of the following factors:

(1) The petitioner demonstrated having a specific interest that may be adversely affected by the current proceeding;

(2) There are no other legal remedies for the petition to adequately defend his/her interests;

(3) The petitioner's interest is already duly represented by PREPA, the Corporation, CEPPO, ICPO or any other intervenor;

(4) The petitioner's intervention, in light of his/her professional or academic credentials, may reasonably help in the adequate resolution of the case;

(5) The petitioner's intervention would result in repetitive testimony or unreasonable delay of the proceedings;

(6) The petitioner represents or is the spokesperson of other groups or communal entities;

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(7) The petitioner may provide information, expertise, specialized knowledge or technical advice which would not be available though any other mechanism; and

(8) Any other factor which the Commission determines relevant when evaluating a petition to intervene.

The Commission may, at its discretion, request additional information or documents in order to determine whether to grant or deny a petition to intervene. The Commission will issue an order accepting or rejecting any petition to intervene. If the Commission determines to deny a petition to intervene, it shall include the reasoning for its determination and shall describe the petitioner's right to seek judicial review. A denial of a petition to intervene shall not hinder the petitioner's right to attend and express his/her opinion during any public hearing.

The approval of a petition to intervene shall grant the petitioner the right to: (i) file a legal brief after the technical hearing supporting his/her position with regards to the Petition, provided that said brief shall be strictly limited to the issues under review by the Commission, as provided in Chapter IV of Act 4-2016; (ii) present pre-filed expert testimony (provided such testimony shall not be duplicative of that submitted by other intervenors); and (iii) ask questions regarding any other party's pre-filed testimony (provided that such cross-examination shall not be repetitive of questions asked by the Commission or other parties, and shall be subject to time limits as necessary to complete the proceeding by the statutory deadline). Intervenors shall not conduct discovery nor shall they require PREPA or the Corporation to provide any information.[1] Subsection (e) of Article 6.25A establishes the full amount of information that the Commission may require, and such information has been provided in the Petition.

Act 4-2016 requires the Commission to issue a final determination within a term of seventy-five (75) days after the date in which the Petition was filed. Failure to comply with this term shall result in the Commission losing jurisdiction over the Petition. Such an event would deprive the general public of the benefits of the Commission's review of the Petition to ensure that the Petition and the Corporation have fully complied with all the requirements set forth in Chapter IV of Act 4-2016 and the Petition is not arbitrary or capricious.[2] As such, the Commission shall issue an order setting forth strict rules which shall govern intervenor participation during the technical hearing and which will ensure the Commission is able to issue a final determination within the specified term. Furthermore, any legal brief, testimony or question filed or made by an intervenor shall be strictly limited to the elements of the Petition under review by the Commission as provided in Chapter IV of Act 4-2016. Any information or testimony in violation of the aforementioned shall not be considered by the Commission and will be stricken from the record.

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[1] See, Article 6.25A(e)(10) of Act 57-2014.

[2] See, Article 6.25A(f)(2) & (4) of Act 57-2014 and Article 35(b)(i) of Act 4-2016.

IV. Public Hearings

The Commission will hold two (2) types of public hearings: (i) a technical (evidentiary) hearing; and (ii) a public comment hearing. The date, time and place of each hearing (which may last for more than one day) will be notified by the Commission through an order.

(1) Technical (Evidentiary) Hearing

The purpose of the technical (evidentiary) hearing will be for expert witnesses from the Corporation and intervenors to present their testimony and be questioned by the Commission and any other party. The Commission will issue an order setting forth the rules applicable to the technical (evidentiary) hearing, including the order in which the proceedings will be conducted.

(2) Public Comment Hearing

The purpose of the separate public comment hearing will be to receive comments from members of the public who are not intervenors. The Commission may, at its discretion, question any person testifying during the public comment hearing. The manner and order in which the general public may participate during the public comment hearings will be established by the Commission through an order.

The Commission shall guarantee ample opportunity for public participation, taking into consideration the time constraints set forth in Act 4-2016 for the Commission to issue a final ruling. The general public shall also have the opportunity to file written comments through the mechanisms set forth by the Commission through an order.

For the benefit of all the parties involved, the Commission issues this Resolution and Order in both Spanish and English languages. Should any discrepancy between each version arise, the content and provisions of the Spanish version shall prevail.

Be it notified and published.

Agustín F. Carbó Lugo
Chairman

Ángel R. Rivera de la Cruz
Associate Commissioner

José H. Román Morales
Associate Commissioner

I certify that the Puerto Rico Energy Commission has so agreed on April 12, 2016. I also certify that on this date a copy of this Resolution was notified via email to: equinones@qalawpr.com and glenn.rippie@r3law.com.

Brenda Liz Mulero Montes
Interim Clerk

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CERTIFICATION

I Certify that the foregoing is a true and exact copy of the Resolution and Order issued by the Puerto Rico Energy Commission. I further certify that on April ____, 2016 I have proceeded with the filing of this Order and I have sent a copy thereof to:

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For the record, I sign this in San Juan, Puerto Rico, today, April ____, 2016.

Rafael O. García Santiago
Clerk of the Puerto Rico
Telecommunications Regulatory Board