COMMONWEALTH OF PUERTO RICO
PUERTO RICO ENERGY COMMISSION

CEPR
COMISIÓN DE ENERGÍA DE PUERTO RICO
2 0 1 4

IN RE: REVIEW OF RATES OF THE PUERTO RICO ELECTRIC POWER AUTHORITY

CASE NO.: CEPR-AP-2015-0001

SUBJECT: PREPA'S SECOND REQUEST FOR WAIVER AND/OR CLARIFICATION OF REGULATION NO. 8720

RESOLUTION AND ORDER

On May 4, 2016, the Puerto Rico Electric Power Authority ("PREPA") filed a motion before the Puerto Rico Energy Commission ("Commission") seeking a waiver and/or clarification of Section 2.02 of Regulation No. 8720, known as the New Regulation on Rate Filing Requirements for the Puerto Rico Electric Power Authority's First Rate Case ("Regulation 8720").

Section 2.02 of Regulation 8720 provides the specific information and requirements with which PREPA must comply when proposing the establishment of a Provisional Rate, pursuant to sub-section (d) of Article 6.25 of Act 57-2014[1] and sub-section (e) of Section 6A of Act 83 of May 2, 1941, as amended ("Act 83-1941").[2] Sub-section (A) of the above referenced Section 2.02 states that "[t]he Provisional Rate shall be calculated by applying a specific percentage uniformly to the then-existing base rates [...] to the per-kilowatt hour (kWh) rate and each other component of the existing base rate structure".

PREPA requests the Commission to clarify whether said regulatory provisions require PREPA to propose a Provisional Rate which uniformly applies the same percentage change in base rates to all customers, regardless of customer classes, or whether it allows PREPA to propose different percentage changes among different customer classes, as long as such percentage changes are uniformly applied to all customers within each class.

After reviewing PREPA's request, the Commission determines the following:

> If proposing the establishment of Provisional Rates, **PREPA shall provide for the Commission's consideration at least two (2) alternatives for the implementation of Provisional Rates. The first alternative must contemplate the application of a uniform percentage change in base rates across all customer classes. The second alternative shall contemplate the application of a specific percentage change in base rates for each customer class, provided that said percentage change must be applied uniformly within each class.** All alternatives must be accompanied by a thorough explanation detailing its implementation, administration and impact on existing base-rates, along with any other information required by Section 2.02 of Regulation 8720 and any other information appropriate for the Commission to determine whether or not to establish Provisional Rates.

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[1] Act No. 57-2014, as amended, known as the Puerto Rico Energy Transformation and RELIEF Act.
[2] Act No. 83 of May 2, 1941, as amended, known as the Puerto Rico Electric Power Authority Act.

PREPA's motion also requests the Commission to clarify sub-section (C) of Section 2.02 of Regulation 8720 and the content of the second to last paragraph of the aforementioned Section 2.02. The above-referenced regulatory provisions relate to the Commission's authority to order PREPA to adjust its customer's bills in order to credit or collect any difference between the Provisional Rate charged by PREPA during the time period in which such Provisional Rate remained in effect and the permanent rate which the Commission determines should have applied during such time period, as mandated by sub-section (e) of Article 6.25 of Act 57-2014 and sub-section (f) of Section 6A of Act 83-1941.

Through its motion, PREPA seeks for the Commission to provide specific guidelines as to how the mechanism for tracking and crediting or collecting any difference between the Provisional Rate and the permanent rate should be applied. The Commission determines that such request is premature, as the Commission will establish the appropriate mechanism during the course of the review of the application for rate review filed by PREPA and will notify its determination with regards to said mechanism through its final order setting permanent rates.

Nonetheless, the Commission hereby **ORDERS** PREPA to propose, along with its application for rate review, possible alternatives for the implementation of the aforementioned mechanism. Any alternative proposed by PREPA shall take into consideration different criteria, including fairness, reasonableness, efficiency and effectiveness, practicality and shall conform to statutory standards against undue discrimination.

It is so ordered. Be it notified and published.

CEPR
COMISIÓN DE ENERGÍA DE PUERTO RICO
2014

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 May 11, 2016. I also certify that on this date a copy of this Resolution and Order was notified via email to n-ayala@aeepr.com.

Brenda Liz Mulero Montes
Interim Clerk

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 May _____, 2016 I have proceeded with the filing of this Resolution and Order and I have sent a copy thereof to:

Puerto Rico Electric Power Authority
Attn.: Nélida Ayala Jiménez
P.O. Box 364267
Correo General
San Juan, PR 00936-4267

For the record, I sign this in San Juan, Puerto Rico, today, May _____, 2016.

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

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