

COMMONWEALTH OF PUERTO RICO  
PUERTO RICO ENERGY COMMISSION



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

CASE NO.: CEPR-AP-2015-0001

Subject: Request for Clarification filed by  
PREPA on June 17, 2016.

**RESOLUTION AND ORDER**

On June 13, 2016, the Puerto Rico Energy Commission (“Commission”) issued a Resolution and Order determining that the Verified Petition for Approval of Permanent Rates and Temporary Rates (“Petition”) filed by the Puerto Rico Electric Power Authority (“PREPA”) was incomplete since it failed to include certain information and documentation required by the Commission pursuant to Regulation 8720.<sup>1</sup> On said occasion, the Commission identified the provisions of Regulation 8720 with which the Petition failed to comply and granted PREPA an opportunity to supplement its Petition and provide such information and documentation.

On June 17, 2016, PREPA filed a motion requesting clarification from the Commission with regards to certain filing deficiencies identified by the Commission through its June 13, 2016 Resolution and Order. Specifically, PREPA requested the Commission to: (i) clarify the meaning of the phrase “including cost rates” as it appears in Part 4(A) of Attachment A of the June 13, 2016 Resolution and Order; (ii) determine that the draft public notice submitted along with the Petition was not deficient, as provided in the aforementioned Resolution and Order, since said draft public notice complied with all the requirements set forth in Section 2.18 of Regulation 8720; (iii) authorize PREPA to file a table detailing the date of preparation and filing of each one of the Petition’s Schedules, in lieu of refiled corrected versions of the documents deemed non-compliant with the requirement of providing the date of preparation and filing; and (iv) determine that the redacted portions of the agreements with bondholders does not constitute a deficiency since such redacted information is limited to privileged or confidential information regarding the holdings of certain bondholders, which PREPA was contractually required to treat as confidential and that such information does not limit the Commission’s ability to evaluate the Petition.

After evaluating PREPA’s request, the Commission makes the following determinations:

1. Section 2.06 – Schedule D-1: Part 4(A) of Attachment A of the June 13, 2016 Resolution and Order provides:

*Schedule D-1 lists annual projected balances for PREPA debt from 6/30/16 through 6/30/47. This should be presented in a summary format with the test year information, **including cost rates.***

<sup>1</sup> Regulation No. 8720, New Regulation on Rate Filing Requirements for the Puerto Rico Electric Power Authority’s First Rate Case.

The Commission **CLARIFIES** that the phrase “including cost rates” refers to the annual interest cost of debt, which is typically shown as a percentage interest rate. That is, it refers to the interest rate applicable to the bonds or other debt, typically states as a percentage interest rate. PREPA shall provide such information for each type of debt for which a principal balance is listed on Schedule D-1, along with the weighted cost rate for the combined principal balances.

2. Section 2.18 – Public Notice: After reviewing the draft notice filed by PREPA as Attachment E of its Petition, the Commission determines that said draft public notice **COMPLIES** with the requirements set forth in Section 2.18 of Regulation 8720.
3. Section 3.01 – Dates of preparation and filing: Section 3.01(C) of Regulation 8720 requires all Schedules to contain the preparation date and the date filed with the Commission. The purpose of such requirement is to allow the Commission to keep track of all documents filed by PREPA along with its Petition and which are subsequently amended or revised. Failure to comply with this requirement may make it harder to distinguish between each version of documents which are revised or amended throughout the proceeding.

The Schedules provided by PREPA along with its Petition do not include the date of preparation and date of filing with the Commission. To remedy such deficiency, PREPA requests the Commission for leave to file a table identifying each Schedule and detailing the date in which each document was prepared and filed with the Commission. PREPA argues that such an alternative is preferable since it would not require the re-posting and re-filing of all Schedules.

The Commission **AUTHORIZES** PREPA to, in lieu of re-posting and re-filing each document filed as Petition Schedules, provide a table identifying such documents and detailing their date of preparation and filing. Such table shall also contemplate any documents which forms part of a Schedule that has been filed after the date on which the Petition was filed and which does not comply with the requirement of Section 3.01(C) of Regulation 8720. However, the Commission hereby **REQUIRES** strict compliance with the aforementioned requirement; that is, that any Schedules (or portion thereof) filed by PREPA after the date of this Resolution and Order shall include the date of its original preparation and filing, as well as the date of any subsequent revision or amendment and of filing thereof.

4. Section 3.02 – Redacted Information: Section 3.02(B) of Regulation 8720 provides that, prior to filing the Petition, PREPA was required to prove copy of any and all agreements between PREPA (or its Governing Board) and any of the bondholders, in addition to the Forbearance Agreement.

Certain information contained in the agreements filed pursuant to the aforementioned was redacted, although PREPA has stated through May 23, 2016 letter that such agreements were being filed without redacted information. Through its June 17, 2016 Motion, PREPA argued that the redacted information corresponded to information regarding the holdings of certain bondholders, which PREPA was contractually required to treat as confidential and which was not relevant to the Commission’s evaluation of the Petition.

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The Commission finds that at this time the nature of the redacted information does not affect the Commission's ability to evaluate the merits of the Petition, and thereby finds that such agreements, as filed, **COMPLY** with the requirements set forth in Regulation 8720. However, the Commission reserves the power to require PREPA to file un-redacted versions of such document if it determines that such information is necessary or relevant to its evaluation of the Petition. In such case, PREPA shall make any confidentiality claims pursuant to Section 4.02 of Regulation 8720.

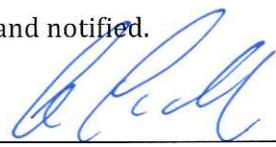
This Resolution and Order shall not be considered as a determination of completeness by the Commission for purposes of sub-section (c) of Section 6A of Act 83-1941<sup>2</sup> and sub-section (b) of Act 57-2014.<sup>3</sup> Once PREPA supplements and provides all the information identified in Attachment A of the June 13, 2016 Resolution and Order, the Commission will evaluate the same and, should it find that such information fully complies with Regulation 8720, will issue a Resolution determining the Petition to be complete.

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

It is so ordered. Be it published and notified.



Ángel R. Rivera de la Cruz  
Associate Commissioner

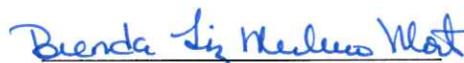


Agustín F. Carbó Lugo  
Chairman



José H. Román Morales  
Associate Commissioner

I certify that the Puerto Rico Energy Commission has so agreed on June 29, 2016. I also certify that on this date a copy of this Resolution and Order was notified via email to n-ayala@aepr.com, c-aquino@aepr.com, glenn.rippie@r3law.com, michael.guerra@r3law.com and john.ratnaswamy@r3law.com.



Brenda Liz Mulero Montes  
Interim Clerk

<sup>2</sup> Act No. 83 of May 2<sup>nd</sup>, 1941, as amended, known as the Puerto Rico Electric Power Authority Enabling Act.

<sup>3</sup> Puerto Rico Energy Transformation and RELIEF Act.

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 June \_\_\_\_, 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**

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For the record, I sign this in San Juan, Puerto Rico, today, June \_\_\_\_, 2016.

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

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