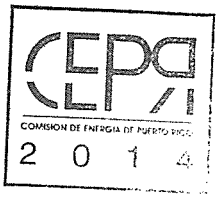
COMMONWEALTH OF PUERTO RICO
PUERTO RICO ENERGY COMMISSION



IN RE: REVIEW OF RATES OF THE PUERTO RICO POWER AUTHORITY	**NO.: CEPR-AP-2015-0001** **MATTER: Request for Clarification of Order Establishing Provisional Rates filed by PREPA on June 28, 2016.**

RESOLUTION AND ORDER

On June 24th, 2016 the Puerto Rico Energy Commission ("Commission") issued an Order Establishing Provisional Rates ("Order"). Through such Order the Commission granted the Puerto Rico Electric Power Authority ("PREPA") an increase of 1.299¢/kWh, to be added to existing base rates for energy consumption per kilowatt hour (kWh). The Commission also established that such increase will apply uniformly to the eligible[1] per kilowatt hour consumption off all customer classes.

On June 28, 2016, PREPA filed a *Verified Emergency Motion for Clarification of the Provisional Rate Order*. In its motion, PREPA requested the Commission to clarify: (i) how the provisional rate increase will be applied to PREPA's costumers; (ii) how the provisional rate increase shall appear in PREPA customers' energy consumption bills; (iii) the terms with which PREPA will need to comply when publishing the public announcement regarding the implementation of the provisional rate; and (iv) the scope of the Commission's statements that the approval of the provisional rates shall not be understood as an implicit approval for extraordinary capital expenses or investments that are currently under review by the Commission.

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In light of PREPA's request, the Commission issues the following clarifications:

1. The provisional rate increase to PREPA's customers shall be applied to the existing per kilowatt hour (kWh) base rate for energy consumption, in an amount of 1.299¢/kWh.

2. The provisional rate increase to PREPA's customers shall appear as a separate calculation of the provisional rate stated as a per kWh charge. Nevertheless, the

[1] For Clients who, under Section 3.9(b) of Act 22-2016 and that under PREPA's rates implementing such Section, pay a fix charge for their applicable energy consumption limits, as such limits are establish at the time the Order Establishing Provisional Rates is issued and as they can be adjusted from time to time, the increase in the provisional rate will only apply to their consumption in excess of their applicable consumption limits. Also, such provisional increase will only apply to net metering clients on their net consumption.

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fact that the provisional rate is identify separately in the bill, shall not be construed as meaning that such increase is separate and independent from the base rate for energy consumption. The purpose of identifying the increase in an independent and separate manner is to provide customer's with a transparent bill.

3. PREPA shall publish the public notice required by Section 2.02 of Regulation No. 8720[2] in its website no more than five (5) days from the date the Order was issued. PREPA shall also publish the notice in a general circulation newspaper no later than **July 1st, 2016**. Additionally, PREPA shall include a copy of the public notice in the first bill sent to its customers after the date the Order was issued. The content of the public notice shall comply with the criteria establish in the Order and in Section 2.02 of Regulation No. 8720. If the information included in the public notice changes in any way, after the notice has been published or sent, as the case may be, PREPA shall prepare a new notice identifying and explaining the reasons for the change in the information and shall publish (or send) such notice in the manner provided in the Order and Section 2.02 of Regulation No. 8720, no later than three (3) days after such changes take place. PREPA shall notify such changes to the Commission and certify compliance with the aforementioned through a motion which shall include a copy of the published notices. Such motion shall be filed with the Commission no later than three (3) days after the date in which the notice is published in a general circulation newspaper.

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4. The approval by the Commission of the provisional rate increase shall not be consider as an approval, explicit or implicit, of any extraordinary investment proposed by PREPA as part of their capital investments plan. The foregoing does not limit PREPA's capacity to incur in investments related to the maintenance and repair of their electric infrastructure and other components of their operation (for example, customer service) made in the ordinary course of business and that are directed to ensure a reliable electric service. Nevertheless, PREPA shall not carry out capital expansion projects or significant investments that are part of the proposed Integrated Resource Plan, unless approved by the Commission.

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

Be it notified and published.

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[2] Regulation No. 8720, New Regulation of Information Requirements for PREPA's First Rate Case.

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 June 29, 2016. I also certify that on this date a copy of this Resolution and Order was notified via email to n-ayala@aeepr.com, n-vazquez@aeepr.com c-aquino@aeepr.com, glenn.rippie@r3law.com, michael.guerra@r3law.com and john.ratnaswamy@r3law.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 July 1st, 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
Carlos M. Aquino Ramos
P.O. Box 363928
Correo General
San Juan, PR 00936-3928

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John P. Ratnaswamy
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350 W. Hubbard St., Suite 600
Chicago Illinois 60654

For the record, I sign this in San Juan, Puerto Rico, today, July 1st, 2016.

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