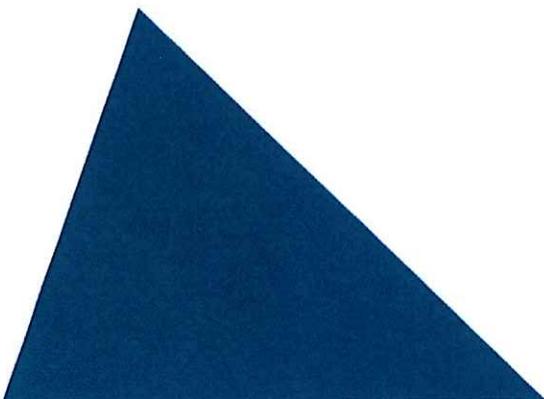




Commonwealth of Puerto Rico
Puerto Rico Electric Power Authority

**PROPOSED ANNUAL BUDGET
CURRENT EXPENSES AND CAPITAL
EXPENDITURES**

FISCAL YEAR 2014-2015



Commonwealth of Puerto Rico
PUERTO RICO ELECTRIC POWER AUTHORITY
PROPOSED ANNUAL BUDGET FOR FISCAL YEAR 2014-2015

PER SECTION 504 OF THE TRUST AGREEMENT

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Commonwealth of Puerto Rico
PUERTO RICO ELECTRIC POWER AUTHORITY

PROPOSED ANNUAL BUDGET - FISCAL YEAR 2014-2015

STATEMENT OF REVENUES AND EXPENSES FOR REVENUE FUND PURPOSES
 PER TRUST AGREEMENT - SUMMARY
 (Dollars in thousands)

<i>Revenues:</i>	<u>Amount</u>
<i>Revenues</i>	4,879,246
<i>Other income</i>	<u>36,166</u>
<i>Total revenues</i>	4,915,412
<i>Less: 1974 Construction fund investment income and gain on sale of properties</i>	<u>3,536</u>
<i>Revenues (As defined)</i>	<u>4,911,876</u>
<i>Current Expenses:</i>	
<i>Fuel</i>	2,280,810
<i>Purchased power</i>	877,193
<i>Salaries</i>	465,847
<i>Wages</i>	5,146
<i>Materials and Supplies</i>	31,401
<i>Transportation</i>	27,047
<i>Per Diem and Traveling Expenses</i>	6,108
<i>Mileage and Stand By Expenses</i>	2,406
<i>Division Expenses</i>	28,581
<i>Corporatives Expenses</i>	<u>92,257</u>
<i>Total current expenses</i>	<u>3,816,796</u>
<i>Net Revenues</i>	<u>1,095,080</u>
<i>Debt Services:</i>	
<i>1974 Sinking Fund Payment</i>	
<i>Interest account</i>	378,525
<i>Bond redemption account</i>	214,410
<i>Interest on Notes</i>	33,786
<i>Rate stabilization account</i>	54,147
<i>Capital Improvement Fund</i>	<u>21,422</u>
<i>Total debt services</i>	<u>702,290</u>
<i>Balance</i>	392,790
<i>Provision for contribution in lieu of taxes to municipalities</i>	357,820
<i>Other appropriations</i>	<u>34,970</u>
<i>Balance</i>	<u>0</u>

Commonwealth of Puerto Rico
PUERTO RICO ELECTRIC POWER AUTHORITY

ANNUAL BUDGET OF CAPITAL EXPENDITURES
 FISCAL YEAR 2015
 (Dollars in thousands)

<u>Budget Item No.</u>	<u>Budget Item Title</u>	<u>Amount</u>
<u>PRODUCTION PLANT</u>		
<u>Thermal Production Plant</u>		
110	Renewable Energy Source	500
150	Fuel Manangement and Storage	4,000
160	Steam Boilers Improvements	38,650
165	Steam Turbine Generator Improvement	8,510
170	Steam Balance of Plant Improvements	7,450
173	Pollutant Removal and Treatment	1,000
175	Pollution Control Projects	<u>12,685</u>
	Total Thermal Production Plant	<u>72,795</u>
<u>Hydraulic Production Plant</u>		
180	Hidroelectric Plant Improvements	3,000
<u>Other Production</u>		
185	Combustion Turbines Simple Cycle Improvement	1,500
187	Balance Turbine Simple Cycle Improvement	2,700
190	Steam Turbine Generator Combined Cycle Improvements	3,800
195	Improvement to Other Balance of Plants Combined Cycle	2,150
196	Improvement to Gas Turbines Combined Cycle	24,560
198	Combined Cycle Heat Recovery Improvement	500
199	Other Improvement to Generation Plants	<u>4,080</u>
	Total Other Production	<u>39,290</u>
	TOTAL PRODUCTION PLANT	<u>115,085</u>

Commonwealth of Puerto Rico
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ANNUAL BUDGET OF CAPITAL EXPENDITURES
 FISCAL YEAR 2015
 (Dollars in thousands)

<u>Budget Item No.</u>	<u>Budget Item Title</u>	<u>Amount</u>
<u>Transmission Plant</u>		
210	38 kV New Line	1,260
230	115/38 kV New Transmission Center and Increase Capacity	8,314
237	115 kV Switchyard New and Expansions	982
242	38 kV Switchyard New and Expansions	7,023
245	Capacitor Bank - Transmission	241
265	230 kV Line Rehabilitation	3,200
267	115 kV Line Rehabilitation	21,831
275	38 kV Line Rehabilitation	13,459
280	Transmission Pole Replacements	1,800
285	Breakers Uprating	401
288	Grounding Mat Reconstruction	24
290	Transmission Miscellaneous Improvements Plant - Engineering	1,000
292	Transmission Miscellaneous Improvements Plant - Electric System	4,350
294	Other Transmission Plant	881
TOTAL TRANSMISSION PLANT		<u>64,766</u>

Commonwealth of Puerto Rico
PUERTO RICO ELECTRIC POWER AUTHORITY

ANNUAL BUDGET OF CAPITAL EXPENDITURES
 FISCAL YEAR 2015
 (Dollars in thousands)

<u>Budget Item No.</u>	<u>Budget Item Title</u>	<u>Amount</u>
<u>DISTRIBUTION PLANT</u>		
300	New Distribution Substations	7,124
315	13.2 kV Aerial Feeders Construction and Extension	6,406
316	4.16 kV - 8.32 kV Aerial Feeders Construction and Extension	1,214
330	Line Extension to Serve New Customers	1,760
335	13.2 kV Underground Feeders Construction and Extension	1,300
337	4.16 kV - 8.32 kV Underground Feeders Construction and Extension	1,101
340	New Services Drops Installation - Commercial	960
360	Rehabilitation of Substations	5,200
363	Miscellaneous Substations Improvements	801
368	Replacement of Residential and Commercial Services	480
370	4.16 kV - 8.32 kV Aerial Distribution System Improvements	24,742
374	13.2 kV Aerial Distribution System Improvements	2,770
378	13.2 kV Underground System Improvements	6,998
379	4.16 KV - 8.32 KV Underground System Improvements	7,047
382	Street Lighting	5,300
383	Special Transformers	1,314
385	Purchase of Meters and Metering Equipment	5,098
390	Purchase and Instalation of Breakers and Sectionalizers	862
395	Distribution Lines Capacitors	381
397	Distribution Line Voltage Converter	509
398	Distribution System Automation	801
399	Other Distribution Projects	<u>4,500</u>
TOTAL DISTRIBUTION PLANT		<u>86,668</u>

Commonwealth of Puerto Rico
PUERTO RICO ELECTRIC POWER AUTHORITY

ANNUAL BUDGET OF CAPITAL EXPENDITURES
 FISCAL YEAR 2015
 (Dollars in thousands)

<u>Budget Item No.</u>	<u>Budget Item Title</u>	<u>Amount</u>
<u>GENERAL LAND AND BUILDING</u>		
400	Land & Right of Way	1,904
462	Minor Improvements Technical Offices	721
468	Warehouses Improvement	631
470	Workshops Improvement	400
472	Improvement to Other Buildings	670
476	Land & Buildings Improvement - Electric System	0
478	Land & Buildings Improvement - Administrative Service	2,410
480	Commercial Offices Improvement- Client Service	<u>560</u>
TOTAL GENERAL LAND AND BUILDINGS		<u>7,296</u>

Commonwealth of Puerto Rico
PUERTO RICO ELECTRIC POWER AUTHORITY

ANNUAL BUDGET OF CAPITAL EXPENDITURES
 FISCAL YEAR 2015
 (Dollars in thousands)

<u>Budget Item No.</u>	<u>Budget Item Title</u>	<u>Amount</u>
<u>OFFICE FURNITURE AND EQUIPMENT</u>		
<u>Office Equipment</u>		
509	Office Equipment - Finance	15
513	Office Equipment - Client Service	280
514	Office Equipment - Transmission and Distribution	60
	Total Office Equipment	<u>355</u>
<u>Computer Equipment</u>		
520	Computer Equipment - Executive Offices	25
521	Computer Equipment - Systems	3,600
522	Computer Equipment - Legal	20
523	Computer Equipment - Planning and Environmental	225
525	Computer Equipment - Finance	625
526	Computer Equipment - Administrative Services	50
527	Computer Equipment - Human Resources	90
528	Computer Equipment - Electric System	300
529	Computer Equipment - Client Service	150
530	Computer Equipment - Transmission and Distribution	481
	Total Computer Equipment	<u>5,566</u>
<u>Transportation Equipment</u>		
540	Equipment - Air Transportation	300
545	Equipment - Acquisition and Replacement of Land Transportation	3,500
	Total Transportation Equipment	<u>3,800</u>

Commonwealth of Puerto Rico
PUERTO RICO ELECTRIC POWER AUTHORITY

ANNUAL BUDGET OF CAPITAL EXPENDITURES
 FISCAL YEAR 2015
 (Dollars in thousands)

<u>Budget Item No.</u>	<u>Budget Item Title</u>	<u>Amount</u>
	<u>Other Equipment</u>	
550	Equipment Communication - Electric System	1,000
551	Equipment Communication - Client Service	40
553	Equipment Communication - Transmission and Distribution	60
555	Equipment - Telephone and Data Lines	4,000
560	Other Equipment Planning and Environmental Protection	1,330
562	Other Equipment - Engineering	3,584
564	Other Equipment - Administrative Services	480
565	Equipment Workshop Land Transportation	250
566	Other Equipment - Human Resources	10
568	Other Equipment - Electric System	590
570	Other Equipment - Client Service	412
572	Other Equipment - Transmission and Distribution	724
576	Other Equipment - Corporate Security	500
	Total Other Equipment	<u>12,980</u>
	TOTAL EQUIPMENT	<u>22,701</u>
 <u>PRELIMINARY SURVEYS AND INVESTIGATION</u> 		
600	Preliminary Studies - Engineering	2,184
605	Preliminary Studies - Special Project	50
610	Preliminary Studies - Planning and Environmental Protection	1,100
611	Renewable Energy - Planning and Research	150
	TOTAL PRELIMINARY SURVEYS AND INVESTIGATION	<u>3,484</u>
	TOTAL CAPITAL EXPENDITURES BUDGET	<u><u>300,000</u></u>

Commonwealth of Puerto Rico
PUERTO RICO ELECTRIC POWER AUTHORITY
 APPROVED ANNUAL BUDGET OF CAPITAL EXPENDITURES
 FISCAL YEAR 2014-15
 FINANCING REQUIREMENTS
 (Dollars in thousands)

<u>Capital Expenditures Budget</u>	<u>Amount</u>
Production Plant	115,085
Transmission Facilities	64,766
Distribution Facilities	86,668
Others	<u>33,481</u>
TOTAL	<u><u>300,000</u></u>

Sources of Construction Funds

Financing

Internally Generated Funds	21,422
Borrowed Funds:	
Interim	0
Permanent - Regular	0
Capitalized Interest	0
Earned Interest	0
Amounts provided from (or used for) unexpended financing and other funds	<u>278,578</u>
TOTAL	<u><u>300,000</u></u>