COMMONWEALTH OF PUERTO RICO
PUERTO RICO ENERGY COMMISSION

IN RE: PUERTO RICO ELECTRIC POWER AUTHORITY RATE REVIEW	**CASE NO.:** CEPR-AP-2015-0001 **SUBJECT:** Order requiring revised testimony.

ORDER

On May 27, 2016, the Puerto Rico Electric Power Authority ("PREPA") filed its Petition for Rate Review ("Petition") at the Puerto Rico Energy Commission ("Commission"). On July 15, 2016, PREPA's Petition was deemed by the Commission to be complete.[1] PREPA's Petition included several pre-filed testimony and corresponding attachment and exhibits in support of its request. However, since PREPA first filed its Petition, several events have transpired which directly impact many of the scenarios and assumptions on which PREPA's Petition is founded. These events require PREPA to submit supplemental or revised testimony and exhibits to ensure its Petition is up to date and consistent with current developments.

Accordingly, the Commission hereby **ORDERS** PREPA to file supplemental or revised testimony, along with any applicable attachment, exhibits or documents, pursuant to the instructions set forth below. **PREPA shall file its supplemental or revised testimony no later than October 11, 2016, at 4:30 p.m.** PREPA shall follow all applicable filing guidelines and directives, including the filing of searchable PDF electronic copies. Excel files and workbooks must be filed in their original form with formulas and links intact.

A. Revisions to reflect the Final Resolution and Order on Integrated Resource Planning

On September 26, 2016, the Commission issued its Final Resolution and Order disapproving PREPA's proposed Integrated Resource Plan ("IRP") and approving a modified IRP ("IRP Order").[2] The IRP Order contains directives and limits that will affect PREPA's revenue requirement. Accordingly, PREPA shall revise its testimony and exhibits to reflect at least the following considerations:

1. The costs reflected in the revenue requirement shall be consistent with the Modified IRP established in Part VII of the IRP Order. All costs should be calculated using timelines and milestone dates that are realistic and accurate as

[1] *See*, Resolution and Order of July 15, 2016.
[2] *See*, In Re: Integrated Resource Plan for the Puerto Rico Electric Power Authority, Docket CEPR-AP-2015-0002.

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of the date of this Order. The Commission expects the affected costs to include, at the least, capital expenditures, generation expense and fuel expense.

2. In particular, as stated in the IRP Order, spending on permitting, planning and engineering related to the Aguirre Offshore Gas Port ("AOGP") shall not exceed $15 million from the date of the issuance of the IRP Order. The spending limit applies to the total combined spending associated with AOGP and the gas conversions of the existing generating units at Aguirre, as discussed in Part VI(A)(2) of the IRP Order.

3. The updated financial model, projected capital spending and revenue requirements for fiscal years 2017, 2018 and 2019 shall conform to all requirements stated in the IRP Order. These submissions also shall assume, for informational purposes only, that AOGP will become operational at a realistically achievable date. The updates related to AOGP should reflect the above mentioned ruling in the IRP Order and shall include current information about the financing, including the status of Department of Energy borrowings.

The submissions the Commission deems necessary to reflect these considerations shall include:

1. Revised Schedules F-3 and A-1, to be labeled them Schedules F-3 2nd REV [date filed] and Schedule A-1 2nd REV [date filed]. The "date filed" shall be the date of PREPA's compliance filing pursuant to this Order.

2. If necessary, revisions to Schedules A-6 and E-6 (to be labeled Schedule A-6 REV [date filed] and Schedule E-6 REV [date filed]; and any other affected schedules.

3. Supplemental testimony describing (a) each revision, including changes to amounts and timing of spending; and (b), overall, the change to the proposed revenue requirement caused by these revisions.

4. If there is no revision to Schedules A-6 and E-6, provide supplemental testimony explaining why.

5. The filing by PREPA shall include the corresponding Excel files (with formulas and links intact) for each Schedule that is being revised.

B. Revisions to reflect a per kilowatt-hour (kWh) Transition Charge for residential customers

The rate design testimony of Zarumba and Granovsky (PREPA Ex. 4.0 at p.41) proposed a residential rate design (GRS Class) which removed the existing fixed charge. Such proposal responded to the original proposal for a Transition Charge, which contemplated a fixed charge of $11.98 for residential customers. However, on June 21,

2016, the Commission issued its Restructuring Order which approved a revised proposal which contemplated a per-kWh Transition Charge for residential customers.[3]

PREPA shall provide supplemental testimony describing any changes to the original rate design testimony of Zarumba and Granovsky made necessary by the change in the design of the Transition Charge.

C. Revisions necessary due to the departure of Sonia Miranda

It has come to the Commission's attention that Ms. Sonia Miranda is no longer employed by PREPA. Her testimony and discovery responses represents an important part of PREPA's Petition. The Commission prefers that PREPA make Ms. Miranda available as a witness, as originally intended.

If PREPA is not able to make Ms. Miranda available, PREPA shall submit an explanation regarding who, if anyone, will adopt her testimony. Such person shall submit in writing a statement stating such adoption, along with the standard biographical material.

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

CERTIFICATION

I hereby certify that the Puerto Rico Energy Commission has so agreed on September 27, 2016. I also certify that on this date a copy of this Order was notified by electronic mail to

[3] *See*, Petition for approval of Transition Order filed by the PREPA Revitalization Corporation, Docket CEPR-AP-2016-0001.

the following: n-ayala@aeepr.com, n-vazquez@aeepr.com, c-aquino@aeepr.com, glenn.rippie@r3law.com, michael.guerra@r3law.com, john.ratnaswamy@r3Law.com, codiot@oipc.pr.gov, jperez@oipc.pr.gov, cfl@mcvpr.com, ivc@mcvpr.com, mmuntanerlaw@gmail.com, jfeliciano@constructorespr.net, abogados@fuerteslaw.com, jose.maeso@aae.pr.gov, edwin.quinones@aae.pr.gov, nydinmarie.watlington@cemex.com, aconer.pr@gmail.com, epenergypr@gmail.com, jorgehernandez@escopr.net, ecandelaria@camarapr.net, pga@caribe.net, manuelgabrielfernandez@gmail.com, mreyes@midapr.com, agraitfe@agraitlawpr.com, mgrpcorp@gmail.com, attystgo@yahoo.com and maribel.cruz@acueductospr.com.

María del Mar Cintrón Alvarado
Clerk

I certify that this is a true and exact copy of the Order issued by the Puerto Rico Energy Commission. I further certify that today, September ____, 2016, I have proceeded with the filing of the 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, September ___, 2016.

_____
Jessica Fuster Rivera
Clerk of the Puerto Rico
Telecommunications Regulatory Board