COMMONWEALTH OF PUERTO RICO

PUERTO RICO ENERGY COMMISSION

IN RE: TRANSPARENT BILL; §6B(C) OF ACT 83, AS AMENDED.	NO. CEPR-AP-2016-0002 SUBJECT: PREPA'S COMPLIANCE FILING UNDER THE COMMISSION'S RESOLUTION AND ORDER OF AUGUST 16, 2016

PREPA'S COMPLIANCE FILING UNDER THE COMMISSION'S RESOLUTION AND ORDER OF AUGUST 16, 2016

TO: THE PUERTO RICO ENERGY COMMISSION,
Through filing at the Clerk's Office, temporarily located at the Puerto Rico Telecommunications Regulatory Board, 500 Ave. Roberto H Todd, San Juan, PR 00907; and
With an electronic copy of the filing sent via e-mail to:
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COMES NOW the Puerto Rico Electric Power Authority ("PREPA") and submits this filing in compliance with the Puerto Rico Energy Commission's ("Commission") Resolution and Order of August 16, 2016 ("Order").

For its compliance filing, PREPA states as follows:

1. The Order (at p. 1) indicates, in part, that in this docket PREPA will provide its proposal of the new transparent bill under Act 57-2014 and Act 83-1941 (each as amended by Act 4-2016).

2. The Order on that same page also indicates, in part, that the Commission will issue a requirement of information ("ROI") to assist the evaluation of PREPA's proposal.

3. The Order (at p. 2) requires PREPA to submit its proposed new transparent bill design, for each customer category, including an explanation of how the proposal complies with Act 57-2014 and Act 83-1941. The Order on that same page also issues to PREPA a requirement

that its submission comply with 5 ROIs. Those 5 ROIs are set forth later in this filing. PREPA infers that these 5 ROIs together comprise the ROI referred to on page 1 of the Order.

4. PREPA notes that is has responded to 4 Commission Staff ROIs in its pending rate review, Docket No. CEPR-AP-2015-0001, that are closely related to the 5 ROIs in the Order. Those 4 rate review ROIs are Nos. CEPR-RS-02-01 through CEPR-RS-02-04.

5. PREPA's overall proposal regarding the transparent bill originally was presented in detail in its response to parts (a) and (b) of rate review ROI No. CEPR-RS-02-02, which is discussed later in this compliance filing.

6. PREPA's overall proposal regarding the transparent bill now is presented here, with additional detail, in its responses below to the Order's 2nd and 3rd ROIs.

7. In order to avoid confusion, PREPA responds to the 5 ROIs in the Order, in sequence, in the next five paragraphs of this compliance filing.

8. ORDER ROI 1: "A copy of an actual customer bill from a recent month for each current tariff rate. Specific customer identifying information must be redacted, however, billing determinants, rates and charges must be clearly shown." Response: The file CCB AugustCustomerBills.pdf (attached hereto as Exhibit 1) contains redacted customer bills of PREPA's different rate classes, for the month of August 2016, when the provisional rate first was in effect. This is basically an update of the file submitted in the response to rate review ROI No. CEPR-RS-02-01.

9. ORDER ROI 2: "Describe in detail and show how PREPA proposed transparent bills comply with sub-section (c) of Section 6B of Act 83." Response: Act 4-2016, which amends Act 57-2014, addresses transparent bills in articles 11, 15, and 18. (There also is a

reference in article 9, but in only indicates that PREPA and the Commission shall establish a plan for the transparent bill in compliance with the statutory provisions.) The particular line items are marked in bold.

Artículo 11.-Se enmienda la Sección 6C de la Ley Núm. 83 de 2 de mayo de 1941, según enmendada, y se reenumera como Sección 6B, para que lea como sigue:

"Sección 6B– Responsabilidades

……

(c) Nueva factura transparente.- La Autoridad deberá diseñar y presentar ante la Comisión de Energía una nueva factura de energía eléctrica para cada tipo de cliente de la Autoridad, que identifique de manera detallada las categorías de los diferentes cargos y créditos al consumidor, incluyendo el ***ajuste por compra de combustible*** *y el* ***ajuste por compra de energía*** *a los cogeneradores y a los productores de energía renovable, el* ***crédito por medición neta****, la* ***contribución en lugar de impuestos y subsidios creados por leyes especiales****, el* ***Cargo de Transición*** *(según este término es definido en el Capítulo IV de esta Ley) y el* ***Cargo Base****, que incluirá el cargo de manejo y servicio de la cuenta, el cargo por consumo, los gastos operacionales, energía hurtada, pérdida de electricidad, pago de deuda no incluida en el Cargo de Transición, deudas por cobrar del sector público, deudas por cobrar del sector privado, y cualquier otro cargo que incida en la factura de los abonados residenciales y comerciales. Cualquier otro detalle sobre las tarifas y cargos que la Comisión determine no sea viable incluir en la factura se publicará y explicará en las páginas web de la Autoridad y de la Comisión. La nueva factura deberá ser totalmente transparente y deberá ser aprobada por la Comisión sujeto al cumplimiento con las reglas establecidas por esta Ley. La nueva factura no incluirá ni englobará ningún otro costo o cargo bajo las cláusulas de compra de combustible y compra de energía que no sea aquel aprobado por la Comisión conforme a los mandatos de esta Ley y de la Ley de Transformación y ALIVIO Energético de Puerto Rico, Ley 57-2014.*

Artículo 15.-Se enmienda la Sección 22 de la Ley Núm. 83 de 2 de mayo de 1941, según enmendada, conocida como la "Ley de la Autoridad de Energía Eléctrica de Puerto Rico", para que lea como sigue:

"Sección 22.-Exención de contribuciones; uso de fondos.

(a) …

(b) Subsidios, CELI y otras aportaciones:

(1) A partir de la vigencia de la nueva tarifa, la Autoridad calculará anualmente el costo de subsidios, subvenciones y aportaciones otorgadas por las leyes vigentes, programas de electrificación rural, sistemas de riego público, alumbrado público y contribución en lugar de impuesto (CELI) y establecerá como un cargo separado en su factura transparente los costos del CELI y de los demás subsidios antes mencionados de la siguiente forma:

a. Pago equivalente a tributos municipales, CELI;

b. Costos de Subsidios, aportaciones, alumbrado público, programa de electrificación rural y sistema de riego público.

Artículo 18.- Se enmienda el Artículo 6.25 de la Ley 57-2014, según enmendada, para que lea como sigue:

"Artículo 6.25 – Revisión de Tarifas.

……

La Comisión deberá aprobar bajo la cláusula de ajuste por compra de combustible y ajuste por compra de energía únicamente aquella porción de cargos relacionados directamente a las fluctuaciones por cambio en precios de combustible y la compra de energía respectivamente, o aquella porción variable del precio de combustible y energía que no se incluya en la tarifa básica, según sea el caso. Ningún otro gasto o cargo podrá ser incluido bajo la cláusula de ajuste por compra de combustible o ajuste por compra de energía.

PREPA's proposed design complies with the requirements by including, where appropriate, the items addressed in Article, namely:

Act 4-2016 Term	Bill Term (Spanish)	Bill Term (English)
Cargo Base	Cargos Por Servicio	Service Charges
Cargo de Transición	Cargo de Transición por Titulización	Securitization Transition Charge

Ajuste por Compra de Combustible	Cargo de Ajuste por Compra de Combustible	Fuel Purchase Adjustment
Ajuste por Compra de Energía	Cargo de Ajuste por Compra de Energía	Energy Purchase Adjustment
Contribución en Lugar de Impuestos	Contribución en Lugar de Impuestos (CELI) - Municipios	Contributions in Lieu of Taxes (CILT) - Municipalities
Subsidios Creados por Leyes Especiales	Subsidios, Alumbrado Público (Municipal) y otras Subvenciones	Subsidies, Public Lighting (Municipal) and other Subventions

The only line item not expressed directly in the rate book, but which will be included in customer bills, is:

Crédito por Medición Neta Net Metering Credit

As for the charges, it is important to note that the Fuel Purchase Adjustment and the Energy Purchase Adjustment will be based on the difference between the actual fuel and PPOA costs and the costs included in base rates.

In addition to what is presented above, the bill also will include:

a. Rate detail for each class of customers (Residential, Commercial, Industrial, and account statement for Government Agencies and Municipalities);
b. Details of consumption;
c. Details of subsidies and adjustments for customers with different subsidies or discounts (Net Metering, Life Preserve Equipment, Hotel Discount, Low Income (PAN);
d. Information of the deposit of bond;
e. Meter reading type (estimate or read);

f. Date of the next meter reading;
g. Information of the meter, days of consumption, current and previous meter reading and billing period;
h. Average daily consumption for previous months (kWh graphic);
i. Previous balance;
j. Payments received from the previous billing;
k. Information related to a payment agreement, if any;
l. Alternatives and payments methods;
m. Notification of the process to object a bill; and
n. Notice of suspension of service (if applicable).

10. ORDER ROI 3: "For illustrative purposes, provide billings for a customer taking electricity service from PREPA under each tariff rate proposed by PREPA in Case No. CEPR-AP-2015-0001. To comply with this requirement, PREPA shall base its model in the revenue requirement and rate design proposed in Case No. CEPR-AP-2015-0001, without construing this as an approval from the Commission of the such revenue requirement or rate design. PREPA must show how each item would be shown on the customer billings." Response: PREPA has attached (as Exhibit 2) to this Response, a document titled "PREPA Response ROI DRR CEPR-RS-02-02_Attach 01.pdf", which is a sample bill that depicts the proposed layout, design and art that will appear on the new bills in compliance with the requirements of Acts 57-2014 and 83-1941. Due to the time consuming and onerous nature of redoing the bill art and layout for each rate, PREPA has attached to this Response (as Exhibit 3), as an alternative, a document titled, "CEPR-AP-2016-0002 - Response 3.xlsx", which contains the bill lines PREPA proposes to include on the new customer bills. This file contains the proposed rates, separated by tabs, with bill line examples. The calculations displayed on these lines will be printed on a customer's bill in a section called "Cargos Corrientes por Servicio de Electricidad" (Current Charges).

These examples use, as much as possible, the values from the rate proposal for the fixed charges and energy charges. It was assumed that the fuel purchase and energy purchase adjustments would be $0.00, and that the value needed to calculate the fuel subsidy was $0.02. Additionally, the securitization charge, though not part of the rate review, is presented as it was when the rate Petition was originally filed – that is, as a fixed charge for residential customers and a volumetric charge for all other classes.

11. ORDER ROI 4: "Identify and describe any and all known limitations with PREPA's current customer billing systems that would limit the implementation of a transparent bill as required by Act 57-2014. If there is any limitation, PREPA shall propose a plan to resolve such constraints." Response: PREPA is unaware of any limitations to the level of detail that can be provided by its current billing system. However, providing additional information on a customer's bill may result in an increase of billing costs due to the need for additional paper, ink and envelopes. Providing additional detail on customer bills may also lead to increased postage costs and will likely result in an accelerated maintenance schedule for the equipment that is implemented in the preparation of bills, including the machines that seal the envelopes in which they are shipped.

12. ORDER ROI 5: "Identify the personnel at PREPA responsible for designing and administering customer billing, including determining the content of customer bills." Response: The interpretation of the Acts, Regulations and applicable procedures of the Puerto Rico Electric Power Authority require that different areas work in conjunction on the interpretation, impact analysis and later application of the processes in the daily operations of the business.

Among these, the billing process requires the coordination of personnel in the following

areas:

- Planning and Environmental Protection Directorate – The Planning and Research Division of this directorate is the liaison between PREPA and any external entity for providing official information and statistics. Also, they have the responsibility, in conjunction with the Legal Affairs Directorate, of evaluating and providing recommendations regarding Acts and Regulations that may be applicable to PREPA and may require changes in the procedures related to customer billing.
- Customer Service Directorate – The Office of Administrative Strategies of this directorate has the responsibility of administering and configuring commercial procedures and maintaining the billing system. At the same time, they analyze the impact of the operations within the billing system.
- Strategic and Corporate Information System Office – They are responsible for maintaining system operations twenty-four (24) hours a day, seven (7) days a week and implementing, in coordination with the Office of Administrative Strategies, the changes at the technology level that may require the billing system for the continuity of services.

13. PREPA appreciates the opportunity to provide this information and looks forward to working with the Commission and other interested parties to achieve the objectives of the transparent bill requirements.

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WE HEREBY CERTIFY that this filing was, on September 15, 2016, filed at the Clerk's office and e-mailed to afigueroa@energia.pr.gov, tnegron@energia.pr.gov, legal@energia.pr.gov, and mcintron@energia.pr.gov.

RESPECTFULLY SUBMITTED,

IN SAN JUAN, PUERTO RICO, THIS 15th DAY OF SEPTEMBER, 2016

PUERTO RICO ELECTRIC POWER AUTHORITY

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