

**COMMONWEALTH OF PUERTO RICO
PUERTO RICO ENERGY COMMISSION**

IN RE: PUERTO RICO ELECTRIC POWER
AUTHORITY RATE REVIEW

CASE NO.: CEPR-AP-2015-0001

SUBJECT: Ruling on PREPA's Notice of Compliance Filing in Response to the Commission's May 10 Order.

RESOLUTION AND ORDER

On April 25, 2017, PREPA filed its *Notice of Compliance Filing Pursuant to Rate Case Final Orders* ("April 25 Compliance Filing"). The April 25 Compliance Filing included the following information: (i) a new calculation of the revenue requirement pursuant to the Commission's directives and determinations;¹ (ii) a new calculation of PREPA's proposed cost of service study to, according to PREPA, "reflect changes in the new revenue requirement;"² (iii) a revised tariff sheet with updated charges, riders and tariff information and descriptions;³ (iv) a calculation of bill impact and rate increase for each customer tariff;⁴ (v) a description of the reconciliation mechanism for transitioning to new fuel, purchased power, Contribution In Lieu of Taxes ("CILT") and Subsidies riders;⁵ and (vi) a calculation of the reconciliation of the permanent rate with the provisional (temporary) rate and corresponding customer credits.⁶

PREPA also notified the Commission of pending issues which PREPA would address through separate filings. These include: (i) proposed language to be included in each customer's bill providing an explanation of the approved rate increase; (ii) the effective date in which PREPA's new rate will enter into effect; and (iii) the implementation of the yearly budget review and rate adjustment procedure.

On May 10, 2017, the Commission issued a "Resolution and Order on PREPA's Compliance Filing" ("May 10 Resolution and Order") in which it accepted PREPA's April 25 Compliance Filing and authorized PREPA to implement—with the exception of specific

¹ Compliance Filing Exhibit A.

² Compliance Filing at 2; Compliance Filing Exhibit B.

³ Compliance Filing Exhibit C.

⁴ Compliance Filing Exhibit D.

⁵ Compliance Filing Exhibit E.

⁶ Compliance Filing Exhibit F.

tariffs, as discussed below—the Commission approved permanent rate, subject to several conditions, requirements and notices. Specifically, the Commission ordered PREPA to amend the description of the grandfathering cut-off date for the Transition Charge and the description and definition of non-grandfathered net metering customers, provided in the description of the net metering credit rider contained in Exhibit C of the April 25 Compliance Filing. The Commission also ordered PREPA to amend several provisions related to specific riders.⁷ Finally, the Commission required PREPA to file a revised Exhibit C incorporating the amendments established by the May 10 Resolution and Order, and a redlined version of such Exhibit C showing all changes made by PREPA.

Furthermore, the Commission did not authorize PREPA to implement the Public Lighting General (“PLG”) tariff, the Payments to Qualifying Facilities Rider (“QF”) and the Cable TV Power Supplies (“CATV”) tariffs given the discrepancies and inconsistencies between the information contained in the Tariff Book (Exhibit C of the April 25 Compliance Filing), the workpapers filed in support of the April 25 Compliance Filing and the Commission’s directives, as set forth in the Commission’s Final Resolution and Order of January 10, 2017 (“January 10 Order”). In order to reconcile the referenced discrepancies and inconsistencies, the Commission held a Technical Conference on May 12, 2017 at 10:00 a.m.

On May 19, 2017, PREPA filed a *Notice of Compliance Filing in Response to the Commission’s May 10 Order* (“May 24 Compliance Filing”), while the attachments, supporting documents and workpapers were filed on May 24, 2017.⁸ The May 24 Compliance Filing contained the following documents: (i) Exhibit G to the Compliance Filing (containing the workpapers for the components of the Public Lighting General (“PLG”) and the Cable TV Power Supplies (“CATV”) tariffs); (ii) a Revised Exhibit C to the Compliance Filing; and (iii) a redlined version of the Exhibit C (containing all changes made by PREPA). In its motion, PREPA described the methodology to calculate all PLG and CATV tariffs, as well as the source of the Payments to Qualifying Facilities Rider (“QF Rider”).

Although the increases in the components of the PLG, CATV and other unmetered tariffs were not on an equal percentage basis, as stated in the January 10 Order,⁹ the methodology for calculating such increases, as described in the May 24 Compliance Filing,¹⁰ is consistent with the mandate that PREPA should allocate the allowed revenue increase in

⁷ Particularly, the Commission ordered PREPA to modify the Fuel Charge Adjustment Rider (“FCA”), the Purchased Power Charge Adjustment Riders (“PPCA”), the Contribution in Lieu of Taxes Cost Adjustment Rider (“CILTA”), the Subsidies, Public Lighting (Municipal) and Other Subventions Rider (“SUBA”) and the Energy Efficiency Rider (“EE”). See May 10 Resolution and Order at 4-6.

⁸ Since PREPA filed the attachments, supporting documents and workpapers on May 24, 2017, the Commission will consider this date as the filing day.

⁹ Final Resolution and Order, Case No. CEPR-AP-2015-0001, ¶ 369.

¹⁰ May 24 Compliance Filing, at 2-5.

an equal cent-per-kWh basis, except for the Power Producers Connected at PREPA's Bus Bar (PPBB) tariff.¹¹ Therefore, we determine that the PLG and CATV tariffs, as presented in the Revised Exhibit C, meet the requirements of the January 10 Order. Similarly, after reviewing the May 24 Compliance Filing, the Commission determines that the calculation of the Billing Period Credits contained in the QF Rider is consistent with the provisions of the Commission's Final Resolution of March 8, 2017.¹²

In light of the above, the Commission **ACCEPTS** PREPA's May 24 Compliance Filing and **AUTHORIZES** PREPA to implement the Commission-approved permanent rate, as detailed in its Revised Exhibit C. All conditions, requirements and notices contained in the May 10 Resolution and Order not specifically addressed in this Resolution and Order remain in effect.

PREPA shall implement its new permanent rate, and begin crediting customer's accounts pursuant to the approved mechanism for reconciling the permanent rate with the provisional rate, **no later than July 1, 2017**.

PREPA shall also provide the draft language containing an explanation of the permanent rate increase to be included in each customer's bill **no later than June 15, 2017**.

The Commission reiterates that, while it is accepting PREPA's May 24 Compliance Filing and authorizing PREPA to implement the rates as calculated therein, such acceptance **SHALL NOT** be construed as an acceptance of the adequacy or correctness of the Cost of Service Study ("COSS") filed as Exhibit B of the April 25 Compliance Filing. The Commission's Final Order details the findings and determinations made with regards to the COSS filed by PREPA. The Commission has since initiated a proceeding aimed at addressing many of the findings and deficiencies identified by the Commission with regards to PREPA's COSS.¹³

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

¹¹ Final Resolution and Order, *supra*, ¶¶ 70-73.

¹² Final Resolution, Case No. CEPR-AP-2015-0001, March 8, 2017, at 9.

¹³ See In Re: Cost Allocation, Rate Design, and Related Issues For The Puerto Rico Electric Power Authority, Case No. CEPR-IN-2017-0001.



Be it notified and published.

Ángel R. Rivera de la Cruz
Associate Commissioner

José H. Román Morales
Associate Commissioner
Interim Chairman

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Commission has so agreed on May 31, 2017 and on this date a copy of this Resolution and Order regarding the Case No. CEPR-AP-2015-0001 was notified by electronic mail to the following: j-morales@aepr.com, n-vazquez@aepr.com, n-ayala@aepr.com, c-aquino@aepr.com, codiot@oipc.pr.gov, jperez@oipc.pr.gov, attystgo@yahoo.com, maribel.cruz@acueductospr.com, pga@caribe.net, jfeliciano@constructorespr.net, nydinmarie.watlington@cemex.com, eirizarry@ccdlawpr.com, eenergypr@gmail.com, aconer.pr@gmail.com, glenn.rippie@r3law.com, john.ratnaswamy@r3law.com, michael.guerra@r3law.com, pnieves@vnblegal.com, abogados@fuerteslaw.com, jorgehernandez@escopr.net, eandelaria@camarapr.net, agraitfe@agraitlawpr.com, francisco.rullan@aae.pr.gov, mgrpcorp@gmail.com, manuelgabrielfernandez@gmail.com, mmuntanerlaw@gmail.com, licenciadamasferrer@gmail.com and wilma.lopez@aae.pr.gov. I also certify that today I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Commission and I have sent a true and exact copy to the following:

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For the record, I sign this in San Juan, Puerto Rico, today, May 31 2017.



María del Mar Cintrón Alvarado