



ESTADO LIBRE ASOCIADO DE
PUERTO RICO
Comisión de Energía de Puerto Rico

DEPARTMENT OF STATE

No: 8618

Date: August 3, 2015

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**REGULATION ON CERTIFICATION, ANNUAL FEES, AND OPERATIONAL PLANS
FOR ELECTRIC SERVICE PROVIDERS IN PUERTO RICO**

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COMMONWEALTH OF PUERTO RICO
PUERTO RICO ENERGY COMMISSION

**REGULATION ON CERTIFICATION, ANNUAL FEES, AND OPERATIONAL PLANS
FOR ELECTRIC POWER COMPANIES IN PUERTO RICO**

ARTICLE 1.- GENERAL PROVISIONS

Section 1.01.- Title.

This Regulation shall be known and cited as the Regulation on Certification, Annual Fees, and Operational Plans for Electric Power Companies in Puerto Rico.

Section 1.02.- Legal Basis.

This Regulation is adopted pursuant to Articles 6.3, 6.13, 6.14, 6.16, 6.20, and 6.22 of Law No. 57-2014, as amended, known as the Puerto Rico Energy Transformation and RELIEF Act (herein after referred to as Law 57-2014), and pursuant to Law No. 170 of August 12, 1988, as amended, known as the Uniform Administrative Procedure Act.

Section 1.03.- Purpose and Executive Summary.

The Puerto Rico Energy Commission adopts and enacts this Regulation pursuant to the provisions established in Articles 6.3, 6.13, 6.14, 6.16, 6.21, and 6.22 of Law 57-2014, as amended, which establish that the Commission must formulate and implement strategies to achieve the objectives of Law 57-2014; adopt “the regulations necessary to specify the form, time, content, and the procedures for the filing of requests for certification that shall apply uniformly”; which allow this entity to charge a fair and reasonable fee for the evaluation, processing, and issuance of certifications to electric power companies, in the interest of covering its administrative expenses during said processes; which require that the Commission levy and collect fees from electric power companies for the purposes of generating sufficient income to cover the operational and administrative expenses of the Commission; and which establish the information that “all electric power companies must submit to the Energy Commission, subject to the terms provided by [it]”.

Considering the above, the purpose of this Regulation is to establish the rules that shall govern the information and the plans that electric power companies must submit to the Commission; the rules that shall govern the content of and the procedures applicable to the requests for certification that electric power companies must submit and obtain in order to provide their services in Puerto Rico; and the rules regarding the levying and payment of annual fees that the Commission shall levy upon electric power companies that generate revenue from the provision

of services in Puerto Rico, with the purpose of defraying annual operating costs. This includes the rules that are applicable to requests for and the granting of amendments to certifications, their suspension, revocation, and the levying of sanctions.

Standing out among the main objectives of the rules established in this Regulation is the creation of a reliable and stable regulatory framework for Puerto Rico's electric power sector by means of the fiscal autonomy of the Commission as an independent regulatory entity. As provided by Law 57-2014, and as a result of this Regulation, electric power companies shall have certain capital obligations by virtue of their certification for the provision of service in Puerto Rico and the revenue that they generate as a result of this activity. In general terms, this shall mean, for all certified electric power companies, the levying of an annual regulatory fee equal to zero point twenty-five percent (0.25%) of the gross income it generates during each fiscal year, with the exception of the Puerto Rico Electric Power Authority, which is legally obligated to pay a fixed fee.

Likewise, the provisions of this Regulation afford the mechanisms that allow the Commission to have up-to-date contact information for each electric power company operating in Puerto Rico, as well as information regarding the operational plans that they must submit to the Commission. Among the contact information that electric power companies must submit to the Commission -- and keep up-to-date -- is the mailing address that is to be used to notify said companies of any complaints, claims, or actions filed against them before the Commission, in accordance with the provisions of Regulation No. 8543, known as the Regulation on Adjudicative Proceedings, Non-Compliance Notices, Rate Review, and Investigations.

Section 1.04.- Application.

This Regulation shall apply to all electric power companies that are operating in Puerto Rico at the time that this Regulation enters into force, as well as to all electric power companies that intend to operate or offer services in Puerto Rico.

Section 1.05.- Interpretation.

This Regulation shall be interpreted in a way that promotes the highest public interest and the protection of the interests of the residents of Puerto Rico, and in such a way that proceedings are carried out quickly, fairly, and economically.

Section 1.06.- Provisions of Other Regulations.

The provisions of this Regulation may be supplemented by the provisions of other regulations of the Puerto Rico Energy Commission that are compatible with the provisions of this Regulation.

Section 1.07.- Definitions.

A) For the purposes of this Regulation, the following terms shall have the meanings established below; except where the context of the content of a given provision clearly indicates something different:

- 1) "PREPA" refers to the Puerto Rico Electric Power Authority.
- 2) "Fiscal Year" means the period of twelve (12) months kept by each electric power company for accounting purposes.
- 3) "Energy Commission" or "Commission" refer to the Puerto Rico Energy Commission.
- 4) "Electric Power Company" includes:
 - a) PREPA;
 - b) Any natural or legal person or entity that offers electric power generation, storage, billing, or resale services;
 - c) Any natural or legal person or entity that has an electric power generation facility in Puerto Rico for the sale of energy, including distributed generators with a cumulative capacity greater than one megawatt (1 MW), regardless of whether or not they or their customers are taking part in PREPA's Net Metering Program;
 - d) Any person in the business of the installation and maintenance of distributed generators with a cumulative capacity greater than one megawatt (1 MW), as well as the billing of the electric power produced by said systems; and
 - e) Any natural or legal person or entity that is or constitutes an "eligible business" for electric power transmission (wheeling) as provided by Law 73-2008.
- 5) "Electric Power Generation Company" refers to any natural or legal person that offers energy generation services or electric power, or that has an electric power generation facility, including distributed generators with a capacity greater than one megawatt (1 MW) regardless of whether or not they or their customers are taking part in PREPA's Net Metering Program.
- 6) "CEPPO" refers to the "Commonwealth Energy Public Policy Office".

7) "Person" includes any natural person, company, or legal person regardless of how said entity is organized.

8) "Unit", "plant", and "facility" shall refer to electric power generation facilities. Nevertheless, according to the context in which it is used, the term "facility" may also refer to other electric service facilities.

B) Every word used in the singular in this Regulation shall be understood to also include the plural, unless the context indicates otherwise.

Section 1.08.- Dates and Time Periods.

In computing any time period established in this Regulation, or by order of the Commission, the day of the occurrence of the act, event, or noncompliance that triggers the period shall not be counted, and the established period shall begin to elapse on the following day. Whenever a due date or date of expiry falls on a Saturday, Sunday or legal holiday, said due date or date of expiry shall be extended until the next workday.

Section 1.09.- Language.

A) Should there be any discrepancy between the Spanish and English versions of this Regulation, the provisions of the Spanish version shall prevail.

B) The proceedings heard before the Commission shall be conducted in the Spanish language. Nevertheless, at the request of a party, or whenever warranted, the Commission may order that the proceedings be conducted in the English language, so long as it is not incompatible with the fair resolution of the matter at hand.

C) All appeals, motions, requests, and other documents must be filed in Spanish or English, as per the preference of the appearing party. Any written document undersigned by a party or other person who does not understand Spanish or English may be formulated in the native language of said party or person, so long as it is accompanied by a certified translation into Spanish or English.

D) The translation of documents submitted in the English language shall not be necessary or compulsory. Nevertheless, in cases where justice so warrants or where the translation of the submitted documents is considered indispensable for the just resolution of the matter, the Commission shall order the translation of the documents into Spanish.

E) All documents submitted in any language that is not Spanish or English must be accompanied by a certified translation into Spanish or English.

Section 1.10.- Severability.

If any article, provision, word, sentence, subsection or section of this Regulation is disputed, for any reason, before a court and declared unconstitutional or null and void, such ruling shall not affect, damage, or invalidate the remaining provisions of this Regulation, rather the effect shall be limited to the article, provision, word, sentence, subsection or section that has been declared unconstitutional or null and void. The nullity or invalidity of any article, word, sentence, subsection or section in any specific case, shall not affect or jeopardize in any way its application or validity in any other case, except where it has been specifically and expressly invalidated for all cases.

Section 1.11.- Forms.

The Commission shall establish the forms for the submission of the information required by this Regulation, and said forms shall be made available to the public through the Commission's website. Nevertheless, the fact that the Commission has not adopted one or more forms, is in the process of reviewing them, or the website is out of service, shall not release any person whatsoever from their obligation to opportunely submit the required information to the Commission. When any of the aforementioned circumstances arises, the person shall, in a document of their own creation, submit the information in full, specifying the Articles, Sections, or Subsections of this Regulation that they are in response to.

Section 1.12.- Mode of Submission.

The forms, documents and appearances required by virtue of this Regulation or any order of the Commission, must be submitted to the Commission electronically in accordance with the instructions that, from time to time, the Commission establishes through an order regarding the electronic filing system.

If the electronic filing system is temporarily not operating or functioning, the forms, documents and appearances required by virtue of this Regulation or by any order of the Commission, shall be submitted before the Commission through the means, in the forms, in the location, and pursuant to the instructions that, from time to time, the Commission establishes by way of an order.

Section 1.13.- Effect of Submission.

The submission of a document that has been prepared or the content of which has been formulated by the filing party, shall be equivalent to certifying that the content of said document is true and that, according to the filer's best knowledge, information, and belief, formed after reasonable inquiry, the document is based on facts, arguments, sources of law, and correct information.

Section 1.14.- Confidential Information.

If in compliance with the provisions of this Regulation or any of the Commission's orders, a person has the duty to disclose to the Commission information, that to the best of their knowledge, is privileged pursuant to the provisions of the Rules of Evidence, said person shall identify the information considered privileged, request the protection of said information before the Commission, and state, in writing, the arguments that form the basis of the person's claim regarding the privileged nature of the information. The Commission shall evaluate the petition and, if after its evaluation the Commission concludes that the information warrants protection, proceed in accordance with the provisions of Article 6.15 of Law 57-2014, as amended.

Section 1.15.- Method of Payment of Fees.

The fees established in this Regulation shall be paid in accordance with the methods and instructions that, from time to time, the Commission establishes.

Section 1.16.- Validity.

Pursuant to Article 6.20 of Law 57-2014, as amended, this Regulation shall enter into effect immediately after its submission to the Department of State and the Legislative Library.

ARTICLE 2.- REQUIRED INFORMATION AND DUTY TO UPDATE

Section 2.01.- Personal Information.

A) All electric power companies must submit the following personal information to the Commission:

- 1) Name of the electric power company; the name of the manner in which it is organized (e.g. corporation, company, limited liability company, etc.); the name of the jurisdiction and the country under the laws of which it is organized; where applicable, the identification or registration number before the State Department of the Commonwealth of Puerto Rico; and, where applicable, its identification or registration numbers in other jurisdictions and the names of the entities that have issued said numbers and that keep the information on file.
- 2) Street and mailing addresses of the location that is or will be their main office in Puerto Rico, and of each of the offices in Puerto Rico where it has conducted or will conduct operations or offer services.
- 3) Street and mailing addresses of the location where the company is to

receive notices of complaints, claims, requirements, and investigations against them before the Commission. Companies shall also indicate the persons that have been designated to personally receive notices in the location situated at the street address provided.

- 4) Email address it will use to receive notices of orders, rulings, decisions, warnings, and announcements from the Commission, as well as any text or document filed by any person as part of a proceeding before the Commission.
 - 5) The name of the natural person that represents the electric power company who has the legal capacity to bind said company, and that has been designated as the contact with the Energy Commission. With regard to this natural person, the following information shall also be provided:
 - a) The names of the positions or job titles the person holds with the electric power company;
 - b) Email address;
 - c) Mobile telephone number;
 - d) Office or work phone; and
 - e) Street and mailing addresses of the office where said person works.
 - 6) Name, street and mailing addresses, mobile telephone number, office or work phone, and email address of the person designated to receive service of process in the Commonwealth of Puerto Rico;
 - 7) Name, street and mailing addresses, mobile telephone number, office or work phone, and email address of each partner, director, or member of the governing body, and officers of the electric power company;
 - 8) The information required in this Subsection (A) for each one of the affiliate or subsidiary entities of the electric power company; and
 - 9) Any other information required in the proper Commission form.
- B) The information required in Subsection (A) of this Section must be included in a document undersigned by a representative of the electric power company with the legal capacity to bind it. In said document or form, the company representative shall state under oath that the information

contained therein is complete and true.

- C) All electric power companies that are already operating in Puerto Rico at the time that this Regulation enters into force shall submit the information required by this Section to the Commission within a period of thirty (30) days following the date on which this Regulation enters into force.
- D) All electric power companies that intend to operate or offer services in Puerto Rico must submit the information required in Subsection (A) of this Section to the Commission, together with their Request for Certification.
- E) Should there be any change in the information that an electric power company has submitted to the Energy Commission pursuant to this Section, said electric power company must alert the Commission of the referred change and submit the updated information within a period of ten (10) days following the occurrence of the change.

Section 2.02.- Operational Report.

- A) Within a period of ninety (90) days beginning on the date on which this Regulation enters into force, all electric power companies that are operating in Puerto Rico at the time that this Regulation is approved must submit to the Energy Commission an Operational Report that includes the following information:
 - 1) Their operational plan, specifying its parameters, projections, goals, and compliance stages with regard to:
 - a) The demand for electric service and its changes or fluctuations;
 - b) Their contribution to a future of sustainable energy for the People of Puerto Rico through strategies geared toward:
 - a) maximizing social, environmental, and economic benefits;
 - b) minimizing social, environmental, and economic impacts; and
 - c) promoting a greater and better use of the energy resources available in Puerto Rico (renewable energy, conservation, and energy efficiency);
 - c) Promoting the diversification of electric power sources, maximizing the use of renewable energy;

- d) The reduction of the cost of electric service;
 - e) Promoting conservation and maximizing efficiency in the provision of electric service;
 - f) Highly efficient electric power generation with fossil fuels;
 - g) Electric power generation with renewable sources;
 - h) Reduction of gas emissions or environmental pollutants;
 - i) Their programs and technologies for load management;
 - j) The duty to guarantee the safety and reliability of electric power infrastructure; and
 - k) How their operational plan relates to other energy public policy principles of the Commonwealth of Puerto Rico.
- 2) The dates on which the electric power company's fiscal year begins and ends;
 - 3) Their operational budget for the current fiscal year;
 - 4) Their most recent financial statement certified by a Certified Public Accountant;
 - 5) The changes the company foresees, plans for, or envisages in its operational budgets for the following five (5) years;
 - 6) All studies that the company has or has performed regarding the cost of the electric services it provides and that show the relationship between current company costs and the revenue received for rates or fees;
 - 7) All reports that the company has or has performed regarding the average frequency (hertz) of the electric power system during the three (3) fiscal years prior to the submission of the Operational Report;
 - 8) All reports that the company has or has performed regarding the operation and maintenance, whether programmed or not programmed, of the machinery required and used for the generation of electric power during the three (3) fiscal years prior to the submission of the Operational Report;

- 9) All reports that the company has or has performed regarding the number of electric power outages, whether programed or not programed, that have occurred on the company's electric power equipment during the three (3) fiscal years prior to the submission of the Operational Report;
 - 10) All reports that the company has or has performed regarding requests for energy transmission or wheeling submitted to PREPA, and the results of the submission of said requests;
 - 11) Copies of all information the electric power company has submitted to any federal public entity or to any public entity of any state or local jurisdiction in the United States with regard to the provision of electric service by the company in Puerto Rico; and
 - 12) Any other information required in the appropriate form provided by the Commission.
- B) When submitting its Operational Report, the electric power company shall indicate whether, prior to its filing before the Commission, it had referred said report to the CEPPO for review and comments. In the event that the electric power company did not refer its Operational Report to the CEPPO prior to submitting it to the Commission, the electric power company shall explain the reasons for not having done so.
- C) The information required in Subsections (A) and (B) of this Section must be contained in a document signed by a representative of the electric power company with the legal capacity to bind it. In said document or form, the representative of the company shall state under oath that the information contained therein is complete and true.
- D) All electric power companies that intend to operate or offer services in Puerto Rico must submit the information required in Subsections (A) and (B) of this Section to the Commission along with their Request for Certification.
- E) After the initial submission of the information required in Subsections (A) and (B) of this Section, all electric power companies must resubmit said information to the Commission every three (3) years from the date on which the last submission was made. Nevertheless, the Commission may order any electric power company to submit all or part of the information required in Subsections (A) and (B) of this Section at any time.
- F) In addition to the information required in Subsections (A) and (B) of this Section, the Commission may require any electric power company to submit any other specific information, detail, document, or report that the

Commission deems necessary for the performance of its functions.

G) This section shall not apply to PREPA.

Section 2.03.- Payable Fees.

A) All electric power companies shall pay the Energy Commission the fees established below upon submission of the following forms, documents, or information:

1) Personal Information of the Electric Power Company: one hundred dollars (\$100.00).

a) Update of Personal Information of the Electric Power Company: fifty dollars (\$50.00).

2) Operational Report: two thousand dollars (\$2,000.00).

B) In cases where, pursuant to the provisions of Subsections (E) or (F) of Section 2.02 of this Regulation, the Commission orders an electric power company to submit information to the Commission and said company believes that the payment of the amount corresponding to the fee for the submission of the Operational Report would be onerous, the company in question may request that the Commission release it from its obligation to pay the fee for the submission of the Operational Report. In such cases, the company must file, together with the information required by the Commission, a motion wherein it sets forth the facts and explains the legal basis that justifies its release from payment.

ARTICLE 3.- CERTIFICATION

Section 3.01.- Generally.

With the exception of the electric power companies that are operating in Puerto Rico at the time that this Regulation comes into force, no electric power company shall operate or offer any service whatsoever in Puerto Rico without first having requested and obtained a certification from the Energy Commission authorizing it to operate or offer services in Puerto Rico subject to the terms and conditions established by the Commission upon the issuance of said certification.

Issuance of a certification shall not release the electric power company so certified from its obligation to comply with other steps, processes, requirements, or permits required by other public entities, whether local or federal, or from its obligation to comply with other processes, regulations, orders, steps, or requirements before the Energy Commission.

Section 3.02.- Electric power companies Operating in Puerto Rico at the Time that this Regulation Comes into Force.

All electric power companies operating in Puerto Rico at the time that this Regulation enters into force must submit their Request for Certification to the Commission within a period of ninety (90) days from the date that this Regulation enters into force.

Section 3.03.- Request for Certification.

A) All electric power companies that intend to operate or offer electric service in Puerto Rico shall state the following in detail on their Request for Certification:

- 1) The type or types of electric service they intend to offer;
- 2) The energy sources they will use in the provision of service;
- 3) The street and mailing addresses of the facilities that are to provide service. Furthermore, they must specify if said facilities are or will be of new construction, if they are existing facilities, or if they are existing facilities that will be or are being renovated. In the event that the facilities are of new construction or if they are existing facilities that will be or are being renovated, the company must also submit a certificate that attests that the company has the financial capacity and solvency to finance the construction and operation of the facilities, as well as a certificate stating that it has obtained all the necessary permits from the appropriate public entities for the execution of the work;
- 4) A description that includes the specifications, the nominal capacity (nameplate capacity), the capacity, and the net capacity (or net use) of each on of the units, plants, or technologies they will use for the provision of service.
 - a) Nominal capacity as indicated by the manufacturer's nameplate refers to the full, continuous output of a piece of equipment in specific conditions as established by the manufacturer.
 - b) For the purposes of this Section, the capacity of electric power generation units shall be determined or identified as follows:
 - i) The capacity of electric power generation units operating on renewable energy sources, as well as the capacity of all other electric power generation units the

nominal capacity of which, as established on their nameplate, is ten megawatts (10 MW) or less, shall be that specified by the manufacturer on the nameplate of the particular unit or piece of equipment;

- ii) The capacity of all other electric power generation units the nominal capacity of which, as established on their nameplate, is greater than ten megawatts (10 MW), shall be the equivalent of its net capacity at an ambient temperature between thirty-five and forty point five degrees Celsius (35 - 40.5 °C) or between ninety-five and one hundred and five degrees Fahrenheit (95 - 105 °F).
 - c) The net capacity (or net use) of plants or electric power generation units shall be expressed in terms of the maximum output in megawatts (MW) that that unit or plant is capable of supplying in conditions or for a period of time that may not exceed the approved operational and temperature limits recommended by the manufacturer.
- 5) Whether the electric power company is the owner of each and every one of the facilities, units, plants, and technologies described in Subsections (A)(3) and (A)(4) of this Section. If the company is not the owner, it must specify the name of the owner and the nature of the right under which the electric power company has possession of each and every one of the facilities, units, plants, pieces of equipment, and technologies;
 - 6) The area of Puerto Rican territory that is to be affected by the service they intend to provide, identifying the municipalities, neighborhoods, and sectors located in said space;
 - 7) Whether the electric power company intends to execute an agreement or any other legal transaction with PREPA or any other electric power company for the provision of service. Should this be the case, the company must specify the type of legal transaction it intends to execute, the objective of the legal transaction, and the name of the electric power company with whom it intends to execute the legal transaction;
 - 8) An estimate and itemization of the cost of the investment that the electric power company will make or has made for its operation or for the provision of service in Puerto Rico;
 - 9) A statement certified by a Certified Public Accountant (CPA)

authorized to practice in Puerto Rico that attests that the electric power company has the minimum financial resources necessary for its operation and for the provision of the service it intends to offer, for the replacement of any existing asset, and for any future investment it is to make in order to operate and provide service in Puerto Rico. This statement must be prepared in accordance with the American Institute of CPAs' standards regarding audit reports (attestation engagements) and shall include a description of the method used for identifying the financial resources that the electric power company has at its disposal;

10) A statement affirming that the electric power company has the human resources (technical, professional, and administrative) necessary for its operation and the provision of services it intends to offer in Puerto Rico. Furthermore, it must list the technical and professional qualifications of said personnel, and the profiles of those it intends to recruit, in order to show its expertise and competency to operate and provide the services it intends to offer in Puerto Rico;

11) Identify all permits required by local or federal law or regulation, as well as all permits issued by local and federal public entities for the operation of the electric power company and the proper functioning of its units, plants, or facilities;

12) Any other information that the Commission requires.

B) Requests for Certification must also be accompanied by every document, certificate, or permit that attests or sustains the information included in the Request pursuant to Subsection (A) of this Section. Requests for Certification of all electric power companies must refer to the attached documents that support each part of the information contained in the Request. The documents must be duly identified and organized as attachments or appendices to the Request.

C) Requests for Certification must be signed by a representative of the electric power company with the legal capacity to bind it. In the duly completed document or request form, the representative of the company shall state under oath that the information contained therein is complete and true.

D) Should there be any change in the information that an electric power company has submitted to the Energy Commission pursuant to this Section, said electric power company must inform the Commission of the change in question and submit an Amended Request for Certification or a Request to Amend Certification, as is applicable:

1) If the Commission has yet to issue or deny the certification, the

company must submit an Amended Request for Certification wherein it shall specify the information that is subject to change as compared to its Request for Certification. When an Amended Request for Certification has been submitted, the period of thirty (30) days that the Commission has during which to process the request shall begin to elapse anew upon the submission of said request.

- 2) If the Commission has already issued a certification to the electric power company, said company shall submit a Request to Amend Certification wherein it shall specify the information that is subject to change. The Commission shall evaluate the Request to Amend Certification as if it were a new Request for Certification.
 - 3) All Amended Requests for Certification and Requests to Amend Certification must be signed by a representative of the electric power company with the legal capacity to bind it. In the duly completed document or request form, the representative of the company shall state under oath that the information contained therein is complete and true.
- E) Following the submission of a Request for Certification, an Amended Request for Certification, or a Request to Amend Certification, as applicable, the Commission may require the electric power company to produce any additional information, document, or report related to the information provided or required in the Request.
- F) Requests for Certification, Amended Requests for Certification, and Requests to Amend Certification shall be deemed submitted so long as the appropriate fee has been paid, they contain all the information, data, and documents required by this Regulation or by order of the Commission, they comply with all requirements of form established in this Regulation, and once the Commission has confirmed and given written notice that the appropriate Request is in fact complete. Any Requests that do not comply with every provision of this Regulation shall be deemed to have never been submitted and shall have no legal effect whatsoever.
- 1) If an electric power company submits a motion for release from the payment of fees under Section 3.07 (B) of this Regulation, the Request to Amend Certification shall not be deemed submitted until the Commission processes and gives notice of its decision regarding said motion for release. In cases where the Commission has denied the motion for release, the Request to Amend Certification shall not be deemed filed until the electric power company has made the applicable payment.
- G) The commission shall assign a submission number to every Request for

Certification and Request to Amend Certification after it has determined that the Request is complete and that the petitioning company has included all the information required by Law 57-2014, as amended, and by this Regulation.

Section 3.04.- Evaluation of Requests for Certification, Amended Requests for Certification, and Requests to Amend Certification.

- A) The Commission shall evaluate, on its merits, every Request for Certification, Amended Request for Certification, and Request to Amend Certification that has been submitted and that contains all the information required by this Regulation and any other order issued by the Commission.
- B) After evaluating the Request, the Commission shall issue a ruling through which it shall:
 - 1) Grant certification as requested by the petitioner;
 - 2) Grant certification subject to the limitations, conditions, and restrictions established by the Commission;
 - 3) Require amendments to the Request; in which case, the petitioner must submit an Amended Request for Certification should it wish to proceed; or
 - 4) Deny certification.
- C) The Commission shall grant certification or the amendment to certification in cases where:
 - 1) The petitioner has attested its legal, technical, financial, physical, moral, and human resources capability for operating and providing the services it intends to offer;
 - 2) The provision of services and operations, as proposed on the Request, are consistent with the energy public policy of the Commonwealth of Puerto Rico, the provisions of Law 57-2014, as amended, and any other applicable law, and the Commission's Regulations;
 - 3) The Request shows that the service that the petitioner intends to offer will be reliable and will not threaten the safety and reliability of the electrical infrastructure; and
 - 4) The Request is complete and complies with all of the requirements established by law, this Regulation, and any order the Commission may have issued in the performance of its functions.

- D) In all rulings issued by the Commission for the disposal on its merits of a Request for Certification, Amended Request for Certification, or Request to Amend Certification, the Commission must formulate its findings of fact and conclusions of law, and comply with the requirements established in Section 3.14 of Law No. 170 of August 12, 1988, as amended, known as the Uniform Administrative Procedure Act of Puerto Rico.
- E) All Requests for Certification, Amended Requests for Certification, and Requests to Amend Certification that have been submitted to the Commission and that contain all the information required by this Regulation and by any order issued by the Commission shall be considered granted following a period of thirty (30) days from the date of submission of the Request, except where, before this period has expired, the Commission has ordered its tolling in order to require the production of additional information it believes necessary for the evaluation of the Request on its merits.
- F) No Request for Certification, Amended Request for Certification, or Request to Amend Certification shall be denied for reasons that are arbitrary or discriminatory, or for reasons that are incompatible with the principles of the energy public policy of the Commonwealth of Puerto Rico as established by law.
- G) Upon submission of an Amended Request for Certification, the thirty-day (30) period established in Subsection (E) above for the evaluation of a Request for Certification, as amended, shall begin to elapse once again.

Section 3.05.- Fines, Cease and Desist Orders, Modification or Revocation of Certifications.

- A) The Commission may issue a cease and desist order, modify a certification, revoke and annul any certification that has been issued to an electric power company, or revoke and annul any decision, ruling, or order issued with regard to the process of any Request for Certification, Amendment to a Request for Certification, or Request to Amend Certification in the following instances:
 - 1) Where the electric power company has provided false information, made fraudulent statements, or has mislead or attempted to mislead the Commission;
 - 2) Where the company has substantially or repeatedly failed to comply with one or more of the Commission's orders, the Commission's regulations, or with the provisions of Law 57-2014, as amended;

- 3) Where the operations of the company threaten the safety and reliability of the electrical infrastructure;
 - 4) Where the company has breached or is in breach of the terms and conditions of the certification issued by the Commission;
 - 5) Where the company has failed to comply with its duty to provide or update the information required by the Commission under Law 57-2014, as amended, or this Regulation;
 - 6) Where the company has not paid the annual fee, or the installments thereof, or payment is more than ninety (90) days past due; or
 - 7) Where the company has refused or refuses to provide services to any citizen for reasons of race, color, sex, sexual orientation, gender identity, birth, origin, social condition, physical or mental disability, political or religious ideals, military service or veteran status, or for being a victim or being perceived as a victim of domestic violence, sexual assault, or stalking.
- B) Jointly with or as an alternative to the modification or revocation of a certification, decision, ruling, or order, the Commission may, at its discretion, levy a sanction or fine upon the electric power company for any of the causes established in Subsection (A) of this Section.
- 1) Where the cause is the failure to comply with an order, a regulatory provision, or a provision of Law 57-2014, as amended, the Commission may levy the sanction or fine that it considers appropriate even where the noncompliance is not substantial or repeated.
- C) Where the Commission has knowledge or reason to believe that an electric power company is committing any of the behaviors that, pursuant to this Section or Article 6.14 of Law 57-2014, may lead to the modification or revocation of a certification, the Commission shall issue and give notice to said company of an Order to Show Cause through which it shall:
- 1) State the behavior subject to the Order that the company has committed, or the behavior that the Commission has reason to believe the company is committing;
 - 2) State the sanction, fine, or consequence the electric power company is at risk of incurring;
 - 3) The Commission may require that the company appear in writing within a period of time determined by the Commission in order to set

forth the reasons and defenses for which the company believes the Commission should not levy the stated sanction, fine, or consequence;

- 4) Set the date, time, and place the electric power company must appear for a hearing before the Commission to submit the evidence it has in its defense. The date so set for this appearance shall be on or subsequent to the term of ten (10) days following the date of notice of the Order to Show Cause, except where there is a risk to life or property that warrants the abbreviation of said period; and
 - 5) Make any other determination or decision it deems necessary.
 - 6) In cases where the only consideration is whether to levy a fine of no more than five thousand dollars (\$5,000.00), the Commission shall not require the physical appearance of the company; rather, it shall be sufficient for the company to have the opportunity to present its defenses in writing and attach the relevant documentary evidence.
- D) After having given the company the opportunity to be heard, and having evaluated the arguments and the evidence said entity has developed and presented, if any, the Commission shall determine whether it is appropriate to levy a fine, order the cease and desist of the behavior, modify the certification, or revoke and annul the certification issued to the company, and it shall issue a ruling to that effect.
- E) In its ruling, the Commission must formulate its findings of fact and conclusions of law and comply with the requirements established in Section 3.14 of Law No. 170 of August 12, 1988, as amended, known as the Uniform Administrative Procedure Act.
- F) Notice of the ruling shall be given on or before ten (10) days have elapsed from the date of issuance.

Section 3.06.- Summary Suspension of Certification.

- A) Where, in the judgment of the Energy Commission, the actions or omissions of an electric power company have placed in grave or imminent danger the life of one or more persons, the safety of one or more persons, or the integrity and safety of property the protection of which is in harmony with public interest, the Commission may summarily order the following:
- 1) That the company cease and desist an action or omission;
 - 2) That the company carry out one or more specific acts; and/or
 - 3) The suspension of certification.

In said order, the Commission must summon the electric power company to a hearing before the Commission, to be held on or before a period of ten (10) days -- excluding Saturdays, Sundays and holidays -- from the date on which the summary order was issued, wherein the persons summoned may submit evidence and arguments in their own defense.

- B) The order issued by the Commission to that effect shall state the grounds for it, and notice of it must immediately be given to the electric power company and any other interested person. The summary order shall be effective for a period of ten (10) days, excluding Saturdays, Sundays, and holidays, except where the electric power company has requested the hearing be rescheduled, in which case, the summary order may be effective until the date on which the hearing is held.
- C) After having held the hearing, the Commission shall determine if it is appropriate to levy a fine, order the company to cease and desist the behavior permanently or for a fixed period of time, modify the certification, or revoke and annul the certification issued to the company, and it shall issue a ruling to that effect. In said ruling, the Commission must formulate its findings of fact and conclusions of law, and comply with the requirements established in Section 3.14 of Law No. 170 of August 12, 1988, as amended, known as the Uniform Administrative Procedure Act.

Section 3.07.- Payable Fees.

- A) All electric power companies shall pay the Energy Commission the fees that are established below upon submission of the following forms, documents, or information:

- 1) Request for Certification or Request to Amend Certification:

- a) Electric power generation companies or companies that offer generation services:

With an aggregate generation capacity of:	Applicable fee:
1 MW to less than 5 MW	\$2,500.00
5 MW to less than 10 MW	\$4,000.00
10 MW to less than 20 MW	\$6,000.00
20 MW to less than 30 MW	\$8,000.00

30 MW to less than 50 MW	\$10,000.00
50 MW to less than 100 MW	\$12,000.00
100 MW to less than 500 MW	\$15,000.00
500 MW to less than 1,000 MW	\$20,000.00
1,000 MW or more	\$25,000.00

b) Non-generating companies that offer energy storage services:

With unit storage capacity of:	Applicable fee:
1 MW to less than 5 MW	\$2,500.00
5 MW to less than 10 MW	\$4,000.00
10 MW to less than 20 MW	\$6,000.00
20 MW to less than 30 MW	\$8,000.00
30 MW to less than 50 MW	\$10,000.00
50 MW to less than 100 MW	\$12,000.00
100 MW to less than 500 MW	\$15,000.00
500 MW to less than 1,000 MW	\$20,000.00
1,000 MW or more	\$25,000.00

c) Companies that offer electric power billing services:

Annual amount of megawatt-hours (MWh):	Applicable fee per megawatt-hour:	Minimum fee payable:
1 MWh to 250,000 MWh	\$0.0020	\$30.00
250,001 MWh to 1,500,000 MWh	\$0.0004	\$530.00
More than 1,500,000 MWh	\$0.0001	\$1,130.00

i) For the purposes of the fee for a Request for Certification or Request to Amend Certification that is applicable to companies that offer electric power billing services, the annual projected amount of megawatt-hours (MWh) shall be taken as a baseline for new companies. In the case of certified companies or companies already in existence at the time this Regulation comes into force, the greater of the following shall be taken as the baseline: (1) annual generation in megawatt-hours (MWh) during the fiscal year prior to the request, or (2) average generation in megawatt-hours (MWh) for the three years prior to the date of the request.

ii) The fee payable by the company shall be calculated using the following formula:

$$\text{Payable fee} = \text{minimum fee} + (\text{annual amount of megawatt-hours}) \times (\text{applicable fee})$$

d) Companies that offer electric power resale services:

Annual amount of megawatt-hours (MWh):	Applicable fee per megawatt-hour:	Minimum fee payable:
1 MWh to 250,000 MWh	\$0.02000	\$300.00
250,001 MWh to 1,500,000 MWh	\$0.0040	\$5,300.00
More than 1,500,000 MWh	\$0.0008	\$11,300.00

i) For the purposes of the fee for a Request for Certification or Request to Amend Certification that is applicable to companies that offer electric power resale services, the annual projected amount of megawatt-hours (MWh) shall be taken as a baseline for new companies. In the case of certified companies or companies already in existence at the time this Regulation comes into force, the greater of the following shall be taken as the baseline: (1) annual generation in megawatt-hours (MWh) during the fiscal year prior to the request, or (2) average generation in megawatt-hours (MWh) for the three years prior to the

date of the request.

- ii) The fee payable by the company shall be calculated using the following formula:

Payable fee = minimum fee + (annual amount of megawatt-hours) x (applicable fee)

2) Amended Request for Certification: one hundred dollars (\$100.00).

- B) If upon submission of a Request to Amend Certification the petitioning electric power company believes that payment of the amount for the submission fee for a Request to Amend Certification is onerous due to the fact that the change subject to the Request is minimal, said company may request that the Commission release it from the payment of the fee in question. In such cases, the company must submit, together with its Request to Amend Certification, a motion wherein it sets forth the facts and explains the legal basis to justify the release from payment.

ARTICLE 4.- ANNUAL FEES

Section 4.01.- Applicability of the Provisions of this Article.

The provisions of this Article shall apply to all electric power companies that generate revenue from the provision of electric services in the jurisdiction of the Commonwealth of Puerto Rico, with the exception of PREPA.

For the purposes of this Article, "gross revenue" shall refer to the gross revenue generated by an electric power company as a result of the provision of electrical services in the jurisdiction of the Commonwealth of Puerto Rico.

Section 4.02.- Duty to Inform Gross Revenue.

- A) All electric power companies operating in Puerto Rico before this Regulation entered into force must inform, together with the personal information required under Section 2.01 of this Regulation, the gross revenue generated during the previous fiscal year, as well as the latest audited financial statements.
- B) On or before June 1 of each year beginning in 2016, all certified electric power companies must inform the Energy Commission of the gross revenue generated during the previous fiscal year, together with the audited financial statements corresponding to each fiscal year.
- C) In every case, the information submitted by each electric power company regarding its gross revenue must be sworn by a representative of the electric

power company with the capacity to bind it, and certified by a Certified Public Accountant (CPA) authorized to practice said profession in Puerto Rico.

Section 4.03.- Amount of the Annual Fee.

- A) The Energy Commission shall calculate and collect from all electric power companies an annual fee equal to zero point twenty-five percent (0.25%) of the gross revenue it has generated during each fiscal year.
- B) On or before August 31 of each year, the Commission shall inform each electric power company of the total amount it must pay for the annual fee.
 - 1) Nevertheless, for the purposes of the year 2015, the Commission shall inform each company of the total amount it must pay for the annual fee on or before October 31, 2015.
- C) No electric power company that enters into or has entered into a power purchase agreement, an electrical interconnection agreement, or an electric power transmission (wheeling) agreement may claim from PREPA the reimbursement of expenses for the annual fee payable to the Commission, or include said expenses in the calculation of its rates, capacity fee, energy fee, or any other fee or amount of money that said electric power company charges PREPA under the referred agreements.
 - 1) Any clause or condition of a power purchase agreement, electrical interconnection agreement, or electric power transmission (wheeling) agreement that contravenes the prohibition established in this subsection shall be understood as excluded and, once this Regulation has entered into force, shall cease to have effect solely with regard to the reimbursement from or charge to PREPA of the expenses for the annual fee, and so long as it does not constitute an impairment to contractual obligations as is prohibited under Article II, Section 7 of the Constitution of the Commonwealth of Puerto Rico or Article I, Section 10 of the United States Constitution.

Section 4.04.- Installments and Due Dates.

Each electric power company may opt to pay the appropriate annual fee in one lump sum on or before September 30, or in quarterly installments. Should a company opt to pay the annual fee in quarterly installments, the first installment must be paid on or before September 30, the second installment must be paid on or before December 31, the third installment must be paid on or before March 31, and the fourth installment must be paid on or before June 30.

Nevertheless, for the purposes of the year 2015, electric power companies may opt

to pay the appropriate annual fee in one lump sum on or before November 30, or in quarterly installments. Should a company opt to pay the annual fee in quarterly installments, payment for the first and second installments must be made on or before December 31, the third installment must be paid on or before March 31, and the fourth installment must be paid on or before June 30.

Section 4.05.-Reimbursement of the Commission's Expenses.

The Commission may order any electric power company to reimburse the Commission for the fees, extraordinary expenses, and unforeseen expenses that the Commission incurred in carrying out an investigation for the purposes of corroborating the information submitted by said electric power company regarding its gross revenue, or due to a reasonable suspicion that the information provided was not correct.

Section 4.06.- Past Due Fees.

All electric power companies that do not opportunely satisfy payment of the annual fee or the payment of the installments thereof, shall be obligated to pay interest and past due penalties in accordance with this Section.

- A) Where the electric power company has paid the annual fee within a period of thirty (30) days beginning on the due date or date of expiry, it shall also pay interest at the current rate set by the Financial Board and certified by the Commissioner of Financial Institutions of Puerto Rico.
- B) Where the electric power company has paid the annual fee after more than thirty (30) days but before sixty (60) days have elapsed following the due date or date of expiry, in addition to the interest at the current rate set by the Financial Board and certified by the Commissioner of Financial Institutions of Puerto Rico, it shall also pay a penalty equal to five percent (5%) of the total amount owed.
- C) Where the electric power company has paid the annual fee after more than sixty (60) days have elapsed following the due date or date of expiry, in addition to the interest at the current rate set by the Financial Board and certified by the Commissioner of Financial Institutions of Puerto Rico, it shall also pay a penalty equal to ten percent (10%) of the total amount owed.
- D) After ninety (90) days have elapsed following the due date or date of expiry without payment of the appropriate annual fee by the electric power company, the Commission may initiate a process for the modification or revocation of its certification pursuant to Section 3.05 of this Regulation.

ARTICLE 5.- REQUEST FOR RECONSIDERATION AND JUDICIAL REVIEW

Section 5.01.- Request for Reconsideration.

Any person that is dissatisfied with a decision of the Commission under this Regulation may file a request for reconsideration before the Commission wherein the person sets forth in detail the grounds that support the request and the decision that, in the opinion of the petitioner, the Commission should have issued.

Requests for reconsideration shall be submitted and processed in accordance with the terms and provisions established in Law No. 170 of August 12, 1988, as amended, known as the Uniform Administrative Procedure Act.

Section 5.02.- Judicial Review.

Any person that is dissatisfied with a final decision of the Commission under this Regulation may appear before the Court of Appeals by way of a writ of judicial review in accordance with the provisions of Law No. 170 of August 12, 1988, as amended, known as the Uniform Administrative Procedure Act.

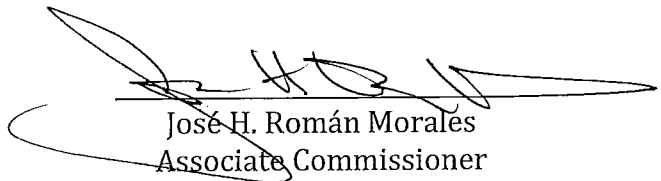
So agreed upon by the Commission in San Juan, Puerto Rico, on July 10, 2015.



Agustín F. Carbó Lugo
President



Ángel R. Rivera De La Cruz
Associate Commissioner



José H. Román Morales
Associate Commissioner