

COMISIÓN DE ENERGÍA DE PUERTO RICO	
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COMMONWEALTH OF PUERTO RICO
PUERTO RICO ENERGY COMMISSION

IN RE:

PUERTO RICO ELECTRIC POWER
AUTHORITY REVITALIZATION
CORPORATION,

Petitioner.

NO. CEPR-AP-2016-0001

SUBJECT: Supplemental Response to
Requests for Information

**PREPA REVITALIZATION CORPORATION'S SUPPLEMENTAL
SUBMISSION OF INFORMATION IN COMPLIANCE WITH THE
COMMISSION'S RESOLUTION AND ORDER OF APRIL 18, 2016**

Comes now the Petitioner Puerto Rico Electric Power Authority Revitalization Corporation (the "Corporation") and respectfully submits to the honorable Puerto Rico Energy Commission (the "Commission") this Supplemental Response to the Commission's Resolution and Order of April 13, 2016 (the "April 13 Order") and Resolution and Order of April 18, 2016 (the "April 18 Order").

1. The April 13 Order and April 18 Order identify information and materials to be provided by the Corporation to the Commission. On April 15, 2016, the Corporation filed its *Submission of Information* ("April 15 Response") in compliance with the Commission's April 13 Order. On April 25, 2016, the Corporation filed its *Submission of Information* ("April 25 Response") in compliance with the Commission's April 18 Order.

2. In its April 25 Response, the Corporation referred to certain potential amendments to specific language in proposed Restructuring Resolution (Attachment 1.00 to the Petition) that the Corporation supports or could support under the circumstances stated therein. Those amendments are reflected, in legislative "redline" style, in Attachment 1.00A hereto. The

references to such amendments in the April 25 Response, and the paragraph of Attachment 1.00 to which each such amendment relates, are identified in the following table.

April 25 Response	Attachment 1.00A
Section I.E. pp. 16-17	Paragraph 36, p. 15
Section I.E. pp. 16-17	Paragraph 85, p. 25
Section III.L. p. 40	Paragraph 124, p. 34
Section VII.G. p. 60-61	Paragraph 127, p. 34
Section III.M. p. 40-41	Paragraph 130, p. 35
Section III.P. pp. 42-43	Paragraph 161, p. 40

3. The April 13 Order directs the Corporation to “... provide the workpapers and Excel files, with formulas and cross references intact” for certain Exhibits and Attachments to the Verified Petition. April 13 Order at 2. Responsive materials were provided with the Corporation’s April 15 Response. The Corporation has supplemented that response by providing the Commission’s Staff with data not previously available in working form.

WE HEREBY CERTIFY that the foregoing was sent via email to: José Pérez-Velez, Esq., (jperez@oipc.pr.gov); Coral M. Odiot-Rivera, Esq., (codiot@oipc.pr.gov); Marc G. Roumain Prieto, Esq., (mgrprcorp@gmail.com); Fernando Agrait, Esq., (agraitfe@agraitlawpr.com); Edwin J. Quiñones Porrata, Esq., (edwin.quinones@aee.pr.gov); José G. Maeso Gonzalez, Esq. (jose.maeso@aae.pr.gov).

RESPECTFULLY SUBMITTED,

IN SAN JUAN, PUERTO RICO, THIS 2nd DAY OF MAY, 2016

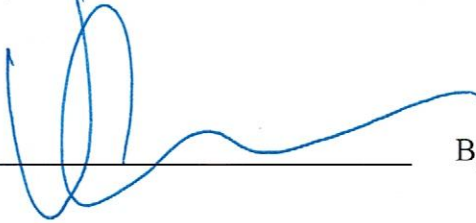
**PUERTO RICO ELECTRIC POWER
AUTHORITY REVITALIZATION CORPORATION**

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By: _____



By: _____



**PUERTO RICO ELECTRIC POWER AUTHORITY REVITALIZATION
CORPORATION**

RESTRUCTURING RESOLUTION NO. 1

This restructuring resolution (this “Restructuring Resolution”) is adopted by Puerto Rico Electric Power Authority Revitalization Corporation (the “Corporation”) pursuant to Act No. 4-2016 of the Legislature of Puerto Rico, approved February 16, 2016 (the “Act”) to authorize and approve, among other things, (a) the issuance by the Corporation of Restructuring Bonds in an aggregate principal amount not to exceed the principal amounts hereinafter set forth (the Restructuring Bonds approved pursuant to this Restructuring Resolution are hereinafter defined as the “Bonds”); (b) the Approved Restructuring Costs to be paid through the issuance of the Bonds and recovered from authorized Transition Charges; (c) the creation of the Restructuring Property described in this Restructuring Resolution including, without limitation, the right to impose, bill and collect the Transition Charges described in this Restructuring Resolution, as adjusted from time to time in accordance with the Adjustment Mechanism adopted by this Restructuring Resolution; (d) the imposition, billing and collection of such Transition Charges from Customers as approved in this Restructuring Resolution; (e) the execution and delivery of an initial servicing agreement with Puerto Rico Electric Power Authority (“PREPA”), as the initial servicer, and of a trust agreement, a calculation agent agreement, a depository agreement and other agreements related to the Bonds; and (f) other related matters as required in accordance with the Act.

Capitalized terms used, but not defined, herein shall have the meanings given such terms in Chapter IV of the Act (the “Securitization Chapter”).

STATUTORY OVERVIEW AND HISTORY

PREPA was created in 1941 as a public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (the “Commonwealth”) by Act No. 83 of the Legislature of Puerto Rico, approved May 2, 1941, as amended (the “Act”). PREPA supplies the great majority of the electric power consumed in the Commonwealth and owns all transmission and distribution facilities and most of the generating facilities that constitute Puerto Rico’s electric power system. PREPA is one of the largest publicly-owned utilities in the United States.

Faced with a growing challenge to pay its obligations as they became due, in August 2014, PREPA entered into forbearance agreements with certain beneficial owners and insurers of PREPA revenue bonds (“PREPA Bonds”), banks that provide revolving lines of credit used to pay for fuel and other expenses and Government Development Bank for Puerto Rico (“GDB”). During the term of the forbearance agreements, PREPA engaged in substantive discussions with the forbearing creditors to negotiate the terms of a broad, consensual financial settlement. On January 27, 2016, PREPA entered into a restructuring support agreement (including the annexes, exhibits and schedules attached thereto and as it may be amended, restated or reinstated from time to time, the “RSA”) with creditors (such creditors, the “Supporting Creditors”) that sets forth the material terms of a financial settlement, which was predicated, in part, upon the establishment of the Corporation as an entity separate and

resulting Transition Charges impracticable to administer and that the resulting Transition Charges will ensure the full and timely payment of the Bonds in accordance with their terms and all other Ongoing Financing Costs during the term of the Bonds.

31. The Adjustment Mechanism (a) has been approved by the Commission in the Restructuring Order, (b) is practical to administer and ensures the full and timely payment of (i) the Bonds in accordance with their terms and (ii) all other Ongoing Financing Costs, and (c) should be approved by the Corporation.

Calculation and Adjustment of Transition Charges:

32. The Corporation will apply, or cause the Servicer to apply, the Adjustment Mechanism to adjust the Transition Charge no less often than quarterly to ensure the full and timely payment of the Bonds in accordance with their terms and all other Ongoing Financing Costs during the term of the Bonds.
33. The Corporation will deliver, or cause the Servicer to deliver, to the Commission, notice of the proposed adjustment to the Transition Charges (a "True-Up Adjustment Letter"), including the data and work papers used to calculate the Transition Charges, at least thirty (30) days prior to the effective date of each proposed adjustment, provided that the information related to the initial Transition Charges with respect to any issuance of Bonds shall be provided to the Commission by the Corporate Designee (in the Designee Certificate or a True-Up Adjustment Letter) not later than three business days following the pricing or award of the Bonds and such initial Transition Charges shall be effective on the issuance date of the Bonds.
34. Each True-Up Adjustment Letter shall be substantially in the form attached hereto as Exhibit F to the Initial Servicing Agreement (approved pursuant to Finding of Fact 45).
35. The Commission's review of the initial Transition Charges or any adjustment to the Transition Charges shall be limited to verifying the mathematical accuracy of the calculation of the initial Transition Charges or subsequent Transition Charges resulting from the application of the Adjustment Mechanism (as the case may be).
36. ~~Before issuing any order regarding the correction of~~ If the Commission has reason to believe that there is a mathematical error in the calculation of the Transition Charges, before issuing an order requiring the Corporation to correct such error, the Commission ~~may~~ will provide a preliminary finding to the Servicer and ~~any~~ the Calculation Agent. [revised per Submission of Information in Compliance with the Commission's Resolution and Order of April 18, 2016, filed April 25, 2016 ("Response"), Section I.E.] Any adjustment to correct the mathematical inaccuracy, if ordered by the Commission, shall be made by the Corporation (or the Servicer on its behalf) not later than the next succeeding application of the Adjustment Mechanism on which such adjustment can practically be implemented. In no event shall the provision of a preliminary finding or the implementation of a Commission order correcting any

82. Customers include recipients of load served by net metering, purchase power or other distributed generation.

Adjustment Mechanism.

83. The Adjustment Mechanism is consistent with the requirements of the Securitization Chapter.
84. Pursuant to Article 34 of the Act, except for the requirements in the Securitization Chapter, the Transition Charges and the Adjustment Mechanism will not be subject to any other provision of law, including the provisions of Act No. 21, approved May 31, 1985, the Act or any other provision of law requiring or providing for the review (except by the Corporation as in Article 34 of the Act) or approval of rates of any governmental entity, or the holding of public hearings (except by the Commission as provided in subsection (b) of Article 35 of the Act) or notification of rate changes of any governmental entity, including the Legislative Assembly or the Commission. Neither the Commission nor any other governmental entity shall adopt any regulations, rules or procedures or take any other action that would delay or adversely affect the implementation of the Adjustment Mechanism or collection of Transition Charge Revenues.
85. Pursuant to Article 34 of the Act, the Commission's review of the initial Transition Charges or any adjustment of the Transition Charges shall be limited to verifying the mathematical accuracy of the calculation of the initial Transition Charges or subsequent Transition Charges resulting from the application of the Adjustment Mechanism (as the case may be). ~~Before issuing any order regarding the correction of~~ If the Commission has reason to believe that there is a mathematical error in the calculation of the Transition Charges, before issuing an order requiring the Corporation to correct such error, the Commission ~~will consult with~~ [may][will] provide a preliminary finding to the Servicer and ~~any~~ the Calculation Agent ~~to verify the Commission's calculations.~~ [revised per Response, Section I.E.] Any adjustment to correct the mathematical inaccuracy, if ordered by the Commission, shall be made by the Corporation (or the Servicer on its behalf) not later than the next succeeding application of the Adjustment Mechanism on which such adjustment can practically be implemented. In no event shall such consultation process or the implementation of a Commission order correcting any error result in the delay of the implementation of an adjustment to the Transition Charges on the effective date stated in the True-Up Adjustment Letter. The adjustment of the Transition Charge shall not be subject to any approval or review except for the review for mathematical accuracy by the Commission described above.
86. The adjustment of the Transition Charges is a ministerial act of the Corporation and Servicer and should the Corporation or the Servicer fail in any respect with respect to their respective duties to establish or adjust the Transition Charges at any time, the Trustee, the Bondholders, the Corporation or the Servicer shall be entitled upon application or petition therefor, to a writ of mandamus requiring the Corporation or the

123. The Corporation may irrevocably submit and waive any objection to the nonexclusive, in personam jurisdiction and venue of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City, with respect to any claim related to the Bonds (including, without limitation, any claims arising under this Restructuring Resolution or under any Basic Document, including, to the extent permitted by law, the Initial Servicing Agreement). Notwithstanding the foregoing, any proceeding commenced and undertaken pursuant to the provisions of Articles 35(c) or 35(d) of the Act must be filed in the Superior Court, San Juan Part, and follow the procedures established therein.

Additional Restructuring Bonds:

124. The Corporation may issue one or more series of “Restructuring Bonds,” in addition to the Bonds, secured by “Restructuring Property” ~~other than the Restructuring Property created pursuant to this Restructuring Resolution under one or more additional “Restructuring Resolutions” in addition to this~~ (other than the Restructuring Resolution attached to the Petition as Attachment 1.00) so long as such issuance is consistent with the terms of the Act, the Trust Agreement securing any outstanding Bonds, and with the terms of the RSA. [revised per Response, Section III.L.]

Commission Approvals; Paramount Bondholder Rights:

125. As provided in Article 31(14) of the Act, the Restructuring Order is irrevocable and not subject to further review or amendment by the Commission.
126. Except as set forth in Finding of Fact 36 relating to verification of the mathematical accuracy of the Transition Charges, nothing in the Act shall authorize the Commission to approve, modify or alter any Transition Charge, or to approve, reduce, or alter any Upfront Financing Cost or Ongoing Financing Cost or interfere with the payment thereof.
127. Any successor Servicing Agreements will not be subject to review or approval by the Commission- if and to the extent that such review or approval would diminish the rights of the Trustee the Bondholders, or any party to an Ancillary Agreement to replace the Servicer under the terms of any Trust Agreement or any other financing document relating to the Bonds. [revised per Response, Section VII.G.] Any Basic Document or agreement approved in this Restructuring Resolution shall be subject to change and completion without Commission approval, other than any change to the Servicing Agreement which materially alters the fees payable to PREPA, as the Initial Servicer.
128. Any projections, estimates or calculations provided in the Petition or included in any document supporting such Petition are in all cases non-binding and any failure to realize any projections or estimates shall not affect the Restructuring Resolution or Restructuring Order.

129. Article 4 of Law No. 114-2007, as amended, is consistent with and does not limit the ability to impose Transition Charges on net-metering or distributed generation Customers.

~~130. The Commission's rights to enforce the commitments of the Corporation to the Commission set forth in this Restructuring Resolution shall be limited to specific performance.~~

130. Resolution 19 of this Restructuring Resolution sets forth all commitments of the Corporation that are enforceable against the Corporation by the Commission under Article 6.25A of Act 57-2014, as amended, through judicial action directing that the Corporation act in accordance with their terms. [revised per Response, Section III.M.]

131. Nothing in Article 6.25A of Act 57-2014, as amended, authorizes the Commission to take any action (including replacement of the Servicer) which would impair rights of the Bondholders or which would be contrary to, or conflict with, the prior and paramount rights of Bondholders as provided in the Trust Agreement, including, but not limited to the rights of the Trustee or Bondholders to override an order of the Commission replacing the Servicer.

General

132. [Neither the Servicing Agreement, nor any obligation or duty of the Authority thereunder, is, nor may it be classified as, an enumerated obligation as defined in Act No. 21-2016 of the Legislature of Puerto Rico, enacted April 6, 2016.]

BE IT RESOLVED BY THE CORPORATION AS FOLLOWS:

133. RESOLVED, The Corporation authorizes and approves the issuance and sale of Bonds in the maximum principal amounts set forth in Finding of Fact 1, for the purposes described in this Restructuring Resolution. The final terms of the Bonds, consistent with the terms of this Restructuring Resolution, shall be approved by the Corporation Designee pursuant to Finding of Fact 68 and Ordering Paragraph 14 below, or in the case of Closing Date Bonds or Post-Closing Date Bonds, by the Board pursuant to the Award Resolution and any Designee Certificate. In no event are Bonds to be issued during the pendency of any action brought pursuant to Article 35(c), (d) or (f)(2) of the Act.

134. RESOLVED, The Corporation authorizes and approves the recovery of the Approved Restructuring Costs described in this Restructuring Resolution through the issuance of the Bonds.

135. RESOLVED, The Corporation authorizes the creation of the Restructuring Property, as described in Findings of Fact 42 and 43 and hereby specifies that it will be created and vest in the Corporation upon the issuance of any Bonds.

157. RESOLVED, This Restructuring Resolution shall not be interpreted to alter or limit the rights vested in PREPA to establish sufficient rates to pay and perform all of its obligations and contracts with its Bondholders and other creditors in accordance with their respective terms, nor to interfere with or diminish the lien upon PREPA revenues imposed under the Trust Agreement or other documents securing the PREPA Bonds and other obligations.
158. RESOLVED, With respect to any claim related to the Bonds (including claims arising under this Restructuring Resolution or under the Basic Documents and, to the extent permitted by law, the Initial Servicing Agreement), the Corporation hereby irrevocably submits and waives any objection to the non-exclusive, *in personam* jurisdiction and venue of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City and to the application of the laws of the State of New York, and agrees to maintain contacts with the State of New York sufficient to give the courts located therein personal jurisdiction over the Corporation. Notwithstanding the foregoing, any proceeding commenced and undertaken pursuant to the provisions of Articles 35(c) or 35(d) of the Act must be filed in the Superior Court, San Juan Part, and follow the procedures established therein.
159. RESOLVED, The Corporation shall include in the Trust Agreement, any Servicing Agreement, any Ancillary Agreement and any other Basic Document, a provision to the effect that such agreement will be governed by New York law as if such agreement were executed in and to be performed entirely within the state of New York. Notwithstanding the foregoing, all matters of the constitutional and statutory law of the Commonwealth (including the Act) and this Restructuring Resolution, all rights of the Corporation or the Servicer against any Customer by virtue of the Act and of the effect of the judgments and decrees of the Commonwealth courts, shall in all events be governed by the law of the Commonwealth.
160. RESOLVED, If an event of default with respect to the Bonds has occurred and is continuing, the transfer of the Restructuring Property to a third party as and to the extent provided in the Trust Agreement is hereby approved.
161. RESOLVED, This Restructuring Resolution may be amended by the Corporation prior to the issuance of any Bonds without the approval of the Commission ~~or any other Person;~~ provided, however, that ~~any~~no such amendment ~~affecting the calculation methodology~~may alter in any material respect the Calculation Methodology for the initial Transition Charge or the Adjustment Mechanism ~~related thereto shall be subject to the written approval of the President of the Commission or his or her designee., or diminish in any respect the powers and rights of the Commission under the Restructuring Order, or alter the fee of the Initial Servicer or increase the maximum fee of any successor Servicer from the amounts approved in the Restructuring Order.~~ [revised per Response, Section III.P.]