July 15, 2016

VIA ELECTRONIC MAIL:
n-ayala@aeepr.com; c-aquino@aeepr.com

Ms. Nélida Ayala Jiménez
General Counsel
Puerto Rico Electric Power Authority (PREPA)
PO Box 363928
San Juan, PR 00936-3928

Re: *In re:* Review of Rates of the Puerto Rico Electric Power Authority, No. CEPR-AP-2015-0001; 4th Requirement of Information

Dear Ms. Ayala,

Pursuant to the provisions in Article VIII of Regulation No. 8543, known as the Regulation on Adjudicative, Notice of Noncompliance, Rate Review and Investigation Proceedings (Regulation 8543), the staff of the Puerto Energy Commission (Commission Staff) is conducting discovery in the matter *In re:* Review of Rates of the Puerto Rico Electric Power Authority, No. CEPR-AP-2015-0001.

Through this letter, the Commission Staff issues its third round of requirements of information. PREPA shall submit, **on or before July 29th, 2016**, the information, data or documents, as appropriate, in digital format, required herein. PREPA shall submit such information, data or documents in accordance with the following instructions:

I. Instructions

A. In General

1. Unless the context requires otherwise, all words used in the singular shall be deemed to also include the plural.

2. Responses to questions must be made in writing, separately and under oath. Questions should be answered by supplying any information which PREPA has knowledge of or information obtained by their representatives, employees, contractors, agents or representatives, or as a result of any investigation conducted. Each response shall state the person responsible for that response.

3. When production of a document is required, the response should identify the document produced, the format or formats in which the document was produced, and the method and date it was delivered to the Commission Staff.

The identification of the document shall include: the name or title of the document, the document date, and the name of its author.

4. If information, data or documents required for any requirement do not exist, the person to whom this request for information is directed shall so specify in his or her reply to that request.

5. Except where the context indicates otherwise, the term "any" includes "all," and vice versa.

6. PREPA shall have a continuing duty to update, correct or amend its answers and notify the Commission Staff of any additional information obtained after said request and which is the subject of this requirement of information.

7. For purposes of this requirement of information, the term “document” means any material, no matter the form, type, nature or description, whether electronic, handwritten or typed, printed, engraved, photographed or copied, and no matter by whom it was originated, prepared, produced, reproduced, published or disseminated. The term “document” includes all types of publications, reports, magazines, books, pamphlets, brochures, folders, records, and/or volume set of attached or unattached papers.

8. For purposes of this requirement of information, the term "information" includes data and documents.

9. Digital Format: **All documents must be submitted in the Word or searchable PDF format**. Analyses prepared using an electronic spreadsheet program such as Excel will be provided in native format with formulas and cross-references intact. Under no circumstances may a printed document, scanned and converted to an image in Personal Document Format (PDF), be presented if there is already a version in digital text. In view of this, the presentation of PDF images of documents that were originally produced in digital text will not be allowed. The presentation of PDF images will only be allowed for those documents that do not exist in a digital version, or for which PREPA does not have a digital version.

10. If PREPA finds it necessary to request an extension of time for the production of part of the required information, it shall do so in writing and submit its request to the Commission’s Staff on or before *July 29h, 2016*. In its request, PREPA shall state the efforts undertaken thus far in order to produce the required information, and the reasons pursuant to which it will not be able to produce it within the original period, and which, according to PREPA, justify the granting of the requested extension, along with the specific date by which PREPA commits to provide a full response. However, on or before *July 29, 2016,* PREPA shall produce all the required information that, up until that date, it has been diligently able to obtain, organize, and process in accordance with the instructions established in this letter.

B. Allegedly Confidential or Privileged Information and Documents

The Commission Staff recognizes that PREPA may assert that some of the documents responsive to these questions warrant confidential treatment. Section 1.15 of Regulation No. 8543, together with the provisions of Articles 1.4 and 6.15 of Act 57-2014, as amended, govern the information that may be unavailable for public access because it is privileged or confidential, as well as the general guidelines for the Commission to determine what information is privileged and confidential and the treatment to be given to protect such information.

Specifically, Section 1.15 of Regulation 8543 provides that when a person has the duty to submit to the Commission information that, in his or her view is privileged or confidential, that person shall (i) identify the information which he or she considers to be privileged or confidential, (ii) request the Commission to protect this information, and (iii) state in writing the arguments in support of his or her request for protection. Once the matter is submitted to the Commission, it shall proceed as provided in Article 6.15 of Act 57-2014 if the Commission determines that the information produced and identified deserves protection.

With this background, if any of the requirements of information require PREPA to submit information it understands is confidential or privileged, the following instructions shall be observed:

1. When submitting the information, PREPA shall (i) mark or identify the information as "confidential" or "privileged"; and "(ii) identify the reason why the document or information should be classified as "confidential" or "privileged".

2. Along with the filing, PREPA shall submit a memorandum of law stating in writing the legal basis and sources to support its argument that the information or documents identified should be classified as "confidential" or "privileged". In its memorandum, PREPA must connect each claim to a particular document or piece of information.[1] PREPA shall serve a copy of its memorandum of law to the intervenors currently participating in the proceeding.

3. Except for communications covered by attorney-client privilege, PREPA cannot fail to submit any information or document to the Commission on the grounds that it believes it is a confidential or privileged document or information. If PREPA claims that the information is attorney-client privileged, it must state the basis for this claim and affirmatively state that there is no other alternative way for PREPA to provide the information that would not be attorney-client privileged.

4. The Commission Staff will protect and maintain secure any and all information marked by PREPA as "confidential" or "privileged" unless the Commission rules otherwise.

---

[1] When handling "confidential" or "privileged" information, the Commission Staff will observe all the applicable rules from the *Normas Internas para el Manejo de Información Confidencial en la Comisión de Energía de Puerto Rico*. See, http://energia.pr.gov/wp-content/uploads/2015/05/201505121415 06478.pdf

C. Questions about the Requirements

If PREPA has any question about any of the requirements of information made in this letter, it shall state its question or need for clarification in writing and submit it by electronic mail to the Commission Staff. While PREPA and the Commission Staff may have verbal discussions about PREPA's questions for efficiency purposes, all final questions and answers must be stated in writing. Verbal expressions and discussions about PREPA's questions will have no evidentiary value or effect.

II. Requirements of Information

A. Questions for Witness Zarumba and Granovsky (Z/G)

1. CEPR-PC-01-01: Direct Testimony at 4 - Regarding the reference to "other subsidies which PREPA is legislatively mandated to provide to customers," provide a list all of these other subsidies and for each:

    a. Explain how it is collected through rates.

    b. Provide the calculation of the subsidy that is currently included in rates.

    c. Specify the legislation that mandates the subsidy.

2. CEPR-PC-01-02: Direct Testimony at 2 (lines 40-42)- Referring to the list of additional attachments, please provide a brief description of each referenced Schedule and other papers, specifically:

    a. Schedules A-6.

    b. H-1, H-2, H-3, H-4, H-6.

    c. J-1, J-2, J-3, J-4, J-5.

    d. L-1.

    e. M-1, M-2, M-3.

    f. N-1.

    g. PREPA Ex. 5.0.

3. CEPR-PC-01-03: Please explain how PREPA envisions it will achieve an equitable allocation of revenues requirement to each tariff class.

    a. How will PREPA determine rates are equitable by class?

    b. What measures will be used?

    c. What frequency of review?

4. CEPR-PC-01-04: Do Mr. Zarumba and Mr. Granovsky propose to move the class revenue recovery towards the costs indicated by the cost-of-service study in subsequent rate proceedings:

    a. If so, what timeframe do they propose for converging class revenues to the cost-of-service study results?

    b. Has PREPA expressed any position regarding converging class revenues to the cost-of-service study results, or the schedule for convergence, other than the recommendations of Navigant staff? If so, please provide the documents in which PREPA has expressed those positions.

5. CEPR-PC-01-05: Direct Testimony at 3 (lines 60-62) - Please identify, explain and provide a time frame identifying the steps PREPA envisions in achieving "an equitable allocation of the revenue requirement to each tariff class."

6. CEPR-PC-01-06: Direct Testimony at 3 (lines 63-65) - Please identify the legislative initiatives that the proposed tariff designs implement:

    a. Are there additional legislative initiatives that PREPA has not implemented in this docket but plans to implement in the future? If yes, please explain.

7. CEPR-PC-01-07: Direct Testimony at 3 (lines 71-72) - Please identify the subsidies PREPA intends to quantify on customers' bills and explain how PREPA will "quantify the costs of these programs."

8. CEPR-PC-01-08: Direct Testimony at 5 (line 87) - Please explain how the importance of the FCA and the PPCA mechanisms are "overstated on a revenue basis.".

9. CEPR-PC-01-09: Direct Testimony at 5 (lines 92-94) - Regarding the statement that through the PPCA "the price signals … are distorted," please provide the following information:

    a. Explain how the price signals are distorted.

    b. Indicate whether it is Navigant's view that lower-load-factor classes should bear a greater share of purchased power costs. If so, explain why.

10. CEPR-PC-01-10: Why did PREPA sign contracts for power purchases from the coal- and LNG-fired plants, rather than oil-fired peaking units?

    a. How do the fixed costs of the coal and LNG plants compare to the fixed costs of peaking units, owned either by PREPA or an IPP?

11. CEPR-PC-01-11: Direct Testimony at 6 (line 122) - Regarding the statement that under PREPA's purchased power fixed costs will no longer be assessed to customers on a volumetric basis, please explain how this proposed change in cost allocation will affect price signaling and customer behavior.

12. CEPR-PC-01-12: Please provide all available analyses of PREPA's decisions to enter into its purchase power agreements from AES and EcoEléctrica.

13. CEPR-PC-01-13: Please provide a comparison of the energy charge of the purchase power contracts versus the marginal fuel and variable O&M costs of existing PREPA-owned generation units.

14. CEPR-PC-01-14: Please explain how PREPA's investments in the fuel conversion of oil plants should be reflected in efficient pricing.

15. CEPR-PC-01-15: Regarding the proposal to introduce a FCA and PPCA reconciling mechanism, provide the following information:

    a. The definition of the test year on which the average cost of fuel and purchased power will be based.

    b. An explanation of how the monthly base values are to be calculated.

    c. A sample calculation of the monthly base values.

    d. The frequency which the average cost of fuel and the purchased power will be reconciled.

16. CEPR-PC-01-16: Please identify each of the fixed costs associated with purchased power agreements that will no longer be assessed to customers on a volumetric basis.

17. CEPR-PC-01-17: Please specify the cost allocation methodology from the embedded cost of service study that will be applied to the fixed portion of the PPCA.

18. CPER-PC-01-18: Regarding the recovery of CILT in a separate reconciling clause:

    a. Explain how this change will improve cost recovery.

    b. Provide a breakdown of the non-CILT subsidies by type of entity receiving the subsidy, the reason for the subsidy, and the nature of the subsidy (e.g., cash, discounted power, free power, FCA exemption).

    c. Explain how the CILT liability is computed for each municipality.

    d. Please indicate whether the CILT subsidies are determined in agreement with each municipality or by statutory computation.

e. Please indicate whether the CILT subsidies are provided in cash, in free kWh, discounted power, FCA exemption, or other formats.

f. Explain how PREPA proposes to allocate the subsidy among classes.

19. CEPR-PC-01-19: In the current proposal, would the subsidy rider include any of the public-housing and low-income subsidy?

    a. Please discuss the pros and cons of including or excluding those residential subsidies in the subsidy rider.

20. CEPR-PC-01-20: Direct Testimony at 8 (lines 160 -162) - Regarding the statements that the proposed reconciliation mechanism "will capture the first and second months of the current quarterly cycle and the third (i.e. final) month of the previous quarterly period," please provide the following information:

    a. Confirm that the quarterly mechanism as proposed would be filed at the end of the second month of the quarter.

    b. Confirm that the reconciliation mechanism as proposed will be based on actual costs and sales.

    c. Explain why PROMOD projections will be used for fuel consumption elements and not based on actual costs and sales.

    d. If the reconciliation relies on production cost projections, explain how the mechanism "avoids the complication of re-estimating the costs, sales and revenues associated with the mechanism" (line 162-163).

21. CEPR-PC-01-21: Please provide the following information concerning the proposed reconciliation mechanism:

    a. The formulas to be used to calculate the quarterly PPCA and FCA Factors.

    b. An explanation of how the formulas take into account over- and under-collection of PPCA and FCA costs in past quarters.

    c. An explanation of how the formulas take in account actual fuel and purchased power costs for first two months of the quarter and final month of the previous quarter.

    d. An explanation of how the formulas take into account cost of fuel and purchased power produced by PROMOD.

    e. A sample numerical calculation for the most recent quarter.

f. A demonstration that under the costs and sales assumed, the resulting PPCA and FAC factors will not over- or under-collect fuel and purchased power costs.

22. CEPR-PC-01-22: Direct Testimony at 9 - Regarding the monthly PPCA/FCA bandwidth computation, please provide the following information:

    a. How the 10 percent bandwidth was determined as the appropriate bandwidth. Provide any supporting analysis or documentation to support the 10 percent bandwidth.

    b. The formulas for calculating the deviation of actual costs from PPCA and FCA revenues.

    c. The formulas for recalculating the PPCA and FCA factors if a variation meets or exceeds the bandwidth.

    d. Whether the 10% bandwidth will be applied on a monthly basis to costs and revenues for that month, to cumulative costs and revenues since the last rate proceeding, or something else.

23. CEPR-PC-01-23: Direct Testimony at 10 (lines 189-191) - Regarding the statement that "[i]f customers consume electric power following a pattern that is consistent with average consumption for the PREPA system as a whole, the starting cost of the FCA and PPCA will be zero", please provide the following information:

    a. Confirm that the starting FCA and PPCA values after a base rate change would be zero for all customers.

    b. Explain the circumstances under which PREPA's customers' overall average consumption would *not* be consistent with the PREPA system as a whole.

    c. Explain whether in addition to consumption patterns, changes in fuel and purchased power price per kWh and changes in generator availability would also affect the FCA and PPCA factors.

24. CEPR-PC-01-24: Please explain why PREPA has not included cash working capital in its revenue requirement request.

25. CEPR-PC-01-25: Direct Testimony at 11 - Please explain how the $51,783,821 of CILT subsidies was determined.

26. CEPR-PC-01-26: Direct Testimony at 11 - Please explain how the total amount of $168,312,921 in other subsidies was determined.

27. CEPR-PC-01-27: Direct Testimony at 12 (lines 231-232) - Please explain how the proposed reconciliation mechanism for the CILT and other

subsidies operate "in a similar manner to the fuel and purchased power cost adjustment" if the test year amount is not included in base rates.

a. Please explain why PREPA decided to not include the test year amount and start the reconciliation at zero.

28. CEPR-PC-01-28: Direct Testimony at 31 - Please clarify whether renewable net metering (NM) customers are considered DER customers. If so, please explain how CILT and other subsidy charges will be allocated equitably to the NM customers.

29. CEPR-PC-01-29: Please identify all tariff classes that would be eligible to bypass the CILT recovery mechanism through the use of renewable energy.

30. CEPR-PC-01-30: Direct Testimony at 13 (lines 258-259) - Please clarify what qualifies as a "per service agreement basis" for residential customers and how that term differs from "per customer."

31. CEPR-PC-01-31: Direct Testimony at 14 - Please explain how the Transition Charge is functionalized.

32. CEPR-PC-01-32: Direct Testimony at 15 - Please explain the treatment of bad debt in the transition charge and base rates.

33. CEPR-PC-01-33: Direct Testimony at 16 - Please explain how the treatment of bad debt in the transition charge differs from its treatment in base rates.

34. CEPR-PC-01-34: Direct Testimony at 16 - Please provide the Electric Rating Period Study prepared by Navigant.

35. CEPR-PC-01-35: Direct Testimony at 16 - Please provide in an Excel spreadsheet the hourly load data used in Navigant's analysis of historical seasonal loads.

36. CEPR-PC-01-36: Direct Testimony at 16 - Please document the statistical analysis of seasonality of load. Include all data, assumptions, spreadsheets and work-papers relied upon.

37. CEPR-PC-01-37: Direct Testimony at 16-17 - Regarding the statistical analysis of seasonality, please provide the following information:

    a. Explain what it means to "exceed the peal month".

    b. How is the peak month determined?

    c. Indicate whether Navigant performed a similar statistical analysis of the seasonal pattern of monthly load plus scheduled maintenance outages. If so, provide this analysis.

d. Indicate whether Navigant performed a similar statistical analysis of the seasonal pattern of marginal fuel cost or marginal energy cost by month. If so, provide this analysis.

e. Indicate whether Navigant performed a similar statistical analysis of the seasonal pattern of capacity shortage. If so, provide this analysis and specify the measure of capacity shortage used (e.g. violations of operating reserve).

38. CEPR-PC-01-38: Direct Testimony at 17 - Regarding the analysis of seasonality illustrated by the figure on page 17, please estimate the MW of load reduction in June through October that would make these months comparable to the other seven months of the year. Include the basis of this estimate.

39. CEPR-PC-01-39: Direct Testimony at 17 (lines 313-314) - Please explain why the results of Navigant's analysis of seasonality are "not a strong argument for the creation of a high cost season."

    a. If Navigant has conducted similar analyses for other utilities and determined that the analysis supported creation of a high-cost season, please provide those analyses.

40. CEPR-PC-01-40: Please indicate whether in the opinion of Mr. Zarumba and Mr. Granovsky, there is a problem with having a five-month peak season in a seasonal rate.

    a. If so, explain why.

    b. Please provide any information available to the witnesses regarding the length of peak seasons in the rate designs of other utilities.

41. CEPR-PC-01-41: Direct Testimony at 17-18 - Regarding the analysis of the seasonality of MEC, please provide the following information:

    a. An explanation of how the MECs were computed.

    b. The energy price data relied upon.

    c. The source of the energy price data.

    d. The load shape for energy assumed for each rate class.

    e. The average marginal energy cost by month for the period analyzed.

42. CEPR-PC-01-42: Please document the Time-of-Use analysis of load. Include all data, assumption, spreadsheets and work-papers relied upon.

43. CEPR-PC-01-43: Provide actual hourly load data for the past five (5) years.

44. CEPR-PC-01-44: Direct Testimony at 21 - Regarding the figure at the top of page 21, provide the months and years used to develop the figure. Also provide the equivalent graph for each month, 2010-2015.

45. CEPRPC-01-45: Regarding the Time-of-Use analysis of load, please indicate whether Navigant performed an analysis of the variation in the twice daily peak loads during the diurnal period by month. If so, provide the analysis.

46. CEPR-PC-01-46: Regarding the Time-of-Use analysis of load, please indicate whether Navigant performed an analysis of the how the diurnal pattern of marginal cost varies between weekday and weekend. If so, provide the analysis.

47. CEPR-PC-01-47: Please provide the following information for customers on the TOU-P or TOU-T tariff:

    a. Monthly metered non-coincident peak load by class by year for years 2010 through 2015.

    b. Monthly metered coincident peak load by class by year for years 2010 through 2015.

48. CEPR-PC-01-48: Direct Testimony at 25 - Referring to the revenue requirement allocation chart on page 25, please explain what ECOSS percentage increases are referencing. For example, does the 92.5% increase in the ECOSS for agriculture indicate a corresponding increase in revenue requirement assignment to the agriculture sector?

49. CEPR-PC-01-49: Please identify or provide the relevant supporting worksheets for each of the following:

    a. Embedded Cost of Service Study.

    b. Cost of Service Study.

    c. Securitization Revenue Requirement.

50. CEPR-PC-01-50: Direct Testimony at 25 - Referring to the table on page 25, please explain the revenue requirement percentages shown for each class and include the following:

    a. Are the percentage increases inclusive of the transition charge?

    b. Was the transition charge included in the ECOSS.

    c. Have the transition charges been added to base rates?

    d. Are the percentages shown in percent of base rates or total revenue requirements?

e. Please identify supporting worksheets and Schedules used in developing this figure.

51. CEPR-PC-01-51: Direct Testimony at 25 - Referring to the discussion of the public lighting tariffs, please provide the following:

    a. The tariff codes included in Public Lighting for this discussion.

    b. Is public lighting the only service included in the public lighting tariff class? If not, please list all other services or customer types included in the public lighting tariff that are not related to providing public lighting.

    c. Are all Public Lighting and unmetered codes subsidized.

    d. What portion of the public lighting class is subsidized?

    e. How is the public lighting subsidy determined? Please provide a calculation example.

    f. Why does the public lighting subsidy "require" redistribution of the overall revenue requirement?

52. CEPR-PC-01-52: Direct Testimony at 26 (lines 418 – 420) - Referring to the established mitigation rate increase limits, "the total Residential class increase was limited to within 5 percent of the total increases of the other customer classes":

    a. Please explain if the percentage is 5 percent of base rates or of total rates.

    b. Please explain how the residential increase of 28.6% is within 5% mitigation of the 22.1% commercial increase?

    c. Please provide the supporting worksheets and Schedules used to prepare the figure on page 26 illustrating rate class increases by classes with and without mitigation.

53. CEPR-PC-01-53: Direct Testimony at 26-27 - Referring to the statement, "[t]he 5 percent threshold was chosen based upon judgment and reflects the opinions of PREPA's management, the experience of the Navigant team, and socio-economic factors on the island", please explain the following:

    a. What specific Navigant experience indicates that the 5% mitigation limit is acceptable and equitable?

    b. What are the specific socio-economic factors of Puerto Rico that have been taken into consideration in arriving at the 5% threshold?

c. What analysis was undertaken to arrive at the 5% threshold?

d. Please provide or identify supporting work-papers and Schedules.

54. CEPR-PC-01-54: Direct Testimony at 27-29 - Referencing the discussion of unbundling of customer tariffs, please provide the following:

a. Does PREPA envision a competitive wholesale market for unbundled transmission on the island of Puerto Rico?

i. If so, on what schedule?

ii. How many transmission zones does PREPA envision?

iii. How would the operation and coordination of these transmission zones be organized?

b. Please identify any wholesale transmission markets in the continental United States that is available directly to non-transmission-tariffed customers, such as a residential customer.

c. Does PREPA envision a competitive market for third party generation retail suppliers? If so, on what schedule?

55. CEPR-PC-01-55: Direct Testimony at 30 - Referring to cost-based unbundling, please identify the following:

a. Supporting work-papers and Schedules used to determine the mitigated average price by class (kWh).

b. Please explain in detail the kWh unbundling charges identified in the cost-based unbundling example of Tariff GRS for Production, Transmission and Distribution.

c. Please explain what was directly assigned within the distribution function as referenced in footnote 2 on page 30.

B. Questions for Witness Miranda

1. CEPR-AH-01-01: Please refer to Schedule F-3 Rev as provided to the Commission in the file "Schedule D-1 REV.xlsx" as part of PREPA's Third Submission of Material (5 July, 2016).

a. Are any construction or capital expenditures associated with AOGP reflected in this schedule?

b. If not, provide a detailed list, with descriptions and expected spending, of all projected construction and capital expenditure requirements associated with AOGP for fiscal years 2017, 2018, and 2019.

c. If so, identify all projects on Schedule F-3 Rev that are associated with AOGP, by year.

2. CEPR-AH-01-02: Please refer to Schedule F-3 Rev. Please also refer to Tables 10-1 and 10-2 of the Supplemental IRP (25 April, 2016). For all projects listed in Tables 10-1 and 10-2 of the Supplemental IRP *apart* from AOGP.

   a. Are any construction or capital expenditures associated these projects reflected in Schedule F-3 Rev?

   b. If so, identify all lines in Schedule F-3 Rev that are associated with these projects, by year.

3. CEPR-AH-01-03: Please refer to the file "PREPA Rate Case Financial Model 160620_Debt Restructuring Rate Change to RR.xlsm" as provided to the Commission as part of PREPA's First Submission of Material in Compliance with the Commission's Resolution and Order of June 13, 2016 (24 June, 2016). Please refer to cell G193 of the sheet labelled "Inputs". Provide a detailed list, with descriptions, values, and dates, of all FY 2016 spending associated with AOGP.

4. CEPR-AH-01-04: Please refer to Exhibit 3.02, Slide 4, as provided to the Commission as part of PREPA's First Submission of Information (12 May, 2016).

   a. Provide a description of what projects are included in the value listed under "AOGP" in year 2017 and a detailed spending schedule reflecting these projects.

   b. Describe how this value is incorporated into PREPA's total revenue requirement.

   c. Provide a descriptions of what projects are included in the value listed under "AOGP" in year 2018 and a detailed spending schedule reflecting these projects.

   d. Describe how this value is incorporated into PREPA's total revenue requirement.

   e. Provide the all-in expected overnight capital cost of AOGP.

   f. Provide the all-in expected financed capital cost of AOGP.

   g. Provide a description of the methodology used to calculate the financed capital cost of AOGP, as well as functional copies of any workpapers with all links and formulae intact, and the source of any assumptions used in this calculation.

h. Please also refer to page 5-7 of Volume I of the Base IRP (17 August, 2015). Please provide the all-in capital cost for AOGP used in the IRP.

i. Does this cost include financing?

ii. Please explain any discrepancies between this amount and the amounts provided in response to parts (e) and (f) of this question.

5. CEPR-AH-01-05: Please refer to Exhibit 3.02, Slide 2.

a. Provide the date on which the sales forecast used in the Business Plan was prepared.

b. Provide a written description of the methodology used to calculate the sales forecast used in the Business Plan, as well as functional copies of any work-papers, with formulae and links intact, and the source of any assumptions used in this calculation.

c. Provide the date on which the sales forecast used in the Rate Case Model was prepared.

d. Provide a written description of the methodology used to calculate the sales forecast used in the Rate Case Model, as well as functional copies of any work-papers, with formulae and links intact, and the source of any assumptions used in this calculation.

e. Has PREPA prepared a peak load forecast as well as a sales forecast for the Rate Case Model? If so, please provide this forecast, by month and customer class if available.

6. CEPR-AH-01-06: Please refer to Exhibit 3, as provided to the Commission as part of PREPA's First Submission of Information (12 May, 2016). Please refer to lines 788-792 and line 801.

a. Provide PREPA's historical consumption, by month and customer class, for FY 2014 through the most recent data available.

b. Provide the previous-year consumption data, by month and customer class, that was used as an input to prepare the sales forecast relied on in the Base IRP.

c. Provide the forecasted monthly consumption by customer class as used in the sales forecast relied on in the Base IRP.

d. Provide the previous-year consumption data, by month and customer class, that was used as an input to prepare the sales forecast relied on in the Rate Case Model.

e. Provide the forecasted monthly consumption by customer class as used in the sales forecast relied on in the Rate Case Model.

7. CEPR-AH-01-07: lease refer to Exhibit 3, lines 798-803.

   a. Provide the forecasted incremental and total savings expected to be achieved through the Government Energy Efficiency program, by month, as used in the load forecast relied on in the Base IRP.

   b. Provide the total savings achieved by the Government Energy Efficiency program, by month, from its inception through the most recent month for which data is available.

   c. Provide the forecasted incremental and total savings expected to be achieved through the Government Energy Efficiency program, by month, as used in the load forecast relied upon for the Rate Case Model.

C. Questions Related to PREPA's Responses to CEPR's 2nd Requirement of Information

1. CEPR-SGH-02-01: Ref. Donahue response to CAPR-SGH-01-07 - Ms. Donahue indicates that "no more than $700 million of uninsured Power Revenue Bonds may remain outstanding" at PREPA after the restructuring and, in order for that to happen "approximately $2 billion of non-RSA bonds must consent to participate in the [restructuring] transaction." Please respond to the following questions.

   a. The $700 million of uninsured Power Revenue Bonds that remain at PREPA after the restructuring is a maximum amount, i.e., it cannot be more than that amount, according to the requirements of the RSA, correct? If not, please explain why not.

   b. Can the amount of uninsured Power Revenue Bonds remaining at PREPA be lower than $700 million if more non-RSA bondholders elect to participate in the restructuring? If so, please affirm; if not please explain why not.

   c. If approximately $2 billion of non-RSA bonds *do not* consent to participate in the [restructuring] transaction, and the amount of uninsured Power Revenue Bonds remaining at PREPA is more than $700 million, is the Restructuring null and void, or can it be re-negotiated? Please explain.

   d. If the requisite number of non-RSA bonds do not participate, the $700 million limit is violated *and* the Restructuring does *not* go forward, does PREPA have an alternative plan to continue operations? If not, please so state. If so, please describe that alternative operating plan and the potential impact on rates in as much detail as possible.

2. CEPR-SGH-02-02: Ref. Donahue response to CEPR-SGH-01-08 - Regarding the proposed Formula Rate Mechanism [FRM], assume 1) the Rate Case Order allows a formula rate and a 2017 debt service amount of $314 million (PREPA's request), 2) the Restructuring is completed *after* the Rate Case Order is issued and the amount of non-RSA debt remaining at PREPA is $600 million not the $700 million assumed by PREPA in estimating its 2017 debt service of $314 million (i.e., PREPA's actual debt service amount is less than what is included in rates).

    a. Does Ms. Donahue agree that in the situation described above there would be a discrepancy between the debt service included in rates and PREPA's actual debt service? If not, why not?

    b. Please explain in as much detail as possible how, under the Company's formula rate plan, that rate/cost discrepancy would be remedied?

3. CEPR-SGH-02-03: Ref. Donahue response to CEPR-SGH-01-09 (b) - In the cited data response Ms. Donahue indicates that part of the "July 1" financing was accomplished through the issuance of $264 million of additional bonds.

    a. Are these bonds what were referenced in the recent Transition Charge proceeding as "2016 Series C" bonds? If not, please explain why not.

    b. Ms. Donahue, in response to CEPR-SGH-01-04, indicates that the "July 1" debt service requirement (absent the fuel lenders and GDB) totals $532 million. Did PREPA provide, from its own accounts, the difference between the $532 million requirement and the $264 million provided by the sale of additional bonds? If not, please explain how the remainder of those monies required at July 1, 2016 were funded.

4. CEPR-SGH-02-04: Ref. Miranda/Sales/Sosa panel response to CEPR-SGH-01-012 - The panel notes that, with regard to their testimony that the PREPA executive team being "oversized," the "Business Plan includes specific headcount targets for PREPA by year which incorporate retirement and other attrition projections based on recent history."

    a. Please provide the headcount projections utilized in the Business Plan, by year, for PREPA's executive directorate and executive team.

    b. Are the headcount reductions projected for the PREPA executive directorate and executive team based only on attrition, or are they based also on other cost-based or management efficiency measures? Please explain why or why not.

5. CEPR-SGH-02-05: Ref. Pampush/Porter/Stathos panel response to CEPR-SGH-01-016(b) - The cited data request asks for precise support for PREPA's estimate of $314 million of debt service requirements in 2017. The response refers to a narrative description of the determination of the

$314 million provided in Schedule F-4 Section 9—Debt Service, which contains the following explanation of the calculation: "Following the transaction, an estimated $1,595 million of debt is assumed to remain outstanding at PREPA, which includes $696 million and $35 million of Fuel Lines and GDB LOC, respectively, as well as (i) the maximum $700 million of uninsured bonds per the RSA and (ii) $164 million of Syncora bonds following the July 1, 2016 debt service payment. Debt service on the $700 million of uninsured bonds remaining at PREPA is calculated assuming that a pro rata portion of each series of the approximately $2.4 billion of non-forbearing uninsured bonds outstanding (following the July 1, 2016 debt service payment) remains at PREPA. PREPA's advisors have calculated principal and interest payments on these bonds on a "CUSIP-by-CUSIP" basis. Interest on the Series UU variable rate bonds was projected using the 3-month LIBOR curve and an "Actual/Actual" day count convention. Estimated subsidies have been netted out of interest for the Series EEE and Series YY Build America Bonds (BABs)."

a. Please provide all the data and calculations which show, in as much detail as possible, the principal and interest on all of the $1.595 billion in bonds cited by the Company (Fuel Lines, GDB LOC, the $700 million of uninsured non-RSA bonds (on a "CUSIP-by-CUSIP" basis), as well as the $164 million of Synchora bonds).

b. Please provide the data in a spreadsheet format with the cells unlocked, all calculations and original source data available.

c. Please list all assumptions made in estimating PREPA's 2017 debt service.

d. Show that the 2017 principal and interest payments for the cited bonds sum to $314 million.

e. Does the panel agree that the $314 million figure for PREPA's 2017 debt service is an estimate, and that PREPA's actual debt service could be different from that estimated amount? If not, please explain why not.

f. Is the actual 2017 debt service for PREPA more likely to be lower or higher than the estimated $314 million and why?

   i. Please list and explain the factors that could cause the actual 2017 debt service for PREPA to be *higher* than the estimated $314 million.

   ii. Please list and explain the factors that could cause the actual 2017 debt service for PREPA to be *lower* than the estimated $314 million.

6. CEPR-SGH-02-06: Ref. Pampush/Porter/Stathos panel response to CEPR-SGH-01-016(g) - In the cited response, the panel references a DSCR

"trigger provision" in the revenue requirement and cites PREPA Ex. 5.0, lines 640-654 for support. However, there is no mention of a "trigger provision" at the cited portion of their testimony. Please explain.

7. CEPR-SGH-02-07: Ref. Pampush/Porter/Stathos panel response to CEPR-SGH-01-020(b) - Are there work-papers associated with the calculation of PREPA's embedded cost of debt? If not, please explain why not. If so, please provide them (the calculations are referenced in Schedule D-1 REV., footnote (f), but are not shown).

8. CEPR-SGH-02-08: Ref. Ernesto Ramos' response to CEPR-SGH-01-038 - The cited data request asked questions regarding PREPA Affiliates, and Mr. Ramos provide responses to those questions. Please respond to the following follow-up questions:

    a. Please describe, for each company, how PREPA's ownership of the three companies in PREPA affiliates (PREPA Networks, Consolidated Telecom of Puerto Rico, and InterAmerican Energy Sources) benefits PREPA and how it benefits PREPA's ratepayers. (Note: If Mr. Ramos is able to quantify the benefits provided each company, please do so, and also provide the supporting work-papers.)

    b. When asked for the most recent financial statements of each of the four companies within PREPA Affiliates, Mr. Ramos indicated those companies are consolidated with the Audited Financial Statements of PREPA and provided a cite to pages 36 and 37 of PREPA's 2014 financial statements; however, the financial statements were not provided. Do each of the companies in PREPA affiliates have financial statements?

        i. If not, please explain why not and explain how the companies in PREPA Affiliates can be effectively managed absent reliable financial reporting.

        ii. If so, please provide the most recent financial statements for each of the four companies. Note: The financial statements requested are not published statements; but are those used internally for managerial purposes.

        iii. What is the net income of each of the PREPA Affiliates over each of the past five years.

    c. Please explain why PREPA would not be better off if it divested all of PREPA Holdings.

    d. In response to CEPR-SGH-01-038(b), Mr. Ramos indicates that PREPA Affiliate companies are "independent entities" from PREPA. Please explain how a company that consolidates its financial results with its parent can be considered to be an "independent" company.

e. How does PREPA Networks acquire the fiber optic cable capacity that it re-sells? Does it pay for building the fiber optic line itself, or does PREPA pay for that and then lease it to the affiliate?

f. Are any of the 50 people that work for PREPA Networks housed in PREPA offices?

g. In response to CEPR-SGH-01-038(i), Mr. Ramos indicates that there is no conflict of interest in having InterAmerican Energy Solutions (IES) as one of the companies in PREPA Affiliates.

    i. Please explain how it is beneficial for PREPA to have IES build a solar generating system for a particular customer rather than having that customer served by PREPA. Would Mr. Ramos consider that to be a conflict of interest? If not, why not?

    ii. Mr. Ramos also indicates that PREPA is "a stockholder" of IES. Are there other stockholders of IES? If so, please list them.

    iii. If PREPA is not the sole stockholder of the two telecommunications companies in PREPA Affiliates, please so state and provide a list of the other stockholders for each of those companies.

h. In response to CEPR-SGH-01-038(j & k), Mr. Ramos states that IES "is not funding any project or building."

i. Has IES ever funded any project of building? If not, why should it remain a part of PREPA?

j. When the PREPA Affiliates raise funds for capital projects does PREPA provide those monies or do the Affiliated borrow from banks or other lenders? Please cite a recent example.

Responses to the requirements of information shall be submitted electronically by electronic mail to the following addresses: afigueroa@energia.pr.gov, tnegron@energia.pr.gov, and gbonet@energia.pr.gov. If responses are too voluminous to be sent by electronic mail, the responses shall be saved in a USB device and sent by mail with return receipt to: Cecilia Sánchez, 268 Muñoz Rivera Ave., World Plaza Suite 703, San Juan, PR 00918.

Cordially,

/s/Alejandro J. Figueroa Ramírez, Esq.

/s/Tania M. Negrón Vélez, Esq.