

D-1 shall include a summary of capitalization, including long-term debt, short term debt, owners' equity, and any other components of capitalization that are being used to develop the revenue requirement.

Because a Modified Cash Basis approach was utilized to develop revenue requirements, PREPA's debt is the only component of capitalization that is used to develop the revenue requirement used for the rate request.

### Schedule D-1: Summary of Capitalization at PREPA

|   | Annual<br>6/30/14 | Annual<br>6/30/15 | Annual<br>6/30/16 | Annual<br>6/30/17 | Annual<br>6/30/18 | Annual<br>6/30/19 | Annual<br>6/30/20 | Annual<br>6/30/21 | Annual<br>6/30/22 | Annual<br>6/30/23 | Annual<br>6/30/24 | Annual<br>6/30/25 | Annual<br>6/30/26 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>x PREPA Historic and Projected Principal Balances</b>            |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <u>Principal Balance (Year Ending)</u>                              |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Fuel & GDB LOC  | \$732             | \$732             | \$731             | \$621             | \$512             | \$402             | \$256             | \$73              | –                 | –                 | –                 | –                 | –                 |
| Uninsured & Insured Bonds <sup>(a)(b)</sup>                         | 8,527             | 8,322             | 864               | 802               | 743               | 724               | 697               | 673               | 658               | 643               | 628               | 583               | 533               |
| <b>Total Principal Balance<sup>(a)(b)</sup></b>                     | <b>\$9,259</b>    | <b>\$9,054</b>    | <b>\$1,595</b>    | <b>\$1,423</b>    | <b>\$1,254</b>    | <b>\$1,126</b>    | <b>\$953</b>      | <b>\$746</b>      | <b>\$658</b>      | <b>\$643</b>      | <b>\$628</b>      | <b>\$583</b>      | <b>\$533</b>      |
| <i>Memo: Principal to be Defeased by Mirror Bonds<sup>(c)</sup></i> |                   | 2,217             | 2,086             |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <u>Principal Payment</u>  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Fuel & GDB LOC  | \$23              | \$0               | \$1               | \$110             | \$110             | \$110             | \$146             | \$183             | \$73              | –                 | –                 | –                 | –                 |
| Uninsured & Insured Bonds <sup>(d)</sup>                            | \$204             | \$214             | \$203             | \$62              | \$59              | \$19              | \$27              | \$24              | \$15              | \$14              | \$16              | \$44              | \$50              |
| <b>Total Principal Payment</b>                                      | <b>\$227</b>      | <b>\$214</b>      | <b>\$203</b>      | <b>\$172</b>      | <b>\$169</b>      | <b>\$129</b>      | <b>\$173</b>      | <b>\$207</b>      | <b>\$88</b>       | <b>\$14</b>       | <b>\$16</b>       | <b>\$44</b>       | <b>\$50</b>       |
| <u>Interest Payment</u>   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Fuel & GDB LOC  | \$7               | \$55              | \$49              | \$40              | \$33              | \$27              | \$20              | \$11              | \$3               | –                 | –                 | –                 | –                 |
| Uninsured & Insured Bonds <sup>(d)</sup>                            | 431               | 422               | 152               | 103               | 40                | 37                | 36                | 35                | 34                | 33                | 32                | 32                | 29                |
| <b>Total Interest Payment</b>                                       | <b>\$438</b>      | <b>\$477</b>      | <b>\$201</b>      | <b>\$142</b>      | <b>\$74</b>       | <b>\$64</b>       | <b>\$56</b>       | <b>\$46</b>       | <b>\$37</b>       | <b>\$33</b>       | <b>\$32</b>       | <b>\$32</b>       | <b>\$29</b>       |
| <i>Memo: Mirror Bonds<sup>(e)</sup></i>                             |                   |                   |                   | 49                |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <u>Debt Service</u>   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Fuel & GDB LOC  | \$30              | \$55              | \$50              | \$149             | \$143             | \$137             | \$166             | \$194             | \$76              | –                 | –                 | –                 | –                 |
| Uninsured & Insured Bonds   | \$635             | \$637             | \$354             | \$165             | \$99              | \$56              | \$63              | \$59              | \$49              | \$48              | \$48              | \$76              | \$79              |
| <b>Total PREPA Legacy Debt Service</b>                              | <b>\$665</b>      | <b>\$692</b>      | <b>\$404</b>      | <b>\$314</b>      | <b>\$242</b>      | <b>\$193</b>      | <b>\$229</b>      | <b>\$253</b>      | <b>\$125</b>      | <b>\$48</b>       | <b>\$48</b>       | <b>\$76</b>       | <b>\$79</b>       |
| <u>Embedded Cost of Debt / Cost Rate<sup>(f)</sup></u>              |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Fuel & GDB LOC  | 0.9%              | 7.5%              | 6.7%              | 5.4%              | 5.4%              | 5.3%              | 5.0%              | 4.2%              | 3.6%              |                   |                   |                   |                   |
| Uninsured & Insured Bonds <sup>(c)(d)(e)</sup>                      | 4.9%              | 4.9%              | 4.6%              | 5.1%              | 5.0%              | 5.0%              | 5.0%              | 5.0%              | 5.0%              | 5.0%              | 5.0%              | 5.0%              | 5.1%              |
| <b>Overall Embedded Cost of Debt / Cost Rate<sup>(f)</sup></b>      | <b>4.6%</b>       | <b>5.2%</b>       | <b>5.0%</b>       | <b>5.2%</b>       | <b>5.2%</b>       | <b>5.1%</b>       | <b>5.0%</b>       | <b>4.8%</b>       | <b>4.9%</b>       | <b>5.0%</b>       | <b>5.0%</b>       | <b>5.0%</b>       | <b>5.1%</b>       |

**x Footnotes:**

Note: Assumes the restructuring transactions close on June 30, 2016.

(a) RSA requires a maximum of \$700mm of uninsured legacy bonds to remain at PREPA after transaction close.

(b) Illustratively includes Syncora bonds for comparative purposes only.

(c) Included in ending FY 2015 Total Principal Balance, but not ending FY 2016 Total Principal Balance. Due to the delay in Transition Charge implementation, debt defeased through Mirror Bonds is assumed to be paid by PREPA through April 2017. Adjustment made to include Mirror Bond principal balance in Cost Rate calculation.

(d) FY2017 debt service shown net of estimated proceeds from bonds issued in 2016. Proceeds estimated prior to actual issuances.

(e) Adjustment in FY 2017 to include Mirror Bond interest payment paid by SPV on July 1, 2017 in Cost Rate Calculation. Adjustment made for illustrative and comparative purposes only.

(f) Calculated based on beginning of year principal balances and annual interest payments, net of estimated proceeds for issuances in 2016 to cover portions of debt service due in January and July. Also includes Mirror Bond principal and interest payments for applicable years.

| Annual<br>6/30/27 | Annual<br>6/30/28 | Annual<br>6/30/29 | Annual<br>6/30/30 | Annual<br>6/30/31 | Annual<br>6/30/32 | Annual<br>6/30/33 | Annual<br>6/30/34 | Annual<br>6/30/35 | Annual<br>6/30/36 | Annual<br>6/30/37 | Annual<br>6/30/38 |
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| —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 |
| 481               | 442               | 411               | 380               | 351               | 320               | 299               | 274               | 247               | 218               | 177               | 142               |
| <b>\$481</b>      | <b>\$442</b>      | <b>\$411</b>      | <b>\$380</b>      | <b>\$351</b>      | <b>\$320</b>      | <b>\$299</b>      | <b>\$274</b>      | <b>\$247</b>      | <b>\$218</b>      | <b>\$177</b>      | <b>\$142</b>      |
|                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 |
| \$52              | \$39              | \$31              | \$31              | \$29              | \$31              | \$21              | \$25              | \$27              | \$29              | \$40              | \$35              |
| <b>\$52</b>       | <b>\$39</b>       | <b>\$31</b>       | <b>\$31</b>       | <b>\$29</b>       | <b>\$31</b>       | <b>\$21</b>       | <b>\$25</b>       | <b>\$27</b>       | <b>\$29</b>       | <b>\$40</b>       | <b>\$35</b>       |
|                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 |
| 27                | 24                | 22                | 21                | 19                | 18                | 17                | 16                | 14                | 13                | 11                | 9                 |
| <b>\$27</b>       | <b>\$24</b>       | <b>\$22</b>       | <b>\$21</b>       | <b>\$19</b>       | <b>\$18</b>       | <b>\$17</b>       | <b>\$16</b>       | <b>\$14</b>       | <b>\$13</b>       | <b>\$11</b>       | <b>\$9</b>        |
|                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 | —                 |
| \$79              | \$64              | \$53              | \$52              | \$49              | \$49              | \$38              | \$41              | \$41              | \$41              | \$51              | \$45              |
| <b>\$79</b>       | <b>\$64</b>       | <b>\$53</b>       | <b>\$52</b>       | <b>\$49</b>       | <b>\$49</b>       | <b>\$38</b>       | <b>\$41</b>       | <b>\$41</b>       | <b>\$41</b>       | <b>\$51</b>       | <b>\$45</b>       |
|                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| 5.1%              | 5.1%              | 5.1%              | 5.1%              | 5.1%              | 5.2%              | 5.2%              | 5.2%              | 5.1%              | 5.1%              | 5.0%              | 5.1%              |
| <b>5.1%</b>       | <b>5.1%</b>       | <b>5.1%</b>       | <b>5.1%</b>       | <b>5.1%</b>       | <b>5.2%</b>       | <b>5.2%</b>       | <b>5.2%</b>       | <b>5.1%</b>       | <b>5.1%</b>       | <b>5.0%</b>       | <b>5.1%</b>       |

| Annual<br>6/30/39 | Annual<br>6/30/40 | Annual<br>6/30/41 | Annual<br>6/30/42 | Annual<br>6/30/43 | Annual<br>6/30/44 | Annual<br>6/30/45 | Annual<br>6/30/46 | Annual<br>6/30/47 |
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|-------|------|------|------|---|---|---|---|---|
| -     | -    | -    | -    | - | - | - | - | - |
| 102   | 60   | 43   | 18   | - | - | - | - | - |
| \$102 | \$60 | \$43 | \$18 | - | - | - | - | - |

|      |      |      |      |      |   |   |   |   |
|------|------|------|------|------|---|---|---|---|
| -    | -    | -    | -    | -    | - | - | - | - |
| \$40 | \$42 | \$17 | \$25 | \$18 | - | - | - | - |
| \$40 | \$42 | \$17 | \$25 | \$18 | - | - | - | - |

|     |     |     |     |     |   |   |   |   |
|-----|-----|-----|-----|-----|---|---|---|---|
| 7   | 5   | 3   | 3   | 1   | - | - | - | - |
| \$7 | \$5 | \$3 | \$3 | \$1 | - | - | - | - |

|      |      |      |      |      |   |   |   |   |
|------|------|------|------|------|---|---|---|---|
| -    | -    | -    | -    | -    | - | - | - | - |
| \$47 | \$48 | \$21 | \$27 | \$19 | - | - | - | - |
| \$47 | \$48 | \$21 | \$27 | \$19 | - | - | - | - |

|      |      |      |      |      |  |  |  |  |
|------|------|------|------|------|--|--|--|--|
| 5.2% | 5.3% | 5.6% | 5.9% | 7.0% |  |  |  |  |
| 5.2% | 5.3% | 5.6% | 5.9% | 7.0% |  |  |  |  |