



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

**IN RE: PUERTO RICO ELECTRIC POWER
AUTHORITY RATE REVIEW**

CASE NO.: CEPR-AP-2015-0001

SUBJECT: Final Technical Hearing Panel
Order and Witness Appearance Schedule.

RESOLUTION

On November 15, 2016, the Puerto Rico Energy Commission ("Commission") issued a Resolution establishing the dates, order and subjects to be discussed during the different panels of the technical hearings. On November 21, 2016, the Puerto Rico Electric Power Authority ("PREPA") submitted a motion requesting certain adjustments to the panel schedule. In response, the Commission determines as follows:

1. Mr. Zarumba will join Panel F solely to discuss the energy efficient rider (Issue F-10).
2. Panel F discussion of the permanent-provisional reconciliation issue (Issue F-3) will address solely timing. Therefore, Mr. Rivera need not appear there. Dr. Hemphill is the appropriate person for this issue.
3. The technical discussion of the permanent-provisional reconciliation issue will remain on Panel A (Issue A-8) because the Commission's consultant addressing that issue will be present for that panel. Therefore Messrs. Rivera and Zarumba may join Panel A for that purpose. Issues A-8 and A-9 are inadvertent duplicates.
4. Panel D is intended to allow the Commission to understand the concerns of the industrial and commercial customers. Dr. Kaufmann may join that panel but the main location for a discussion of his testimony will occur in Panel E (Issue E-6).
5. Dr. Quintana may join the Pérez-Sosa group on Panel E but the Commission does not view Dr. Quintana as an adequate substitute for Ms. Miranda. The absence of a senior manager from within PREPA, one with Ms. Miranda's direct experience, leaves a gap in PREPA's evidence. PREPA shall make every effort to have Ms. Miranda present.
6. Issue A-11 (A-10 in Exhibit A-Rev) (procedures for compliance filing after the January 11 order) will remain on Panel A because it is addressed by the Commission's consultant who will be present on Panel A. PREPA may add its chosen person to that panel by informing Commission Staff via email.
7. Issue A-10 (A-9 in Exhibit A-Rev) (coordination of the new revenue requirement with the Transition Charge) is a technical issue relating to recording and reporting; it does not require Ms. Donahue. The status of debt restructuring will be discussed at issue

B-1 (PREPA's financial condition). There is no need for Ms. Donahue to appear on Panel A.

With regards to scheduling, the Commission intends to remain on schedule, even if doing so requires extending certain days beyond normal working hours. All parties should understand that either or both of the two small, short panels (Panel D on industrial and commercial consumer concerns (2-3 hours); Panel C on the PREPA-PRASA dispute (1-2 hours)) could be moved to other time slots if all members are able. As for all other panels, witnesses should remain in contact with counsel throughout the process to ensure timely attendance. Based on the nature of this proceeding, it is not possible to establish precise times for the commencement of certain panels, however the Commission will make every effort each day to inform all participants of the schedule for the following day. Furthermore, panel members who relate only to specific issues need appear on the assigned panel only when those issues arise. On each panel, we will address issues in the sequence listed¹, unless it is convenient or necessary to address a particular issue out of order. We ask for everyone's patience and flexibility as we strive to make this hearing productive and efficient.

Finally, the Commission attaches as Exhibit A – Rev the list of panels including the subjects that will be addressed, the witness that need to appear and the commencement date of each panel.

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

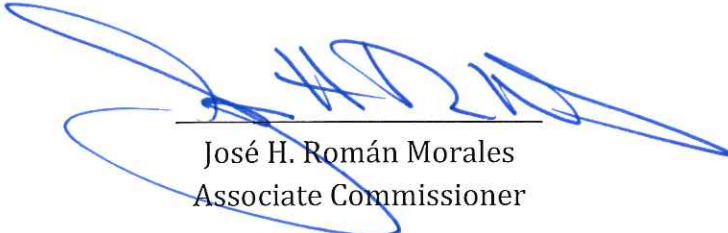
Be it notified and published.



Agustín F. Carbó Lugo
Chairman



Ángel R. Rivera de la Cruz
Associate Commissioner



José H. Román Morales
Associate Commissioner

¹ See Exhibit A-Rev, attached.



CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Commission has so agreed on November 22, 2016 and on this date a copy of this Resolution was notified by electronic mail to the following: n-ayala@aeep.com, c-aquino@aeep.com, glenn.rippinge@r3law.com, michael.guerra@r3law.com, john.ratnaswamy@r3Law.com, codiot@opic.pr.gov, jperez@oipc.pr.gov, mmuntanerlaw@gmail.com, jfeliciano@constructorespr.net, abogados@fuerteslaw.com, jose.maeso@aae.pr.gov, edwin.quinones@aae.pr.gov, nydinmarie.watlington@cemex.com, aconer.pr@gmail.com, epenegypr@gmail.com, jorgehernandez@escopr.net, ecandelaria@camarapr.net, pga@caribe.net, manuelgabrielfernandez@gmail.com, agraitfe@agraitlawpr.com, maribel.cruz@acueductospr.com, eirizarry@ccdprlaw.com, mgrpcorp@gmail.com, attystgo@yahoo.com and pnieves@vnblegal.com.

María del Mar Cintrón Alvarado
Clerk

I certify that today, November 23, 2016, I have proceeded with the filing of the Resolution issued by the Puerto Rico Energy Commission and I have sent a true and exact copy to the following:

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For the record, I sign this in San Juan, Puerto Rico, today, November 23, 2016.

María del Mar Cintrón Alvarado
Clerk



**Exhibit A-Rev. PANEL DESCRIPTION
TECHNICAL HEARING
CEPR-AP-2015-0001**

Panel A:

Revenue requirement: Form and calculation (plus the reasonableness of a limited number of costs)

Issues:

1. Appropriateness of FY2017 as the test year;
2. The proper revenue requirement equation;
3. Accuracy of the numbers, including double-counting issues;
4. Appropriate reflection in the revenue requirement of fuel and purchase power expense, debt service margin, and other special items;
5. Reasonableness of certain expenses (other than the generation-transmission-distribution, which are addressed in the Panel on reasonableness of costs).
 - a. Labor
 - b. Working capital
 - c. Depreciation
 - d. Irrigation subsidy calculation
 - e. CILT calculation
 - f. Reconnection fee
 - g. Fines and penalties
6. Income from other sources
7. Calculation of required revenue increase
8. Reconciliation of permanent rates with provisional rates
9. Coordination of the new revenue requirement with the Transition Charge
10. Procedures for a compliance filing after the Jan. 11 order
11. Improvements in financial reporting and cost reporting

Commencement Date: Tuesday, November 29, 2016

Witnesses: Stathos, Pampush, Porter, Ramos, Miranda, Pérez, Rivera and Zarumba (PREPA); Feliciano (ACONER) and Glass (ICSEPR).

Panel B:

PREPA's financing and financial condition

Issues:

1. PREPA's financial condition
2. The appropriate role of the rate case in restoring PREPA's access to capital markets
3. Reasonableness of the finance costs in general
4. The appropriate debt service coverage ratio
5. The possibility of additional bondholder concessions
6. PREPA's non-utility affiliates (1HOUR)

Commencement Date: Thursday, December 1, 2016.

Witnesses: Donahue, Quintana, Stathos, Pampush, Porter and Ramos (PREPA); Hill (Commission); Masses and Artze (Manufacturers Association); Feliciano (ACONER) and Kunkell, Sanzillo and Glass (ICSEPR)

Panel C:
PRASA-PREPA dispute on rate treatments

Commencement Date: Friday, December 2, 2016.

Witnesses: PRASA Legal Representative and Ramirez Rivera (PRASA); Estrada Rivera (PREPA).

Panel D:
Industrial and commercial customers concern

Issues:

1. Effects of a rate increase on customers generally
2. Effects of discounts on consumption and on rates for non-discounted customers
3. Alternatives, if any, to an increase in the revenue requirement based on cost

Commencement Date: Friday, December 2, 2016.

Witnesses: Rivera and Kaufmann (PREPA); García Morelos and Valente Reinaldo Aguero (CEMEX); Cao, Kunkell and Sanzillo (ICSEPR); Zavala (Homebuilders Association); Plá Cortes (Hospitals Association); Cosme Nuñez (Chamber of Commerce).

Panel E:
Revenue requirement: Reasonableness of the cost and revenue inputs

Issues:

1. Principles to apply in determining when and whether to allow or disallow costs
2. PREPA's improvement efforts
3. Reasonableness of prospective generation, transmission, distribution and fuel costs (both op ex and capex)
4. Reallocation of certain costs from capital expenditure to operating and maintenance
5. Reasonableness of already-incurred or already-committed costs
6. Usefulness of benchmark analysis
7. Forecasts of loads and sales
8. Quality of the numbers

Commencement Date: Monday, December 5, 2016.

Witnesses: Donahue, Quintana, Miranda, Pérez, Rivera, Kaufmann and PREPA's operational team in the areas of generation, transmission and distribution); Fisher and Horowitz (Commission); Feliciano (ACONER), Kunkell, Sanzillo and Glass (ICSEPR).

**Panel F:
Methods for updating rates and ensuring prudence**

Issues:

1. Criteria for assessing future procedures
2. Options for updating revenue requirement based on prior period's performance or based on later-discovered errors
3. Implementing reconciliation of permanent with provisional rates (timing only)
4. Options for monitoring compliance with budget
5. Linkage of update procedures to performance investigations
6. Procedures for altering budget mid-year
7. Consequences to PREPA, executives and managers for exceeding budget
8. Resources required by PREPA to comply with the procedures
9. Resources required for oversight by the Commission and ICPO
10. Energy efficiency rider

Commencement Date: Thursday, December 8, 2016.

Witnesses: Hemphill and Zarumba (PREPA); Woolf (Commission staff); Kunkel and Sanzillo (ICSEPR); and Masses (Manufacturers Association)

**Panel G:
Revenue allocation and rate design (other than net-metering and renewable energy issues) and certain subsidies**

Issues:

1. All cost allocation & rate design (other than renewable energy and net metering)
2. Quality of the load research data and cost of service study
3. Fuel and purchased power clause
4. "Subsidies": Appropriate categorization and allocation
5. CILT: allocation and rate design
6. Load research program
7. Reconnection charge

Commencement Date: Monday December 12, 2016.

Witnesses: Zarumba and Granovsky (PREPA); Chernick (Commission); Feliciano (ACONER); Masses and Artze (Manufacturers Association); Riera (ICPO); Kunkell and Sanzillo (ICSEPR) and González (Windmar).

**Panel H:
Net Metering and Renewable Energy Rate Design**

Issues:

1. Net-metering
2. Costs to include in charges to renewable energy
3. Renewable energy rate design

Commencement Date: Thursday, December 15, 2016.

Witnesses: Zarumba, Granovsky and Rivera (PREPA); Chernick (Commission); Maeso (CEPPO); Previdi and Feliciano (ACONER); Masses and Artze (Manufacturers Association); Riera (ICPO); Gabel (Sunnova) and Gonzalez (Windmar).

**Panel I:
Legal Issues**

Purpose: To educate the Commission on legal issues arising under Act 4 and Act 57, as those Acts apply to or affect the Application.

Issues:

1. To be announced no later than 3 days prior to this panel

Commencement Date: Thursday, December 15, 2016.

Attorneys: Attorneys from all parties, subject to Commission's determination to consolidate parties for some issues.