

COMMONWEALTH OF PUERTO RICO
PUERTO RICO ENERGY COMMISSION

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IN RE: THE PUERTO RICO ELECTRIC
POWER AUTHORITY

INITIAL RATE REVIEW

NO. CEPR-AP-2015-0001

SUBJECT: PREPA'S COMPLIANCE
FILING FOR ITEMS DUE PURSUANT
TO RATE CASE FINAL ORDERS

**PREPA'S NOTICE OF COMPLIANCE FILING
PURSUANT TO RATE CASE FINAL ORDERS**

TO THE HONORABLE PUERTO RICO ENERGY COMMISSION:

COMES NOW the Puerto Rico Electric Power Authority ("PREPA") and respectfully submits to the honorable Puerto Rico Energy Commission (the "Commission") PREPA's filing for items due pursuant to the orders issued in the above-entitled matter ("Compliance Filing"). This Compliance Filing consists of information provided in the body of this document below plus the attachments hereto and is submitted under: (1) the Commission's January 10, 2017 Final Order issued in this initial rate review ("Final Order"); and (2) the Final Resolution issued on March 8, 2017 ("Final Resolution") (collectively these orders are referred to as the "Final Rate Case Orders").

1. On January 10, 2017, the Commission issued its Final Order in this initial rate review requiring PREPA to submit a compliance filing on February 15, 2017. Final Order at 5, 101, 104, 133, 177.

2. On January 20, 2017, PREPA filed an Emergency Motion for Clarification and for a Technical Conference seeking to clarify several issues in the Final Order in order to allow PREPA to understand and implement the Final Order, and to submit a complete and accurate compliance filing as required by the Final Order. A technical conference was held to discuss

these open issues on January 27, 2017. On March 8, 2017, the Commission addressed these clarifications and questions in the Final Resolution.

3. In the Final Resolution, the Commission instructs PREPA to produce the requested information within twenty days, by March 28, 2017. While many of PREPA's questions and clarifications were addressed by the Final Resolution, a limited number of issues remained that required either Commission clarification or confirmation of assumptions that are being incorporated into the compliance filing. Accordingly, on March 27, 2017, PREPA filed a Motion for Extension of Time to Comply with the Commission's Final Resolution seeking both an extension of the date to file the compliance filing and an additional technical conference to address these remaining issues. PREPA raised these remaining issues at the technical conference that was held on April 6, 2017. On April 12, 2017, PREPA filed a second motion seeking an extension of the date to file the compliance filing.

4. PREPA respectfully requests that the Commission take notice that PREPA, in compliance with the Final Rate Case Orders hereby makes this filing that includes the following documents and information:

- a. **Exhibit A -- Recalculation of the Revenue Requirement:** PREPA has recalculated the revenue requirement to reflect all changes detailed in the final Order of the Commission and the approved revenue requirement.
- b. **Exhibit B -- Recalculation of the Cost of Service Study:** PREPA has revised the ECOSS to reflect changes in the new revenue requirement. No other changes were necessary.
- c. **Exhibit C -- Revised Tariff Sheets:** PREPA has attached its tariff sheets to reflect recalculated charges and other values stated as required to reflect


the Final Rate Case Orders. The attached tariffs reflect the directives set forth in the Final Rate Orders. These tariffs also include riders that reflect the Final Order's directives that all fuel and purchased-power costs shall be collected through the riders that will be updated quarterly and include an acceleration provision as set forth in the Final Order. (Final Order at 131,132)

- d. **Exhibit D – Rate Design and Bill Impacts:** PREPA has calculated bill impacts for the revenue requirement established in the Final Rate Case Orders. This analysis includes a computation and description of the permanent rate increase for each tariff. (Final Order at 5, 101);
- e. **Exhibit E -- Reconciliation of Balancing Accounts:** For changes in balancing (*i.e.* reconciling) riders, PREPA is providing calculations of the balances of these accounts. For Fuel and Purchase Power, any under- or over-recovery balances will be reconciled in future filings. Unrecovered CILT and Subsidies balances will be transferred to the new CILT and SUBA Riders when these riders become effective. PREPA will provide supporting documentation and work papers in a separate filing
- f. **Exhibit F -- Reconciliation of the Provisional Rate.** PREPA is providing a reconciliation of the provisional rate to the final rate ordered in the Final Rate Case Orders. Consistent with the Final Order, this information includes the total amount (in dollars) to be credited to customers, the allocation among customer classes of the total amount to be credited, and the amount (in cents/kWh) to be credited to each customer class on every

billing cycle (Final Order at 104, 177). PREPA will provide supporting documentation and work papers in a separate filing.

5. PREPA has worked diligently to prepare a compliance filing that correctly reflects the Commission' directives as set forth in the Final Rate Case Orders. PREPA notes that the following items will need to be addressed be provided at a later date:

- a. The Final Order requests that PREPA provide the Commission with the language PREPA will include in each customer's bill explaining the increase (Final Order at 5, 101). PREPA respectfully requests that it be allowed to provide this language at a later date with ample time for the Commission to review the language before the new rates are effective;
- b. PREPA is working diligently to modify and test its systems in order to bill the new tariffs. As of the date of this filing, PREPA cannot provide a definitive effective date for the new rates. PREPA will address this issue in a separate motion that will be filed in the near future.
- c. The Final Rate Case Orders set forth a detailed annual rate update mechanism. PREPA's tariffs will ultimately need to reflect this process once the detailed filing dates are determined. The Final Rate Case Orders provide that a technical conference will be set to commence a discussion of a procedure that determines all of the dates and schedules for budgeting and reconciling. (Final Order at 151; Final Resolution at 13)

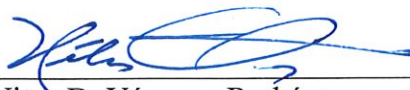


WHEREFORE, the Puerto Rico Electric Power Authority respectfully requests that the Honorable Puerto Rico Energy Commission accept this Compliance Filing, including its Attachments.

RESPECTFULLY SUBMITTED,

IN SAN JUAN, PUERTO RICO, THIS 21st DAY OF APRIL, 2017

PUERTO RICO ELECTRIC POWER AUTHORITY



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CERTIFICATION OF FILING AND SERVICE

I hereby certify that on April 21, 2017, I have sent the above filing, including its Attachments, to the Puerto Rico Energy Commission through its Clerk via secretaria@energia.pr.gov, and to the office of its General Counsel via tnegron@energia.pr.gov and afigueroa@energia.pr.gov, and to: acasellas@amgprlaw.com; agraitfe@agraitlawpr.com; agraitfe@gmail.com; agraitfe@caribe.net; ana.rodriguez@oneillborges.com; carlos.reyes@ecoelectrica.com; carlos.valldejuly@oneillborges.com; ccf@tcmrslaw.com; cfl@mcvpr.com; codiot@oipc.pr.gov; dortiz@elpuente.us; dperez@cabprlaw.com; edwin.quinones@aae.pr.gov; energiaverdepr@gmail.com; epo@amgprlaw.com; felipelozada1949@gmail.com; fermin.fontanes@oneillborges.com; fviejo@amgprlaw.com; hburgos@cabprlaw.com; icv@mcvpr.com; jose.maeso@aae.pr.gov; jperez@oipc.pr.gov; lga@elpuente.us; lionel.orama@upr.edu; lmateo@ferraiuoli.com; mgrpcorp@gmail.com; mrhernandez@fgrlaw.com; mgrpcorp@gmail.com; pnieves@fgrlaw.com; rstgo2@gmail.com; valvarados@gmail.com; victorluisgonzalez@yahoo.com.



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