

GOVERNMENT OF PUERTO RICO
PUERTO RICO ENERGY COMMISSION



IN RE: REVIEW OF THE PUERTO RICO
ELECTRIC POWER AUTHORITY
FY19 RATES

CASE NO.: CEPR-AP-2018-0002

SUBJECT: Proceeding to Determine
PREPA's Rates for FY2019, and to Modify
the January 2017 Rate Order.

RESOLUTION AND ORDER CLARIFYING COMMISSION ORDER OF MAY 22, 2018

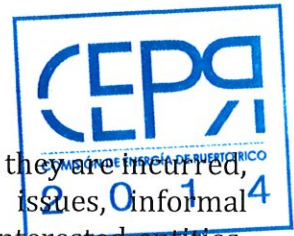
On May 25, 2018, the Assured Guaranty Corp., Assured Municipal Guaranty Corp., National Public Finance Guarantee Corp., and the Ad Hoc Group of PREPA Bondholders (collectively, "PREPA Bondholders") submitted comments about the May 22, 2018 Resolution and Order Following Technical Conference ("May 22 Order"). The PREPA Bondholders seek clarification on several matters. To provide that clarification, the Puerto Rico Energy Commission ("Commission") states as follows:

1. The formal adjudicative procedures in Case No. CEPR-AP-2018-0002 remain in place. Regarding the Puerto Rico Electric Power Authority's ("PREPA") costs and rates, all substantive conversations between Commission personnel and parties must take place on the record: either by written submission or during a technical conference scheduled by the Commission with adequate public notice.
2. In its Compliance Filing of May 25, 2018, responding to the May 22 Order, PREPA submitted a spreadsheet indicating time periods it needs for submitting the information required by Appendix A of the May 4, 2018 Resolution and Order. On June 22, 2018, the Commission issued a Resolution and Order in the instant proceeding in which it established a calendar for the submission of information by PREPA. PREPA shall share all information submitted to the Commission with all parties to this proceeding.

Upon analyzing the information received from PREPA, the Commission will decide what, if any, procedure is appropriate to adjust rates. The purpose of the stay issued in our May 4, 2018 Resolution and Order is solely to provide time to receive and analyze the required information. The Commission intends to set rates for FY2019 that reflect PREPA's reasonable costs. While the Commission will consider reasonable scheduling requests and practical realities, the Commission has the authority to determine if and when PREPA's rates will change.

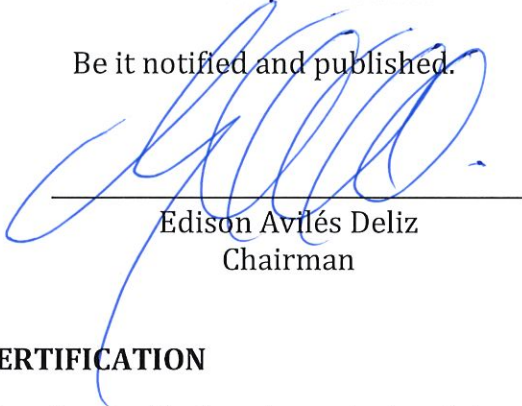
3. The Commission will take two issues outside of the formal rate case, to deal with them informally, prior to a formal submission of proposed solutions by PREPA. Those issues are the fuel and purchased power clause issue, and the design of procedures

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by which the Commission will review certain PREPA's costs before they are incurred, to protect customers from unreasonable costs. On those issues, informal conversations will occur between Commission staff, PREPA and interested entities. The Commission will issue a resolution with additional information regarding these matters in the near future.

Be it notified and published.



Edison Avilés Deliz
Chairman



Ángel R. Rivera de la Cruz
Associate Commissioner

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Commission has so agreed on June 22, 2018. I also certify that on this date a copy of this Resolution and Order regarding the Case No. CEPR-AP-2018-0002 was notified by electronic mail to the following: n-vazquez@aepr.com, c-aquino@aepr.com, n-ayala@aepr.com, codiot@oipc.pr.gov, jperez@oipc.pr.gov, wilma.lopez@aepr.gov and francisco.rullan@aepr.gov. I certify that today, June 22, 2018, I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Commission and I have sent a true and exact copy to the following:

Autoridad de Energía Eléctrica de Puerto Rico

Attn.: Lcda. Nitza D. Vázquez Rodríguez
Lcda. Nélide Ayala Jiménez
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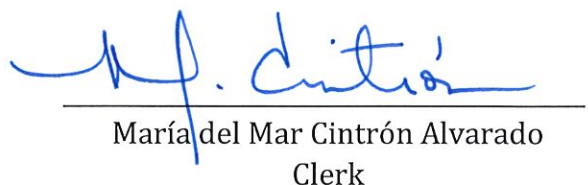
Oficina Independiente de Protección al Consumidor

p/c Lcdo. José A. Pérez Vélez
Lcda. Coral M. Odio Rivera
268 Hato Rey Center, Suite 524
San Juan, Puerto Rico 00918

Oficina Estatal de Política Pública Energética

p/c Mr. Francisco Rullán Caparrós
Lcda. Wilma I. López Mora
P.O. Box 413314
San Juan, Puerto Rico 00940

For the record, I sign this in San Juan, Puerto Rico, today June 22, 2018.



María del Mar Cintrón Alvarado
Clerk