

COMMONWEALTH OF PUERTO RICO
PUERTO RICO ENERGY COMMISSION

SECRETARIA
COMISION DE ENERGIA DE
PUERTO RICO

IN RE:

REVIEW OF THE PUERTO RICO
ELECTRIC POWER AUTHORITY
FY19 RATES

NO. CEPR-AP-2018-0002 ¹⁸ MAY 29 P4:04

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

PREPA'S COMPLIANCE FILING
PURSUANT TO THE COMMISSION'S MAY 22, 2018 ORDER

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 Compliance Filing for items due May 25, 2017, pursuant to the Commission's May 22, 2018 Order. This Compliance Filing consists of information provided in the body of this document and incorporated by reference herein, plus Attachment A hereto.

I. BACKGROUND

1. On May 4, 2018, the Commission issued an order (the "May 4th Order") that, among other things, initiates a new ratemaking proceeding to determine a new revenue requirement and set new rates for PREPA's 2019 fiscal year. The May 4th Order included an "Appendix A - Information requirements for PREPA" ("May 4th Order Appendix A"), which lists categories of information that may support the Commission's efforts to set rates. The May 4th Order also set a technical conference for May 18, 2018 to "answer any questions about the Resolution and Order and to determine if any modifications are necessary due to practical reasons." Order at 9.

2. A technical conference was held on May 18, 2018, where, among other things, the availability of information outlined in Appendix A was discussed along with the possibility of discussions between the Commission and PREPA regarding the “[c]reation of a procedure by which the Commission protects customers from imprudent costs, before PREPA incurs those costs.” See Commission Agenda for May 18th Technical Conference, Item II.A (“Technical Conference Agenda”).

3. On May 22, 2018, the Commission issued an additional order (the “May 22nd Order”), stating that “[a]s a result of the discussion during the Technical Conference...[t]he specific requirements of the May 4th Order are stayed, conditioned on PREPA's compliance with the remainder of today's Resolution and Order.” May 22nd Order at 1. The remainder of the May 22nd Order imposes three compliance requirements, which are addressed below.

II. COMPLIANCE ITEMS

4. The first compliance item, in brief, is a requirement that PREPA submit to the Commission an annotated version of the May 4th Order Appendix A. The May 22nd Order requested that the annotation “explain (a) whether the information is or can be made available, and in what form; (b) for information that is or can be made available, an estimated time of submission that information to the Commission; and (c) for information that cannot be made available, a brief explanation.” May 22nd Order at 1. The May 22nd Order also requested that PREPA indicate the person responsible for providing each piece of information. *Id.*

5. In compliance with this requirement, an annotated version of Appendix A is attached to this Motion as Attachment A.


6. The second compliance item relates to creation of the procedure mentioned in Item II.A of the Technical Conference Agenda. In particular, the May 22nd Order requests that

PREPA submit "a list of the individuals prepared to act on PREPA's behalf in discussions over the creation of such a procedure, one that takes into account the fact of PREPA's submissions to other agencies but ensures the Commission can independently carry out its duties to prevent imprudent costs before they are incurred." May 22nd Order at 1.

7. In compliance with this requirement, PREPA identifies the following persons who will be available to meet with representatives of the Commission to satisfy this request: 1) Nitza Vázquez Rodríguez, PREPA Senior Attorney; and 2) a partner from the law firm of Rooney, Rippie & Ratnaswamy, LLP.

8. The third compliance item requires PREPA to identify the person whom Commission Staff can contact to initiate informal staff-level discussions regarding amendment of the fuel clause (as described in Item II.B of the Technical Conference Agenda). May 22nd Order at 1.

9. In compliance with this requirement, PREPA identifies Gregory Rivera-Chico, PREPA Assistant Chief, Planning and Research Division.

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

RESPECTFULLY SUBMITTED,

IN SAN JUAN, PUERTO RICO, THIS 25th DAY OF May, 2017

PUERTO RICO ELECTRIC POWER AUTHORITY

per: [Signature]

Nitza D. Vázquez Rodríguez
TSPR No. 9311
Executive Advisor
Puerto Rico Electric Power Authority
P.O. Box 363928
San Juan, Puerto Rico 00936-3928
Tel. 787-521-4436; 787-521-4433
Email: n-vazquez@aepr.com

CERTIFICATION OF FILING AND SERVICE

I HEREBY CERTIFY on May __, 2018, I have sent the above Motion: (1) via U.S. Postal Service to the Puerto Rico Energy Commission through its Clerk by U.S. Mail to 268 Munoz Rivera Ave., Seaborne Building Plaza, Plaza Level, Ste. 202, San Juan, Puerto Rico 00918, and via email to secretaria@energia.pr.gov and mcintron@energia.pr.gov; (2) to the office of the Commission's General Counsel via afigueroa@energia.pr.gov, viacaron@energia.pr.gov, and legal@energia.pr.gov; (3) to the Independent Consumer Protection Office via email to codiot@oipc.pr.gov and jperez@oipc.pr.gov; and (4) to the State Office of Public Policy on Energy via email to wilma.lopze@aee.pr.gov and francisco.rullan@aee.pr.gov.

per: 

Nitza D. Vázquez Rodríguez
TSPR No. 9311
Senior Attorney
Puerto Rico Electric Power Authority
P.O. Box 363928
San Juan, Puerto Rico 00936-3928
Tel. 787-521-4499
Email: n-vazquez@aeepr.com

**Attachment A to PREPA's Compliance Filing
Pursuant to the Commission's May 22, 2018 Order**

Request No.	Request	PREPA Comments	Timing	Responsible Party
A	Changes in costs 1. Identify and justify an appropriate escalation factor for each category of costs addressed in the January 2017 Rate Order. Likely categories are operating expenses (e.g. generation, transmission, distribution, billing, and administrative and general, fuel and purchased power costs), and for capital expenditures.	Please note that the responsible parties are external consultants to PREPA. Also, Fuel and Purchased Power are not in PREPA's direct control, but are pass-throughs.	8 weeks	AFAAF/AFAAF Consultants
B	Provisional rate 1. Distinguishing between the provisional rates approved by the Commission's order of June 27, 2016 and the permanent rates approved in the January 2017 Rate Order, explain which rates PREPA has charged during which months. 2. For each month since July 1, 2016, provide a detailed breakdown of the revenue collected from each element of the rate from each customer class, in an Excel compatible electronic format, unlocked, with formulae intact.	1 and 2. All items will be provided in one sheet, on the revenues billed, and organized by rate. Please note that there will be severe distortions in the storm period starting in September 2017.	3 weeks	PREPA-Planning
C	Billing of customers during and after the 2017 hurricanes 1. Identify the precise period of time during which PREPA did not bill customers. Identify any differences in dates applicable to different customer categories. 2. Explain how PREPA has handled, or proposes to handle, billing customers for consumption and demand recorded during the period when PREPA did not bill customers. If there is an absence of recorded data, describe and explain.	1. PREPA can provide information on how many customers were billed per month. 2. Customers are currently only billed if they have remote meter read or a physical meter read. The bill will consist of the total consumption over the unbilled period, (current meter read minus previous meter read would equal the consumption), and billed with the current rate. 3. PREPA has incurred in increased costs over the storm recovery period. These have NOT been reconciled, as we have used the same adjustment factors since September. The information related to this breakdown will be provided by early June.	3 weeks	PREPA-Planning

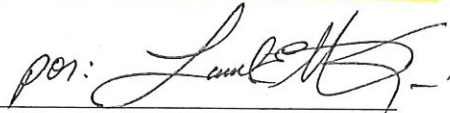
Request No.	Request	PREPA Comments	Timing	Responsible Party
D	<p>Capital Projects</p> <p>1(a) Regarding capital projects whose costs were reflected in the January 2017 Rate Order, which have been completed?</p> <p>1(b) For each project not completed, what is the percentage of completion?</p> <p>2. What other capital projects, not addressed in the immediately preceding question and not related to hurricane recovery, has PREPA begun? Provide a detailed breakdown of the projected costs, the percentage of completion and the completion schedule.</p> <p>3. What capital projects, not identified in the immediately preceding two questions, does PREPA anticipate starting during FY2019? For each project, provide the project budget (identifying total planned expenditure by item or category as appropriate for the project) and the expected expenditure and completion schedule.</p>	<p>1(a) Available</p> <p>1(b) Personnel to answer this currently in service restoration, and is unavailable.</p> <p>2. See 1(b)</p> <p>3. See 1(b)</p>	3 weeks for 1(a)	PREPA-Planning
E	<p>Hurricane Costs</p> <p>1. Provide in an Excel compatible electronic format a chart or spreadsheet identifying each reimbursement request made to any federal agency for hurricane recovery costs, showing the date of each request, the agency to which the request was made, the amount of the request, the types of expenses covered by the request, whether the request has been granted, and the funds received. In the alternative, provide (1) a copy of each reimbursement request made to any federal agency providing hurricane recovery assistance, and (2) a copy of each notification of reimbursement received from any federal agencies.</p> <p>2. Provide a detailed breakdown of restoration expenses by month in an Excel compatible electronic format, unlocked with formulae intact, for the Hurricanes Irma and Maria recovery efforts. The breakdown should include capital expenditures by type (distribution, transmission, generation, etc.), PREPA labor costs (including, in particular, overtime costs), third party (contractor) costs, supplies and other operating costs (e.g. vehicle fuel or rental), and any other category of costs which is appropriate.</p> <p>3. Provide a copy of all reports and/or analyses conducted or commissioned by PREPA pertaining to restoration costs associated with Hurricanes Irma and Maria.</p> <p>4. Provide a projection of recovery costs detailed by capital and expenses anticipated for FY2019 and, to the extent available, for subsequent years.</p>	<p>1. Will be referred to the appropriate consultants. Will also be coordinated to assure no issues with FEMA, confidentiality, or external contractors not under PREPA control.</p> <p>2. See 1.</p> <p>3. See 1.</p> <p>4. See 1.</p>	6 to 8 weeks	AFAAF/AFAAF Consultants

Request No.	Request	PREPA Comments	Timing	Responsible Party
F	<p>Fuel Costs</p> <p>1. Provide monthly fuel consumption for each of PREPA's generating units from January 2017 to the most recent data available. Provide the monthly fuel consumption data in an Excel compatible electronic format with all formulae intact.</p> <p>2. Provide monthly fuel prices for each of PREPA's generating units from January 2017 to the most recent data available. Provide the monthly fuel price data in an Excel compatible electronic format with all formulae intact.</p> <p>3. Provide monthly fuel costs for each of PREPA's generating units from January 2017 to the most recent data available. Provide the monthly fuel cost data in an Excel compatible electronic format with all formulae intact.</p> <p>4. Provide monthly delivered energy for each of PREPA's power purchase agreements from January 2017 to the most recent data available. Provide the monthly energy data in an Excel compatible electronic format with all formulae intact.</p> <p>5(a) Provide monthly purchased power costs for each of PREPA's power purchase agreements from January 2017 to the most recent data available.</p> <p>(b) Provide the monthly purchased power cost data in an Excel compatible electronic format with all formulae intact.</p> <p>6. Did either hurricane trigger <i>force majeure</i> clauses in any of PREPA's fuel or purchased power contracts? If so, provide a description of the clause and its impact on current contracts.</p>	<p>1. Report is available</p> <p>2. Same report as in 1.</p> <p>3. Same report as in 1.</p> <p>4. Available</p> <p>5(a) Available</p> <p>5(b) Available</p> <p>6. PREPA cannot answer this question at this time as the issue is the subject of ongoing discussions.</p>	3 weeks	PREPA-Planning
G	<p>Revenue Allocation and Rate Design</p> <p>1. Provide PREPA's total booked base revenue by month, from January 2017 to the most recent month available.</p> <p>2. Provide PREPA's booked base revenue by tariff by month, from January 2017 to the most recent month available.</p> <p>3. For each tariff code (or if data is not available by tariff code, by tariff), provide the following data by month, from January 2017 to the most recent month available.</p> <p>a. Number of customers</p> <p>b. Number of customers with PREPA power supply</p>	<p>1. Available</p> <p>2. Same as 1.</p> <p>3. The following data refers to the booked, billed revenue, as reflected in accounting:</p> <p>3(a) This detail available for billed customers.</p> <p>3(b) This detail is only available as an overall estimate, billing lags customer restoration</p>	3 Weeks for the available detail.	PREPA-Planning

Request No.	Request	PREPA Comments	Timing	Responsible Party
	c. Number of meters read d. Number of meters read with non-zero energy use e. Total energy on meters read f. Total energy revenue g. Total billing demand on meters read (for classes with demand billing) h. Total demand revenue i. Bills rendered by month j. Revenue billed by month 4. Provide the final version of monthly projections for FY2017 that PREPA presented in Case No. CEPR-AP-2015-0001, by tariff or tariff code, for each of these billing determinants: a. Customer number b. Energy (by block, if applicable) c. Billing demand 5. Provide PREPA's current projections for FY2019, by tariff or tariff code, for these billing determinants: a. Customer number b. Energy (by block, if applicable) c. Billing demand	3(c) Will be investigated and noted if available 3(d) Will require additional programming and not be available 3(e) Available for billed customers 3(f) Available 3(g) May not be available, or require programming 3(h) Available 3(i) Should be available 3(j) Available 4. The final FY2017 values per tariff can be provided, no projections 5. Copy of the Fiscal Plan 2019 forecast, can be provided		
H	Miscellaneous 1. Please provide any available information about PREPA's levels of bad debt (monthly or quarterly) from January 2017 to the present. 2. List all Directives issued by the Commission in the January 2017 and March 2017 Orders in Docket No. CEPR-AP-2015-0001 with which PREPA has not complied. 3. Provide PREPA's workpapers supporting the value of each rider (Fuel, Purchased Power, and CIL/T) for each rider revision that PREPA has conducted since January 2017. 4. For each rider (Fuel, Purchased Power, and CIL/T), provide PREPA's projection of the value that will be in effect in July 1, 2018.	1. Available 2. PREPA objects to this request. 3. Available for Fuel and Purchased Power for the current structure 4. Fuel and Purchased Power can be forecasted for the current rate structure.	3 weeks	PREPA-Planning

CERTIFICATION OF FILING AND SERVICE

I HEREBY CERTIFY on May __, 2018, I have sent the above Motion: (1) via U.S. Postal Service to the Puerto Rico Energy Commission through its Clerk by U.S. Mail to 268 Munoz Rivera Ave., Seaborne Building Plaza, Plaza Level, Ste. 202, San Juan, Puerto Rico 00918, and via email to secretaria@energia.pr.gov and mcintron@energia.pr.gov; (2) to the office of the Commission's General Counsel via afigueroa@energia.pr.gov, viacaron@energia.pr.gov, and legal@energia.pr.gov; (3) to the Independent Consumer Protection Office via email to codiot@oipc.pr.gov and jperez@oipc.pr.gov; and (4) to the State Office of Public Policy on Energy via email to wilma.lopze@aee.pr.gov and francisco.rullan@aee.pr.gov.

per: 

Nitza D. Vázquez Rodríguez
TSPR No. 9311
Senior Attorney
Puerto Rico Electric Power Authority
P.O. Box 363928
San Juan, Puerto Rico 00936-3928
Tel. 787-521-4499
Email: n-vazquez@aeepr.com



Nitza D. Vázquez Rodríguez
TSPR No. 9311
Senior Attorney
Puerto Rico Electric Power Authority
P.O. Box 363928
San Juan, Puerto Rico 00936-3928
Tel. 787-521-4499
Email: n-vazquez@acepr.com