



GOVERNMENT OF PUERTO RICO
PUBLIC SERVICE REGULATORY BOARD
PUERTO RICO ENERGY BUREAU

IN RE: REVIEW OF THE PUERTO RICO
ELECTRIC POWER AUTHORITY
INTEGRATED RESOURCE PLAN

CASE NO.: CEPR-AP-2018-0001

SUBJECT: PREPA's Motion for a 3-day
Extension of Time; Imposition of
Administrative Fine.

RESOLUTION AND ORDER

I. Introduction and Procedural Background.

On February 11, 2019, the Puerto Rico Electric Power Authority ("PREPA") filed before the Puerto Rico Energy Bureau ("Energy Bureau") a motion titled *The Puerto Rico Electric Power Authority's Motion for a 3-day Extension of Time* ("Motion"). In its Motion, PREPA requested the Energy Bureau to extend to February 15, 2019, the February 12, 2019 deadline for the submission of the Integrated Resource Plan ("IRP"), as established in the January 25, 2019 Resolution¹ on the instant case.

It is important to note that it was PREPA who requested the February 12, 2019 deadline through a January 23, 2019 Motion in the instant case ("January 23 Motion").² Moreover, the February 12, 2019 deadline was an extension of the January 21, 2019 deadline that was established by Resolution and Order of November 6, 2018 after PREPA failed to submit the IRP on October 31, 2018, as ordered by the Energy Bureau.³ Furthermore, in its January 23 Motion PREPA stated that it "has chosen the proposed February 12 date based on careful consideration of the remaining tasks, **with the intention of avoiding any further motion for an extension of time.**"⁴

Notwithstanding its previous statement, PREPA now alleges that its Governing Board is engaged in careful consideration of the IRP and its Action Plan, but that an action by the Governing Board will not take place until February 13, 2019, at the latest.⁵ Furthermore, PREPA notes that until a final Governing Board action is available, PREPA's Executive

¹ See Resolution, January 25, 2019, Case No. CEPR-AP-2018-0001.

² See *The Puerto Rico Electric Power Authority's Motion for a Limited Extension of Time*, January 23, 2019, Case No. CEPR-AP-2018-0001.

³ See Resolution and Order, November 6, 2018, Case No. CEPR-AP-2018-0001.

⁴ January 23 Motion, p. 3, ¶ 8. Emphasis supplied.

⁵ See Motion, February 11, 2019, p. 2.



Director and Chief Executive Officer, José Ortiz Vázquez, will not be able to discuss said action in his Direct Testimony. Therefore, PREPA will not be able to provide a copy of the Governing Board's Resolution to that effect.⁶ In addition, PREPA states that if it were to file the IRP on February 12, 2019, the filing would be subject to the Governing Board's final action and subject to further revisions once a final action is available and the Executive Director's Testimony is updated.⁷

II. Applicable Law and Analysis.

The Energy Bureau has the power to impose penalties to electric service companies for noncompliance with the provisions of Act 57-2014,⁸ and its regulations and orders.⁹ Pursuant to the provisions of Article 6.36 of Act 57-2014, the Energy Bureau has the power to impose the following penalties:

- (a) The [Energy Bureau] shall impose administrative fines for violations of this Act, or the regulations and orders issued thereunder, committed by any person or electric power company subject to its jurisdiction, of up to a maximum of twenty-five thousand dollars (\$25,000) per day. Said fines shall in no event exceed five percent (5%) of the gross sales, fifteen percent (15%) of the net income, or ten percent (10%) of the net worth of the sanctioned person or the electric power company. The greater of the aforementioned amounts corresponding to the most recent taxable year shall be the amount of the fine.
- (b) If the person or certified electric power company commits a subsequent violation of this Act, the [Energy Bureau] may impose penalties of up to a maximum of twenty-five thousand dollars (\$25,000) per day. In such case and by unanimous determination of the [Energy Bureau], it may impose fines up to twice the limitations on the basis of sales, income or assets set forth in subsection (a) of this Section and up to five hundred thousand dollars (\$500,000).
- (c) Any claim or cause of action authorized by law filed by any person with legal standing shall not affect the powers granted under this Section to impose administrative sanctions.
- (d) Any person who intentionally violates any provision of this Act, omits, disregards, or refuses to obey, observe, and comply with any rule or decision of the [Energy Bureau] shall be punished by a fine of not less than five

⁶ *Id.*

⁷ *Id.*, p.3.

⁸ *The Puerto Rico Energy Transformation and RELIEF Act*, as amended.

⁹ See Article 6.7(h) of Act 57-2014.



hundred dollars (\$500) nor more than five thousand dollars (\$5,000) at the discretion of the [Energy Bureau]. In the event of recurrence, the established penalty shall increase to a fine of not less than ten thousand dollars (\$10,000) nor greater than twenty thousand dollars (\$20,000), at the discretion of the [Energy Bureau].

III. Conclusion.

The IRP is the most important tool to guarantee the orderly and integrated development of Puerto Rico's electric power system; one that is designed to supply our future electricity needs at the least cost. As such, the IRP serves as the cornerstone to determine the capital investments necessary to transform the Puerto Rico electric system from our current status into a robust, resilient and efficient system. PREPA's inability to submit a complete IRP on time and its numerous delays caused by its inadequate time management, may undermine stakeholders' and investors' trust, putting at risk the access to the funds needed to implement the IRP. Furthermore, every day PREPA delays the IRP's submission, it jeopardizes the benefits of having in place a comprehensive planning tool for the benefit of its customers.

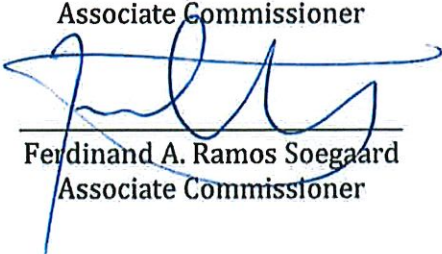
For these reasons, pursuant to the provisions of Article 6.36 of Act 57-2014, the Energy Bureau **IMPOSES** an administrative fine in the amount of five thousand dollars (\$5,000.00), based on PREPA's noncompliance with the January 25, 2019 Resolution. PREPA is **ORDERED** to, within fifteen (15) days from the date of the notification of this Resolution and Order, pay the aforementioned fine with the Energy Bureau's Clerk.

Regarding PREPA's time extension request, the Energy Bureau **ORDERS** PREPA to file the proposed IRP on or before 12:00 p.m., February 15, 2019. Any further delays will result in additional and more severe administrative fines, at the Energy Bureau's discretion.


Be it notified and published.


Edison Avilés Deliz
Chairman


Angel R. Rivera de la Cruz
Associate Commissioner


Ferdinand A. Ramos Soegaard
Associate Commissioner


Lillian Mateo Santos
Associate Commissioner


José J. Palou Morales
Associate Commissioner



CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on February 12, 2019. I also certify that on this date a copy of this Resolution was notified by electronic mail to the following: n-vazquez@prepa.com, astrid.rodriguez@prepa.com, jorge.ruiz@prepa.com. I also certify that today, February 12, 2019, I have proceeded with the filing of the Resolution issued by the Puerto Rico Energy Bureau and I have sent a true and exact copy to the following:

Puerto Rico Electric Power Authority

Attn.: Nitza D. Vázquez Rodríguez
Astrid I. Rodríguez Cruz
Jorge R. Ruíz Pabón
PO Box 364267
Correo General
San Juan, PR 00936-4267

For the record, I sign this in San Juan, Puerto Rico, today February 12, 2019.



María del Mar Cintrón Alvarado
Clerk