

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

IN RE: PUERTO RICO ELECTRIC POWER
AUTHORITY RATE REVIEW

CASE NO.: CEPR-AP-2015-0001; NEPR-AP-
2018-0003

SUBJECT: Determination on the Permanent
Rates Rider Factors for the period of May-
June 2019.

RESOLUTION AND ORDER

I. Introduction and Reconciliation Calendar.

As part of the Puerto Rico Electric Power Authority ("PREPA") Permanent Rate implementation process, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") approved several riders designed to recover the costs associated to fuel, purchased power, Contribution in Lieu of Taxes ("CILT") and other subsidies. These riders are:

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- (1) the Fuel Charge Adjustment Rider ("FCA");
 - (2) the Purchased Power Charge Adjustment Rider ("PPCA");
 - (3) the Fuel Oil Subsidy Rider ("FOS");
 - (4) the CILT Cost Adjustment Rider ("CILTA");
 - (5) the Help to Humans Subsidy Rider ("SUBA-HH");
 - (6) the Non-Help to Humans Subsidy Rider ("SUBA-NHH"); and
 - (7) the Energy Efficiency Rider ("EE").¹

In order for PREPA to apply these riders as part of the Permanent Rate, the Energy Bureau must approve the factors associated with each rider. The FCA, the PPCA and the FOS factors must be reviewed and approved by the Energy Bureau on a quarterly basis², whereas the CILTA, SUBA-HH, SUBA-NHH and EE must be reviewed and approved by the Energy Bureau on a yearly basis.³

¹ The EE Rider is designed to recover the costs associated with the Energy Efficiency Program. However, at this time such program has not been implemented. Therefore, the value of the EE Rider factor should be set to zero during the period of May 1, 2019 to June 20, 2019. The Energy Bureau will make a determination regarding the EE Rider factor for the yearly period commencing in July 1, 2019.

² In Re: Puerto Rico Electric Power Authority Rate Review, Case No. CEPR-AP-2015-0001, *Final Resolution and Order*, January 10, 2017, pp. 130-131, ¶¶ 377-378.


³ *Id.*, pp. 132-135, ¶¶ 379-386.



Each factor contains a reconciliation variable to account for the under- or over-recovered funds corresponding to the previous period. For quarterly-based riders, the reconciliation period is the first two months of the current quarterly period and the last month of the prior quarterly period. For the yearly-based riders, the reconciliation period is the first ten months of the current yearly period and the last two months of the previous yearly period.

The Permanent Rate will be implemented on May 1, 2019, which doesn't correspond to the beginning of a PREPA accounting period.⁴ According to PREPA, it is preferable to commence the quarterly reconciliations at the beginning of a PREPA accounting quarter.⁵ Moreover, PREPA also has stated that it is also preferable to commence yearly reconciliations at the beginning of a fiscal year.⁶ This way, both reconciliation periods will be synchronized with PREPA's accounting quarters and fiscal years, respectively.

The next PREPA accounting quarter and fiscal year will commence on July 1, 2019. Although the Energy Bureau deems convenient to synchronize PREPA's accounting quarters and fiscal years with the Permanent Rate reconciliation periods, moving the implementation of the Permanent Rate date to July 1, 2019 is not only imprudent, but would delay even more the implementation of the permanent rate which was supposed to be in effect since 2017. For this reason, the Energy Bureau **ORDERS** PREPA to implement the Permanent Rate on May 1, 2019, with the following temporary modifications to the quarterly and yearly rider reconciliation process:

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- (1) On Part VII of this Resolution and Order, the Energy Bureau approves rider factors to be applied during the billing period of May 1, 2019 to June 30, 2019.
 - (2) Since the aforementioned period will be the first period in which the Permanent Rate is in effect, the value of the reconciliation variables associated with the riders will be set to zero.⁷
 - (3) For the quarterly riders that will enter into effect on July 1, 2019, PREPA will submit, on or before June 14, 2019, the proposed factors, including the proposed reconciliations for the month of May 2019. The Energy Bureau will review the information provided by PREPA and will timely approve the factors and reconciliations that will be in effect from July 1, 2019 to September 30, 2019.

⁴ PREPA's accounting periods are July to September, October to December, January to March and April to June. Moreover, PREPA's fiscal year runs from July 1st of any given natural year until June 30 of the following natural year.

⁵ See *PREPA's Verified Motion for Extensions of Time*, November 15, 2018, p. 11, ¶ 32.g. ("The new rate design process is a three month [sic] average, designed to coordinate with normal accounting quarters and fiscal years. Beginning a rate change during the quarter significantly complicates the reconciliations.")

⁶ *Id.*

⁷ Under the current applicable rate, all CILT and subsidies costs are recovered through the Fuel and Purchased Power Adjustment Clause.



- (4) For the quarterly riders that will be in effect on October 1, 2019, PREPA will submit, on or before September 13, 2019, the proposed factors, including the proposed reconciliations for the months of June, July and August 2019. The Energy Bureau will review the information provided by PREPA and will timely approve the factors and reconciliations that will be in effect from October 1, 2019 to December 31, 2019. This will normalize the quarterly reconciliation process.
- (5) For the yearly riders that will be in effect on July 1, 2019, PREPA will submit the proposed factors on or before June 14, 2019. The value of the reconciliation variables associated with the riders will be set to zero. The Energy Bureau will review the information provided by PREPA and will timely approve the factors that will be in effect from July 1, 2019 to June 30, 2020.
- (6) For the yearly riders that will be in effect on July 1, 2020, PREPA will submit the proposed factors, including the proposed reconciliations for the period of May 1, 2019 to April 30, 2020, on or before June 15, 2020. The Energy Bureau will review the information provided by PREPA and will timely approve the factors that will be in effect from July 1, 2020 to June 30, 2021. This will normalize the yearly reconciliation process.
- (7) The reconciliation of the costs associated with CILT and subsidies for the period of July 1, 2016 (beginning of FY 2016-2017) to April 30, 2019 (the day before of the implementation of the Permanent Rate), the reconciliation of the costs associated with fuel and purchased power during the emergency period following Hurricanes Irma and María, and the reconciliation for fuel and purchased power for the months of March and April 2019, will enter into effect on July 1, 2019. The Energy Bureau will issue a separate order to establish the procedure to reconcile such costs.

In addition to these temporary measures and based on certain events that occurred after the Permanent Rate was approved⁸, the Energy Bureau must make several determinations regarding various aspects of the Permanent Rate implementation. Such determinations are presented on Parts III to VI of this Resolution and Order.

II. Determination on PREPA's Request for the Application of the Accelerated Adjustment provision of the Fuel and Purchased Power Riders.

On April 22, 2019, PREPA filed a document titled "PREPA's Informative Motion Regarding May 2019 Fuel and Purchased Power Adjustment Factors and Request for Expedited Consideration" ("April 22 Motion"). Through the April 22 Motion, PREPA argued that the reconciliation amount corresponding to fuel and purchased power for the month of

⁸ See Note 2.

March 2019 is \$27,002,639.90⁹ and requested the Energy Bureau to apply this amount as part of the FCA and PPCA calculation for the factors to be implemented on May 1, 2019.

PREPA based its petition on the Accelerated Adjustment provision of the Fuel and Purchased Power riders approved by the Energy Bureau as part of the Permanent Rate.¹⁰ This provision establishes that, if during any given month the fuel and purchased power expenses deviate from the estimates by more than \$20 million, PREPA shall re-estimate the Fuel and Purchased Power Charge Adjustment factors to provide an expected value of zero for the quarterly time period.

If PREPA had made such petition under normal conditions, the Energy Bureau could have approved the requested adjustment. However, as we stated above, the riders to be applied during the May 1, 2019 implementation of the Permanent Rate are the first of such riders. Moreover, the current rate will be in effect until April 30, 2019. For this reason, it is more prudent and appropriate to reconcile the fuel and purchased power costs corresponding to the months of March and April of 2019, as part of the reconciliation scheduled to take effect on July 1, 2019. This way, all the costs associated with the current rate will be reconciled in a single procedure without the need to mix the current rate and the Permanent Rate. Therefore, the Energy Bureau **DENIES** the April 22 Motion.

III. Determination on PREPA's petition regarding including the first block of the Residential Fixed Rate for Public Housing estimated kWh consumption as part of the "Applicable Retail kWh Sales" definition contained in each rider.

On May 10, 2017, the Energy Bureau issued a "Resolution and Order on PREPA's Compliance Filing" ("May 10 Resolution and Order"), through which, among other things, ordered PREPA to modify the language regarding certain aspects of the proposed rider definitions. The Energy Bureau ordered PREPA to define the term "Applicable Retail kWh Sales" contained in the FCA, the PPCA, the CILTA, the SUBA-HH, the SUBA-NHH and the EE riders to include "[e]nergy sales to all classes of customers (except for the first block of RFR Rates)".¹¹

On May 19, 2017, PREPA filed a document titled "PREPA's Notice of Compliance Filing in Response to the Commission's May 10 Order" ("May 19 Compliance Filing"). Through the May 19 Compliance Filing, PREPA filed a document titled "Exhibit C (Amended)", that contained the modified Tariff Book. Exhibit C (Amended) reflected all changes ordered by

⁹ April 22 Motion, p. 2. According to PREPA, it must reconcile \$22,986,272.03 corresponding to fuel and \$4,016,367.87 corresponding to Purchased Power.

¹⁰ See PREPA's Notice of Compliance Filing in Response to the Commission's May 10 Order, Exhibit C (Amended), Fuel Charge Adjustment Rider.

¹¹ May 10 Resolution and Order, pp. 5 – 6.



the Energy Bureau on the May 10 Resolution and Order.¹² Through the Resolution and Order of May 31, 2017, the Energy Bureau approved the document “Exhibit C (Amended)” (“Approved Tariff Book”), and ordered PREPA to implement the Permanent Rate as detailed therein.¹³

On March 14, 2019, PREPA filed a document titled “PREPA’s Compliance Filing” (“March 14 Compliance Filing”). On the March 14 Compliance Filing, PREPA expressed concerns regarding the removal of the first block of the Residential Fixed Rate for Public Housing (“RFR” or “RFR Rates”) from the definition of the term “Applicable Retail kWh Sales”.¹⁴ PREPA stated that the removal of the first block of RFR Rates will result in an over collection of certain riders, specifically the FCA and PPCA riders, due to the lower amount of applicable sales.¹⁵ According to PREPA, this over collection must be reconciled in the future, adding some complexity to the process.¹⁶ For this reason, PREPA recommended to modify the definition of the term “Applicable Retail kWh Sales”, in order to maintain the first block of RFR kWh sales as part of its definition.¹⁷ PREPA also stated that this modification will result in a reduction of the reconciliation impact both, at the end of each quarter and the end of the fiscal year.¹⁸

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In the proposed modified process, PREPA calculated the cost of the RFR subsidy by applying the General Residential Rate (“GRS”) to the applicable RFR clients (*i.e.*, to the corresponding first consumption block) and subtracting from that amount the expected revenues based on the RFR Rate.¹⁹ The calculated cost is included in the total costs associated with all subsidies. This process ensures the actual costs associated with RFR are recovered through the subsidies riders in a clear and transparent manner. Moreover, if the RFR kWh sales were to be removed from the Applicable Retail kWh Sales, it might overestimate the costs associated with the RFR Rate, also increasing the need for future reconciliations.

We accept that PREPA’s proposed methodology (*i.e.*, not removing the RFR expected sales from the Applicable Retail kWh Sales) reduces the reconciliation impact in both, the

¹² May 19 Compliance Filing, pp. 5 – 6 and attachments.

¹³ May 31 Resolution and Order, p. 3.

¹⁴ March 14 Compliance Filing, p. 2, ¶ 4.

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.*, ¶ 5.

¹⁸ *Id.*, p. 3, ¶ 7.

¹⁹ See *Moción para Presentar Documentos Actualizados en Cumplimiento de Orden*, April 15, 2019, File “Subsidios 2019 (Modificado).xlsx”, “RFR” Tab; (“April 15 Compliance Filing”).

end of each quarter and at the end of the fiscal year. This methodology also provides a more streamlined process for the implementation of the approved Permanent Rates. For this reason, the Energy Bureau **DETERMINES** that the term “Applicable Retail kWh Sales”, as defined in the FCA, the PPCA, the CILTA, the SUBA-HH, the SUBA-NHH and the EE riders should include the first block of RFR Rates. To that effect, PREPA is **ORDERED** to modify the Approved Tariff Book, as described in Part VIII of this Resolution and Order.

The FCA, the PPCA, the CILTA, the SUBA-HH and the SUBA-NHH riders factors approved herein takes into account this modification.

IV. Determination on Net-Metering Customers.

Act 114-2007 established PREPA’s net metering program. According to Act 114-2007, clients who generated power for their own consumption using solar or wind turbine equipment, could interconnect their equipment with PREPA’s transmission and distribution system, in order for PREPA to receive the *outflow* of excess power generated by the client’s system.

Act 57-2014²⁰ amended Act 114-2007 to, among other things, expand the net metering program eligibility to energy produced by all sustainable and alternate renewable resources. It also ordered PREPA to adopt the necessary regulations to further the net metering program, in accordance with the standards and technical requirements established by the newly created Energy Bureau.

Act 4-2016²¹ was enacted on February 16, 2016. It amended Article 4 of Act 114-2007 to grant the Energy Bureau the power to determine the charges that would be applicable to net metering customers.²² Such charges included, but were not limited to, CILT, the Transition Charge, and Subsidies and other Subventions.²³

The amended Article 4 also established the factors the Energy Bureau must consider when making the aforementioned determination. In addition, the referenced Article 4 established that customers with net metering agreements, or that were in the evaluation process or in the construction phase of a renewable system on the date Act 4-2016 was enacted, would be grandfathered for a period of twenty (20) years regarding the charges the Energy Bureau determined were appropriate for net metering customers.

²⁰ Puerto Rico Energy Transformation and RELIEF Act, as amended.

²¹ Puerto Rico Electric Power Authority Revitalization Act.

²² See Act 4-2016, Article 29.

²³ *Id.*

On January 10, 2017, the Energy Bureau issued its *Final Resolution and Order* on the instant case ("January 10 Final Resolution"), establishing PREPA's Permanent Rates.²⁴ Through the January 10 Final Resolution, the Energy Bureau also established the charges applicable to each class of net metering customer.²⁵

Grandfathered net metering customers would receive a credit for the energy exported to PREPA's system equivalent to the sum of: customer's base rate energy charge, fuel charge, purchased power charge, SUBA-HH charge, SUBA-NHH charge, CILT charge and EE charge, limited to the energy supplied to PREPA.²⁶ Non-grandfathered net metering customers would receive a credit for the energy exported to PREPA's system equivalent to the sum of: customer's base rate energy charge, fuel charge, purchased power charge and SUBA-NHH charge, limited to the energy supplied to PREPA.²⁷

On April 11, 2019, Act 17-2019²⁸ was enacted. Article 3.4 of Act 17-2019 amended Article 4 of Act 114-2007 to order the Energy Bureau to conduct, within five years, a formal procedure to study the net metering program, distributed generation, low scale solar power and energy storage systems. Upon expiration of the five-year term and completion of the aforementioned study, the Energy Bureau should determine the appropriate compensation for net metering clients who export power to the grid through a rate review case.

Furthermore, the amended Article 4 of Act 114-2007 establishes that, during the referenced five-year term, and until the Energy Bureau completes its study and determines the corresponding charges, **all** net metering clients will receive full credit for the energy exported to the system, based upon the applicable rate for each client. Therefore, all net metering clients will be required to pay the full rate applicable to their class for the **net energy** supplied by PREPA, including base rates, fuel charge, purchased power charge, CILT charge, SUBA-HH charge, SUBA-NHH charge, and EE charge.

The new provisions of Article 4 of Act 114-2007 repealed the distinction of grandfathered and non-grandfathered net metering customer introduced by Act 4-2016. As such, and during the aforementioned five-year period, all net metering clients should be treated equally, regardless of the date they signed a net metering agreement with PREPA. For this reason, PREPA is **ORDERED** to modify the Approved Tariff Book, as described in Part VIII of this Resolution and Order.

²⁴ In Re: Puerto Rico Electric Power Authority Rate Review, Case No. CEPR-AP-2015-0001, *Final Resolution and Order*, January 10, 2017.

²⁵ *Id.*, Part V, pp. 136-146, ¶¶ 387-426.

²⁶ *Id.*, pp. 138-139.

²⁷ *Id.*

²⁸ *Puerto Rico's Energy Public Policy Act*.

V. Determination on the computation of the CILT cap and associated costs

PREPA filed several documents as part of the calculation of the costs associated with CILT. On the document titled “Cálculo Tope CELI según reglamento aprobado por Comisión (editado marzo 29 2017).xlsx”²⁹, PREPA calculated the CILT cap for each municipality for fiscal years 2018-2019 through 2023-2024. As part of the calculation, PREPA included the consumption associated with certain installations corresponding to new services agreements added between July 2014 and June 2016. PREPA used this data to modify the CILT cap for each municipality.

Section 2.04 of Regulation 8818³⁰ establishes the requirements to modify the CILT cap, calculated pursuant to Section 2.03 of Regulation 8818 and Section 22 of Act 83.³¹ According to the provisions of Section 2.04 of Regulation 8818, three (3) requirements must be met in order to modify the CILT cap based on new installations: (1) that the installation is of new construction; (2) that the installation is certified as energy efficient by the Energy Public Policy Program and; (3) that the installation meets the definition of a non-profit entity, as such term is defined on Regulation 8818.

As we expressed on the April 16, 2019 Resolution and Order (“April 16 Resolution and Order”) in the instant case, both in the April 12, 2019 and the April 16, 2019 Technical Conference Calls, PREPA stated that it did not receive the certifications as energy efficient corresponding to the installations that PREPA used to modify the CILT cap for certain municipalities. Therefore, the Energy Bureau determined in the April 16 Resolution and Order that it could not, at this time, establish that such installations met the requirements of Section 2.04 of Regulation 8818. Therefore, the Energy Bureau ordered PREPA to file a modified calculation of the estimated CILT costs, by removing the consumption associated to the new service agreements for the period of July 2014 to June 2016.

On April 17, 2019, PREPA filed a document titled “Moción para Presentar Documentos Actualizados en Cumplimiento de Orden” (“April 17 Compliance Filing”), which included the requested calculation.³² After evaluating the CILT cap calculation submitted by PREPA as part of the April 17 Compliance Filing, the Energy Bureau **APPROVES** the CILTA rider factor, as detailed in Part VII of this Resolution and Order, which takes into account such modification.

²⁹ Included in the April 15 Compliance Filing.

³⁰ *Enmienda al Reglamento Núm. 8653, Reglamento sobre la Contribución en Lugar de Impuestos (CELI)*, Regulation No. 8653, September 27, 2016.

³¹ Act 83 of May 2, 1941, as amended, known as *The Puerto Rico Electric Power Authority Act*.

³² See April 17 Compliance Filing, “Cálculo Tope CELI según reglamento aprobado por Comisión (editado marzo 29 2017).xlsx”, “TOP Calculations” Tab.

VI. Determination on municipal public lighting

Regarding public lighting, PREPA stated it maintains two different inventories: the inventory kept by the PREPA billing system ("CC&B Inventory") and an electronic inventory maintained by PREPA's Transmission and Distribution Directorate ("T&D Inventory").³³ According to PREPA, these two inventories are not synchronized.

Through its billing system, PREPA estimates the cost associated with municipal public lighting based on the information contained in the CC&B Inventory. According to PREPA, the CC&B Inventory has not been updated in a long time.³⁴

On September 2019, Hurricanes Irma and María affected PREPA's transmission and distribution system, including public lighting. According to the information PREPA provided in its March 20, 2019 compliance filing³⁵, the total amount of public lights contained in PREPA's T&D Inventory is 477,103.³⁶ PREPA reported that an estimate of 158,029 public lights were affected by Hurricanes Irma and María.³⁷ PREPA also stated that 76,250 public lights out of the 158,029 have been repaired.³⁸ Therefore, based on this information, it can be reasonably concluded that about eighty three percent (83%) of the public lights are currently in service.³⁹

³³ Technical Conference Call of March 28, 2019, statement of Gregory Rivera, PREPA's Planning and Research Assistant Division Chief, at minutes 56:30 - 57:55.

³⁴ Compliance Hearing of March 15, 2019, Part III, testimony of Noriette Figueroa Meléndez, PREPA's Customer Service Director, at minutes 44:36 - 47:18.

³⁵ *Moción en Cumplimiento de Orden*, PREPA, March 20, 2019 ("March 20 Compliance Filing").

³⁶ See March 20 Compliance Filing, "ESTIMADO LUMINARIAS AFECTADAS POR MUNICIPIO 18 marzo 2019.xlsx", columns labeled "CANT LUMINARIAS GTEC".

³⁷ *Id.* It is important to note that the file contained several formula errors in the "Total" tab. For this reason, the amount of total affected lights was calculated using the data corresponding to each region, contained in the other seven tabs in the document.

³⁸ *Id.*

³⁹ The number of the estimated public lights that are in service can be calculated by subtracting the number of affected public lights from the total number of public lights and then adding the number of public lights that have been repaired. The result of this operation is then divided by the total number of public lights to obtain the percentage of public lights that are in service.

$$\%PL \text{ in service} = \frac{\text{Total PL} - \text{Affected PL} + \text{Repaired PL}}{\text{Total PL}} \times 100$$

$$\%PL \text{ in service} = \frac{477,103 - 158,079 + 76,256}{477,103} \times 100$$

$$\%PL \text{ in service} = 83\%$$

Although the CC&B Inventory and the T&D Inventory are not synchronized, the database used to bill customers must reflect the effect Hurricanes Irma and María had on the public lighting system. Therefore, based on the information currently available⁴⁰, the estimated costs associated to municipal public lighting should reflect that only eighty three percent (83%) of the public lights are in service. On the April 16 Resolution and Order, the Energy Bureau directed PREPA to modify the estimated costs associated to municipal public lighting to be used as part of the subsidies rider factor calculation, in order to reflect the aforementioned reduction in the number of public lights that are currently in service.

The April 17 Compliance Filing included the requested calculation.⁴¹ After evaluating the Public Lighting cost calculation submitted by PREPA as part of the April 17 Compliance Filing, the Energy Bureau **APPROVES** the SUBA-HH rider factor, as detailed in Part VII of this Resolution and Order, which takes into account such modification.

VII. Summary of factors approved for the May-June 2019 period.

After reviewing PREPA's filing and applying the modifications explained herein, the Energy Bureau **APPROVES** the following factors to be implemented as part of the Permanent Rate on May 1, 2019. These factors will be in effect during the billing period of May 1, 2019 to June 30, 2019. Attachments 1 and 2 to this Resolution and Order contain the calculation of these factors.

Rider	Factor (\$/kWh)
FCA	0.083323
PPCA	0.046752
FOS	0.018884
CILTA	0.005376
SUBA-HH	0.013266
SUBA-NHH	0.000745

As part of the April 17 Compliance Filing, PREPA recommended to implement factors for the CILTA and SUBA-HH that were slightly different from the ones we approved herein.

⁴⁰ As the administrative record shows, such information was provided by PREPA under verified motions and discussed by PREPA's representatives under oath.

⁴¹ See April 17 Compliance Filing, "Subsidios 2019 (Modificado).xlsx, "Alumbrado" Tab, line 82.



PREPA proposed a CILTA factor of 0.005365, and a SUBA-HH factor of 0.013307.⁴² However, to compute these factors, PREPA used the average cost (in \$/kWh) from Fiscal Year 2017 and adjusted it to Fiscal Year 2019. This adjustment does not take into consideration the determinations regarding CILT and Public Lighting, as detailed in Parts V and VI of this Resolution and Order. For this reason, we rejected PREPA's recommendation.

Notwithstanding the above, PREPA provided enough information in its April 17 Compliance Filing to estimate the cost of CILT and the subsidies contained in the SUBA-HH and SUBA-NHH riders for the period of May and June 2019.⁴³ Moreover, the updated files contained in the April 17 Compliance Filing considered the determinations regarding CILT and Public Lighting, as detailed in Parts V and VI of this Resolution and Order.⁴⁴ The Energy Bureau used the information contained in the April 17 Compliance Filing to calculate the factors for the CILTA, the SUBA-HH and the SUBA-NHH riders.⁴⁵ Finally, the Energy Bureau verified the factors associated to the FCA, PPCA and FOS riders, as proposed by PREPA.

VIII. Modifications to the Tariff Book

As explained in Parts III and IV of this Resolution and Order, the Approved Tariff Book must be modified to reflect the changes detailed therein.

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- (1) The term "Applicable Retail kWh Sales" in the FCA, the PPCA, the CILTA, the SUBA-HH, the SUBA-NHH and the EE riders, shall be amended so it reads as follows:

"Applicable Retail kWh Sales

Energy sales to all classes of customers, including the net inflow (i.e. inflow – outflow) to all net metering customers."

- (2) The "Applicable" section of the Net Metering Credit Rider shall be amended so it reads as follows:

"To all tariffs with metered output.

⁴² *Id.*, "Subsidios 2019 Mayo Filing 20190415 (Modificado).xlsx", "Attachment 1" Tab.

⁴³ *Id.*, "Subsidios 2019 (Modificado).xlsx", "Ingresos mensuales 2019 (modificado).xlsx", "Calculo costo del CELI 2019 (Modificado).xlsx" and "Public lighting 2019 (Modificado).xlsx".

⁴⁴ *Id.*, "Subsidios 2019 (Modificado).xlsx", "Alumbrado" Tab; "Cálculo Tope CELI según reglamento aprobado por Comisión (editado marzo 29 2017).xlsx", "TOP Calculations" Tab; and "Calculo costo del CELI 2019 (Modificado).xlsx", "CELI Tope" Tab.

⁴⁵ We must note that the factor for the SUBA-NHH rider calculated by the Energy Bureau coincided with the factor calculated by PREPA. However, since PREPA used the same approach as the CILT and SUBA-HH factors to calculate the SUBA-NHH factor, the Energy Bureau rejected PREPA's recommendation. See Attachments 1 and 2 of this Resolution and Order.

The Net Metering credit is calculated from the customer's bills as per the provisions of Act 114-2007, as amended. Customers with a Net Metering Agreement with PREPA will receive a monthly credit from the energy produced by their system and exported into PREPA's electrical system, up to a customer's monthly consumption in kWh, subject to other limits as detailed in Act 114-2007, as amended, and the corresponding Regulations. The monthly credit for customers with a Net Metering Agreement will be effective at the beginning of the billing period after the installation or configuration of the appropriate meter. For each billing period, PREPA will meter the energy consumed by the customer (inflow) and the energy exported by the customer's system to PREPA's system (outflow).

Each Net-Metering customer shall pay for the net energy supplied by PREPA the full rate for its class, including the base rates, fuel charge, purchased power charge, CILT charge, SUBA-HH charge, SUBA-NHH charge and EE charge, subject to the following:

1. Each billing period, in which the energy exported by the customer is lower than the energy supplied by PREPA, the credit for the energy exported shall be the sum of: customer's base rate energy charge, fuel charge, purchased power charge, SUBA-HH charge, SUBA-NHH charge, CILT, and Energy Efficiency Charge.
2. If during a billing period, the energy exported by the customer is equal or higher than the energy supplied by PREPA, the credit will be limited to the energy supplied by PREPA in that billing period. The excess exported energy will be accumulated to be used in the next billing period.
3. If any excess energy accumulated remains after the end of the current fiscal year, it will be credited as provided by the law, and to the corresponding Regulations, currently as explained below.
 - a. Seventy-five percent (75%) of the excess energy accumulated shall be purchased by PREPA at a rate of 10 cents per kilowatt-hour (¢/kWh) or the resulting quantity in ¢/kWh, once the fuel and purchased power charges are subtracted from the total ¢/kWh, whichever is the highest; and
 - b. the remaining twenty-five percent (25%) shall be granted to PREPA to be distributed in credit or reductions in the electricity bills of public schools."

(3) PREPA must delete the "Grandfathering and Non-Grandfathering" section of the Net Metering Credit Rider.

(4) PREPA must modify the Approved Tariff Book to remove the reference to the "Puerto Rico Energy Commission" and substitute such reference with the term "Puerto Rico Energy Bureau".

(5) The term "Prior Period Reconciliation" in the CILTA, SUBA-HH, SUBA-NHH and EE riders, shall be amended so it reads as follows:

"Prior Period Reconciliation"

The under- or over-recovered funds for the first ten months of the current annual time period and the last two months of the prior annual time period. PREPA shall provide estimates of the reconciling balance with each proposed annual filing of the ###."

Where ### represents the corresponding rider.⁴⁶

IX. Conclusion

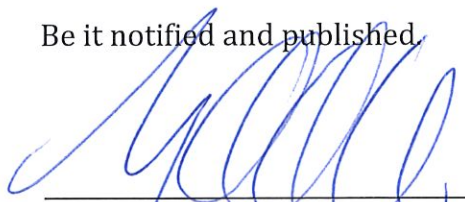
For all of the above, the Energy Bureau **DENIES** the April 22 Motion. Moreover, the Energy Bureau **ORDERS** PREPA to apply the factors approved in Part VII of this Resolution and Order, as part of the implementation of the Permanent Rate on May 1, 2019. These factors will be effective for the billing period of May 1, 2019 to June 30, 2019. Finally, the Energy Bureau **ORDERS** PREPA to modify the Approved Tariff Book in accordance with the directives set forth in Part VIII of this Resolution and Order. PREPA must file an updated Tariff Book reflecting the aforementioned changes on or before ten (10) days from the date of notification of this Resolution and Order.

For the benefit of all parties involved, the Bureau publishes this Resolution and Order in both Spanish and English. Should any discrepancy arise between these two (2) versions, the provisions of the English version shall prevail.


⁴⁶ As an example, the "Prior Period Reconciliation" definition for the CILTA rider should read "The under- or over-recovered funds for the first ten months of the current annual time period and the last two months of the prior annual time period. PREPA shall provide estimates of the reconciling balance with each proposed annual filing of the CILTA."




Be it notified and published.


Edison Avilés Deliz
Chairman


Ángel R. Rivera de la Cruz
Associate Commissioner


Lillian Mateo Santos
Associate Commissioner


Ferdinand A. Ramos Soegaard
Associate Commissioner

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on April 25, 2019. I also certify that on this date a copy of this Resolution and Order was notified by electronic mail to the following: astrid.rodriguez@prepa.com, jorge.ruiz@prepa.com, n-vazquez@prepa.com, n-ayala@prepa.com, c-aquino@prepa.com, j-morales@prepa.com, hriviera@oipc.pr.gov, maribel.cruz@acueductospr.com, pga@caribe.net, jfeliciano@constructorespr.net, nydinmarie.watlington@cemex.com, epenegypr@gmail.com, aconer.pr@gmail.com, glenn.rippie@r3law.com, john.ratnaswamy@r3law.com, michael.guerra@r3law.com, pnieves@vnblegal.com, abogados@fuerteslaw.com, jorgehernandez@escopr.net, ecandelaria@camarapr.net, agraitfe@agraitlawpr.com, francisco.rullan@aae.pr.gov, mgrpcorp@gmail.com, manuelgabrielfernandez@gmail.com, mmuntanerlaw@gmail.com, licenciadamasferrer@gmail.com and wilma.lopez@aae.pr.gov. I also certify that today, April 25, 2019, I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau and I have sent a true and exact copy to the following:

Puerto Rico Electric Power Authority

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p/c Lcda. Hannia Rivera Díaz
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San Juan, Puerto Rico 00918

For the record, I sign this in San Juan, Puerto Rico, today April 25, 2019.



A handwritten signature in blue ink, appearing to read 'Wanda I. Cordero Morales', written over a horizontal line.

Wanda I. Cordero Morales
Interim Clerk



Attachment 1

Puerto Rico Energy Bureau
Fuel and Purchased Power Charge Adjustment Factor
Fuel Oil Subsidy Factor
For the Months of May 2019 and June 2019

Line No.	Item	Value	Reference
1	Calculation of Fuel Charge Adjustment Factor for May-June 2019		
2			
3	Estimated Total Cost of Fuel for May 2019	\$ 106,434,241.81	a
4	Estimated Total Cost of Fuel for June 2019	\$ 112,878,957.57	b
5			
6	Estimated Retail kWh sales for May 2019	1,316,432,824	c
7	Estimated Retail kWh sales for June 2019	1,315,659,478	d
8			
9	Estimated Total Cost of Fuel May-June 2019	\$ 219,313,199.38	L3+L4
10	Prior Period Reconciliation	\$ -	e
11	Estimated Applicable Retail kWh Sales	2,632,092,302	L6+L7
12			
13	Fuel Charge Adjustment for May-June 2019 (\$/kWh)	0.083323	(L9+L10)/L11
14			
15	Calculation of Purchased Power Charge Adjustment Factor for May-June 2019		
16			
17	Estimated Total Cost of Purchased Power for May 2019	\$ 61,311,429.07	f
18	Estimated Total Cost of Purchased Power for June 2019	\$ 61,742,875.63	g
19			
20	Estimated Total Cost of Purchased Power	\$ 123,054,304.70	L17+L18
21	Prior Period Reconciliation	\$ -	h
22	Estimated Applicable Retail kWh Sales	2,632,092,302	L11
23			
24	Purchased Power Charge Adjustment for May-June 2019 (\$/kWh)	0.046752	(L20+L21)/L22
25			
26	Fuel Oil Subsidy Factor		
27			
28	Estimated Total Barrels of Oil	1,656,792	i
29	Estimated Applicable Retail kWh Sales	2,632,092,302	L11
30			
31	Fuel Oil Subsidy Factor for \$30/barrel (\$/kWh)	0.018884	(30*L28+L21)/L29
32			
33	References		
34			
35	a. Factores_Ajuste_2019_Mayo_Filing_20190415_(Modificado).xlsx, Tab "Attachment 1", Line 4		
36	b. Factores_Ajuste_2019_Mayo_Filing_20190415_(Modificado).xlsx, Tab "Attachment 1", Line 5		
37	c. Factores_Ajuste_2019_Mayo_Filing_20190415_(Modificado).xlsx, Tab "Attachment 1", Line 16		
38	d. Factores_Ajuste_2019_Mayo_Filing_20190415_(Modificado).xlsx, Tab "Attachment 1", Line 17		
39	e. Factores_Ajuste_2019_Mayo_Filing_20190415_(Modificado).xlsx, Tab "Attachment 1", Line 21		
40	f. Factores_Ajuste_2019_Mayo_Filing_20190415_(Modificado).xlsx, Tab "Attachment 2", Line 4		
41	g. Factores_Ajuste_2019_Mayo_Filing_20190415_(Modificado).xlsx, Tab "Attachment 2", Line 5		
42	h. Factores_Ajuste_2019_Mayo_Filing_20190415_(Modificado).xlsx, Tab "Attachment 2", Line 14		
43	i. Factores_Ajuste_2019_Mayo_Filing_20190415_(Modificado).xlsx, Tab "Attachment 1", Line 27		



**Puerto Rico Energy Bureau
CILT, SUBA-HH and SUBA-NHH Charge Adjustment Factor
For the Months of May 2019 and June 2019**

Line No.	Item	Value	Reference
1	Calculation of CILT Adjustment Factor for May-June 2019		
2			
3	Estimated Total Cost of CILT for May 2019	\$ 6,918,024.86	a
4	Estimated Total Cost of CILT for June 2019	\$ 7,232,039.00	b
5			
6	Estimated Retail kWh sales for May 2019	1,316,432,824	c
7	Estimated Retail kWh sales for June 2019	1,315,659,478	d
8			
9	Estimated Total Cost of CILT May-June 2019	\$ 14,150,063.87	L3+L4
10	Prior Period Reconciliation	\$ -	e
11	Estimated Applicable Retail kWh Sales	2,632,092,302	L6+L7
12			
13	CILT Adjustment for May-June 2019 (\$/kWh)	0.005376	(L9+L10)/L11
14			
15	Calculation of SUBA-HH Charge Adjustment Factor for May-June 2019		
16			
17	Estimated Total Cost of SUBA-HH for May-June 2019	\$ 34,918,366.94	f
18	Prior Period Reconciliation	\$ -	g
19	Estimated Applicable Retail kWh Sales	2,632,092,302	L11
20			
21	SUBA-HH Charge Adjustment for May-June 2019 (\$/kWh)	0.013266	(L17+L18)/L19
22			
23	Calculation of SUBA-NHH Charge Adjustment Factor for May-June 2019		
24			
25	Estimated Total Cost of SUBA-NHH for May-June 2019	1,961,618	h
26	Prior Period Reconciliation	\$ -	i
27	Estimated Applicable Retail kWh Sales	2,632,092,302	L11
28			
29	SUBA-NHH Charge Adjustment for May-June 2019 (\$/kWh)	0.000745	(L25+L26)/L27
30			
31	References		
32			
33	a. Subsidios_2019_(Modificado).xlsx, April 17, 2019, Tab "Resumen", C18		
34	b. Subsidios_2019_(Modificado).xlsx, April 17, 2019, Tab "Resumen", D18		
35	c. Factores_Ajuste_2019_Mayo_Filing_20190415_(Modificado).xlsx, Tab "Attachment 1", Line 16		
36	d. Factores_Ajuste_2019_Mayo_Filing_20190415_(Modificado).xlsx, Tab "Attachment 1", Line 17		
37	e. Part I of this Resolution and Order		
38	f. Subsidios_2019_(Modificado).xlsx, April 17, 2019, Tab "Resumen", E22		
39	g. Part I of this Resolution and Order		
40	h. Subsidios_2019_(Modificado).xlsx, April 17, 2019, Tab "Resumen", E23		
41	i. Part I of this Resolution and Order		