



**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:** Resolution and Order on the  
Puerto Rico Electric Power Authority's  
Permanent Rate reconciliation process.

**RESOLUTION AND ORDER**

On April 25, 2019, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order in the instant case ("April 25 Resolution and Order") through which it approved the factors associated with the riders<sup>1</sup> that the Puerto Rico Electric Power Authority ("PREPA") was required to apply on May 1, 2019 as part of the implementation of PREPA's Permanent Rate.<sup>2</sup> On the April 25 Resolution and Order, the Energy Bureau expressed that it will issue a separate order to establish the procedure to reconcile the costs associated with the Contribution in Lieu of Taxes ("CILT"), subsidies and the Temporary Rate 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 costs associated with fuel and purchased power during the emergency period following Hurricanes Irma and María, and the costs associated with fuel and purchased power for the months of March and April 2019 ("Required Reconciliation").<sup>3</sup> The Required Reconciliation will take effect on July 1, 2019.<sup>4</sup>

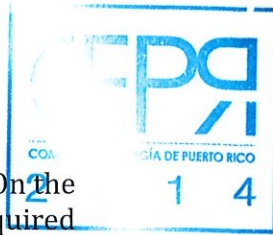
To that effect, as part of the Permanent Rate implementation process, on February 21, 2019, PREPA filed a document titled *Motion for a Working Meeting on February 25 or 26, 2019, to Discuss PREPA's Plans for Implementation of Certain Reconciliations in Coordination*

<sup>1</sup> These riders are designed to recover the costs associated to fuel, purchased power, CILT and other subsidies. The riders are: (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").

<sup>2</sup> See *In Re: Puerto Rico Electric Power Authority Rate Review*, Case No. CEPR-AP-2015-0001, Resolution and Order, April 25, 2019, p 10. The Required Reconciliation is mandated by Paragraph (e) of Section 6.25 of Act 57-2014, known as *The Puerto Rico Energy Transformation and RELIEF Act*, as amended.

<sup>3</sup> *Id.*, p. 3.

<sup>4</sup> *Id.*



with the April 1, 2019, Implementation of "Permanent" Rates ("February 21 Motion"). On the February 21 Motion, PREPA submitted certain information regarding the Required Reconciliation. Specifically, PREPA submitted estimated amounts for the reconciliation of the Provisional Rate, CILT, SUBA-HH and SUBA-NHH riders. In addition, PREPA submitted estimate reconciliation amounts for the fuel and purchased power corresponding to the emergency period following Hurricanes Irma and María.<sup>5</sup> PREPA also submitted a recommendation regarding the time period in which such reconciliations should be in effect.<sup>6</sup>

On its February 21 Motion, PREPA calculated the amounts to be reconciled using *final* accounting information from June 2016 to January 2019 and *estimated* accounting information for the months of February and March 2019.<sup>7</sup> Moreover, PREPA assumed a Permanent Rate implementation date of April 1, 2019. For this reason, PREPA did not include reconciliation amounts for the month of April 2019. In addition, the reconciliation proposed through the February 21 Motion did not include the fuel and purchased power reconciliation for the months of March and April 2019.

PREPA implemented the Permanent Rate on May 1, 2019.<sup>8</sup> As we stated before, the Required Reconciliation will cover the period from July 1, 2016 to April 30, 2019 for CILT, subsidies and the Temporary Rate. The Required Reconciliation will also include the reconciliation of the fuel and purchased power costs for the months of March and April 2019.<sup>9</sup>

The information provided in the February 21 Motion is incomplete for the purpose of the Required Reconciliation. Therefore, the Energy Bureau **ORDERS** PREPA to file, on or before May 29, 2019, the proposed reconciliation factors for the costs associated with the CILT, subsidies and the Temporary Rate for the period of July 1, 2016 to April 30, 2019; the costs associated with fuel and purchased power during the emergency period following Hurricanes Irma and María; and the costs associated with fuel and purchased power for the

<sup>5</sup> See February 21 Motion, Attachment 1, p. 1.

<sup>6</sup> On March 1, 2019, PREPA filed a document titled *Moción para Presentar Documentos* ("March 1 Motion"), through which it submitted the working papers associated with the data contained in the February 21 Motion.

<sup>7</sup> See "Reconciling Clause Reconciliations (Facturado) 20190219.xlsx", attachment to March 1 Motion.

<sup>8</sup> See In Re: Puerto Rico Electric Power Authority Rate Review, Case No. CEPR-AP-2015-0001, Resolution and Order, March 21, 2019, p. 2.

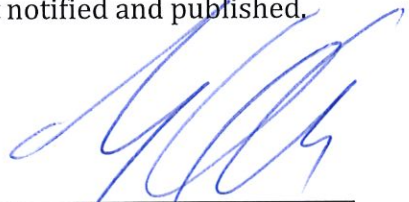
<sup>9</sup> On April 22, 2019, PREPA filed a document titled *PREPA's Informative Motion Regarding May 2019 Fuel and Purchased Power Adjustment Factors and Request for Expedited Consideration*, through which it argued that the reconciliation amount corresponding to fuel and purchased power for the month of March 2019 was \$27,002,639.90. For this reason, PREPA requested the Energy Bureau to apply this amount as part of the Fuel Charge Adjustment and Purchased Power Charge Adjustment calculation for the factors to be implemented on May 1, 2019. Through the April 25 Resolution and Order, the Energy Bureau denied PREPA's request and determined to include the reconciliation of 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. See April 25 Resolution and Order, p. 4.



months of March and April 2019. PREPA must propose separate factors for each reconciliation (including separate SUBA-HH and SUBA-NHH factors). PREPA must provide all working papers in native form with formulae intact. PREPA must provide final accounting data ending in April 30, 2019. If final accounting data is not available for a portion of the filing, PREPA must submit appropriate estimates, including related workpapers, and an estimated date in which final accounting information will be available. In such case, PREPA will also propose a suitable process to reconcile the estimated and final accounting data.

Finally, PREPA must propose the periods on which each reconciliation factor should be in effect. All reconciliation periods must commence on July 1, 2019.


Be it notified and published,



Edison Avilés Deliz  
Chair



Ángel R. Rivera de la Cruz  
Associate Commissioner



Lillian Mateo Santos  
Associate Commissioner



Ferdinand A. Ramos Soegaard  
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## CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on May 9, 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, May 9, 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:

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For the record, I sign this in San Juan, Puerto Rico, today May 4, 2019.

  
\_\_\_\_\_  
Wanda I. Cordero Morales  
Interim Clerk