

**COMMONWEALTH OF PUERTO RICO
PUBLIC SERVICE REGULATORY BOARD
PUERTO RICO ENERGY BUREAU**

IN RE: THE PUERTO RICO ELECTRIC
POWER AUTHORITY

INITIAL RATE REVIEW

NO. CEPR-AP-2015-0001

SUBJECT: PREPA's Motion for an
Extension of Time and to Coordinate
Overlapping Schedules

2019 JUN 12 PM 4:30

IRP - SECRETARIA
NEGOCIADO DE ENERGIA
DE PUERTO RICO

**PREPA'S MOTION FOR AN EXTENSION OF TIME AND
TO COORDINATE OVERLAPPING SCHEDULES**

The Puerto Rico Electric Power Authority ("PREPA") hereby respectfully submits to the Puerto Rico Energy Bureau (the "Energy Bureau") this Motion for an Extension of Time and to Coordinate Overlapping Schedules. PREPA's Motion respectfully seeks to move the due date for the factors and reconciliations for quarterly and annual reconciliations going into effect on July 1, 2019. PREPA also presents later in this Motion different possible options for a new schedule.

PREPA's Motion is based on two sets of facts. First, under the combination of the Energy Bureau's orders of April 26, May 23, June 5, and June 10, 2019, in the 2018-2019 IRP docket (CEPR-AP-2018-0001), and a Bureau order of April 25, 2019, in the instant docket, PREPA now has four major filings due in these two cases on the same date, June 14, 2019:

1. The 2018-2019 IRP testimony required by the June 5th IRP case order;
2. The modeling runs and other data required by the April 26 and May 23rd IRP case orders;
3. The "MiniGrids" filing required by the June 10th IRP case order; and

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4. The filing relating to factors and reconciliation for quarterly and annual riders going into effect on July 1st, required by the April 25th order in the instant docket.¹

Having all four major filings due on the same day presents severe practical problems.

Second, and even more importantly, the required factors and reconciliations in part involve a requirement of financial data that PREPA's financial processes will not be able to generate in time for the June 14th filing.


PREPA does NOT propose to change the June 14th due date for the 2018-2019 IRP testimony.

However, PREPA proposes to change the due dates for the *other three* filings, including the filing due in the instant docket. PREPA is addressing the 2015 rate implementation item here. PREPA addressed the two IRP items as to which it seeks a schedule change in a parallel Motion filed yesterday in the 2018-2019 IRP docket.

I. DISCUSSION

The Energy Bureau's April 25, 2019, order, among other things, set a due date of June 14, 2019, for the factors and reconciliation for quarterly and annual riders going into effect on July 1st. The April 25th order also set later quarterly due dates for other factor and reconciliation filings.

PREPA needs to respectfully request an extension of time for the material due on June 14th for the following reasons. Please note that the discussion also raises concerns


¹ As a result of PREPA's June 5, 2019, compliance filing in the 2015 rate implementation docket, and the June 10 Technical Conference Call in that docket, PREPA also has a follow-up compliance filing due on June 19, 2019, in that docket.

regarding the later due dates, although those concerns do not necessarily have to be resolved at this time.

One part of the implementation of the new rate structure, which went into effect on May 1, 2019, is the generation of new reports. The format and content of the reports should be reviewed and validated by the involved departments within PREPA, i.e., Finance Directorate, Customer Service, and Planning. At this moment, PREPA has not fully finalized this complicated process involving multiple departments. This circumstance affects the calculation, by the Finance Directorate, of the reconciliations pertaining to May 2019. The generation and validation of the first set of reports under the new permanent rate structure, pertaining to May 2019 billing, continues to be a concern for PREPA. At this time, PREPA's is not sure the required reports will be available in time to support even an extension to June 21, 2019, which PREPA considers to be the minimum scope of its request for an extension of time. An option or possible modification of the minimum requested extension to June 21st is that the Energy Bureau move the May 2019 reconciliation components to compliance filing for the next quarterly billing period, referenced below. There is precedent, so to speak, for such a modification. The Energy Bureau previously has ordered that certain reconciliations be deferred to later periods.

The Energy Bureau's order of April 25, 2019, also establishes the dates for submission of the proposed factors and reconciliations for subsequent quarterly billing periods. For the rider charges / adjustments that will be in effect beginning on October 1, 2019, the April 25th order directs PREPA to submit the proposed factors, including the proposed reconciliations for June, July, and August 2019, by September 13, 2019. The May 2019 reconciliation could be moved to that filing, as noted above.

The Finance Directorate personnel anticipate that they cannot fully comply with the date of September 13, 2019, for that filing, either, as to the August 2019 reconciliations components, because of the timing of accounting processes. For the Reconciliation (Recovery or Return) calculation for a month to be final, the monthly accounting closing of PREPA must have been completed. This accounting closing consists of a set of parallel financial data collection processes that are used to generate reports that are used also by PREPA's Governing Board.


To produce the closing in an efficient and effective way, the Finance Directorate prepares a monthly Itinerary with the following processes:

1. The reconciliation of the data interface between the CC&B system (PREPA's Billing System) and the Oracle Business Suite system (Finance).

2. Collection of data from several directorates, related to generation, sales by rate and type of income, CILT, monthly invoices of cogenerators, and the facilities of renewable energy, and the statistics of efficiency in generation. This part of the process occurs in the first 9 calendar days of each month.

3. At the same time, the Fuel report is prepared from the first of each month until approximately 10 days.

4. After receiving and corroborating the information received, the Accounting and Budget Division works with the review, analysis and posting in Oracle of the prepared wages and adjustments. After the posting, the preliminary closing and adjustments to the Reports are made. This process can go from the 10th to the 15th of each month.



5. The process culminates in the final closing and production of the financial statements (from the 15th to the 20th of each month). These financial statements are

reviewed and analyzed in all stages to proceed with the preparation of the reports to be presented to the Governing Board.

As a result of requirements of the Financial Oversight and Management Board, internal instructions, and directives of the Energy Bureau, PREPA has held multiple internal meetings with personnel of its Directorates of Customer Service, Generation, Planning, Information Systems, and Finance that are responsible for the processes mentioned, with the purpose of notifying them of the sense of urgency to comply fully with all the established requirements.

As a result of the Energy Bureau directive related to the reconciliations (recovery or return) included in the required filings, PREPA's personnel evaluated if it was possible to further advance the monthly accounting closings. It was concluded that the Itinerary is already as aggressive as possible and that all the corresponding areas are working to the maximum even with the limitations due to lack of personnel, among other situations. Continuing to shorten the delivery time of reports, where possible, will adversely affect the quality of the reports.

Thus, for the reasons discussed, PREPA will not be able to comply with the monthly submission dates for the quarterly factors filings as previously ordered by the PREB, at least as to the reconciliation of the last (most recent) month that is part of each filing.

PREPA, accordingly, respectfully requests the Energy Bureau's consideration of the following alternatives.

Alternative (1) is simply to move the submission dates of the filings to on or before the 21st of the last month of each calendar quarter (e.g., June 21, 2019, provided that, if

the 21st is not a business day, then the due date moves to the next business day). These submission dates entail some risk because they are only one day past the window of completing financial closings for the previous month. The risks include reduced time for production and review of reports prior to submission to the Energy Bureau, and submission delays.

Alternative (2) is to leave the submission dates as they are (i.e., the 14th or 15th of the last month of a calendar quarter), or move them one week later, but reorient the months to be included in the quarterly reconciliation consistent with the annual reconciliation methodology insofar as there are two months ahead of the next fiscal year that are unreconciled rather than just one. Thus, for the quarterly reconciliations, Alternative (2) proposes for regular quarterly factors updates calculated for submission in the last month of a calendar quarter to include the first month of the current calendar quarter plus two months of the previous calendar quarter. This adjustment to the quarterly factor updates would completely mitigate the monthly financial closing process as a concern for producing the quarterly factors updates, provide ample time for production and reviews, and assure adequate to ample time for Energy Bureau review of the submissions. If the Energy Bureau grants Alternative (2) on either a temporary or permanent basis, then PREPA in the June filing will prepare the quarterly factors update for the July through September 2019 quarter, including only the March and April 2019 reconciliations, which were previously submitted to the Energy Bureau on June 5, 2019; while the May 2019 reconciliation would be included in the next quarterly factors update in September 2019.

Accordingly, PREPA respectfully requests that the Energy Bureau move the June 14th filing date to June 21st and also consider the possible modification of that filing's elements and the Alternatives discussed above.

WHEREFORE, the Puerto Rico Electric Power Authority respectfully requests that the Puerto Rico Energy Bureau grant this Motion, move the June 14th filing date to June 21st, and adopt at least one of the modifications or alternatives discussed here at least for the filing currently due on June 14th, and enter such other directives as are warranted.

RESPECTFULLY SUBMITTED,

IN SAN JUAN, PUERTO RICO, THIS 12th DAY OF JUNE, 2019

PUERTO RICO ELECTRIC POWER AUTHORITY

I HEREBY CERTIFY that the foregoing Motion was filed on this day at the office of the Clerk of the Puerto Rico Energy Bureau; and, further, that the was sent via email to the Puerto Rico Energy Bureau through email to secretaria@energia.pr.gov and wclordero@energia.pr.gov; to the office of the Energy Bureau's internal legal counsel via email to legal@energia.pr.gov and sugarte@energia.pr.gov; and to parties of record at the following email addresses: cfl@mcvpr.com; ivc@mcvpr.com; pnieves@vnblegal.com; mmuntanerlaw@gmail.com; maribel.cruz@acueductospr.com; jfeliciano@constructorespr.net; abogados@fuerteslaw.com; eirizarry@ccdlawpr.com; jose.maeso@aae.pr.gov; edwin.quinones@aae.pr.gov; nydinmarie.watlington@cemex.com; aconer.pr@gmail.com; epenergypr@gmail.com; jorgehernandez@escopr.net; ecandelaria@camarapr.net; pga@caribe.net; [manualgabrielfernandez@gmail.com](mailto>manualgabrielfernandez@gmail.com); agraitefe@agraitlawpr.com; mgrpcorp@gmail.com.



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