



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 to the  
Puerto Rico Electric Power Authority's  
Motion for an Extension of Time and to  
Coordinate Overlapping Schedules.

**RESOLUTION AND ORDER**

On April 26, 2019, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("April 26 Resolution and Order") through which it ordered the Puerto Rico Electric Power Authority ("PREPA") to, among other things, submit for the Energy Bureau's review and approval, the compliance filing associated with the annual and quarterly factors for the Permanent Rates riders ("Compliance Filing"), to be implemented on July 1, 2019. The deadline for the Compliance Filing was June 14, 2019.

On June 12, 2019, PREPA filed a document titled *PREPA's Motion for an Extension of Time and to Coordinate Overlapping Schedules* ("Motion"). In its Motion, PREPA requested to extend the Compliance Filing deadline until June 21, 2019. In support of its request, PREPA argued that the reports and accounting information regarding the implementation of the Permanent Rate during the month of May has not been fully finalized.<sup>1</sup> PREPA stated that "[t]he 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 of PREPA."<sup>2</sup>

Moreover, PREPA expressed concern regarding the deadlines for the submission of the reconciliation data for the Permanent Rate riders to be implemented on October 1, 2019 and subsequent quarters. In its Motion, PREPA provided a description of its current accounting and billing process and stated that, based on the existing processes, PREPA will not be able to meet the established deadlines.<sup>3</sup> As such, PREPA proposed two alternatives: (1) move the deadline for the submission of the compliance filings to on or about the 21st day of the corresponding month; or (2) modify the quarterly reconciliation requirement to

<sup>1</sup> Motion, pp. 2 - 3.

<sup>2</sup> *Id.*, p. 2.

<sup>3</sup> *Id.*, pp. 3 - 4.

include the first month of the current quarter and the last two months of the previous quarter.<sup>4</sup>

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The Energy Bureau is aware of the obstacles and complications associated with the implementation of the Permanent Rate and the development of the required reports to keep an accurate accounting system. After a careful analysis of PREPA's arguments, the Energy Bureau **GRANTS** PREPA's request to extend the deadline for the submission of the Compliance Filing. As such, PREPA must submit the Compliance Filing **on or before 12:00 p.m. on June 21, 2019.**

It is important to note that, the Energy Bureau will conduct a thorough analysis of the Compliance Filing in order to approve the rider factors that should be in effect on July 1, 2019. However, due to PREPA's requests for extension, the time the Energy Bureau will have to issue the corresponding Resolution and Order has been reduced by a full week. The Energy Bureau will work diligently to approve the factors but will not make a hurried determination. To that effect, the Energy Bureau **REMINDS** PREPA that, according to the approved Permanent Rate, as presented in PREPA's approved Tariff Book, if the Energy Bureau does not approve new rider factors, the current factors will remain in effect until new factors are approved.

On the other hand, the schedule established in the April 26 Resolution and Order was based on the regular process for the approval of the riders included in the Permanent Rate, as described in PREPA's approved Tariff Book. Both, the quarterly and annual processes for the approval of riders, and the associated compliance filing, were proposed by PREPA and approved by the Energy Bureau as part of the Permanent Rate approval process.<sup>5</sup>

Moreover, the months to be included as part of the quarterly and annual reconciliation of the adjustment clauses were also established during the Permanent Rate approval process.<sup>6</sup> As with the rider approval procedure, it was PREPA who proposed them. PREPA did not raise the concerns expressed in the Motion at any stage of the Permanent Rate approval process.

We must emphasize that PREPA must modify its internal processes to meet the Energy Bureau's requirements and to comply with its resolutions and orders. Not the other way around. PREPA had known the quarterly and yearly rider approval requirement for quite some time. As such, it has had ample time to revise its internal procedures to comply with the Energy Bureau's orders and directives. PREPA must make all the necessary adjustments to its internal procedures to meet the Energy Bureau's requirements regarding to the riders to be implemented on October 1, 2019 and beyond. The deadline extension

<sup>4</sup> *Id.*, pp. 5 – 6.

<sup>5</sup> See Resolution and Order, Case No. CEPR-AP-2015-0001, January 10, 2017, pp. 130 – 135, ¶¶ 374 - 386. See also PREPA's approved Tariff Book, Attachment, *Moción en Cumplimiento de Orden*, Case No. CEPR-AP-2015-0001, May 22, 2019.

<sup>6</sup> *Id.*

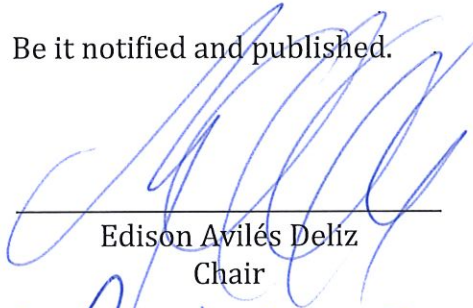






granted through this Resolution and Order regarding the riders to be implemented on July 1, 2019 is granted due to the extraordinary situation arising from the expected complications that normally happen during the initial stages of the implementation of a new methodology. It cannot be the norm. As such, the Energy Bureau **DENIES** PREPA's request to modify the Permanent Rate rider approval process.

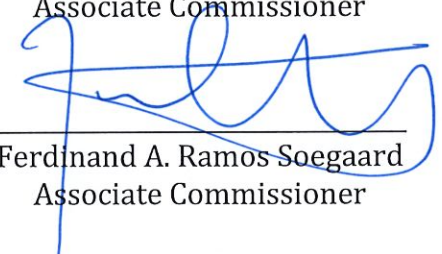
The Energy Bureau **REMINDS** PREPA that noncompliance with the Energy Bureau's orders and regulations will result in administrative fines of up to twenty-five thousand dollars (\$25,000) per infraction per day, as well as any other administrative sanctions the Energy Bureau deems appropriate in accordance with the applicable statutes and regulations.

Be it notified and published.

  
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Edison Avilés Deliz  
Chair

  
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Lillian Mateo Santos  
Associate Commissioner

  
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Ángel R. Rivera de la Cruz  
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 June 14, 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, June 14, 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 June 14, 2019.

  
Wanda I. Cordero Morales  
Clerk