

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



IN RE: THE PERFORMANCE OF THE PUERTO RICO ELECTRIC POWER AUTHORITY

CASE NO.: NEPR-MI-2019-0007

SUBJECT: PREPA Performance Reporting Requirements.

RESOLUTION AND ORDER

I. Introduction

Pursuant to the provisions of Act 57-2014,¹ the Energy Bureau of the Puerto Rico Public Service Regulatory Board (“Energy Bureau”) has jurisdiction over the Puerto Rico Electric Power Authority (“PREPA”) and other electric service companies. Act 57-2014, clearly states that it is public policy that all consumers have the right to a reliable and stable electric service.² In the aftermath of the destruction caused by Hurricanes Irma and Maria, it is of the utmost importance that PREPA transforms the power grid and its operations to provide a more reliable and stable service to its clients.

Act 17-2019³ broadened the Energy Bureau’s authority and reinforced the foregoing public policy by declaring that, “(t)he electric power system should be reliable and accessible, promote industrial, commercial, and community development, improve the quality of life at just and reasonable cost, and promote the economic development of the Island.”⁴ Furthermore, Act 17-2019 established certain express mandates to the Energy Bureau including, but not limited to, the development of incentive mechanisms to make the enforcement of the energy policy feasible.

II. Energy Bureau Statutory Authority

A. Performance Incentive Mechanisms

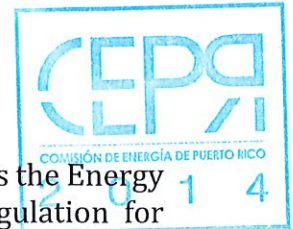
Act 17-2019 created a deadline of December 31, 2019 for the Energy Bureau to develop regulations for the establishment of incentives and penalties based on performance that take into account electric power companies’ performance and compliance with the

¹ Known as the *Puerto Rico Energy Transformation and RELIEF Act*, as amended.

² *Id.*, Article 1.2(l).

³ Known as the *Puerto Rico Energy Public Policy Act*.

⁴ *Id.*, Statement of Motives, p.2.



performance metrics set forth in the energy public policy.⁵ Act 17-2019 provides the Energy Bureau with the authority to use alternative mechanisms to cost-based regulation for compliance and implementation of the objectives established in the law, including mechanisms for incentives and penalties based on performance metrics for electric service companies and strict compliance with the Energy Bureau orders.⁶

Pursuant to the provisions of Act 17-2019, in developing such performance-based incentives and penalties, the Energy Bureau shall take into account the following criteria, among others:

- (a) the volatility and affordability of the electric power service rates;
- (b) the economic incentives and investment payback;
- (c) the reliability of the electric power service; customer service and commitment, including options to manage electric power costs available to customers;
- (d) customers' access to the electric power companies' information systems including, but not limited to, public access to information about the aggregated customer energy and individual consumers' access to the information about their electric power consumption;
- (e) compliance with the Renewable Portfolio Standard and rapid integration of renewable energy sources, including the quality of the interconnection of resources located in consumers' properties;
- (f) compliance with metrics to achieve the energy efficiency standards established in Act 17-2019;
- (g) infrastructure maintenance.⁷

With respect to the mechanisms to be used, Act 17-2019 states that the Energy Bureau may consider using, but it is not limited to, the following:

- i. Decoupling mechanisms;
- ii. Performance-Based Regulation or PBR;

⁵ *Id.*, Section 1.5(3)(c) and (d).

⁶ *Id.*

⁷ *Id.*, Section 5.21, amending Section 6.25(B) of Act 57-2014.

- iii. Time of Use Rates;
- iv. Prepaid Rates.
- v. Unbundled Rates;
- vi. Formula Ratemaking and rate review mechanism;
- vii. Reconciliation Mechanisms.⁸

In compliance with Act 17-2019 mandates regarding performance-based incentives and penalties, the Energy Bureau is in the process of drafting regulations to establish performance incentive mechanisms and targets. The Energy Bureau will open a separate docket and timely issue such draft regulations for comment before final adoption of the regulations. Thereafter, the Energy Bureau will initiate proceedings based on the adopted regulations to adopt the performance incentive mechanisms and targets that will be put in place.⁹

B. Performance Reporting Requirements

The Energy Bureau was granted authority in Act 17-2019 to take the necessary steps to carry out its duties and responsibilities to regulate PREPA. Relevant to this Resolution and Order are the provisions of Act 17-2019 which require PREPA to fully comply with all rules, regulations, orders, mandates, requests and penalties.¹⁰ Moreover, the Energy Bureau is authorized to require the production and inspection of records, inventories, documents and physical facilities.¹¹

Given the Energy Bureau's authority and in furtherance of developing performance incentive mechanisms, the Energy Bureau has determined it would be in the public interest to commence as soon as possible the data gathering process that would not only help the

⁸ *Id.* Note that, as per the provisions of Act 17-2019, electric power service companies, as determined by the Energy Bureau through regulations, including those organized as energy cooperatives or those other entities determined by the Energy Bureau shall be exempt from this provision.

⁹ It is important to note that the Energy Bureau's issuance of this Resolution and Order and the forthcoming draft regulations on performance incentive mechanisms should not be construed to limit the Energy Bureau's authority under Act 17-2019 to pursue other mechanisms at a later time.

¹⁰ Act 17-2019. Section 2.8, amending Section 6 of Act 83 of 1941.

¹¹ *Id.* Section 5.19, amending Section 6.24(b) of Act 57-2014. The Energy Bureau may also examine under oath, by means of a report or formal summons, all officials and employees of the energy companies certified to operate in Puerto Rico and the Corporation for the Revitalization of the Puerto Rico Electric Power Authority, and require the production of copies of those records, documents, information or data. *See also*, Section 5.10, amending Section 6.3 (pp)(7) of Act 57-2014.



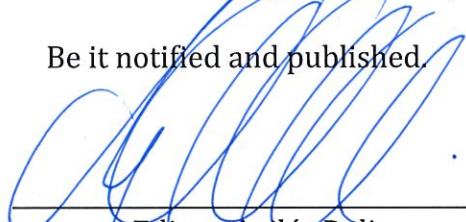
Energy Bureau and the stakeholders in developing appropriate measures, metrics and targets, but also incentive and penalty mechanisms. This effort will help the Energy Bureau in establishing a baseline and a uniform understanding of the current level of PREPA's performance on every aspect of PREPA's decision-making and operations. This data is critical for measuring PREPA's reliability and stability. It will also help identify those areas of lower performance within the PREPA system that may need more attention.

Attached to this Resolution and Order (**Attachment 1**) is a list of the key performance metrics/indicators that were previously published by the Energy Bureau in April 27, 2017.¹² PREPA shall use Attachment 1 to prepare its reports.¹³

III. Conclusion

The Energy Bureau **ORDERS** PREPA to track, on a monthly basis, the indicators/metrics included in Attachment 1 of this Resolution and Order and to file a report with the Energy Bureau on a **quarterly basis, beginning September 15, 2019**. Each report on PREPA's progress under these metrics shall cover the entirety of the previous quarter. For the first report due on September 15, 2019, the report shall provide monthly data and shall cover the period of June 1 through August 31, 2019. Should any of these filing dates fall on a weekend or holiday, then the report shall be due on the following business day.

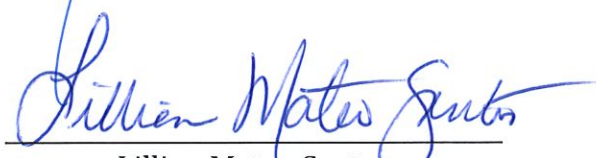
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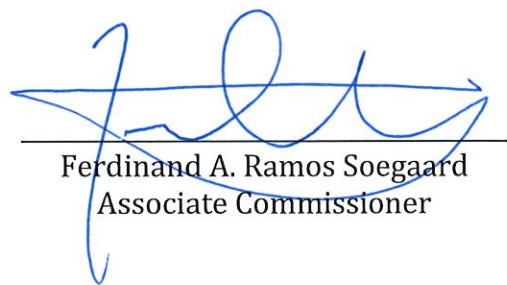
Edison Avilés Deliz
Chair



Ángel R. Rivera de la Cruz
Associate Commissioner



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner

¹² In Re: The Performance of the Puerto Rico Electric Power Authority, Case No. CEPR-IN-2016-0002, "Notice of Investigation to Identify Opportunities to Improve Performance of the Puerto Rico Electric Power Authority," April 27, 2017.

¹³ The Energy Bureau notes that in its proposed Fiscal Plans to the Federal Oversight and Management Board, PREPA has included "potential metrics" it is recommending. See Puerto Rico Electric Power Authority, Fiscal Plan - August 1, 2018. Many of the metrics included in **Attachment 1** are derived from PREPA's own recommended key performance indicators, and therefore, PREPA should reasonably be able to comply with this Resolution and Order. This information should also help PREPA to evaluate its performance so that it can take steps towards improvement.



CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on May 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 and n-vazquez@prepa.com. I also certify that today, May 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:

Puerto Rico Electric Power Authority

Attn.: Nitza D. Vázquez Rodríguez

Astrid I. Rodríguez Cruz

Jorge R. Ruíz Pabón

PO Box 363938

Correo General

San Juan, PR 00936-3928

For the record, I sign this in San Juan, Puerto Rico, today May 14, 2019.

Wanda I. Cordero Morales
Interim Clerk

Attachment 1 Performance Metrics by Area

Area	Metric	Unit of Measure
Overall System		
	Safety - recordables	Percentage
	Absenteeism	Percentage
	CAIDI ¹⁴	Minutes
	Operational expenses vs. budget (excluding fuel) (system)	Percentage
	Capital expenses vs. budget (system)	Percentage
	Operational expenses vs. budget (excluding fuel) (by directorate)	Percentage
	Capital expenses vs. budget (by directorate)	Percentage
	Number of customers by customer class	Number of customers
	Monthly system sales	GWh
	Monthly sales by customer class	GWh
	Monthly sales by district	GWh
	Monthly system peak	MW
	Monthly peak by customer class	MW
	Monthly peak by district	MW
	Cost of generation per customer (system)	\$/customer
	Average revenue per kilowatt-hour sold	\$/kWh
Generation		
	Plant availability (system)	Percentage
	Forced outages (system)	Percentage
	Cost of generation (system; total)	\$/MWh
	Cost of generation (system; fuel and O&M separately)	\$/MWh
	Cost of generation (by unit; fuel, O&M, and total separately)	\$/MWh
	Monthly thermal generation (system)	MWh
	Monthly thermal generation (by unit)	MWh
	Average heat rate (system)	MWh/MMBTU
	Average heat rate (by unit)	MWh/MMBTU
	Plant availability (by unit)	Percentage
	Forced outages (by unit)	Percentage
	Purchased energy from thermal PPOAs (by unit)	MWh
	Cost of capacity purchased from thermal PPOAs (by unit)	\$/kW-month
	Cost of energy (base + excess) purchased from thermal PPOAs (by unit)	\$/MWh
Transmission & Distribution		

¹⁴ Customer Average Interruption Duration Index.

Area	Metric	Unit of Measure
	SAIDI ¹⁵ (system)	Minutes
	SAIFI ¹⁶ (system)	Percentage
	Net monthly work orders balance	Number of work orders
	MAIFI ¹⁷ (system)	Percentage
	SAIDI (by district)	Minutes
	SAIFI (by district)	Percentage
Customer Service		
	DSO (Days Sales Outstanding) – government customers	Days
	DSO (Day Sales Outstanding) – general customers	Days
	Cash recovered on theft	Million dollars
	NTL reduction as a % of net generation	Percentage
	Average speed to answer	Minutes
	Wait time in commercial offices	Minutes
<i>Active</i>		
	Number of customers on AMI (system and by district)	Number of customers
	Percent of customers on AMI (system and by district)	Percentage
	Number of formal customer complaints	Number of complaints
	Number of informal customer complaints	Number of complaints
	Number of customer calls answered	Number of calls
	Average time to resolve billing disputes	Days
	Percent of billing disputes not resolved in 120 days	Percentage
	Percent of customers billed	Percentage
	Percent of bills estimated vs. read	Percentage
	Percent of automatically-generated NTL leads found to be occurrences of theft	Percentage
	Average time to respond to service and outage complaints	Hours
	Number of customer complaints appealed ¹⁸ by customer class	Number of cases
	Number of customer complaints by customer class	Number of cases
	Number of disconnections by customer class	Number of disconnections
	Number of customers enrolled in extended payment plans by class	Number of customers
	Number of customer defaulting on extended payment plans by class	Number of customers
	Number of customers completing extended payment plans by class	Number of customers

¹⁵ System Average Interruption Duration Index.

¹⁶ System Average Interruption Frequency Index.

¹⁷ Momentary Average Interruption Frequency Index.

¹⁸ Cases filed by customers before the Energy Bureau pursuant to the provisions of Act 57-2014.

Area	Metric	Unit of Measure
<i>Anticipated</i>		
	Additional metrics regarding contested bills, claim resolution, customers facing disconnection for non-payment, and use of payment plans or other mechanisms for collection of arrearages	
Finance		
	Timely submission of Monthly Operating Report	Days
	Accounts Payable days outstanding	Days
<i>Anticipated</i>		
	Additional metrics regarding fund balances, credit balances, and debt service	
Planning & Environmental		
	Timeliness of response to regulatory requests	Percentage
	Timeliness of permitting - new and renewals	Percentage
	Emissions of SO ₂ , NO _x , CO ₂ , PM, Hg, and other regulated pollutants (system)	tons
	Emission rates of SO ₂ , NO _x , CO ₂ , PM, Hg, and other regulated pollutants (system)	lb/MMBTU
	Carbon intensity of fossil generation	tons/MWh
Operations		
<i>Purchasing</i>		
	Purchase order cycle time	Days
	Requisition cycle time	Days
	Contracts as percent of spending	Percentage
<i>Warehousing</i>		
	Inventory turns (annualized percent of value)	Percentage
	Inventory value	Million dollars
<i>Fleet</i>		
	Fleet out of service (system)	%
	Total available vehicles in service (system)	Number of vehicles
	Fleet out of service (system)	%
	Total available vehicles in service (system)	Number of vehicles
<i>Fuel</i>		
	Fuel dispatch accuracy - Diesel #2	Percentage
	Fuel dispatch accuracy - #6	Percentage
	Inventory control - Diesel #2	Percentage
	Inventory control - #6	Percentage
	MMBTU consumed - Diesel #2	MMBTU
	MMBTU consumed - #6	MMBTU
	MMBTU consumed - NG	MMBTU
	MMBTU consumed vs. forecast - Diesel #2	Percentage
	MMBTU consumed vs. forecast - #6	Percentage
	MMBTU consumed vs. forecast - NG	Percentage

Area	Metric	Unit of Measure
	Average price - #6	\$/MMBTU
	Average price - NG	\$/MMBTU
	Average price vs. forecast price - Diesel #2	Percentage
	Average price vs. forecast price - #6	Percentage
	Average price vs. forecast price - NG	Percentage
IT		
	On-time IT projects	Percentage
	System uptime	Percentage
	Average time to resolve a ticket	Days
	Unresolved tickets after 30 days	Percentage
Human Resources		
	Jobs with current job description	Percentage
	Average time to fill vacancies	Days
Legal		
	Time to respond to opinions	Days
	Time to respond to contracts	Days
	Time to respond to claims	Days
Renewable Energy & Demand-Side Management		
<i>Active</i>		
	Operational RPS-eligible capacity	MW
	Contracted but not operational RPS-eligible capacity	MW
	Average delay in anticipated online date of RPS-eligible projects	Days
	Mean time to interconnect utility-scale RPS-eligible projects	Days
	Average capacity factor of RPS-eligible capacity (by unit)	Percentage
	Average actual vs. anticipated capacity factor of RPS-eligible capacity	Percentage
	Generation from RPS-eligible PPOAs (percent of sales)	Percentage
	Generation from RPS-eligible PPOAs (by unit)	MWh
	Annual savings from government energy efficiency program (by branch)	MWh
	Total installed distributed generation capacity by type (system and per district)	MW
	Incremental installed distributed generation capacity per year by type (system and per district)	MW
	Total number of distributed generation installations by type (system and per district)	Number of facilities
	Incremental number of distributed generation installations per year by type (system and per district)	Number of facilities
	Total installed energy storage capacity by type (system and per district)	MW
	Incremental installed energy storage capacity per year by type (system and per district)	MW
	Total number of energy storage installations by type (system and per district)	Number of facilities

Area	Metric	Unit of Measure
	Incremental number of energy storage installations per year by type (system and per district)	Number of facilities
<i>Anticipated</i>		
	Number of customers served by energy efficiency programs (by class)	Number of customers
	Percent of customers served by energy efficiency programs (by class)	Percentage
	Number of customers served by demand response programs (by class)	Number of customers
	Percent of customers served by demand response programs (by class)	Percentage
	Lifetime energy savings (by efficiency program)	MWh
	Annual energy savings (by efficiency program)	MWh
	Lifetime demand savings (by demand response program)	MW
	Annual demand savings (by demand response program)	MW
	Levelized program costs (by efficiency program)	\$/MWh
	Levelized program costs (by demand response program)	\$/MW
	Total number of electric vehicles	Number of vehicles
	Incremental number of electric vehicles	Number of vehicles
	Number of customers using time-varying rates	Number of customers
	Number of customers able to access hourly usage data	Number of customers
	Number of customer accessing hourly usage data per month	Number of customers