

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 Cover Filing for
Compliance Items


2019 JUN 19 PM 3:20

UNO - SECRETARIA
NEGOCIADO DE ENERGIA
DE PUERTO RICO

PREPA'S COVER FILING FOR COMPLIANCE ITEMS

The Puerto Rico Electric Power Authority ("PREPA") hereby respectfully submits to the Puerto Rico Energy Bureau (the "Energy Bureau") this Cover Filing, the information stated below, and the attachments hereto, in accordance with the Energy Bureau's oral directives at the Technical Conference Call held on June 10, 2019. The June 10th directives call for various compliance items by today, June 19, 2019.

1. As an overall compliance item, PREPA has updated and revised the compliance material attached hereto in order to comply with the June 10th directives. PREPA reduced the work files quantity from 3 files to 2 files. One file (Excel file "Exhibit 1 - RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619") provides the different reconciliations associated calculations with some of the supporting material spread along 3 Attachments. The other file (Excel file "Reconciliations Supporting File 1-20190619") has the rest of the supporting material. In addition, general cleanup work and corresponding reference labeling was performed by PREPA to make the 2 files comply with directives.




2. The first specific compliance item¹ involves the CILT and Subsidies riders reconciliations, and, in particular, providing final or best estimate data for Municipal and Public Lighting revenues netted from gross revenues for purposes of those reconciliations. However, PREPA, based on further discussions involving the Finance area, implementing the Revenues adjustments (reductions) for CILT and Subsidies coverage will result in also adjusting Expenses (reductions) by the same amount, making the analytical exercise unnecessary. The adjustments would be exactly offset. Accordingly, PREPA respectfully requests waiver of this item because it does not have practical significance or usefulness.

3. The second specific compliance item involves providing final or best estimate data for the impact of uncollectible revenues. Although uncollectible revenues are a concern to PREPA, PREPA's further analysis has determined that they do not affect the calculations for these reconciliations. Therefore, PREPA respectfully requests waiver of this item for purposes of today's filing. However, PREPA will continue further analyses regarding this issue for future discussions with the Energy Bureau.

4. The third specific compliance item affects all the reconciliations and calls for review of the spreadsheet tab for Public Lighting data. In particular, the directive calls for review and explanation of (a) October and November 2017 accounting close issues and their effects and (b) the kWh reported for June 2018.

- a. With respect to (a): Because the negative value reported in November 2017 bills is a result that considers adjustments corresponding to October 2017 billing periods, it is assumed for this


¹ The compliance items were not numbered during the Technical Conference Call discussion. In this Cover Filing, PREPA has sought to describe and number the specific items in a clear manner consistent with the discussion.

estimation that the net effect from the combination of October and November 2017 will reflect what happened in regards of October 2017. As a result, the initial estimation for October 2017 will be replaced for the mentioned net value. Data for November 2017 remained as zero.

- b. With respect to (b): The June 2018 associated values are the actual billed data.
- c. The spreadsheet tab for Public Lighting data, reflecting the associated updated values, is being provided with this Cover Filing in Excel file "Exhibit 1 - RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619", Attachement 6.

5. The fourth specific compliance item involves the fuel and purchased power adjustments backlog due to the Hurricanes. The fourth compliance item includes: (a) explaining deviations from the data submitted in February 2019 and providing supporting documents, (b) with respect to tab "e" verifying that the data is actual accounting data or update if and as required for actual accounting data, and provide supporting accounting reports, and (c) with respect to tab "k" provide supporting accounting reports.

- a. With respect to (a): the data were reviewed. Based on the revision, it was found that due to a data revision error, approximately \$23 million were double accounted in the calculation regarding the associated reconciliation, submitted in the June 05, 2019, compliance filing. Final values were corrected to address the latter

and are included in Excel file "Exhibit 1 - RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619", Attachment 3. In addition, the associated supporting data were reviewed and included in Excel file "Reconciliations Supporting File 1-20190619", Tabs "María Storm Recovery", "Fuel Cost", "Purchased Power" and "FEMA".

- b. With respect to (b): the data were reviewed. Based on the revision, it was found that Tab "e" has no use in the current Reconciliations calculations. Therefore, it was determined to not include Tab "e" as part of the reconciliations filing.
- c. With respect to (c): Adjustments presented in the "CILT PreliminaryExpenses (Municipal Excluding Public Lighting)" line on Tab "k" (red colored), are updated values to comply with the Energy Bureau's requirements included on the April 16, 2019, Technical Conference Call, as well as in the resulting Resolution and Order from the same date. The latter data was filed as part of PREPA's April 17, 2019, Compliance Filing.

WHEREFORE, the Puerto Rico Electric Power Authority respectfully requests that the Puerto Rico Energy Bureau accept this compliance filing and enter such other orders as are warranted.

RESPECTFULLY SUBMITTED,

IN SAN JUAN, PUERTO RICO, THIS 19th DAY OF JUNE, 2019

PUERTO RICO ELECTRIC POWER AUTHORITY



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