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:** Determination on the Permanent Rates Quarterly Rider Factors for the period of July-September 2019; Determination on the Permanent Rates Yearly Rider Factors for the period of July 2019 - June 2020; Determination on reconciliation of the Permanent Rate and the Provisional Rate; Determination on the reconciliation of fuel and purchased power costs for the emergency period after hurricanes Irma and María.

RESOLUTION AND ORDER

I. Introduction

As part of the Puerto Rico Electric Power Authority ("PREPA") Permanent Rate implementation process, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") approved several riders designed to recover the costs associated to fuel, purchased power, Contribution in Lieu of Taxes ("CILT") and other subsidies.[1] These 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") and (7) the Energy Efficiency Rider ("EE").[2]

[1] Final Resolution and Order, Case No. CEPR-AP-2015-0001, In Re: Review of Rates of the Puerto Rico Power Authority, January 10, 2017 ("January 10, 2017 Final Resolution and Order").

[2] The EE Rider is designed to recover the costs associated with the Energy Efficiency Program. Since at this time such program has not been implemented, the value of the EE Rider factor is set to zero during the period of July 1, 2019 to September 30, 2019. The FCA, PPCA and FOS riders are calculated on a quarterly basis, whereas the SUBA-HH, SUBA-NHH, CILTA and EE riders are calculated on a yearly basis.

In addition, the Energy Bureau approved a True-up Provisional Rate Increase Rider ("TUP") to reconcile the approved Permanent Rate with the Provisional Rate that was in effect from August 1, 2016 to April 30, 2019. In order for PREPA to apply these riders as part of the Permanent Rate, the Energy Bureau must approve the factors associated with each one.

On April 25, 2019, the Energy Bureau issued a Resolution and Order ("April 25 Resolution and Order") establishing the rider factors that would be in effect from May 1, 2019 until June 30, 2019.[3] Through the April 25 Resolution and Order, the Energy Bureau also established the procedural calendar for the review and approval of the quarterly factors that will be in effect from July 1, 2019 to September 30, 2019, as well as the yearly factors that will be in effect from July 1, 2019 to June 30, 2020.[4] Additionally, the Energy Bureau established the procedural calendar for the reconciliation of the Permanent Rate and Provisional Rate, including the reconciliation for CILT and subsidies for the period of June 1, 2016 to April 30, 2019.[5] Finally, the Energy Bureau established the procedural calendar for the reconciliation of the fuel and purchased power for the months of March, 2019 and April, 2019 as well as the reconciliation of fuel and purchased power for the emergency period after the hurricanes Irma and María.

The Energy Bureau ordered PREPA to file, on or before June 14, 2019, the proposed factors to enter into effect on July 1, 2019, as well as the documents supporting the aforementioned reconciliations.[6] On June 12, 2019, PREPA filed a document titled *PREPA's Motion for an Extension of Time and to Coordinate Overlapping Schedules* ("June 12 Motion"). Through the June 12 Motion, PREPA requested, among other things, an extension until June 21, 2019 to file the proposed factors. On June 14, 2019, the Energy Bureau issued a Resolution and Order ("June 14 Resolution and Order"), extending the deadline for filing the proposed factors until 12:00 p.m., June 21, 2019.

On June 21, 2019, PREPA filed a document titled *PREPA's Cover Filing for Quarterly and Annual Riders Compliance Filing and Procedural Question*, comprised of the cover motion and several electronic files ("June 21 Compliance Filing"). The June 21 Compliance Filing provides PREPA's proposed quarterly factors and reconciliations for the FCA, PPCA and FOS riders, and the proposed annual factors and reconciliations for the CILTA, SUBA-HH and SUBA-NHH riders.

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[3] *See,* Resolution and Order, Case No. CEPR-AP-2015-0001; NEPR-AP-2018-0003, In Re: Review of Rates of the Puerto Rico Power Authority, April 25, 2019.

[4] April 25 Resolution and Order, pp. 2 – 3.

[5] *Id.*

[6] *Id.*

Through this Resolution and Order, the Energy Bureau establishes the quarterly and yearly rider factors that will enter into effect on July 1, 2019. These factors will include (1) the Provisional Rate reconciliation, (2) the CILT and Subsidies reconciliation for the period of July 1, 2016 to April 30, 2019, (3) the fuel and purchased power reconciliation for the emergency period after the hurricanes Irma and María, and (4) the fuel and purchased power reconciliation for the months of March, 2019 and April, 2019. As established by the June 21, 2019, Resolution and Order in the instant case, the rider reconciliation for the month of May 2019 was transferred to the October 1, 2019 rider analysis.[7]

It is important to point out that the Energy Bureau modified several of the PREPA's proposed rider factors. Each of the Energy Bureau's modifications are thoroughly explained and duly substantiated below.

II. Determination on Provisional Rate reconciliation for the period of July 2016 to April 2019

On June 24, 2016,[8] the Energy Bureau authorized PREPA to charge a Provisional Rate of 1.299 ¢/kWh, as an additional charge on existing rates, to all its customers, as part of the rate review process established in Section 6.25 of Act 57-2014.[9] The Energy Bureau based the Provisional Rate on a revenue requirement deficiency of $222,256,790 (annual basis) and the estimated sales for FY 2016-2017, as reported by PREPA in its filing titled *Petition for Approval of (1) Permanent Rates and (2) Temporary Rates.*[10] The Provisional Rate entered into effect on August 1, 2016.

On March 8, 2017, the Energy Bureau issued a Final Resolution through which it determined, among other things, that PREPA's revenue requirement deficiency was $171,786,000 for Fiscal Year 2016-2017.[11] On April 25, 2017, PREPA filed a document titled *PREPA's Notice of Compliance Filing Pursuant to Rate Case Final Orders* ("April 25, 2017 Compliance Filing"). In Exhibit D of the April 25, 2017 Compliance Filing, PREPA "calculated bill impacts for the revenue requirement established in the Final Rate Case Orders. This analysis includes a computation and description of the permanent rate increase for each

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[7] June 21, 2019 Resolution and Order, p. 2.

[8] *See Order Establishing Provisional Rates*, Case No. CEPR-AP-2015-0001, In Re: Review of Rates of the Puerto Rico Power Authority, June 24, 2016, p. 7 ("Order Establishing Provisional Rates").

[9] *The Puerto Rico Energy Transformation and RELIEF Act*, as amended.

[10] *See* Order Establishing Provisional Rates, p. 7.

[11] Final Resolution, Case No. CEPR-AP-2015-0001, In Re: Review of Rates of the Puerto Rico Power Authority, March 8, 2017, p. 1.

tariff".[12] PREPA used the $171,786,000 revenue deficiency and estimated total sales of 17,268,325,180 kWh to establish the rates for each customer class tariff.[13]

On June 23, 2017, the Energy Bureau issued a Resolution and Order through which it granted PREPA until October 1, 2017 to implement the approved Permanent Rate. In addition, the Energy Bureau urged PREPA to consider filing a request to modify the Provisional Rate to 0.9948 ¢/kWh, in order to be consistent with the approved base revenue deficiency of $171,786,000.[14] In calculating the modified Provisional Rate, the Energy Bureau considered the identified revenue deficiency of $171,786,000 and the estimated total sales of 17,268,325,180 kWh, as established in Exhibit D of the April 25, 2017 Compliance Filing.[15] PREPA did not file the request for modification of the Provisional Rate, as suggested by the Energy Bureau.

Paragraph (f) of Section 6.25 of Act 57-2014 establishes that after issuing a final order in a rate review process, the Energy Bureau must order the electric service company to reconcile the provisional rate with the permanent rate.[16] Act 57-2014 doesn't specify the mechanism through which the electric service company will reconcile the provisional and permanent rates. Therefore, it is up to the Energy Bureau to determine such mechanism.

The Provisional Rate was established as a volumetric charge, such that revenues are recovered on a per kWh basis. As such, the revenues collected through the Provisional Rate depend on the volume of kWh sales during the period in which the Permanent Rate was in effect.

To reconcile the Provisional Rate and the Permanent Rate, the Energy Bureau must first determine the revenues PREPA received from the Provisional Rate. The Energy Bureau must also determine the amount of revenue PREPA was authorized to collect during the same period. The latter revenue is associated with the revenue PREPA would have received based on the application of the Permanent Rate to the actual sales during the period of time the Provisional Rate was in effect. If the revenue collected through the Provisional Rate is higher than the revenue that PREPA was allowed to collect, then the difference between the Provisional Rate and the Permanent Rate must be reimbursed to the customers. On the other hand, if the revenue collected through the Provisional Rate is lower than the revenue PREPA

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[12] April 25, 2017 Compliance Filing, p. 3.

[13] *Id.*, Exhibit D, "Rate Design" Tab.

[14] June 23, 2017, Resolution and Order, p. 7.

[15] *Id.*, p. 25.

[16] Paragraph (f) of Section 6.25 of Act 57-2014 establishes that "[u]pon issuing a final order after the rate review process, the Energy Bureau will order the petitioning company to adjust customers' bills so as to credit or charge any discrepancy between the temporary rate established by the Energy Bureau and the permanent rate approved by the Energy Bureau." (Our translation).

was allowed to collect, the difference between the Provisional Rate and the Permanent Rate must be recovered from the customers.

In the June 21 Compliance Filing, PREPA indicated that the adjusted Provisional Rate revenues that it collected for the period of June 1, 2016 to April 30, 2019 was $525,330,734.[17] On the other hand, PREPA calculated the allowed revenue to be $486,212,167.[18] To calculate the allowed revenue, PREPA assumed a fixed yearly revenue deficiency of $171,786,000 independent of the level of sales.[19] Based on this approach, PREPA calculated a refund of $39,118,567.[20] Moreover, PREPA proposed to reimburse the customers over a period of six (6) months.[21]

The Energy Bureau rejects PREPA's approach. As we stated before, the base revenue deficiency was used to establish the Permanent Rate which, when applied to each customer's actual energy consumption will produce the revenue allowed to PREPA by the Energy Bureau. The Permanent Rate is designed to recover revenues consistent with the costs associated to provide service to PREPA customers. Therefore, the Permanent Rate is structured to recover costs related to the number of customers and the amount of kWh sold.

In order for the Energy Bureau to approve PREPA's request, PREPA must provide information on both, actual costs and actual sales. PREPA failed to provide any cost information as is necessary for the Energy Bureau to establish just and reasonable rates. In the June 21 Compliance Filing, PREPA failed to provide any justification to allow a revenue of $486,212,167, other than expressing that $171,786,000 was the base revenue deficiency that the Energy Bureau identified. Nor did PREPA provide documentation to support that the proposed allowed revenue of $486,212,167 is cost-based. This essential information is fundamental to justifying PREPA's proposal.

On the other hand, as we stated before, the Provisional Rate was calculated based on PREPA's expected sales of approximately 17,000 GWh. In contrast, based on the actual Provisional Rate revenues, PREPA's applicable kWh sales for Fiscal Year 2016-2017, Fiscal

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[17] *See* June 21 Compliance Filing, Filing 06192019 -Exhibit 1 – RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx, Tab "Attachment 1", Line 7 (Total). The adjusted amount takes into consideration the reduction in the public lighting kWh due to the effect of hurricanes Irma and María. *See* April 25, 2019, Resolution and Order, Part VI.

[18] *Id.*, Line 3 (Total).

[19] *Id.*, Line 3. PREPA assumed a revenue deficiency of $171,786,000 for Fiscal Years 2017 and 2018. For the period of July 1, 2018 to April 30, 2019, PREPA calculated a revenue deficiency of $142,640,167 (83% of $171,786,000) weighted to Fiscal Year 2017 actual basic rate revenues for the same period (i.e. July 1, 2016 to April 30, 2017).

[20] *Id.*, Line 10.

[21] *Id.*, Line 14.

Year 2017-2018 and for the period between July 1, 2018 to April 30, 2019 were approximately 15,304 GWh, 12,310 GWh and 12,827 GWh, respectively.[22] Therefore, in the absence of documentation that supports that the $171,786,000 per year deficiency is cost-based, and based on the reduction of kWh sales in the last three (3) years, we conclude that the proposed fixed allowed revenue amount of $486,212,167 is not based on PREPA's costs to serve a reduced load and represents a revenue decoupling mechanism that is not justified under these circumstances.

Moreover, in the January 10, 2017, Final Resolution and Order,[23] the Energy Bureau developed a procedure to review and approve PREPA's annual budgets as well as to reconcile PREPA's revenues and costs on a yearly basis.[24] The process was designed to discipline PREPA and to ensure the Energy Bureau had an opportunity to review PREPA's budgets in order to avoid imprudent spending. A key component of this process was PREPA's timely implementation of the Permanent Rate and compliance with the deadlines established by the Energy Bureau. PREPA has failed on both accounts.

Act 57-2014 requires the Energy Bureau to revise and approve rates that are just and reasonable.[25] The Energy Bureau must comply with such mandate and cannot approve rates without first concluding that they are just and reasonable based on the evidence submitted.

The Provisional Rate was established as a volumetric charge, *i.e.* on a per kWh basis. Therefore, the Energy Bureau **DETERMINES** that the applicable approach to reconcile the Provisional Rate with the Permanent Rate is to calculate the allowed revenue associated with the Provisional Rate on a per kWh basis, using the level of actual sales during the reconciliation period.

As we stated in the June 23, 2017 Resolution and Order, a charge of 0.9948 ¢/kWh is consistent with the identified base revenue deficiency of $171,786,000. Therefore, applying this charge to the actual kWh sales during the time period in which the Provisional Rate was in effect, is a reasonable calculation of the allowed revenue related to the Provisional Rate.

The applicable kWh sales for Fiscal Year 2016-2017, Fiscal Year 2017-2018 and for the period between July 1, 2018 to April 30, 2019 are 15,304,035,956 kWh, 12,310,058,540 kWh and 12,827,070,568 kWh, respectively, for a total of 40,441,165,064 kWh.[26] Applying

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[22] The applicable kWh sales were calculated by dividing the actual Provisional Rate revenues (i.e. $198,799,427, $159,907,660 and $166,623,647) by 1.299 ¢/kWh.

[23] January 10, 2017 Final Resolution and Order.

[24] *Id.*, pp. 149 – 153, ¶¶ 427 - 457.

[25] Section 6.25, Paragraph (a), Act 57-2014.

[26] Attachment 1 to this Resolution and Order, Line 7 (Total).

a charge of 0.9948 ¢/kWh yields a total allowed revenue of $402,308,710.[27] Therefore, PREPA must refund $123,022,024 to its customers from the $525,330,731 that it collected.[28]

As stated before, PREPA proposed to apply the TUP rider during a period of six (6) months. Based on the projected sales for the period of July 1, 2019 to December 31, 2019, the TUP rider factor would be –(1.4881) ¢/kWh. However, this could have a significant impact on PREPA's finances. Therefore, the Energy Bureau **DETERMINES** that a period of one (1) year is more appropriate.

The forecasted kWh sales for period of July 1, 2019 to June 30, 2020, is 15,831,930,386.[29] Based on the projected sales for this period, the Energy Bureau **APPROVES** a TUP rider factor equal to –(0.7771) ¢/kWh (*i.e.*, –($0.007771)/kWh). The Energy Bureau **ORDERS** PREPA to implement the TUP rider for the period of July 1, 2019 to June 30, 2020, with a TUP rider factor equal to –(0.7771) ¢/kWh (*i.e.*, –($0.007771)/kWh).

III. Determination on CILT and Subsidies reconciliation for the period of June 1, 2016 to April 30, 2019

During the period of June 1, 2016 to April 30, 2019, the costs associated to CILT and Subsidies were recovered through the Fuel and Purchased Power adjustment clause.[30] On the January 10, 2017 Final Resolution and Order, the Energy Bureau determined that the costs associated to fuel, purchased power, CILT and subsidies would be considered a pass-through charge and shall be recovered using separate riders.[31]

Therefore, for the purpose of the CILT and Subsidies reconciliation, we must compare the actual costs of CILT and subsidies with actual PREPA revenues collected through the Fuel and Purchased Power adjustment clauses for the referenced period. Any under or over collection during this period must be recovered from, or refunded to, PREPA customers, as necessary.

According to the documents submitted as part of the June 21 Compliance Filing, for Fiscal Year 2016-2017, Fiscal Year 2017-2018 and the period between July 1, 2018 to April 30, 2019, PREPA collected CILT and Subsidies revenues in the amount of $150,029,453,

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[27] *Id.*, Line 10 (Total).

[28] *Id.*, Line 11 (Total).

[29] June 21 Compliance Filing, Filing 06192019 -Exhibit 1 – RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx, Tab "Attachment 7", Line 4.

[30] As a result of PREPA's failure to timely implement the Permanent Rate, the costs associated with CILT and subsidies during this 30-month period were recovered using PREPA's previous rate structure.

[31] January 10, 2017 Final Resolution, pp. 130 – 135, ¶¶ 375 – 386.

$131,452,086 and $139,889,624, respectively, through the Fuel adjustment clause.[32] Similarly, PREPA collected CILT and Subsidies revenues in the amount of $87,394,406, $64,701,901 and $68,074,298, respectively, through the Purchased Power adjustment clause.[33] Therefore, PREPA had a total revenue of $641,541,767 to cover CILT and Subsidies costs during the period in which the Provisional Rate was in effect.[34]

For each time period (*i.e.*, Fiscal Year 2016-2017, Fiscal Year 2017-2018 and the period between July 1, 2018 to April 30, 2019), PREPA used weighted distribution factors to allocate the corresponding revenue to each rider, CILTA, SUBA-HH and SUBA-NHH.[35] PREPA calculated the distribution factors using the actual costs for CILT, SUBA-HH and SUBA-NHH during each corresponding period. The Energy Bureau **DETERMINES** that PREPA's methodology to allocate actual revenues to each subsidy category is reasonable and consistent with the mandates of having separate riders for each one of them.

1. CILT

According to PREPA, actual CILT costs for Fiscal Year 2016-2017, Fiscal Year 2017-2018 and the period between July 1, 2018 to April 30, 2019, were $83,123,783, $70,459,666 and $68,520,012, respectively.[36] Therefore, total CILT cost for the referenced period is $222,103,461.[37]

The allocated CILT revenue for Fiscal Year 2016-2017, Fiscal Year 2017-2018 and the period between July 1, 2018 to April 30, 2019, were $71,780,781, $54,217,541 and $61,651,563, respectively.[38] Therefore, the total CILT revenue for the referenced period is $187,649,884.[39]

Based on the information contained in PREPA's filing and supporting documents, and after reviewing them, the Energy Bureau **DETERMINES** that these amounts were correctly

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[32] June 21 Compliance Filing, Filing 06192019 -Reconciliations Supporting File 1-20190619.xlsx, Tab "c".

[33] *Id.*, Tab "d".

[34] *See* June 21 Compliance Filing, Filing 06192019 -Exhibit 1 – RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx, Tab "Attachment 2", Line 13 (Total).

[35] *Id.*, Lines 45 – 49.

[36] June 21 Compliance Filing, Filing 06192019 -Reconciliations Supporting File 1-20190619.xlsx, Tab "k", Line 37.

[37] *See* June 21 Compliance Filing, Filing 06192019 -Exhibit 1 – RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx, Tab "Attachment 2", Line 3 (Total).

[38] *Id.*, Line 15.

[39] *Id.*, Line 15 (Total).

calculated. During the period from July 1, 2016 to April 30, 2019 PREPA under-recovered $34,453,577 to cover actual costs of CILT. Therefore, PREPA is allowed to recover said amount from its customers for the purpose of CILT costs reconciliation. As such, the Energy Bureau **APPROVES** an adjustment to the CILTA rider in the amount of $34,453,577 for the period of July 1, 2019 to June 30, 2020.

The forecasted kWh sales for this period is 15,831,930,386.[40] The equivalent adjustment to the CILTA rider factor (in $/kWh) is calculated dividing the approved adjustment by the forecasted kWh sales for that period. This is equivalent to an adjustment to the CILTA rider factor of 0.2176 ¢/kWh (*i.e.*, $0.002176/kWh).

2. SUBA-HH

According to PREPA, actual SUBA-HH costs for Fiscal Year 2016-2017, Fiscal Year 2017-2018 and the period between July 1, 2018 to April 30, 2019, were $175,942,094, $170,973,522 and $150,158,322, respectively.[41] Therefore, according to PREPA, total SUBA-HH cost for the referenced period should be $497,073,937.[42]

However, the actual SUBA-HH costs include the costs associated with Municipal Public Lighting. With few exceptions, the consumption associated with Municipal Public Lighting is unmetered. Therefore, the Municipal Public Lighting consumption is estimated based on the number and type of public lights that are in service and the number of hours they operate in any given month, which take into consideration the hours of sunlight (*i.e.*, shorter periods of operation during the summer and longer periods during the winter). During normal operations, PREPA estimates the consumption and therefore the costs associated with this consumption, based on an inventory in the PREPA billing system.

After the passing of hurricanes Irma and María on September 2017, the Municipal Public Lighting System was virtually inoperable. Moreover, it took several months to return it to working conditions and is still under repair. Notwithstanding the above, PREPA initially estimated the actual costs of Municipal Public Lighting assuming that one hundred percent (100%) of the public lights were in service from September 2017 to April 2019. This estimate was not consistent with the service PREPA's customers received from the Municipal Public Lighting System.

Based on documentation presented by PREPA as part of the instant case, the Energy Bureau determined that, only eighty three percent (83%) of the Municipal Public Lighting

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[40] *Id.*, Line 33.

[41] June 21 Compliance Filing, Filing 06192019 -Reconciliations Supporting File 1-20190619.xlsx, Tab "k", Line 35.

[42] *See* June 21 Compliance Filing, Filing 06192019 -Exhibit 1 – RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx, Tab "Attachment 2", Line 4 (Total).

System was in operation at that time.[43] As such, in the April 23, 2019 Compliance Monitoring Hearing, the Energy Bureau instructed PREPA to propose a procedure to estimate the costs associated with Municipal Public Lighting that takes into consideration the effects of hurricanes Irma and María and the current level of public lights in service.[44]

In the June 21 Compliance Filing, PREPA proposed to use a linear model to estimate the amount of public lights that were in service during the months of October 2017 to April 2019. PREPA estimated that on December 2017, 3% of the public lights were in service and increased that number by approximately 4.706% each month until reaching 83% in May 2019.[45] The Energy Bureau **DETERMINES** that the linear model developed by PREPA to estimate the amount of public lights that were in service in the months after hurricanes Irma and María is reasonable and reflects a suitable approximation.[46]

PREPA used the new estimated in-service public lights to calculate revised actual costs for Municipal Public Lighting from October 2017 to May 2019. PREPA estimated that the original Municipal Public Lighting costs for Fiscal Year 2017-2018 should be reduced in the amount of $67,545,889, whereas the original costs for Fiscal Year 2018-2019 should be reduced in the amount of $38,705,878.[47]

Therefore, after the adjustment, actual SUBA-HH costs for Fiscal Year 2016-2017, Fiscal Year 2017-2018 and the period between July 1, 2018 to April 30, 2019, are $175,942,094, $103,427,632 and $111,452,444, respectively.[48] Therefore, total SUBA-HH cost for the referenced period are $390,822,170.[49]

On the other hand, the allocated SUBA-HH revenue for Fiscal Year 2016-2017, Fiscal Year 2017-2018 and the period between July 1, 2018 to April 30, 2019, were $151,933,182,

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[43] April 25 Resolution and Order, p. 9.

[44] *See* Administrative File, Compliance Monitoring Hearing, April 23, 2019, at 1:47:26 – 1:51:16.

[45] *See* June 21 Compliance Filing, Filing 06192019 -Exhibit 1 – RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx, Tab "Attachment 6". As an example, PREPA estimated that 7.71% of all public lights were in service in January 2018.

[46] *Id.*

[47] *Id.* Cells O25 and O26.

[48] Filing 06192019 -Exhibit 1 – RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx, Tab "Attachment 2", Line 9.

[49] *Id.*, Line 9 (Total).

$131,561,279 and $135,106,445, respectively.[50] Therefore, the total estimated SUBA-HH revenue for the referenced period is $418,600,906.[51]

However, with a reduction in the amount of public lights in service, there is a corresponding reduction in PREPA's estimated revenue with respect to the Fuel and Purchased Power adjustment clause. Therefore, PREPA's allocated SUBA-HH revenue was reduced by $3,143,628 and $1,799,470 during Fiscal Year 2017-2018 and the period between July 1, 2018 to April 30, 2019. As such, the actual allocated SUBA-HH revenue for Fiscal Year 2016-2017, Fiscal Year 2017-2018 and the period between July 1, 2018 to April 30, 2019, are $151,933,182, $128,417,651 and $133,306,975, respectively.[52] Therefore, the total SUBA-HH revenue for the referenced period is $413,657,808.[53]

Based on the information contained in PREPA's filing and supporting documents, and after reviewing them, the Energy Bureau **DETERMINES** that these amounts were correctly calculated. In this case, the amount collected from PREPA's customers was $413,657,808, which is higher than the actual SUBA-HH costs of $390,822,170. During the period from July 1, 2016 to April 30, 2019 PREPA over-recovered $22,835,638 to cover actual costs of SUBA-HH. Therefore, the Energy Bureau **ORDERS** PREPA to reimburse its customers said amount for the purpose of SUBA-HH costs reconciliation. As such, the Energy Bureau **APPROVES** an adjustment to the SUBA-HH rider in the amount of –($22,835,638) for the period of July 1, 2019 to June 30, 2020.

The forecasted kWh sales for this period is 15,831,930,386.[54] The equivalent adjustment to the SUBA-HH rider factor (in $/kWh) is calculated dividing the approved adjustment by the forecasted kWh sales for that period. This is equivalent to an adjustment to the SUBA-HH rider factor is equal to –(0.1442) ¢/kWh (i.e. –($0.001442)/kWh).

It is important to note that, in its June 21 Compliance Filing, PREPA stated that the Prior Period Reconciliation corresponding to SUBA-HH was $78,473,030.91.[55] However, this amount corresponds to the SUBA-HH estimated costs contemplating 100% of the Municipal

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[50] *Id.*, Line 16.

[51] *Id.*, Line 16 (Total).

[52] *Id.*, Line 23.

[53] Line 23 (Total) on Filing 06192019 -Exhibit 1 – RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx, Tab "Attachment 2" shows a value of $423,544,005, which does not correspond to the sum of the three preceding values. The Energy Bureau determined this was a formula error in PREPA's filing. Therefore, the total of $413,657,808 was used to calculate the amount to be reconciled.

[54] *Id.*, Line 33.

[55] June 21 Compliance Filing, DRAFT-PROPOSED Factores Ajuste 2019 July Filing 20190620 – ESC2.xlsx, Tab "Attachment 8", Line 16.

Public Lighting costs during the period after the hurricanes Irma and María. This is not consistent with the Energy Bureau's directives on this subject. Therefore, the Energy Bureau modified the proposed rider factor in order for it to reflect the approved adjustment of –($22,835,638).

3. SUBA-NHH

According to PREPA, actual SUBA-NHH costs for Fiscal Year 2016-2017, Fiscal Year 2017-2018 and the period between July 1, 2018 to April 30, 2019, were $15,876,372, $13,483,289 and $12,454,338, respectively.[56] Therefore, total SUBA-NHH cost for the referenced period is $41,813,999.[57]

The allocated SUBA-NHH revenue for Fiscal Year 2016-2017, Fiscal Year 2017-2018 and the period between July 1, 2018 to April 30, 2019, were $13,709,896, $10,375,167 and $11,205,914, respectively.[58] Therefore, the total SUBA-NHH revenue for the referenced period is $35,290,977.[59]

Based on the information contained in PREPA's filing and supporting documents, and after reviewing them, the Energy Bureau **DETERMINES** that these amounts were correctly calculated. During the period from July 1, 2016 to April 30, 2019 PREPA under-recovered $6,523,022 to cover actual costs of SUBA-NHH. Therefore, PREPA is allowed to recover said amount from its customers for the purpose of SUBA-NHH costs reconciliation. As such, the Energy Bureau **APPROVES** an adjustment to the SUBA-NHH rider in the amount of $6,523,022 for the period of July 1, 2019 to June 30, 2020.

The forecasted kWh sales for this period is 15,831,930,386.[60] The equivalent adjustment to the SUBA-NHH rider factor (in $/kWh) is calculated dividing the approved adjustment by the forecasted kWh sales for that period. This is equivalent to an adjustment to the SUBA-NHH rider factor equal to 0.0412 ¢/kWh (*i.e.*, $0.000412/kWh).

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[56] June 21 Compliance Filing, Filing 06192019 -Reconciliations Supporting File 1-20190619.xlsx, Tab "k", Line 36.

[57] *See* June 21 Compliance Filing, Filing 06192019 -Exhibit 1 – RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx, Tab "Attachment 2", Line 5 (Total).

[58] *Id.*, Line 17.

[59] *Id.*, Line 17 (Total).

[60] *Id.*, Line 33.

IV. Determination on the reconciliation of Fuel and Purchased Power for the emergency period after hurricanes Irma and María, for the period from August 2017 to May 2018

On February 21, 2019, PREPA filed a document titled *PREPA's Motion for a Working Meeting on February 25 or 26, 2019, to Discuss PREPA's Plans for Implementation of Certain Reconciliations in Coordination with the April 1, 2019, Implementation of "Permanent" Rate* ("February 21, 2019 Motion"). In its February 21, 2019 Motion, PREPA, among other things, argued that the Fuel and Purchased Power rider adjustment factors did not change from September 2017 until July 2018.[61] As a result, the Fuel and Purchased Power adjustment clauses were not reconciled from August 2017 until May 2018.[62] After several procedural incidents, the Energy Bureau determined to include the referenced reconciliations of the Fuel and Purchased Power adjustment clauses as part of the Provisional Rate and Permanent Rate reconciliation to be in effect on July 1, 2019.[63]

In the June 21, 2019 Compliance Filing, PREPA provided the supporting documentation for the fuel and purchased power reconciliation for the emergency period after the hurricanes Irma and María. Each reconciliation is discussed separately.

1. Fuel

Based on the provided documentation, PREPA's fuel cost for the August 2017 to May 2018 period was $956,927,401.[64] Due to the emergency situation, the Federal Emergency Management Agency ("FEMA") reimbursed some of the fuel costs during this period. The total amount FEMA reimbursed PREPA was $140,630,548.[65] Therefore, the actual fuel costs for this period was $816,296,853.

From August 2017 to May 2018, PREPA collected $952,274,942 through the Fuel Adjustment clause.[66] Moreover, the Prior Period Adjustment for the months of August and September 2017, which correspond to the over/under collection for the months of June and July 2017, were $3,932,744 and –($16,909,574), respectively, for a total Prior Period Adjustment of –($12,976,830).[67]

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[61] February 21, 2019 Motion, p. 4.

[62] *Id.*

[63] April 25 Resolution and Order, p. 3.

[64] June 21 Compliance Filing, Filing 06192019 -Reconciliations Supporting File 1-20190619.xlsx, Tab "María Storm Recovery", Line 5 (Totals).

[65] *Id.*, Tab "FEMA", Line 39.

[66] *Id.*, "María Storm Recovery", Line 7.

[67] *Id.*, Line 8.

PREPA's fuel revenues for this period must also be reduced due to the adjustment in Municipal Public Lighting consumption after the passing of hurricanes Irma and María. The actual adjustment is –($18,096,675).[68] The adjusted fuel revenue for this period is calculated by adding the Prior Period Adjustment –($12,976,830), the Municipal Public Lighting adjustment –($18,096,675) and the collected revenues $952,274,942, for a total of $921,201,438. This amount includes the 11% gross-up associated with CILT and other subsidies. As such, the actual revenue related to fuel is $819,869,280.[69]

In this case, the revenue collected by PREPA from August 2017 to May 2018 exceeds the actual costs of fuel. Therefore, PREPA must reimburse its customers for the difference.

The Energy Bureau **ORDERS** PREPA to reimburse its customers $3,572,427 as fuel cost reconciliation during the period from August 1, 2017 to May 31, 2018. As such, the Energy Bureau **APPROVES** an adjustment to the FCA rider in the amount of –($3,572,427). Such adjustment will be implemented during the period of July 1, 2019 to March 31, 2020.

We must point out that PREPA proposed to apply this reconciliation over a ten-month period (*i.e.*, from July 2019 to April 2020).[70] However, that will imply that the adjustment period will cover a portion of the April-Jun quarter. Since all riders are approved on a quarterly/annual basis, this would have required the Energy Bureau to approve a different FCA rider factor for the months of May and June 2020. Therefore, it is more appropriate to apply the adjustment over a nine-month period, which will coincide with the riders quarterly adjustments.

The forecasted kWh sales for the July 1, 2019 to March 31, 2020 period is 11,832,151,326.[71] The equivalent adjustment to the FCA rider factor (in $/kWh) is calculated dividing the approved adjustment by the forecasted kWh sales for that period. This is equivalent to an adjustment of –(0.0302) ¢/kWh (*i.e.*, –($0.000302)/kWh) to the FCA rider factor.

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[68] *See* June 21 Compliance Filing, Filing 06192019 -Exhibit 1 – RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx, Tab "Attachment 3", Line 8. The actual fuel adjustment is calculated for the period of October 2017 to May 2018.

[69] This amount is the result of multiplying by 0.89 the adjusted fuel revenue of $921,201,438.

[70] *See* June 21 Compliance Filing, Filing 06192019 -Exhibit 1 – RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx, Tab "Attachment 3", Line 15.

[71] *Id.*, "Attachment 7". The forecasted kWh sales consider the sum of kWh sales for the period of July 1, 2019 to March 31, 2020.

2. Purchased Power

Based on the provided documentation, PREPA's purchased power cost for the August 2017 to May 2018 period was $444,203,274.[72] Contrary to the cost of fuel, FEMA did not reimburse PREPA for costs associated with purchased power.

From August 2017 to May 2018, PREPA collected $450,476,466 through the Purchased Power Adjustment clause.[73] Moreover, the Prior Period Adjustment for the months of August and September 2017, which corresponds to the over/under collection for the months of June and July 2017, were $5,394,896 and –($1,929,196), respectively, for a total Prior Period Adjustment of $3,465,700.[74]

PREPA's purchased power revenues for this period must also be reduced due to the adjustment in Municipal Public Lighting consumption after the passing of hurricanes Irma and María. The actual adjustment is –($8,471,820).[75] Therefore, the adjusted purchased power revenue for this period is $445,470,349. This amount includes the 11% gross-up associated with CILT and other subsidies. As such, the actual revenue related to purchased power is $396,468,611.[76]

In this case, the revenue collected by PREPA from August 2017 to May 2018 is lower than the actual purchased power costs. Therefore, PREPA must be able to recover the difference from its customers.

The Energy Bureau **APPROVES** an adjustment to the PPCA rider in the amount of $47,734,663 for the purpose of purchased power cost reconciliation during the period from August 1, 2017 to May 31, 2018. Such adjustment will be implemented during the period of July 1, 2019 to March 31, 2020.

We must point out that PREPA proposed to apply this reconciliation over a ten-month period (*i.e.*, from July 2019 to April 2020).[77] However, that will imply that the adjustment period will cover a portion of the April-Jun quarter. Since all riders are approved on a

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[72] *Id.*, Tab "Attachment 3", Line 17.

[73] *Id.*, Line 19.

[74] *Id.*, Line 21.

[75] *See* June 21 Compliance Filing, Filing 06192019 -Exhibit 1 – RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx, Tab "Attachment 6". The actual purchased power adjustment is calculated for the period of August 2017 to May 2018.

[76] This amount is the result of multiplying by 0.89 the adjusted fuel revenue of $445,470,349.

[77] *See* June 21 Compliance Filing, Filing 06192019 -Exhibit 1 – RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx, Tab "Attachment 3", Line 27.

quarterly/annual basis, this would have required the Energy Bureau to approve a different PPCA rider factor for the months of May and June 2020. Therefore, it is more appropriate to apply the adjustment over a nine-month period, which will coincide with the riders quarterly adjustments.

The forecasted kWh sales for the July 1, 2019 to March 31, 2020 period is 11,832,151,326.[78] The equivalent adjustment to the PPCA rider factor (in $/kWh) is calculated dividing the approved adjustment by the forecasted kWh sales for that period. This is equivalent to an adjustment to the PPCA rider factor is equal to 0.4034 ¢/kWh (*i.e.*, $0.004034/kWh).

V. Determination on Fuel and Purchased Power reconciliation for the months of March 2019 and April 2019

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* ("April 22 Motion"). Through the April 22 Motion, PREPA argued that the reconciliation amount corresponding to fuel and purchased power for the month of March 2019 is $27,002,639.90.[79] For this reason, PREPA requested the Energy Bureau to apply this amount as part of the FCA and PPCA calculation for the factors to be implemented on May 1, 2019.

PREPA based its petition on the Accelerated Adjustment provision of the Fuel and Purchased Power riders. This provision establishes that, if during any given month the fuel and purchased power expenses deviate from the estimates by more than $20 million, PREPA shall re-estimate the Fuel and Purchased Power Charge Adjustment factors to provide an expected value of zero for the quarterly time period.

The Energy Bureau denied PREPA's request on the April 25 Resolution and Order. The Energy Bureau determined that it was more appropriate to reconcile the fuel and purchased power costs corresponding to the months of March and April of 2019, during the reconciliation scheduled to take effect on July 1, 2019.[80]

On its compliance filing, PREPA provided supporting documents to determine the Fuel and Purchased Power cost reconciliation for the months of March and April 2019. Although we analyze this reconciliation separate from the FCA and PPCA rider factors calculation contained in Part VII of this Resolution and Order, this reconciliation will be

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[78] *Id.*, "Attachment 7". The forecasted kWh sales consider the sum of kWh sales for the period of July 1, 2019 to March 31, 2020.

[79] April 22 Motion, p. 2. According to PREPA, it must reconcile $22,986,272.03 corresponding to fuel and $4,016,367.87 corresponding to Purchased Power.

[80] April 25 Resolution and Order, p. 4.

treated as a Prior Period Reconciliation, as such term is defined in PREPA's Tariff Book[81], for the purpose of determining the FCA and PPCA rider factors to be effective from July 1, 2019 to September 30, 2019.

1. Fuel

PREPA's actual fuel costs for the months of March and April 2019 are $103,335,666 and $116,675,483, respectively.[82] Therefore, the total fuel cost is $220,011,149.

The corresponding revenues for the same months are $108,894,041 and $125,635,312, respectively.[83] PREPA's fuel revenues for this period must also be reduced due to the adjustment in Municipal Public Lighting consumption after the passing of hurricanes Irma and María. The actual adjustments are –($624,252) and –($581,040) corresponding to the months of March and April 2019.[84] Therefore, the adjusted fuel revenue for these months are $108,269,789 and $125,054,272. These amounts include the 11% gross-up associated with CILT and other subsidies. As such, the actual revenue related to fuel for the months of March and April 2019 are $96,360,112 and $111,298,302, respectively.[85]

The Prior Period Adjustment for the months of March and April 2019, which correspond to the over/under collection for the months of January and February 2019, were –($14,037,813) and –($12,358,192), respectively.[86] Therefore, the adjusted revenue related to fuel for the months of March and April 2019 are $82,322,300 and $98,940,110, respectively. Thus, the total fuel revenue for this period is $181,262,410.

In this case, the revenue collected by PREPA from March to April 2019 is lower than the actual fuel costs. Therefore, PREPA must be able to recover the difference from its customers.

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[81] *See* PREPA Tariff Book, Attachment to *Moción en Cumplimiento de Orden*, May 22, 2019. The Energy Bureau approved the Tariff Book through the May 28, 2019 Resolution and Order.

[82] *See* June 21 Compliance Filing, Filing 06192019 -Exhibit 1 – RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx, Tab "Attachment 4", Line 3.

[83] *Id.*, Line 5.

[84] *See* June 21 Compliance Filing, Filing 06192019 -Exhibit 1 – RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx, Tab "Attachment 6". The actual fuel adjustment is calculated for the months of March and April 2019.

[85] These amounts are the result of multiplying by 0.89 the adjusted fuel revenues of $108,269,789 and $125,054,272.

[86] *See* June 21 Compliance Filing, Filing 06192019 -Exhibit 1 – RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx, Tab "Attachment 4", Line 11.

The Energy Bureau **APPROVES** a Prior Period Reconciliation of the FCA rider in the amount of $38,748,739[87] as fuel cost reconciliation during the months of March and April 2019. Such adjustment will be implemented during the period of July 1, 2019 to September 30, 2019.

2. Purchased Power

PREPA's actual purchased power costs for the months of March and April 2019 are $59,163,172 and $55,074,366, respectively.[88] Therefore, the total purchased power cost is $114,237,538.

The corresponding revenues for the same months are $64,422,185 and $63,606,575, respectively.[89] PREPA's purchased power revenues for this period must also be reduced due to the adjustment in Municipal Public Lighting consumption after the passing of hurricanes Irma and María. The actual adjustments are –($369,370) and –($294,256) corresponding to the months of March and April 2019.[90] Therefore, the adjusted purchased power revenue for these months are $64,052,815 and $63,312,319. These amounts include the 11% gross-up associated with CILT and other subsidies. As such, the actual revenue related to purchased power for the months of March and April 2019 are $57,007,006 and $56,347,964, respectively.[91]

The Prior Period Adjustment for the months of March and April 2019, which correspond to the over/under collection for the months of January and February 2019, were –($1,747,140) and –($4,043,073), respectively.[92] Therefore, the adjusted revenue related to fuel for the months of March and April 2019 are $55,259,865 and $52,304,891, respectively. The total fuel revenue for this period is $107,564,756.

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[87] This is equal to the difference between the total fuel cost of $220,011,149 and the actual revenue of $181,262,410.

[88] *See* June 21 Compliance Filing, Filing 06192019 -Exhibit 1 – RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx, Tab "Attachment 4",, Line 21.

[89] *Id.*, Line 23.

[90] *See* June 21 Compliance Filing, Filing 06192019 -Exhibit 1 – RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx, Tab "Attachment 6". The actual purchased power adjustment is calculated for the months of March and April 2019.

[91] These amounts are the result of multiplying by 0.89 the adjusted fuel revenues of $64,052,815 and $63,312,319.

[92] *See* June 21 Compliance Filing, Filing 06192019 -Exhibit 1 – RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx, Tab "Attachment 4", Line 29.

In this case, the revenue collected by PREPA from March to April 2019 is lower than the actual fuel costs. Therefore, PREPA must be able to recover the difference from its customers.

The Energy Bureau **APPROVES** a Prior Period Reconciliation of the PPCA rider in the amount of $6,672,782[93] as purchased power cost reconciliation during the months of March and April 2019. Such adjustment will be implemented during the period of July 1, 2019 to September 30, 2019.

VI. Yearly factors for the July 1, 2019 to June 30, 2020 period

1. CILT

The CILTA rider factor, in $/kWh, is calculated by dividing the estimated total cost of CILT by the forecasted sales, in kWh. The estimated total cost of CILT is calculated by adding the estimated cost of CILT for the yearly period and the Prior Period Reconciliation.[94]

PREPA's methodology to calculate the estimated CILT cost for the yearly period has several steps. First, PREPA calculates the CILT cap, in kWh, for each municipality for the year in question, following the provisions of Regulation 8818.[95] PREPA then calculates monthly distribution factors of the CILT kWh cap, based on historical real consumption data.[96] PREPA allocates the CILT kWh cap on a monthly basis using the calculated distribution factors.[97]

In order to estimate CILT costs, PREPA determines a monthly cost, on a $/kWh basis, for each of the following tariffs: (a) General Service at Secondary Distribution Voltage ("GSS"), (b) General Service at Primary Distribution Voltage ("GSP"), and (c) General Service at Transmission Voltage ("GST").[98] This estimate is based on the projected PREPA revenues from all clients on each of these tariffs.

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[93] This is equal to the difference between the total purchased power cost of $114,237,538 and the actual revenue of $107,564,756.

[94] The Prior Period Reconciliation is defined as the under- or over-recovered funds for the ten months of the current annual time period and the last two months of the prior annual time period.

[95] Regulation 8818, *Enmienda al Reglamento Núm. 8653, Reglamento sobre la Contribución en Lugar de Impuestos (CELI)*, September 27, 2016.

[96] *See* June 21 Compliance Filing, Calculo costo del CELI 2020 (21062019).xlsx, Tab "Proporciones". For the reference year, PREPA identifies the monthly consumption for each municipality. The distribution factor for each month is calculated dividing the monthly consumption by the total consumption. The sum of all distribution factors for every municipality is equal to 1.

[97] *Id.*, Tab "dist kWh 2020". The monthly allocation is calculated by multiplying the corresponding monthly distribution factor and the CILT kWh cap.

[98] *Id.*, Tab "Costo CELI $ 2020", Cells P4 – AB6.

PREPA applies the estimated cost for each tariff to the monthly consumption of each municipality based on weight factors,[99] calculated using a statistical model and dividing the municipalities into several categories.[100] The result of this operation is the monthly estimated CILT cost for each municipality. The total estimated CILT cost for the yearly period is the sum of the monthly costs for all municipalities.

In its June 21 Compliance Filing, PREPA submitted supporting documentation regarding the calculation of the estimated CILT cost for the period of July 1, 2019 to June 30, 2020.[101] According to the filed documents, the total estimated CILT cost for the referenced period is $80,266,469.[102]

The Energy Bureau reviewed the information provided in the filed document. The methodology implemented by PREPA to determine the estimated CILT cost is consistent with the methodology described above. Moreover, the Energy Bureau reviewed the calculations included in the filed documents and **DETERMINES** that the estimated CILT cost of $80,266,469 was correctly calculated, consequently the Energy Bureau approves PREPA's estimated CILT cost.

According to PREPA's Tariff Book, the prior period corresponding to the CILTA rider to be implemented on July 1, 2019, is the period from May 1, 2018 to April 30, 2019. However, this period is included in the Permanent Rate and the Provisional Rate reconciliation. Therefore, for the purposes of PREPA's Tariff Book, the Prior Period Reconciliation is determined to be zero.

As we stated before, the forecasted kWh sales for the period of July 1, 2019 to June 30, 2020, is 15,831,930,386. Therefore, the CILTA rider factor for this period is 0.5070 ¢/kWh (i.e. $0.005070/kWh). However, as determined in Part III.1 above, the Energy Bureau approved an adjustment to the CILTA rider in the amount of $34,453,577, which is equivalent to an adjustment to the CILTA rider factor of 0.2176 ¢/kWh (i.e. $0.002176/kWh). Therefore, applying this adjustment to the CILTA rider factor results in a net factor of 0.7246 ¢/kWh (i.e. $0.007246/kWh).

The Energy Bureau **ORDERS** PREPA to implement a CILTA rider factor of $0.007246/kWh for the period of July 1, 2019 to June 30, 2020.

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[99] *Id.*, Cells P12 – S17.

[100] *Id.*, Columns C to N.

[101] *See* June 21 Compliance Filing, Calculo costo del CELI 2020 (21062019).xlsx, and Subsidios 2020 (21062019).xlsx.

[102] *See* June 21 Compliance Filing, Subsidios 2020 (21062019).xlsx, Tab "Resumen", Cell O18.

2. SUBA-HH

The SUBA-HH rider factor, in $/kWh, is calculated by dividing the estimated total cost of Help to Humans subsidies by the forecasted sales, in kWh. The estimated total cost of Help to Humans subsidies is calculated by adding the estimated cost of Help to Humans subsidies for the yearly period and the Prior Period Reconciliation.

The SUBA-HH rider is designed to recover the costs associated with the following subsidies: Credit for Consumption of Electrical Equipment Necessary to Preserve Life, Residential Service for Public Housing Projects Rate - RH3, Lifeline Residential Service Rate - LRS (Nutritional Assistance Program), Residential Fixed Rate for Public Housing under Ownership of the Public, Housing Administration - RFR, Residential Fuel Subsidy, Municipal Public Lighting and the Puerto Rico Energy Bureau Assessment. With the exception of Municipal Public Lighting and the Puerto Rico Energy Bureau Assessment, PREPA calculates each subsidy cost by applying the corresponding full residential rate to the projected consumption, and subtracting from this amount the expected revenues based on the subsidized rate. The Energy Bureau's assessment is a fixed amount of $20,000,000.

As we stated before, PREPA estimates the consumption and the costs associated with public lighting, based on an inventory in the PREPA billing system. For the period of May 1, 2019 to June 30, 2019 PREPA estimated that 83% of the Municipal Public Lighting was operating.

For the period of July 1, 2019 to June 30, 2020, PREPA estimates that 84% of Municipal Public Lighting will be operating during July and August 2019. In addition, PREPA estimates that the Municipal Public Lighting in operation will increase 1% per month, from September 2019 until reaching 94% on June 2020.[103] During the June 26, 2019 Technical Conference Call, PREPA stated that this estimate is based on the fact that PREPA's Transmission and Distribution personnel is currently working, and expected to continue to work, on restoring the damaged lights during the next year.[104]

Based on PREPA's testimony, the Energy Bureau **DETERMINES** that the estimate in public lighting repairs is reasonable. However, the Energy Bureau **ORDERS** PREPA to submit a quarterly public lighting status report with each Compliance Filing, starting in September 13, 2019. Moreover, PREPA is **WARNED** that, during the reconciliation phase of the SUBA-HH rider for the May 1, 2019 to April 30, 2020 (which will be implemented in July 1, 2020), PREPA **must** submit supporting documentation as to the actual cost of public lighting during this period, including a detailed description of the public lighting inventory and public lights that are in operation.

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[103] *Id.*, Tab "Alumbrado", Line 82.

[104] June 26, 2019 Technical Conference Call, testimony of Ms. Jocelyn Estrada.

In its June 21 Compliance Filing, PREPA submitted supporting documentation regarding the calculation of the estimated SUBA-HH cost for the period of July 1, 2019 to June 30, 2020.[105] According to the filed documents, the total estimated SUBA-HH cost for the referenced period is $219,380,269.[106]

The Energy Bureau reviewed the information provided in the filed document. The methodology implemented by PREPA to determine the estimated SUBA-HH cost is consistent with the methodology described above. Moreover, the Energy Bureau reviewed the calculations included in the filed documents and **DETERMINES** that the estimated SUBA-HH cost of $219,380,269 was correctly calculated.

According to PREPA's Tariff Book, the prior period corresponding to the SUBA-HH rider to be implemented on July 1, 2019, is the period from May 1, 2018 to April 30, 2019. However, this period is included in the Permanent Rate and the Provisional Rate reconciliation. Therefore, for the purposes of PREPA's Tariff Book, the Prior Period Reconciliation is determined to be zero.

As we stated before, the forecasted kWh sales for the period of July 1, 2019 to June 30, 2020, is 15,831,930,386. Therefore, the SUBA-HH rider factor for this period is 1.3857 ¢/kWh (i.e. $0.013857/kWh). However, as determined in Part III.2 above, the Energy Bureau approved an adjustment to the SUBA-HH rider in the amount of –($22,835,638), which is equivalent to an adjustment to the SUBA-HH rider factor of –(0.1442) ¢/kWh (*i.e.* –$0.001442 /kWh). Therefore, applying this adjustment to the SUBA-HH rider factor results in a net factor of 1.2414 ¢/kWh (i.e. $0.012414/kWh).

The Energy Bureau **ORDERS** PREPA to implement a SUBA-HH rider factor of $0.012414/kWh for the period of July 1, 2019 to June 30, 2020.

3. SUBA-NHH

The SUBA-NHH rider factor, in $/kWh, is calculated by dividing the estimated total cost of Non-Help to Humans subsidies by the forecasted sales, in kWh. The estimated total cost of Non-Help to Humans subsidies is calculated by adding the estimated cost of Non-Help to Humans subsidies for the yearly period and the Prior Period Reconciliation.

The SUBA-NHH rider is designed to recover the costs associated with the following subsidies: Analog Rate to the Residential to Churches and Social Welfare Organizations, General Agricultural Service – GAS, Credit for Incentives to the Tourism Sector (Hotel Discount), Residential Rate for Communal or Rural Aqueducts, Credit to Small Merchants in Urban Centers (Downtown 10% Subsidy), Residential Rate to Common Areas of Residential Condominiums, Act 73-2008 Industrial Tax Credit and Irrigation District. As with most of SUBA-HH subsidies, PREPA calculates each SUBA-NHH subsidy cost by applying the

[105] *See* June 21 Compliance Filing, Subsidios 2020 (21062019).xlsx.

[106] Subsidios 2020 (21062019).xlsx, Tab "Resumen", Cell O22.

corresponding full rate to the projected consumption, and subtracting from this amount the expected revenues based on the subsidized rate.

In its June 21 Compliance Filing, PREPA submitted supporting documentation regarding the calculation of the estimated SUBA-NHH cost for the period of July 1, 2019 to June 30, 2020.[107] According to the filed documents, the total estimated SUBA-NHH cost for the referenced period is $8,054,974.[108]

The Energy Bureau reviewed the information provided in the filed document. The methodology implemented by PREPA to determine the estimated SUBA-NHH cost is consistent with the methodology described above. Moreover, the Energy Bureau reviewed the calculations included in the filed documents and **DETERMINES** that the estimated SUBA-NHH cost of $8,054,974 was correctly calculated.

According to PREPA's Tariff Book, the prior period corresponding to the SUBA-HH rider to be implemented on July 1, 2019, is the period from May 1, 2018 to April 30, 2019. However, this period is included in the Permanent Rate and the Provisional Rate reconciliation. Therefore, for the purposes of PREPA's Tariff Book, the Prior Period Reconciliation is determined to be zero.

As we stated before, the forecasted kWh sales for the period of July 1, 2019 to June 30, 2020, is 15,831,930,386. Therefore, the SUBA-NHH rider factor for this period is 0.0509 ¢/kWh (i.e. $0.000509/kWh). However, as determined in Part III.3 above, the Energy Bureau approved an adjustment to the SUBA-NHH rider in the amount of $6,523,022, which is equivalent to an adjustment to the SUBA-NHH rider factor of 0.0412 ¢/kWh (i.e. $0.000412/kWh). Therefore, applying this adjustment to the SUBA-NHH rider factor result in a net factor of 0.0921 ¢/kWh (i.e. $0.000921/kWh).

The Energy Bureau **ORDERS** PREPA to implement a SUBA-NHH rider factor of $0.000921/kWh for the period of July 1, 2019 to June 30, 2020.

VII. Quarterly factors for the July 1, 2019 to September 30, 2019 period

1. FCA

The estimated cost of fuel for the months of July, August and September 2019 are $95,130,724, $101,579,364 and $94,614,281, respectively.[109] Therefore, the total estimated cost of fuel for the period of July 1, 2019 to September 30, 2019 is $291,324,369.

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[107] *See* June 21 Compliance Filing, Subsidios 2020 (21062019).xlsx.

[108] Subsidios 2020 (21062019).xlsx, Tab "Resumen", Cell O23.

[109] *See* June 21 Compliance Filing, DRAFT-PROPOSED Factores Ajuste 2019 July Filing 20190620 – ESC1.xlsx, Tab "Attachment 3", Line 79.

As discussed in Part V.1 of this Resolution and Order, the Prior Period Reconciliation corresponding to the FCA rider is $38,748,739. Hence, the total estimated amount to be recovered by the FCA rider during the aforementioned period is $330,073,108.[110]

The estimated kWh sales for the months of July, August and September 2019 are 1,407,874,203; 1,458,351,999 and 1,368,998,339 respectively.[111] Therefore, the total estimated kWh sales for this period is 4,235,224,541.

The FCA rider factor is calculated by dividing the total estimated amount to be recovered, $330,073,108, by the total estimated kWh sales, 4,235,224,541. Therefore, the FCA rider factor to be in effect during the period of July 1, 2019 to September 30, 2019 is $0.077935/kWh.

However, as determined in Part IV.1 above, the Energy Bureau approved an adjustment to the FCA rider in the amount of -($3,572,427), to be implemented from July 1, 2019 to March 31, 2020. This adjustment is equivalent to an adjustment to the FCA rider factor of –(0.0302) ¢/kWh (i.e. –($0.000302)/kWh). Therefore, applying this adjustment to the FCA rider factor result in a net factor of $0.077633/kWh.

The Energy Bureau **ORDERS** PREPA to implement an FCA rider factor of $0.077633/kWh for the period of July 1, 2019 to September 30, 2019.

2. PPCA

The estimated cost of purchased power for the months of July, August and September 2019 are $67,563,740, $66,887,725 and $62,365,286, respectively.[112] Therefore, the total estimated cost of purchased power for the period of July 1, 2019 to September 30, 2019 is $196,816,751.

As discussed in Part V.2 of this Resolution and Order, the Prior Period Reconciliation corresponding to the PPCA rider is $6,672,782. Hence, the total estimated amount to be recovered by the PPCA rider during the aforementioned period is $203,489,533.[113]

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[110] This is equal to the sum of the estimated total fuel cost, $291,324,369, and the Prior Period Reconciliation, $38,748,739.

[111] *See* June 21 Compliance Filing, DRAFT-PROPOSED Factores Ajuste 2019 July Filing 20190620 – ESC1.xlsx, Tab "Attachment 1", Lines 15-17.

[112] *See* June 21 Compliance Filing, DRAFT-PROPOSED Factores Ajuste 2019 July Filing 20190620 – ESC1.xlsx, Tab "Attachment 3", Lines 93 and 96. The total amount for each month is the sum of the values in Lines 93 and 96, which include the total estimated purchased power from PREPA's cogenerators and the independent renewable energy power producers.

[113] This is equal to the sum of the estimated total purchased power cost, $196,816,751, and the Prior Period Reconciliation, $6,672,782.

As stated before, the total estimated kWh sales for the months of July, August and September 2019 4,235,224,541.

The PPCA rider factor is calculated by dividing the total estimated amount to be recovered, $203,489,533, by the total estimated kWh sales, 4,235,224,541. Therefore, the PPCA rider factor to be in effect during the period of July 1, 2019 to September 30, 2019 is $0.048047/kWh.

However, as determined in Part IV.2 above, the Energy Bureau approved an adjustment to the PPCA rider in the amount of $47,734,663, to be implemented from July 1, 2019 to March 31, 2020. This adjustment is equivalent to an adjustment to the PPCA rider factor of 0.4034 ¢/kWh (i.e. $0.004034/kWh). Therefore, applying this adjustment to the PPCA rider factor result in a net factor of $0.052081/kWh.

The Energy Bureau **ORDERS** PREPA to implement a PPCA rider factor of $0.052081/kWh for the period of July 1, 2019 to September 30, 2019.

3. FOS

The FOS rider provides a subsidy to certain PREPA customers for the first $30 per barrel of fuel oil, excluding natural gas, applied to the first 500 kW of consumption.[114] It is calculated based on the estimated number of barrels and the forecasted kWh sales.[115] The number of estimated barrels during the July 1, 2019 to September 30, 2019 period is 3,141,158.50.[116] As we stated before, the total estimated kWh sales for the same period is 4,235,224,541.

Therefore, the FOS rider factor can be calculated as follows:

$$FOS\ rider = \frac{-\$30/BBL \times 3{,}141{,}158.50 BBL}{4{,}235{,}224{,}541\ kWh}$$

$$FOS\ rider = -\$0.022250/kWh$$

[114] *See* approved PREPA Tariff Book.

[115] The factor is calculated by multiplying the number of estimated barrels by $30 and dividing that product by the number of forecasted kWh sales.

[116] *See* June 21 Compliance Filing, DRAFT-PROPOSED Factores Ajuste 2019 July Filing 20190620 – ESC1.xlsx, Tab "Attachment 3", Lines 80, 11 and 65. Since the rider cannot take into consideration natural gas, the total applicable barrels are calculated by subtracting Lines 11 and 65 from Line 80.

PREPA proposed a FOS rider factor equal to –($0.031399)/kWh.[117] However, in its calculation, PREPA erroneously applied the Prior Period Reconciliation associated with the FCA rider to the calculation of the FOS rider, resulting in a higher rider value.[118]

To this effect, it is important to note that Act 22-2016[119] amended paragraph (c) of Section 22 of Act 83[120] to, among other things, establish that eligible residential customers will receive a credit "equal to the amount that, ... , the consumer would have had to pay in the corresponding period indicated, as a result of the adjustment for the adjusted fuel price **up to a maximum of thirty dollars ($30) per barrel.**"[121] Moreover, paragraph (c) of the referenced Section 22 also establishes that "**the adjustment for any excess in the cost of fuel above the maximum price adopted per barrel, shall be paid by the customer, in addition to any other charge resulting from the increase in the price of fuel.**"[122]

Act 83, as amended by Act 22-2016 establishes a cap on the amount of credit an eligible customer can receive as part of the residential fuel oil subsidy. The maximum amount is $30 per barrel. PREPA's approach has the net effect of providing an additional subsidy amount equal to the portion of the Prior Period Reconciliation adjustment. This is contrary to Section 22 of Act 83, which clearly establishes that the customer should pay for all other charges associated with fuel. Therefore, PREPA's proposed FOS rider factor is rejected and substituted by the value calculated above.

The Energy Bureau **ORDERS** PREPA to, for the period of July 1, 2019 to September 30, 2019, implement a FOS rider factor equal to –($0.022250)/kWh.

VIII. Rider Calculation Summary

Table 1 summarizes the approved adjustments (in $) for each reconciliation, as determined in Parts II – V of this Resolution and Order. Negative values represent a refund to customers.

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[117] *Id.*, Attachment 1, Line 32.

[118] *Id.*

[119] *Commonwealth of Puerto Rico Energy and Aqueduct and Sewer Service Subsidy Reform and Debt Payoff Act.*

[120] Act 83 of May 2, 1941, as amended, known as the *Puerto Rico Electric Power Authority Act.*

[121] Emphasis supplied.

[122] Emphasis supplied.

Table 1: Reconciliation Adjustments

Rider	March/April Fuel and Purchased Power Adjustment ($)	Post Hurricanes Adjustment ($)	June 1, 2016 – April 30, 2019 Adjustment ($)	Net Adjustment ($)	Effective Dates
FCA	$38,748,739	-$3,572,427	-	$35,176,312	July 1, 2019 – Sep 30, 2019
PPCA	$6,672,782	$47,734,663	-	$54,407,445	July 1, 2019 – Sep 30, 2019
CILTA	-	-	$34,453,577	$34,453,577	July 1, 2019 – June 30, 2020
SUBA -HH	-	-	-$22,835,638	-$22,835,638	July 1, 2019 – June 30, 2020
SUBA -NHH	-	-	$6,523,022	$6,523,022	July 1, 2019 – June 30, 2020
TUP	-	-	-$123,022,024	-$123,022,024	July 1, 2019 – June 30, 2020
			Net Total	**-$15,297,306**	

Table 2 contains a summary of each factor adjustment, in a $/kWh basis, as determined in Parts II thru VII of this Resolution and Order. The *Calculated Factor for applicable period* column contains an unadjusted factor, based on estimated costs and estimated kWh sales for the applicable period. The following two columns contain the adjustment corresponding to the Fuel and Purchased Power post hurricane adjustment and the reconciliation for the period between June 1, 2016 and April 30, 2019, respectively. The *Net Factor Effective July 1, 2019* column contains the corresponding rider factor that will enter in effect on that date.

Table 2: Rider Factors Adjustments in $/kWh

Rider	Calculated Factor for applicable period ($/kWh)	Post hurricanes adjustment** ($/kWh)	June 1, 2016 – April 30, 2019 Adjustment ($/kWh)	Net Factor Effective July 1, 2019 ($/kWh)	Effective Dates
FCA*	0.077935	-0.000302	-	0.077633	July 1, 2019 – Sep 30, 2019
PPCA*	0.048047	0.004034	-	0.052081	July 1, 2019 – Sep 30, 2019
FOS	-0.022250	-	-	-0.022250	July 1, 2019 – Sep 30, 2019
CILTA	0.005070	-	0.002176	0.007246	July 1, 2019 – June 30, 2020
SUBA-HH	0.013857	-	-0.001442	0.012414	July 1, 2019 – June 30, 2020
SUBA-NHH	0.000509	-	0.000412	0.000921	July 1, 2019 – June 30, 2020
TUP	-	-	-0.007771	-0.007771	July 1, 2019 – June 30, 2020

* Includes the March/April 2019 reconciliation
** This adjustment will be effective until March 31, 2020

Attachments 1 - 7 of this Resolution and Order describe the methodology for the calculation of each rider factor. Each Attachment contains a reference to the supporting documentation.

IX. Other Considerations

1. *PREPA's Waiver Requests*

On June 19, 2019, PREPA filed a document titled *PREPA's Cover Filing for Compliance Items* ("June 19 Compliance Filing"). In the June 19 Compliance Filing, PREPA requested a waiver from providing final or best data for CILT and Subsidies reconciliation, and in particular, Municipal Public Lighting revenues, netted from gross revenues for the purpose of SUBA-HH reconciliation, as requested by the Energy Bureau during the June 10, 2019 Technical Conference Call.[123] In support of its request, PREPA stated that "based on further discussion involving the Finance area, implementing the Revenues adjustments (reductions)

[123] June 19 Compliance Filing, p. 2, ¶ 2.

for CILT and Subsidies coverage will result in also adjusting Expenses (reductions) by the same amount, making the analytical exercise unnecessary."[124] As such, PREPA asked for a waiver of this item since "it does not have practical significance or usefulness."[125]

PREPA also asked for a waiver from providing final or best estimate data for the impact of uncollectable revenues.[126] In support of its request, PREPA stated that "further analysis has determined that they do not affect the calculation for these reconciliations."[127] Therefore, PREPA requested a waiver of this item for purposes of the June 19 Compliance Filing.[128]

It is important to note that on June 5, 2019, PREPA requested additional time to submit the compliance filing related to the reconciliations and the riders that will be in effect on July 1, 2019.[129] On that occasion, PREPA stated that it had "identified potential concerns relating using a methodology based on revenues defined by billing sales, (*i.e.*, kWhs), as has been contemplated in past filings and discussions, as opposed to collections."[130] PREPA stated that "it should discuss this subject with the Energy Bureau at the June 10, 2019, Technical Conference Call."[131]

After discussing both items with PREPA during the June 10 Technical Conference Call, and based on PREPA's expressed concerns, the Energy Bureau requested the information for which PREPA now requests a waiver. Upon reviewing PREPA's arguments and the corresponding documentation, the Energy Bureau **GRANTS** PREPA's waiver request.

2. PREPA's Procedural Question

On the June 21 Compliance Filing, PREPA expressed concerns regarding continuing to file the quarterly and yearly proposed rider factors in the instant docket.[132] According to PREPA, continuing to file such requests in the instant docket could be impractical since all

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[124] *Id.*

[125] *Id.*

[126] *Id.*, ¶ 3.

[127] *Id.*

[128] *Id.*

[129] *See PREPA's Compliance Filing for Information due June 5, 2019*, pp. 2 – 3.

[130] *Id.*, p. 3.

[131] *Id.*

[132] June 19 Compliance Filing, p. 4, ¶ 10.

notifications in this docket "need to be served "forever", so to speak, on the numerous intervenors in the 2015 rate review, unless the Energy Bureau directs that continued service of the filings is not required."[133]

According to the provisions of Section 6.25 of Act 57-2014, the Permanent Rate and Provisional Rate reconciliation is part of the rate approval proceeding. It is for this reason, that, until PREPA implements the TUP rider, all matters related to the Permanent Rate implementation must continue under this docket. However, once PREPA implements the TUP rider, as approved herein, the Energy Bureau will determine if future compliance filings can be done on a separate docket. The Energy Bureau will issue the necessary resolutions in due course.

X. Conclusion

The Energy Bureau **ORDERS** PREPA to apply all adjustments as previously discussed.

Finally, the Energy Bureau **ORDERS** PREPA to, **on or before September 13, 2019**, submit the proposed factors that will be in effect on October 1, 2019, including the proposed reconciliations for the months of May, June, July and August 2019.

The Energy Bureau **WARNS** PREPA that noncompliance with the filing of the required information as ordered herein, will be construed as a violation of the Energy Bureau's orders and may result in the imposition of administrative fines up to twenty-five thousand dollars ($25,000) per day, per violation, as well as any other administrative sanctions the Energy Bureau deems necessary, in accordance with the applicable statutes and regulations.

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
Associate Commissioner

[133] *Id.*

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on June 27, 2019. I also certify that on June 28, 2019 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, hrivera@oipc.pr.gov, maribel.cruz@acueductospr.com, pga@caribe.net, jfeliciano@constructorespr.net, nydinmarie.watlington@cemex.com, epenergypr@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 28, 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 28, 2019.

Wanda I. Cordero Morales
Clerk

Attachment 1
Puerto Rico Energy Bureau
Provisional Rate Reconciliation
For the Months of July 2016 to April 2019

Line No.	Item		FY 2017		FY 2018		FY 2019		Total	Reference
1	**Calculation of Provisional Rate Reconciliation for July 2016 to April 2019**									
2			Amount		Amount		Amount			
3	Actual Provisional Rate Revenues	$	198,799,427	$	162,340,228	$	168,025,444	$	529,165,099	Ref 1, TAB b. Cell N136, Z136, AJ136
4	Public Lighting Provisional Rate Revenues reduction due to Public Lighting infrastructure damage	$	-	$	(2,432,567)	$	(1,401,797)	$	(3,834,365)	Ref 2, Attachment 6
5	Adjusted Provisional Rate Revenues due to Public Lighting Provisional Rate Revenues reduction	$	198,799,427	$	159,907,660	$	166,623,647	$	525,330,734	L3+L4
6										
7	Adjusted Sales in GWh		15,304		12,310		12,827		40,441	L5/(0.01299 * 1,000,000)
8	Approved Base Rate Revenue in $/kWh	$	0.009948	$	0.009948	$	0.009948		0.009948	Ref 3, p. 7
9										
10	Actual Allowed Revenue from Provisional Rate	$	152,244,550	$	122,460,462	$	127,603,698	$	402,308,710	L7 * L8 * 1,000,000
11	Provisional Rate Reconciliation	$	(46,554,877)	$	(37,447,198)	$	(39,019,949)	$	(123,022,024)	L3-L7
12										
13	Estimated Retail kWh sales for July to December 2019 (6 Months Period)		8,267,290,660							Ref 2, Attachment 7
14	Estimated Retail kWh sales for July 2019 to June 2020 (12 Months Period)		15,831,930,386							Ref 2, Attachment 7
15										
16	**Adjusted Provisional Reconciliation Recover (Return) in 6 Months Period -$/kWh**	**$**	**(0.014881)**							L11(Total)/L13
17	**Adjusted Provisional Reconciliation Recover (Return) in 12 Months Period -$/kWh**	**$**	**(0.007771)**							L11(Total)/L14

References

Ref 1: June 21 Compliance Filing Reconciliations Supporting File 1-20190619.xlsx
Ref 2: June 21 Compliance Filing, Filing 06192019 -Exhibit 1 -RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx
Ref 3: June 23, 2017 Resolution and Order, Case No. CEPR-AP-2015-0001

Attachment 2
Puerto Rico Energy Bureau
CILT and Subsidies Reconciliation
For the Months of July 2016 to April 2019

Line No.	Item	FY 2017	FY 2018	FY 2019	Total	Reference
1	**Calculation of CILT and Subsidies Reconciliation for July 2016 to March 2019**					
2		Amount	Amount	Amount		
3	CILT Actual Cost	$ 83,123,783	$ 70,459,666	$ 68,520,012	$ 222,103,461.45	Ref 1, TAB k. Line No. 37
4	HTH Subsidy Actual Cost	$ 175,942,094	$ 170,973,522	$ 150,158,322	$ 497,073,937.37	Ref 1, TAB k. Line No. 35
5	NHTH Subsidy Actual Cost	$ 15,876,372	$ 13,483,289	$ 12,454,338	$ 41,813,998.98	Ref 1, TAB k. Line No. 36
6	Total CILT and Subsidies Cost	$ 274,942,249	$ 254,916,477	$ 231,132,672	$ 760,991,397.80	L3+L4+L5
7						
8	Public Lighting Adjustment (reduction) due to Public Lighting infrastructure damage after María Hurricane	$ -	$ (67,545,889)	$ (38,705,878)	$ (106,251,767)	Ref 2, Attachment 6
9	Adjusted HTH Subsidy Actual Cost due PL due infrastructure damage after María Hurricane	$ 175,942,094	$ 103,427,632	$ 111,452,444	$ 390,822,170	L4+L8
10						
11	11% Offset Fuel Adjustment	$ 150,029,453	$ 131,452,086	$ 139,889,624	$ 421,371,163	Ref 1, TAB c. Cell N68,Z68, AJ68
12	11% Offset Purchased Power Adjustment	$ 87,394,406	$ 64,701,901	$ 68,074,298	$ 220,170,605	Ref 1, TAB d. Cell N68,Z68, AJ68
13	11% Offset Total	$ 237,423,859	$ 196,153,987	$ 207,963,922	$ 641,541,767.31	L11+L12
14						
15	CILT Income from 11% Fuel and PP Clauses	$ 71,780,781	$ 54,217,541	$ 61,651,563	$ 187,649,884	L13*L36
16	HTH Income from 11% Fuel and PP Clauses	$ 151,933,182	$ 131,561,279	$ 135,106,445	$ 418,600,906	L13*L37
17	NHTH Income from 11% Fuel and PP Clauses	$ 13,709,896	$ 10,375,167	$ 11,205,914	$ 35,290,977	L13*L38
18	Total 11% Fuel and PP Clauses Income	$ 237,423,859	$ 196,153,987	$ 207,963,922	$ 641,541,767	L15+L16+L17
19						
20	Public Lighting Adjustment 11% Offset Fuel	$ -	$ (2,138,628)	$ (1,214,986)	$ (3,353,614)	Ref 2, Attachment 6
21	Public Lighting Adjustment 11% Offset Purchased Power	$ -	$ (1,005,001)	$ (584,483)	$ (1,589,484)	Ref 2, Attachment 6
22	Total Adjusted Public Lighting Revenues Fuel and PP 11% offset due PL due infrastructure damage after María Hurricane	$ -	$ (3,143,628)	$ (1,799,470)	$ (4,943,098)	L20+L21
23	Adjusted HTH Subsidy Income from 11% Fuel and PP Clauses due PL due infrastructure damage after María Hurricane	$ 151,933,182	$ 128,417,651	$ 133,306,975	$ 413,657,808	L16+L22
24						
25	CILT Cost to be recovered (returned) to Customers	$ 11,343,002	$ 16,242,126	$ 6,868,449	$ 34,453,577	L3-L15
26	HTH Subsidy Cost to be recovered (returned) to Customers	$ 24,008,912	$ (24,990,019)	$ (21,854,531)	$ (22,835,638)	L9-L23
27	NHTH Subsidy Cost to be recovered (returned) to Customers	$ 2,166,477	$ 3,108,123	$ 1,248,423	$ 6,523,022	L5-L17
28						
29	Forecasted Retail kWh sales for FY2020 (12 months)	15,831,930,386				Ref 2, Attachment 7
30						
31	**CILT Reconciliation Adjustment (FY 2020) ($/kWh)**	**$ 0.002176**				L25(Total)/L29
32	**HTH Subsidy Reconciliation Adjustment (FY 2020) ($/kWh)**	**$ (0.001442)**				L26(Total)/L29
33	**NHTH Subsidy Reconciliation Adjustment (FY 2020) ($/kWh)**	**$ 0.000412**				L27(Total)/L29
34						
35		**Weighted Factors to Distribute Revenues by Type of Subsidy**				
36	**CILT**	30.23%	27.64%	29.65%		L3/L6
37	**HTH**	63.99%	67.07%	64.97%		L4/L6
38	**NHTH**	5.77%	5.29%	5.39%		L5/L6
39		100.00%	100.00%	100.00%		L36+L37+L38

References

Ref 1: June 21 Compliance Filing, Reconciliations Supporting File 1-20190619.xlsx
Ref 2: June 21 Compliance Filing, Filing 06192019 -Exhibit 1 -RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx

Attachment 3
Puerto Rico Energy Bureau
Fuel and Purchased Power Reconciliation - Irma and María Hurricane Period
For the Months of August 2017 to May 2018

Line No.	Item		Amount	Reference
1	**Calculation Purchased Power and PP Reconciliation for August 2017 to May 2018**			
2				
3	Actual Fuel Cost	$	956,927,401	Ref 1, Attachment 3, Line 3
4	FEMA Reinbursement	$	(140,630,548)	Ref 2, TAB FEMA, Cell O44
5	Adjusted Total Fuel Cost	$	816,296,853	L3+L4
6				
7	Fuel Adjustment Revenue	$	952,274,942	Ref 1, Attachment 3, Line 7
8	Public Lighting Adjustment	$	(18,096,675)	Ref 1, Attachment 6 (Oct 2017 to May 2018 Period Fuel)
9	Prior Period Accounting Ajustment	$	(12,976,830)	Ref 1, Attachment 3, Line 9
10	Total Fuel Adjustment Revenue	$	921,201,438	L7+L8+L9
11	11% Reduction Fuel Adjustment Revenue	$	819,869,280	L10*0.89
12				
13	Fuel Cost to be recovered (returned) to Customers	$	(3,572,426)	L5-L11
14				
15	**Fuel Adjustment for July 2019 to March 2020 ($/kWh)**	**$**	**(0.000302)**	L13/L29
16				
17	Purchased Power Actual Cost	$	444,203,274	Ref 1, Attachment 3, Line 17
18				
19	Purchased Power Revenue	$	450,476,466	Ref 1, Attachment 3, Line 19
20	Public Lighting Adjustment	$	(8,471,820)	Ref 1, Attachment 6 (Oct 2017 to May 2018 Period PP)
21	Prior Period Accounting Ajustment	$	3,465,704	Ref 1, Attachment 3, Line 21
22	Total Purchased Power Revenue	$	445,470,349	L19+L20+L21
23	11% Reduction Revenue	$	396,468,611	L22*0.89
24				
25	Purchased Power Cost to be recovered (returned) to Customers	$	47,734,663	L17-L23
26				
27	**Purchased Power Adjustment for July 2019 to March 2020 ($/kWh)**	**$**	**0.004034**	L25/L29
28				
29	Estimated Retail kWh sales for July 2019-March 2020		11,832,151,326	Ref 1, Attachment 7

References

Ref 1: June 21 Compliance Filing, Filing 06192019 -Exhibit 1 -RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx
Ref 2: June 21 Compliance Filing, Reconciliations Supporting File 1-20190619.xlsx

Attachment 4
Puerto Rico Energy Bureau
Fuel and Purchased Power Reconciliation
For the Months of March and April 2019

Line No.	Item	Mar-19	Apr-19	Total	Reference
1	**Calculation Fuel and Purchased Power Reconciliation**				
2					
3	Actual Fuel Cost	$ 103,335,666	$ 116,675,483	$ 220,011,149	Ref 1, Attachment 5, Line No. 17, Cell C and L
4					
5	Fuel Adjustment Revenue	$ 108,894,041	$ 125,635,312	$ 234,529,353	Ref 1, Attachment 5, Line No. 6, Cell G and P
6	Public Lighting (PL) Adjustment	$ (624,252)	$ (581,040)	$ (1,205,291)	Ref 1, Attachment 6 (F21-M21, F22-M22)
7	Adjusted Total Fuel Adjustment Revenue	$ 108,269,789	$ 125,054,272	$ 233,324,061	L5+L6
8					
9	Adjusted 11% Reduction Fuel Adjustment Revenue due to PL sales reduction	$ 96,360,112	$ 111,298,302	$ 207,658,415	L7*0.89
10	Prior Period Accounting Ajustment	$ (14,037,813)	$ (12,358,192)	$ (26,396,005)	Ref 1, Attachment 5, Line No. 20, Cell C and L
11	Adjusted Revenues	$ 82,322,300	$ 98,940,110	$ 181,262,410	L9+L10
12					
13	Adjusted Fuel Cost to be recovered (returned) to Customers	**$ 21,013,366**	**$ 17,735,373**	**$ 38,748,739**	L3-L11
14					
15					Reference
16	Purchased Power Actual Cost	$ 59,163,172	$ 55,074,366	$ 114,237,538	Ref 1, Attachment 5, Line No. 51, Cell I and R
17					
18	Purchased Power Revenue	$ 64,422,185	$ 63,606,575	$ 128,028,760	Ref 1, Attachment 5, Line No. 59, Cell D and M
19	Public Lighting Adjustment	$ (369,370)	$ (294,256)	$ (663,626)	Ref 1, Attachment 6 (G21-N21, G22-N22)
20	Total Purchased Power Revenue	$ 64,052,815	$ 63,312,319	$ 127,365,134	L18+L19
21					
22	Adjusted 11% Reduction Purchased Power Adjustment Revenue	$ 57,007,006	$ 56,347,964	$ 113,354,969	L20*0.89
23	Prior Period Accounting Ajustment	$ (1,747,140)	$ (4,043,073)	$ (5,790,213)	Ref 1, Attachment 5, Line No. 53, Cell D and M
24	Adjusted Revenues	$ 55,259,865	$ 52,304,891	$ 107,564,756	L22+L23
25					
26	Adjusted Purchased Power Cost to be recovered (returned) to Customers	**$ 3,903,307**	**$ 2,769,475**	**$ 6,672,782**	L16-L24

References

Ref 1: June 21 Compliance Filing, Filing 06192019 -Exhibit 1 -RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx

Attachment 5
Puerto Rico Energy Bureau
CILT, SUBA-HH and SUBA-NHH Rider Factors
For the Months of July 2019 to June 2020

Line No.	Item		Amount	Reference
1	**Contribution in Lieu of Taxes (CILTA)**			
2				
3	Estimated Total Cost of CILT for the months of July 2019 to June 2020	$	80,266,469	Ref 1, Tab Resumen, Cell O18
4	Prior Period Reconciliation:	$	-	
5				
6	Estimated Retail kWh sales for July 2019 to June 2020		15,831,930,386	Ref 2, Attachment 7
7				
8	**CILTA for July 2019 to June 2020 ($/kWh)**	$	0.005070	(L3+L4)/L6
9	**CILTA Adjustment for July 2016 to April 2019 period ($/kWh)**	$	0.002176	Attachment 2, Line 31
10				
11	**Net CILTA Rider Factor for July 2019 to June 2020 ($/kWh)**	**$**	**0.007246**	L8+L9
12				
13	**Subsidies - Help to Humans (SUBA-HH)**			
14				
15	Estimated Total Cost of Subsidies - Help to Humans for the months July 2019 to June 2020	$	219,380,268.73	Ref 1, Tab Resumen, Cell O22
16	Prior Period Reconciliation:	$	-	
17				
18	**SUBA-HH for July 2019 to June 2020 ($/kWh)**	$	0.013857	(L15+L16)/L6
19	**SUBA-HH Adjustment for July 2016 to April 2019 period ($/kWh)**	$	(0.001442)	Attachment 2, Line 32
20				
21	**Net SUBA-HH Factor for July 2019 to June 2020 ($/kWh)**	**$**	**0.012414**	L18+L19
22				
23	**Subsidies - Non-Help to Humans (SUBA-NHH)**			
24				
25	Estimated Total Cost of Subsidies - Non Help to Humans for the months July 2019 to June 2020	$	8,054,973.68	Ref 1, Tab Resumen, Cell O23
26	Prior Period Reconciliation:	$	-	
27				
28	**SUBA-NHH for July 2019 to June 2020 ($/kWh)**	$	0.000509	(L21+L22)/L10
29	**SUBA-NHH Adjustment for July 2016 to April 2019 period ($/kWh)**	$	0.000412	Attachment 2, Line 32
30				
31	**Net SUBA-NHH Factor for July 2019 to June 2020 ($/kWh)**	**$**	**0.000921**	L18+L19

References

Ref 1: June 21 Compliance Filing, Subsidios 2020 (21062019).xlsx
Ref 2: June 21 Compliance Filing, Filing 06192019 -Exhibit 1 -RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx

Attachment 6
Puerto Rico Energy Bureau
Fuel Charge Adjustment Factor and Fuel Oil Subsidy Factor
For the Months of July 2019 to September 2019

Line No.	Item		Amount	Reference
1	**Fuel Charge Adjustment (FCA) Factor**			
2				
3	Estimated Total Cost of Fuel for July 2019	$	95,130,724	Ref 1, Attachment 3, Line 79
4	Estimated Total Cost of Fuel for August 2019	$	101,579,364	Ref 1, Attachment 3, Line 79
5	Estimated Total Cost of Fuel for September 2019	$	94,614,282	Ref 1, Attachment 3, Line 79
6				
7	Prior Period Fuel Reconciliation March 2019	$	21,013,366	Attachment 4, L13
8	Prior Period Fuel Reconciliation April 2019	$	17,735,373	Attachment 4, L13
9	Prior Period Fuel Reconciliation May 2019	$	-	
10				
11	Estimated Retail kWh sales for July 2019		1,407,874,203	Ref 2, Attachment 7
12	Estimated Retail kWh sales for August 2019		1,458,351,999	Ref 2, Attachment 7
13	Estimated Retail kWh sales for September 2019		1,368,998,339	Ref 2, Attachment 7
14				
15	Estimated Total Cost of Fuel	$	291,324,369	L3+L4+L5
16	Prior Period Reconciliation	$	38,748,739	L7+L8+L9
17	Estimated Applicable Retail kWh Sales		4,235,224,541	L11+L12+L13
18				
19	**FCA for July 2019 to September 2019 ($/kWh)**	$	0.077935	(L15+L16)/L17
20	**Storm Recovery FCA Adjustment for July 2019 to April 2020 ($/kWh)**	$	(0.000302)	Attacment 3, Line 15
21				
22	**Net FCA Rider Factor for July 2019 to September 2019**	**$**	**0.077633**	L19+L20
23				
24	**Fuel Oil Subsidy (FOS) Factor**			
25				
26	Estimated Total Barrels of Oil		3,141,158.50	Ref 1, Attachment 3, (L80-L11-L65)
27				
28	**Fuel Oil Subsidy Factor for $30/barrel ($/kWh)**	**$**	**0.022250**	(30*L26)/L17

References

Ref1: June 21 Compliance Filing, DRAFT-PROPOSED Factores Ajuste 2019 July Filing 20190620 - ESC1.xlsx
Ref 2: June 21 Compliance Filing, Filing 06192019 -Exhibit 1 -RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx

Attachment 7
Puerto Rico Energy Bureau
Purchased Power Charge Adjustment Factor
For the Months of July 2019 to September 2019

Line No.	Item		Amount	Reference
1	**Purchased Power Charge Adjustment (PPCA) Factor**			
2				
3	Estimated Total Cost of Purchased Power for July 2019	$	67,563,740	Ref 1, Attachment 3, L93+L96
4	Estimated Total Cost of Purchased Power for August 2019	$	66,887,725	Ref 1, Attachment 3, L93+L96
5	Estimated Total Cost of Purchased Power for September 2019	$	62,365,286	Ref 1, Attachment 3, L93+L96
6				
7	Prior Period Purchased Power Reconciliation March 2019	$	3,903,307	Attachment 4, Line 26
8	Prior Period Purchased Power Reconciliation April 2019	$	2,769,475	Attachment 4, Line 26
9	Prior Period Purchased Power Reconciliation May 2019	$	-	
10				
11	Estimated Total Cost of Purchased Power	$	196,816,751	L3+L4+L5
12	Prior Period Reconciliation	$	6,672,782	L7+L8+L9
13	Estimated Applicable Retail kWh Sales		4,235,224,541	Ref 2, Attachment 7
14				
15	**PPCA for July 2019 to September 2019 ($/kWh)**	$	0.048047	(L11+L12)/L13
16	**Storm Recovery PPCA Adjustment for July 2019 to April 2020 ($/kWh)**	$	0.004034	Attachment 3, L27
17				
18	**Net PPCA Rider Factor for July 2019 to September 2019**	**$**	**0.052081**	L20+L21

References

Ref1: June 21 Compliance Filing, DRAFT-PROPOSED Factores Ajuste 2019 July Filing 20190620 - ESC1.xlsx
Ref 2: June 21 Compliance Filing, Filing 06192019 -Exhibit 1 -RecCompFiling-Prov-CELI-Subs-Fuel-PP(HurrPeriod)-20190619.xlsx