

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



IN RE: PUERTO RICO ELECTRIC POWER
AUTHORITY RATE REVIEW

CASE NO.: CEPR-AP-2015-0001; NEPR-AP-
2018-0003

SUBJECT: Resolution and Order on the
Puerto Rico Electric Power Authority's June
20, 2019 Motion for Clarification.

RESOLUTION AND ORDER

On June 20, 2019, the Puerto Rico Electric Power Authority ("PREPA") filed before the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") a document titled *PREPA's Motion for Clarification or Reconsideration of One Item in June 14th Order* ("Motion for Clarification"). In its Motion for Clarification, PREPA requested the Energy Bureau permission to move the May 2019 reconciliation to the scheduled September 13, 2019 compliance filing.¹ PREPA also requested to include the March and April fuel and purchased power reconciliation as part of the rider factors to be effective on July 1, 2019.²

PREPA argued that the May 2019 report, which includes the accounting closeout needed to determine the reconciliation for this month, will not be available in time for the June 21, 2019 compliance filing in the instant case ("June 21 Compliance Filing").³ In addition, PREPA expressed concern that the total March and April 2019 fuel and purchased power reconciliations amounts are approximately \$49 million, hence postponing its reconciliation will not only delay PREPA's recovery of these costs but also could cause a high bill impact when they are finally applied.⁴

¹ Motion for Clarification, p. 3, ¶¶ 7 – 9.

² *Id.*, p. 4, ¶¶ 10 – 11.

³ *Id.*, pp. 3 – 4, ¶ 9. In accordance with the April 25, 2019 Resolution and Order in the instant case, PREPA was required to submit on or before June 14, 2019, the reconciliation information and the proposed rider factors to be in effect on July 1, 2019. On June 12, 2019, PREPA filed a document titled *PREPA's Motion for an Extension of Time and to Coordinate Overlapping Schedules*, through which, among other things, requested to extend the June 14, 2019 Compliance Filing deadline until June 21, 2019. On June 14, 2019, the Energy Bureau issued a Resolution and Order granting PREPA's deadline extension request.

⁴ *Id.*, p. 4, ¶ 10.



It is important to note that, the Energy Bureau is currently evaluating the March and April fuel and purchased power reconciliation. As stated in the April 25, 2019 Resolution and Order in the instant case ("April 25 Resolution and Order"), the Energy Bureau intends to include such reconciliation as part of the rider factors that are scheduled to be in effect on July 1, 2019.⁵ Notwithstanding the above, as the Energy Bureau stated in the June 14, 2019 Resolution and Order in the instant case ("June 14 Resolution and Order"), the Energy Bureau will conduct a thorough analysis of the proposed reconciliations in order to approve the rider factors that should be in effect on July 1, 2019, however, although it is working diligently to approve such factors, the Energy Bureau will not make a hurried determination.⁶

Regarding the May 2019 reconciliation, we expressed in the June 14 Resolution and Order that the Energy Bureau is aware of the obstacles and complications associated with the implementation of the Permanent Rate and the development of the required reports to keep an accurate accounting system.⁷ However, PREPA must modify its internal processes to meet the Energy Bureau's requirements and to comply with its resolutions and orders. Not the other way around.⁸

Upon reviewing PREPA's arguments, the Energy Bureau determined that the request to transfer the May 2019 reconciliation to the September 13, 2019 compliance filing is a reasonable one. The May 2019 report is the first report PREPA develops after the implementation of the Permanent Rate on May 1, 2019. As such some leeway is warranted. However, this should be the exception, not the norm. Therefore, the Energy Bureau will not grant further requests to modify the rider reconciliation process, as established in the Permanent Rate and described in the April 25 Resolution and Order.

For all the above, the Energy Bureau **GRANTS** PREPA's request to transfer the May 2019 reconciliation to the September 13, 2019 compliance filing. PREPA is **WARNED** that this is a one-time approval. Further modifications to the rider reconciliation process, as established in the Permanent Rate and the April 25 Resolution and Order will not be considered. As such, the Energy Bureau **ORDERS** PREPA to modify its internal processes so that it will be in position to comply with the Energy Bureau's resolutions and orders as well as the approved Permanent Rate.

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

⁵ April 25 Resolution and Order, p. 2, ¶ 7.

⁶ June 14 Resolution and Order, p. 2.

⁷ *Id.*

⁸ *Id.*

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

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on June 21, 2019. I also certify that on this date a copy of this Resolution and Order was notified by electronic mail to the following: astrid.rodriguez@prepa.com, jorge.ruiz@prepa.com, n-vazquez@prepa.com, n-ayala@prepa.com, c-aquino@prepa.com, j-morales@prepa.com, 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 21, 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 21, 2019.

Wanda I. Cordero Morales
Clerk