

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



IN RE: PUERTO RICO ELECTRIC POWER
AUTHORITY'S PERMANENT RATE

CASE NO.: NEPR-MI-2020-0001

SUBJECT: Determination on the Permanent
Rates Rider Factors for the period of April –
June 2020.

RESOLUTION AND ORDER

I. Introduction

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In Case No. CEPR-AP-2015-0001, *In Re: Puerto Rico Electric Power Authority Rate Review*, 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, as part of the Puerto Rico Electric Power Authority ("PREPA") Permanent Rate.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

In addition, the Energy Bureau approved a reconciliation 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 June 28, 2019, the Energy Bureau issued a Resolution and Order ("June 28 Resolution and Order") in Case No. CEPR-AP-2015-0001, through which it established, among other things, the yearly factors that will be in effect from July 1, 2019 to June 30, 2020.³ The Energy Bureau also established the TUP rider factor for the reconciliation of the

¹ Final Resolution and Order, Case No. CEPR-AP-2015-0001, *In Re: Puerto Rico Electric Power Authority Rate Review*, January 10, 2017.

² The EE Rider is designed to recover the costs associated with the Energy Efficiency Program. 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. The EE rider has not been implemented.

³ June 28 Resolution and Order, pp. 19 – 26.

Permanent Rate and Provisional Rate, the reconciliation for CILT and subsidies for the period of June 1, 2016 to April 30, 2019, the reconciliation of the fuel and purchased power for the months of March and April 2019 and the reconciliation of fuel and purchased power for the emergency period after the hurricanes Irma and María.⁴

On December 27, 2019, the Energy Bureau issued a Resolution and Order ("December 27 Resolution and Order") in Case No. CEPR-AP-2015-0001, through which it established the quarterly factors that were in effect from January 1, 2020 to March 31, 2020.⁵ Through the December 27 Resolution and Order, the Energy Bureau ordered PREPA to, on or before 12:00 p.m., March 13, 2020, submit the proposed factors that will be in effect on April 1, 2020, including the proposed reconciliations for the months of December 2019, and January and February 2020.⁶

On January 16, 2020, the Energy Bureau issued a Resolution and Order in Case No. CEPR-AP-2015-0001 ("January 16 Resolution and Order"), through which it ordered the Energy Bureau's Clerk to close such docket.⁷ In the January 16 Resolution and Order the Energy Bureau determined appropriate for PREPA to submit all future proposed rider factors and reconciliations through a different docket, since the purpose of Docket No. CEPR-AP-2015-0001 (*i.e.* review and approval of PREPA's Permanent Rate) has been met.⁸ To that effect, on the same day, the Energy Bureau issued a Resolution and Order in the instant case, through which it opened the instant docket.⁹ The Energy Bureau ordered PREPA to submit all future filings regarding the proposed rider factors, including their reconciliations, under Case No. NEPR-MI-2020-0001.¹⁰

On March 13, 2020, PREPA filed a document titled *Motion to Submit Reconciliations for the Months of December 2019 to February 2020, Proposed Factors for the Quarter of April to June 2020 and Public Lighting Repair Report* ("March 13 Compliance Filing"). As part of the March 13 Compliance Filing, PREPA submitted proposed quarterly factors for the FCA Rider, the PPCA Rider, and FOS Rider, to be implemented on April 1, 2020. PREPA also submitted the proposed reconciliations for the months of December 2019 to February 2020, and the supporting documents for the proposed factors and reconciliations. PREPA also

⁴ June 28 Resolution and Order, pp. 27 – 28.

⁵ December 27 Resolution and Order, p. 9.

⁶ *Id.*

⁷ January 16 Resolution and Order, p. 3.

⁸ *Id.*, p. 2.

⁹ Resolution and Order, Case No. NEPR-MI-2020-0001, *In Re: Puerto Rico Electric Power Authority's Permanent Rate*, January 16, 2020.

¹⁰ January 16 Resolution and Order, p. 2.



provided an analysis of the impact that the January 2020 seismic events have had on its operations.¹¹

On March 16, 2020, PREPA filed a document titled *Request for Informal Meeting via Telephone Conference*, through which it stated that "it is of the outmost importance that the Energy Bureau receives further details on the proposed factors for the quarter of April to June 2020 and therefore, requests an informal meeting to do so."¹² On the same day, the Energy Bureau issued a Resolution and Order through which it scheduled a telephone Technical Conference for 10:00 a.m., March 17, 2020. The Technical Conference was held as scheduled.

During the Technical Conference, the Energy Bureau requested PREPA to (1) submit the fuel report used to calculate the reconciliation of fuel costs for the month of September, 2019 and; (2) submit the workpapers and supporting documentation for the seismic event cost impact, contained on Exhibit D of the March 13 Compliance Filing. PREPA provided the requested information in two separate motions on March 19 and March 20, 2020.¹³ In its March 20 Motion, PREPA also submitted revised proposed factors for the period of April to June 2020.¹⁴

On March 23, 2020, the Energy Bureau issued a Resolution and Order through which it scheduled a second telephone Technical Conference at 3:00 p.m., March 24, 2020. The purpose of the second Technical Conference was for PREPA to provide information and answer Energy Bureau's questions regarding the documents presented in the March 13 Compliance Filing and the March 20 Motion. The March 24, 2020 Technical Conference was held as scheduled. During the March 24, 2020 Technical Conference, the Energy Bureau directed PREPA to file, on or before 12:00 p.m., March 25, 2020, the original September 2019 Fuel Report, an updated version of the file "Estimado de consumo generación y dmax trimestre de abril mayo y junio (REV11feb2020).xlsx" and the explanation, or otherwise updated or revised files, that support the amounts to be requested to FEMA and PREPA's insurance company, including the supporting documents for the information regarding the generation costs for each generation plant.

¹¹ On January 6 and 7, 2020, Puerto Rico experienced two major earthquakes (magnitudes 5.8 and 6.4 in the Richter Scale) that affected PREPA's operations and caused significant damages to the Costa Sur Power Plant. See in general, Case No. NEPR-MI-2020-0003, *In Re: Impacto de los Recientes Eventos Sísmicos en el Sistema Eléctrico de Puerto Rico*.

¹² Request for Informal Meeting via Telephone Conference, p. 1, ¶ 2.

¹³ See Motion in Partial Compliance with Bench Order and Request for Extension of Time, March 19, 2020, and Motion in Compliance with Bench Order and to Submit Revised Proposed Factors and Presentation, March 20, 2020 ("March 20 Motion").

¹⁴ March 20 Motion, p. 2, ¶¶ 5 - 6.



On March 25, 2020, PREPA filed three documents: (1) *Motion to Submit*, (2) *Second Motion to Submit* and (3) *Third and Final Motion to Submit* ("March 25 Motions"). Through the March 25 Motions, PREPA submitted the original September 2019 Fuel Report¹⁵; the file "Estimado de consumo, generación y dmax.xlsx"¹⁶, which contains the demand forecast for the months of April, May and June 2020 and; revised proposed factors, a second revised set of supporting documents and, a revised version of a presentation regarding the impact of the January 2020 seismic events.

On the same day, PREPA filed a document titled *Motion to Explain Exhibits Submitted Today* ("Motion to Explain"). In its Motion to Explain, PREPA provided additional details and information regarding the exhibits submitted as part of the March 25 Motions.

After a thorough analysis of the documents presented in the March 13 Compliance Filing, the March 20 Motion, the March 25 Motions, and the Motion to Explain, the Energy Bureau hereby establishes the quarterly FCA, PPCA, and FOS rider factors that will be in effect on April 1, 2020. The CILTA, SUBA-HH, SUBA-NHH and TUP rider factors established in the June 28 Resolution and Order in Case No. CEPR-AP-2015-0001, remain unaltered.

II. Determination on Fuel and Purchased Power reconciliation for the months of December 2019, and January and February 2020.

On the March 13 Compliance Filing and the March 20 Motion, PREPA provided supporting documents to determine the Fuel and Purchased Power cost reconciliation for the months of December 2019, and, January and February 2020. As discussed fully in Part II.2. below, PREPA also submitted the cost impact of the January 2020 seismic events (*i.e.* incremental costs due to the forced shutdown of the Costa Sur Power Plant), including the amounts that it expects to recover from the Federal Emergency Management Agency ("FEMA") and its insurance company. PREPA supplemented this information through the March 25 Motions and the Motion to Explain.

Although we analyze it separately from the FCA and PPCA rider factors calculation contained in Part III of this Resolution and Order, for the purpose of determining the FCA and PPCA rider factors that will be in effect from April 1, 2020 to June 30, 2020, this reconciliation, as well as the determinations regarding the incremental costs due to the forced shutdown of the Costa Sur Power Plant, are considered part of the Prior Period Reconciliation, as such term is defined in PREPA's Tariff Book.

1. Demand Forecast

¹⁵ March 25 Motions, Exhibit I.

¹⁶ This file is an updated version of the file "Estimado de consumo generación y dmax trimestre de abril mayo y junio (REV11feb2020).xlsx"



As stated before, the file "Estimado de consumo, generación y dmax.xlsx" ("Demand Estimates") contains PREPA's demand forecast for the months of April, May and June 2020.¹⁷ To determine the demand forecast, PREPA used historical generation data (in MM kWh) from the last eight years to calculate average daily generation for each year and the variance of such average demand from year to year.¹⁸ The result was then used to estimate the average daily generation for the current year.¹⁹ PREPA adjusted the data used by removing one year at a time to determine the model that better reflects actual generation for the current year.²⁰ Once the proper model is selected, the yearly generation is calculated and allocated monthly using a historical seasonal distribution.²¹ To calculate the expected sales (i.e. expected demand) for each month, PREPA multiplied the expected generation by a historical Transmission and Distribution system efficiency factor,²² which accounts for the technical and non-technical losses in the system.

PREPA forecasts sales in the amount of 1,259.2 GWh, 1,357.6 GWh and 1,384.0 GWh for the months of April, May and June 2020, respectively.²³ After reviewing PREPA's proposed forecast, the Energy Bureau **DETERMINES** that PREPA's methodology is sound and that the sales forecast is reasonable.

2. Fuel Cost Reconciliation

PREPA's actual fuel costs for the months of December 2019 and, January and February 2020 are \$110,982,685.58, \$151,305,989.24 and \$152,369,811.35, respectively.²⁴ Therefore, the fuel cost for this period is $\$110,982,685.58 + \$151,305,989.24 + \$152,369,811.35 = \$414,658,486.17$.

The Prior Period Adjustments for the months of December 2019 and, January and February 2020, which correspond to the actual fuel costs reconciliation for the months of September, October and November 2019 and the fuel costs associated with the reconciliation period after Hurricanes Irma and Maria, are \$38,860,310.07, \$32,340,475.32 and

¹⁷ March 25 Motions, Exhibit J, "Estimado de consumo, generación y dmax.xlsx".

¹⁸ *Id.*, Tab "Extra. Gen".

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*, Tab "Distribución mensual 2020".

²² *Id.*, Cells P28, Q28 and R28.

²³ *Id.*, Tab "Sheet1", Cells H9, I9, J9.

²⁴ See March 13 Compliance Filing, Exhibit A, QUARTER RECONCILIATION FILE DEC19-JAN-FEB20.xlsx, Tab "RECONCILIATION GRAND SUMMARY", Cells F20 to H20.



\$29,813,066.30, respectively.²⁵ Therefore, the total Prior Period Adjustment, corresponding to the months of December 2019 and, January and February 2020 is \$38,860,310.07 + \$32,340,475.32 + \$29,813,066.30 = \$101,013,851.69.

In the March 13 Compliance Filing, PREPA included an additional fuel adjustment in the amount of \$16,351,950.83.²⁶ PREPA argued that this additional adjustment corresponds to a correction made in the Fuel Report for the month of September 2019. According to PREPA, there was an input error regarding the fuel cost associated with the unit Aguirre Combined Cycle 2.²⁷

In its Motion to Explain, PREPA argued that for the month of September 2019 the Aguirre Power Plant reported a consumption of 344,996.28 barrels at a cost of \$32,783,190.73.²⁸ However, according to PREPA, the amount entered in Asset Suite (program used by PREPA to generate its fuel reports) was 171,062.65 barrels at a cost of \$16,257,211.26.²⁹ PREPA stated that "[t]he correct action should have been entering the difference of 73,933.63 BBls (\$16,525,979.47), but the only amount entered in the General Ledger was \$174,026.64."³⁰ PREPA argues that there is still a difference of \$16,351,950.83 to be recovered.³¹

Contrary to PREPA's assertions, the original September 2019 Fuel Report listed the fuel cost associated with the unit Aguirre Combined Cycle 2 as \$16,431,239.90 for 344,996.28 barrels of #2 Fuel Oil.³² This resulted in a cost of \$47.63 per barrel.³³ The updated version of the September 2019 Fuel Report, lists the fuel cost associated with the

²⁵ *Id.*, Cells F21 to H21, and B81:F106.

²⁶ *Id.*, Cell H27.

²⁷ Motion to Explain, pp. 1 – 2.

²⁸ *Id.*

²⁹ *Id.*, p. 2.

³⁰ *Id.* It is important to note that the actual difference in the number of barrels was 344,996.28 - 171,062.65 = 173,933.63. The Energy Bureau interprets the amount listed in the Motion to Explain, (*i.e.* 73,933.63) as a typo.

³¹ *Id.*

³² March 25 Motions, Exhibit I, "REPORTE DE COMBUSTIBLE – Asset Suite – Sept 2019.xls", Tab "Busqueda", Cells AD84 and AE84.

³³ *Id.*, Tab "Reporte", Cell O73



unit Aguirre Combined Cycle 2 as \$32,783,190.73 for 344,996.28 barrels of #2 Fuel Oil.³⁴ This resulted in a cost of \$95.02 per barrel.³⁵

The \$95.02 per barrel cost is consistent with other #2 Fuel Oil costs listed in the original and updated September 2019 Fuel Reports.³⁶ Therefore, the Energy Bureau **DETERMINES** that the \$16,431,239.90 amount listed in the original September 2019 Fuel Report was entered in error and **ACCEPTS** the corrected amount of \$32,783,190.73 as the fuel cost associated with the unit Aguirre Combined Cycle 2 for the month of September 2019. As such, PREPA is allowed to recover the difference between the original and corrected amounts.

After reviewing the documents presented by PREPA, the Energy Bureau **AUTHORIZES** an additional fuel cost adjustment in the amount of \$16,351,950.83,³⁷ corresponding to the correction of the Fuel Report for the month of September 2019. Such additional adjustment will be recovered through the Prior Period Reconciliation of the FCA rider. Hence, the fuel cost to be recovered for the period of December 1, 2019 to February 29, 2020 is $\$414,658,486.17 + \$101,013,851.69 + \$16,351,950.83 = \$532,024,288.69$.

As we stated before, on January 6 and 7, 2020, Puerto Rico experienced two earthquakes that affected PREPA's operations, including the forced shutdown of the Costa Sur Power Plant. This resulted in an increment in operation and fuel costs due to the need to use more expensive peaking units to make up for the generation loss at the Costa Sur Power Plant. Due to the nature of the earthquake disaster, PREPA is seeking reimbursement of these incremental costs from FEMA and its insurance company.

If PREPA were to recover from its customers these incremental costs during the April 1, 2020 to June 30, 2020 period, any amounts reimbursed by FEMA and PREPA's insurance company would have to be returned to the customers at a later cycle. This could introduce some volatility and uncertainty to PREPA's rates. Based on prior experiences with similar reimbursement requests,³⁸ **the Energy Bureau deems prudent to defer the recovery of**

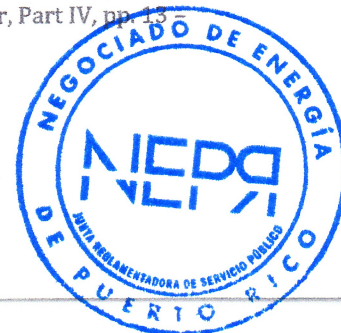
³⁴ March 20 Motion, Exhibit E, "REPORTE DE COMBUSTIBLE - Asset Suite - Sept 2019 Revised 2.26.2020.xls", Tab "Busqueda", Cells AD84 and AE84. These amounts are identical to the amounts PREPA detailed in its Motion to Explain.

³⁵ *Id.*, Tab "Reporte", Cell O73

³⁶ *Id.* For example, the cost per barrel for the fuel used at the Cambalache Power Plant is listed as \$93.53 (Cell O96). Similarly, the cost per barrel for the San Juan 5 and 6 Units is listed as \$96.46 (Cell O121).

³⁷ This is equal to the difference between the corrected fuel cost for the month of September 2019, \$32,783,190.73 and the original listed cost of \$16,431,239.90.

³⁸ In the aftermath of Hurricanes Irma and Maria, besides providing temporary generation assets, FEMA reimbursed PREPA for its incremental costs related to fuel. See June 28 Resolution and Order, Part IV, pp. 13-14.



the incremental cost of fuel due to the January 6 and 7, 2020 earthquakes until such time FEMA and PREPA's insurance company make a determination regarding PREPA's claim.

PREPA estimated the incremental fuel cost associated with the emergency caused by the January 6 and 7, 2020 earthquakes in \$34,177,068.87 and \$29,869,689.74 for the months of January and February 2020, respectively.³⁹ Therefore, the total incremental fuel cost for the period of January and February 2020 is $\$34,177,068.87 + \$29,869,689.74 = \$64,046,758.61$.

PREPA estimated the incremental cost by calculating the difference between forecasted and actual costs.⁴⁰ During the March 17, 2020 Technical Conference, PREPA stated that this estimate is a good approximation of the incremental fuel costs associated with the January 6 and 7, 2020 earthquakes. According to PREPA, the actual amount will be established by FEMA and PREPA's insurance company when they issue their final determinations regarding PREPA's claims.

Moreover, in the Motion to Explain, PREPA expressed that its original approach was to consider the incremental cost associated to the units that burn #2 Fuel Oil and #6 Fuel Oil.⁴¹ However, PREPA will request FEMA to reimburse only the incremental cost associated with the units that burn #2 Fuel Oil.⁴² Therefore, to calculate the incremental fuel costs, PREPA only used the difference between the forecasted and actual costs for those units that burn #2 Fuel Oil.⁴³

Upon reviewing the submitted documents, the Energy Bureau **DETERMINES** that PREPA's methodology for estimating the incremental fuel cost due to the January 6 and 7, 2020 earthquakes, is reasonable. Therefore, the Energy Bureau **DEFERS** the estimated \$64,046,758.61 in incremental fuel cost. Such deferred amount will be applied through the Prior Period Reconciliation of the FCA rider. Therefore, the total fuel cost to be recovered through the Prior Period Reconciliation of the FCA rider is $\$532,024,288.69 - \$64,046,758.61 = \$467,977,530.08$.

³⁹ See March 25 Motions, Exhibit L, "Incremental Cost Analysis - January 2020.xlsx", Tab "2020-01 Forecast vs Real", Cell L17 and; "Incremental Cost Analysis - February 2020.xlsx", Tab "202001 Forecast vs Real", Cell J17. The January estimate covers the period of January 7 - 31, 2020.

⁴⁰ *Id.* Cells L17 and J17, respectively.

⁴¹ Motion to Explain, p. 3.

⁴² *Id.*

⁴³ See March 25 Motions, Exhibit L, "Incremental Cost Analysis - January 2020.xlsx", Tab "2020-01 Forecast vs Real", Cells L3 to L10 and; "Incremental Cost Analysis - February 2020.xlsx", Tab "202001 Forecast vs Real", Cells J3 to J10.



The corresponding revenues for the months of December 2019 and, January and February 2020 are \$129,717,066.88, \$131,224,537.33 and \$120,979,897.34, respectively.⁴⁴ Therefore, the total fuel revenue is \$381,921,501.55 for the period of December 1, 2019 to February 29, 2020.

In this case, the revenue collected by PREPA from December 1, 2019 to February 29, 2020 is lower than the actual fuel costs. Therefore, PREPA must be able to recover the difference from its customers during the next period.

As such, the Energy Bureau **APPROVES** a Prior Period Reconciliation of the FCA rider in the amount of \$86,056,028.53⁴⁵ as fuel cost reconciliation for the months of December 2019 and, January and February 2020. Such adjustment will be implemented during the period of April 1, 2020 to June 30, 2020.

3. Purchased Power Cost Reconciliation

PREPA's actual purchased power costs for the months of December 2019 and, January and February 2020 are \$59,696,278.99, \$50,601,579.18 and \$52,892,794.79, respectively.⁴⁶ This includes a correction on the invoices from EcoEléctrica and AES Puerto Rico, LLC in the amounts of (-\$4,636,090.69) and \$213,887.28, respectively.⁴⁷

In the March 13 Compliance Filing, PREPA requested an adjustment to the AES Ilumina invoice for the month of January 2020 in the amount of \$23,928.07.⁴⁸ However, PREPA could not justify such adjustment. Moreover, in the documents presented as part of the March 13 Compliance Filing, PREPA stated that at that moment it could not confirm if the payment was warranted or if the amount was correct.⁴⁹ During the March 24, 2020

⁴⁴ March 13 Compliance Filing, Exhibit A, QUARTER RECONCILIATION FILE DEC19-JAN-FEB20.xlsx, Tab "RECONCILIATION GRAND SUMMARY", Cells F25 to H25.

⁴⁵ This is equal to the difference between the total fuel cost to be recovered, \$467,977,530.08 and the actual revenue of \$381,921,501.55.

⁴⁶ March 13 Compliance Filing, Exhibit A, QUARTER RECONCILIATION FILE DEC19-JAN-FEB20.xlsx, Tab "RECONCILIATION GRAND SUMMARY". In the March 13 Compliance Filing, PREPA claimed actual purchased power costs of \$50,625,507.25 for the month of January 2020, however the Energy Bureau adjusted said amount to \$50,601,579.18 due to the denial of the AES Ilumina adjustment request, as determined herein.

⁴⁷ *Id.*, Cells N128 and N133. The adjustments for EcoEléctrica correspond to \$32,857.51 for December 2019 and -\$4,668,948.20 for January 2020; the latter due to the application of the Force Majeure Clause of the PREPA-EcoEléctrica Power Purchase and Operating Agreement. The adjustments for AES Puerto Rico, LLC correspond to \$106,551.79, -\$30,254.50 and \$137,589.99 for the months of December 2019, January 2020 and February 2020, respectively.

⁴⁸ *Id.*, Cell O41.

⁴⁹ *Id.*, comment on Cell O41.



Technical Conference, Mr. Miguel Irizarry confirmed that he could not yet determine if the payment was warranted or if the amount was correct. For these reasons, the Energy Bureau **DENIES** the AES Ilumina adjustment request. PREPA may refile for this adjustment once supporting documentation is available.

As a result, the total purchased power cost to be recovered during the December 2019 to February 2020 period is $\$59,696,278.99 + \$50,601,579.18 + \$52,892,794.79 = \$163,190,652.97$.

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The Prior Period Adjustments for the months of December 2019 and, January and February 2020, which corresponds to the actual purchased power reconciliation for the months of September, October and November 2019, and the purchased power costs associated with the reconciliation period after Hurricanes Irma and Maria, are \$4,371,534.72, -\$3,975,177.04 and -\$3,664,516.85, respectively.⁵⁰ Therefore, the total Prior Period Adjustment, corresponding to the months of September, October and November 2019 is $\$4,371,534.72 + (-\$3,975,177.04) + (-\$3,664,516.85) = -\$3,268,159.17$. Hence, the total purchased power cost to be recovered for the period of December 2019 to February 2020 is $\$163,190,652.97 + (-\$3,268,159.17) = \$159,922,493.80$.

The corresponding revenues for the same months are \$68,728,651.92, \$57,866,904.82 and \$53,407,389.54, respectively.⁵¹ Therefore, the total purchased power revenue is $\$68,728,651.92 + \$57,866,904.82 + \$53,407,389.54 = \$180,002,946.28$.

In this case, the revenue collected by PREPA from December 1, 2019 to February 29, 2020 exceeds the actual purchased power costs. Therefore, PREPA must reimburse its customers for the difference.

As such, the Energy Bureau **APPROVES** a Prior Period Reconciliation of the PPCA rider in the amount of $-(\$20,080,452.48)$ ⁵² as purchased power cost reconciliation during the months of December 2019 and, January and February 2020. Such adjustment will be implemented during the billing period of April 1, 2020 to June 30, 2020.

III. Quarterly factors for the January 1, 2020 to March 31, 2020 period

1. FCA

⁵⁰ *Id.* Cells P26, P55, P84 and B81:F111.

⁵¹ *Id.*, Cells P30, P59 and P88.

⁵² This is equal to the difference between the total purchased power cost of \$159,922,493.80 and the actual revenue of \$180,002,946.28.



The estimated cost of fuel for the months of April, May and June 2020 are \$91,529,920.87, \$119,561,214.62 and \$107,996,247.99, respectively.⁵³ Therefore, the total estimated cost of fuel for the period of April 1, 2020 to June 30, 2020 is \$319,087,383.48.

As discussed in Part II.2 of this Resolution and Order, the Prior Period Reconciliation corresponding to the FCA rider is \$86,056,028.53. Hence, the total estimated amount to be recovered by the FCA rider during the aforementioned period is \$319,087,383.48 + \$86,056,028.53 = \$405,143,412.01.⁵⁴

The estimated kWh sales for the months of April, May and June 2020 are 1,259,196,603, 1,357,629,303 and 1,384,047,895, respectively.⁵⁵ Therefore, the total estimated kWh sales for this period is 1,259,196,603 + 1,357,629,303 + 1,384,047,895 = 4,000,873,801.

The FCA rider factor is calculated by dividing the total estimated amount to be recovered, \$405,143,412.01, by the total estimated kWh sales, 4,000,873,801. Therefore, the FCA rider factor to be in effect during the period of April 1, 2020 to June 30, 2020 is \$0.101264/kWh.⁵⁶ Therefore, the Energy Bureau **ORDERS** PREPA to implement an FCA rider factor of \$0.101264/kWh for the period of April 1, 2020 to June 30, 2020.

2. PPCA

The estimated cost of purchased power for the months of April, May and June 2020 are \$70,303,893.03, \$60,953,244.25 and \$70,959,612.95, respectively.⁵⁷ Therefore, the total estimated cost of purchased power for the period of April 1, 2020 to June 30, 2020 is \$70,303,893.03 + \$60,953,244.25 + \$70,959,612.95 = \$202,216,750.23.

⁵³ March 25 Motions, Exhibit K, "April-June 2020 Factors WO Storm Recovery ended March 2020 defer JanFeb031320-Rev032520-Confidential.xlsx", Tab "Attachment 1", Lines 3 - 5.

⁵⁴ This is equal to the sum of the estimated total fuel cost, \$384,382,160.38, and the Prior Period Reconciliation, \$96,914,233.10.

⁵⁵ March 25 Motions, Exhibit K, "April-June 2020 Factors WO Storm Recovery ended March 2020 defer JanFeb031320-Rev032520-Confidential.xlsx", Tab "Attachment 1", Lines 12 - 14.

⁵⁶ In the June 28 Resolution and Order, 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 was equivalent to an adjustment to the FCA rider factor of -(0.0302) ¢/kWh (i.e., -(\$0.000302)/kWh). The applicable period for such adjustment expired on March 31, 2020. Therefore, no further adjustments to the FCA rider is required at this moment.

⁵⁷ March 25 Motions, Exhibit K, "April-June 2020 Factors WO Storm Recovery ended March 2020 defer JanFeb031320-Rev032520-Confidential.xlsx", Tab "Attachment 2" Tab, Lines 3 - 5.



As discussed in Part II.3 of this Resolution and Order, the Prior Period Reconciliation corresponding to the PPCA rider is $-(\$20,080,452.48)$. Hence, the total estimated amount to be recovered by the PPCA rider during the aforementioned period is $\$182,136,297.75$.⁵⁸

As stated before, the estimated kWh sales for the months of April, May and June 2020 are 1,259,196,603, 1,357,629,303 and 1,384,047,895, respectively. Therefore, the total estimated kWh sales for this period is $1,259,196,603 + 1,357,629,303 + 1,384,047,895 = 4,000,873,801$.

The PPCA rider factor is calculated by dividing the total estimated amount to be recovered, $\$182,136,297.75$, by the total estimated kWh sales, 4,000,873,801. Therefore, the PPCA rider factor to be in effect during the period of April 1, 2020 to June 30, 2020 is $\$0.045524/\text{kWh}$.⁵⁹ Therefore, the Energy Bureau **ORDERS** PREPA to implement a PPCA rider factor of $\$0.045524/\text{kWh}$ for the period of April 1, 2020 to June 30, 2020.

3. FOS

The FOS rider provides a subsidy to certain PREPA customers for the first $\$30.00$ per barrel of fuel oil, excluding natural gas, applied to the first 500 kWh of consumption.⁶⁰ It is calculated based on the estimated number of barrels and the forecasted kWh sales.⁶¹ The number of estimated barrels during the April 1, 2020 to June 30, 2020 period is 4,082,940.81.⁶² As we stated before, the total estimated kWh sales for the same period is 4,000,873,801.

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

⁵⁸ This is equal to the sum of the estimated total purchased power cost, $\$202,216,750.23$, and the Prior Period Reconciliation, $-(\$20,080,452.48)$.

⁵⁹ As with the FCA rider, in the June 28 Resolution and Order, 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., $\$0.004034/\text{kWh}$). The applicable period for such adjustment expired on March 31, 2020. Therefore, no further adjustments to the PPCA rider is required at this moment.

⁶⁰ See approved PREPA Tariff Book.

⁶¹ The factor is calculated by multiplying the number of estimated barrels by $\$30$ and dividing that product by the number of forecasted kWh sales.

⁶² March 25 Motions, Exhibit K, "April-June 2020 Factors WO Storm Recovery ended March 2020 defer JanFeb031320-Rev032520-Confidential.xlsx", Tab "Attachment 1", Line 24. It is important to note that the number of barrels for the April-June period (4,082,940.81) almost doubled from the January-March period (2,183,138). The total number of barrels is estimated using an economic dispatch model for the billing period, based on the available generation assets and periods of scheduled maintenance. Since the Costa Sur Power Plant, which burns Natural Gas, is in shutdown due to the damages caused by the January 6 and 7, 2020 earthquakes, PREPA has been forced to dispatch fuel oil-burning units. This is significant since the FOS only applies to fuel oil. It doesn't apply to Natural Gas.



$$FOS\ rider = \frac{-\$30/BBL \times 4,082,940.81\ BBL}{4,000,873,801\ kWh}$$

$$FOS\ rider = -\$0.030615/kWh$$

Therefore, Energy Bureau **ORDERS** PREPA to implement a FOS rider factor equal to $-(\$0.030615)/kWh$ for the period of April 1, 2020 to June 30, 2020.

IV. Rider Summary

After reviewing PREPA's filings, the Energy Bureau **APPROVES** the following factors to be implemented as part of the Permanent Rate on April 1, 2020. The CILTA, SUBA-HH, SUBA-NHH and TUP rider factors, as established by the June 28 Resolution and Order in Case No. CEPR-AP-2015-0001, remain unaltered. The FCA, PPCA and FOS rider factors will be in effect during the billing period of April 1, 2020 to June 30, 2020.

Rider	Factor (\$/kWh)	Effective Dates
FCA	0.101264	April 1, 2020 – June 30, 2020
PPCA	0.045524	April 1, 2020 – June 30, 2020
FOS	-0.030615	April 1, 2020 – June 30, 2020

Attachments 1 and 2 of this Resolution and Order describe the methodology for the calculation of each rider factor. Each Attachment contains a reference to the corresponding supporting documentation.

V. Conclusion

The Energy Bureau **ORDERS** PREPA to apply the rider factors as detailed in Part IV of this Resolution and Order. The FCA, PPCA and FOS rider factors will be in effect from April 1, 2020 to June 30, 2020. The CILTA, SUBA-HH, SUBA-NHH and TUP rider factors, as established by the June 28 Resolution and Order in Case No. CEPR-AP-2015-0001, remain unaltered.

Finally, the Energy Bureau **ORDERS** PREPA to, **on or before 12:00 p.m. June 12, 2020**, submit the proposed FCA, PPCA and FOS rider factors⁶³ that will be in effect on July 1,

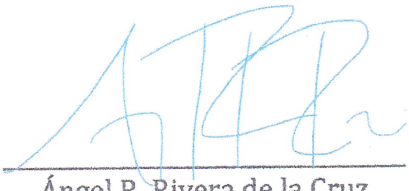
⁶³ The filing shall include copies of all supporting documents, workpapers and information. As per previous Energy Bureau orders, any documents in Excel format shall be submitted (i) in their native/original form with all formulas intact and (ii) as a PDF file.




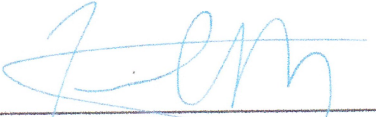
2020, including the proposed reconciliations for the months of March, April and May 2020. The Energy Bureau **ORDERS** PREPA to, **on or before 12:00 p.m. May 29, 2020**, submit the proposed annual CILTA, SUBA-HH and SUBA-NHH rider factors⁶⁴ that will be in effect on July 1, 2020, including the proposed reconciliations for the period of May 1, 2019 to April 30, 2020.

Be it notified and published.


Edison Avilés Deliz
Chair


Ángel R. Rivera de la Cruz
Associate Commissioner

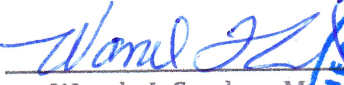

Lillian Mateo Santos
Associate Commissioner


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 March 27, 2020. I also certify that on March 27, 2020 a copy of this Resolution and Order was notified by electronic mail to: astrid.rodriguez@prepa.com, jorge.ruiz@prepa.com, n-vazquez@aeep.com, c-aquino@prepa.com, kbolanos@diazvaz.law. I also certify that today, March 27, 2020, I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

For the record, I sign this in San Juan, Puerto Rico, today March 27, 2020.


Wanda I. Cordero Morales
Clerk



⁶⁴ The filing shall include copies of all supporting documents, workpapers and information. As per previous Energy Bureau orders, any documents in Excel format shall be submitted (i) in their native/original form with all formulas intact and (ii) as a PDF file.

Attachment 1
Puerto Rico Energy Bureau
Fuel Charge Adjustment Factor
For the Months of April 2020 to June 2020



Line No	Item	Amount	Reference
1	Calculation of Fuel Charge Adjustment Factor for April 2020 to June 2020		
2			
3	Estimated Total Cost of Fuel for April 2020	\$ 91,529,920.87	April-June 2020 Factors WO Storm Recovery ended March 2020 defer JanFeb031320-Rev032520-Confidential.xlsx, Tab "Attachment 3" L72
4	Estimated Total Cost of Fuel for May 2020	\$ 119,561,214.62	April-June 2020 Factors WO Storm Recovery ended March 2020 defer JanFeb031320-Rev032520-Confidential.xlsx, Tab "Attachment 3" L72
5	Estimated Total Cost of Fuel for June 2020	\$ 107,996,247.99	April-June 2020 Factors WO Storm Recovery ended March 2020 defer JanFeb031320-Rev032520-Confidential.xlsx, Tab "Attachment 3" L72
6			
7			
8	Prior Period Fuel Reconciliation December 2019	\$ 20,125,928.77	QUARTER RECONCILIATION FILE DEC19-JAN-FEB20.xlsx, Tab "DEC-2019 RECONCILIATION", Cell F29
9	Prior Period Fuel Reconciliation January 2020	\$ 52,421,927.23	QUARTER RECONCILIATION FILE DEC19-JAN-FEB20.xlsx, Tab "JAN-2020 RECONCILIATION", Cell F29
10	Prior Period Fuel Reconciliation February 2020	\$ 77,554,931.15	QUARTER RECONCILIATION FILE DEC19-JAN-FEB20.xlsx, Tab "FEB-2020 RECONCILIATION", Cell F29
11			
12	Cost Differential - possible FEMA/Insurance Reimbursement for January	\$ 34,177,068.87	Incremental Cost Analysis - January 2020.xlsx, Tab "2020-01 Forecast vs Real", Cell L17
13	Cost Differential - possible FEMA/Insurance Reimbursement for February	\$ 29,869,689.74	Incremental Cost Analysis - February 2020.xlsx, Tab "202001 Forecast vs Real", Cell J17
14			
15			
16	Estimated Retail kWh sales for April 2020	1,259,196,603	Estimado de consumo generación y dmax.xlsx, Tab "Sheet1", Cell H9*10^6
17	Estimated Retail kWh sales for May 2020	1,357,629,303	Estimado de consumo generación y dmax.xlsx, Tab "Sheet1", Cell I9*10^6
18	Estimated Retail kWh sales for June 2020	1,384,047,895	Estimado de consumo generación y dmax.xlsx, Tab "Sheet1", Cell J9*10^6
19			
20			
21	Estimated Total Cost of Fuel	\$ 319,087,383.48	L3+L4+L5
22	Prior Period Reconciliation	\$ 86,056,028.53	L8+L9+L10-L12-L13
23	Estimated Applicable Retail kWh Sales	4,000,873,801	L16+L17+L18
24			
25	Fuel Charge Adjustment for April 2020 to June 2020 (\$/kWh)	\$ 0.101264	(L17+L18)/L19
26			
27			
28	Estimated Total Barrels of Oil for Fuel Oil Subsidy Factor	4,082,940.81	April-June 2020 Factors WO Storm Recovery ended March 2020 defer JanFeb031320-Rev032520-Confidential.xlsx, Tab "Attachment 3", L73-L1
29			
30	Fuel Oil Subsidy Factor for \$30/barrel (\$/kWh)	\$ 0.030615	(30*L24)/L19

Attachment 2
 Puerto Rico Energy Bureau
 Purchased Power Charge Adjustment Factor
 For the Months of April 2020 to June 2020



Line No	Item	Amount	Reference
1	Calculation of Purchased Power Charge Adjustment Factor for April 2020 to June 2020		
2			
3	Estimated Total Cost of Purchased Power for April 2020	\$ 70,303,893.03	April-June 2020 Factors WO Storm Recovery ended March 2020 defer JanFeb031320-Rev032520-Confidential.xlsx, Tab "Attachmer
4	Estimated Total Cost of Purchased Power for May 2020	\$ 60,953,244.25	April-June 2020 Factors WO Storm Recovery ended March 2020 defer JanFeb031320-Rev032520-Confidential.xlsx, Tab "Attachmer
5	Estimated Total Cost of Purchased Power for June 2020	\$ 70,959,612.95	April-June 2020 Factors WO Storm Recovery ended March 2020 defer JanFeb031320-Rev032520-Confidential.xlsx, Tab "Attachmer
6			
7			
8	Prior Period Purchased Power Reconciliation December 2019	\$ (4,660,838.21)	QUARTER RECONCILIATION FILE DEC19-JAN-FEB20.xlsx, Tab "DEC-2019 RECONCILIATION", Cell N34
9	Prior Period Purchased Power Reconciliation January 2020	\$ (11,240,502.68)	QUARTER RECONCILIATION FILE DEC19-JAN-FEB20.xlsx, Tab "JAN-2020 RECONCILIATION", Cell N34
10	Prior Period Purchased Power Reconciliation February 2020	\$ (4,179,111.59)	QUARTER RECONCILIATION FILE DEC19-JAN-FEB20.xlsx, Tab "FEB-2020 RECONCILIATION", Cell N34
11			
12			
13	Estimated Total Cost of Purchased Power	\$ 202,216,750.23	L3+L4+L5
14	Prior Period Reconciliation	\$ (20,080,452.48)	L8+L9+L10
15	Estimated Applicable Retail kWh Sales	4,000,873,801	April-June 2020 Factors WO Storm Recovery ended March 2020 defer JanFeb031320-Rev032520-Confidential.xlsx, Tab "Attachmer
16			
17	Purchased Power Adjustment for April 2020 to June 2020 (\$/kWh)	\$ 0.045524	(L13+L14)/L15