

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

~~NEPR~~
Received:
May 15, 2020
12:02 PM

IN RE:

**PUERTO RICO ELECTRIC POWER
AUTHORITY PERMANENT RATE**

CASE NO.:
NEPR-MI-2020-0001

SUBJECT:
Motion to Submit Reconciliations for the
Months of March and April 2020.

**MOTION TO SUBMIT RECONCILIATIONS FOR THE MONTHS
OF MARCH AND APRIL 2020 AND RECALCULATION
OF PROPOSED RIDER FACTORS**

TO THE PUERTO RICO ENERGY BUREAU:

COMES NOW the Puerto Rico Electric Power Authority through the undersigned legal representation and respectfully sets forth and pray:

1. On April 25, 2019, the Puerto Rico Energy Bureau of the Public Service Regulatory Board (the “Energy Bureau”) entered *Resolution and Order* in which it established the process for the approval of the factors associated with the fuel adjustment, purchased power, fuel oil subsidy, CILT cost adjustment, human and non-human subsidies and the energy efficiency riders. The Energy Bureau determined that the factors associated with the fuel adjustment, purchased power, fuel oil subsidy were going to be reviewed and approved by the Energy Bureau on a quarterly basis.

2. On March 13, 2020, PREPA submitted the reconciliations for the months of December 2019 and January and February 2020 (the “March Submittal”).

3. However, on April 23, 2020, the Energy Bureau ordered

PREPA to submit monthly reconciliations of fuel and purchased power costs, starting with the month of April 2020. PREPA must submit the information in the same format used for the quarterly reconciliations. Additionally, PREPA must submit such information no later than the end

of the second week of the month following the billing cycle for which information is being submitted. For example, for the month of April 2020, PREPA must submit the reconciliation on or before 12:00 p.m. May 15, 2020.¹

4. Given that PREPA cannot reconcile the month of April 2020 without first reconciling the month of March 2020, which was not considered for the determination of the last quarter's proposed rider factors, PREPA hereby submits, in compliance with the April 13 2020 Order, the reconciliation for the months of March and April 2020. Exhibit A.

5. The April 13 2020 Order also directs PREPA to “include, for Energy Bureau review and approval, the proposed FCA, PPCA and FOS rider factors to be implemented in the remaining billing cycles of the quarter” “[if for] any given month PREPA calculates that the difference between the actual and estimated fuel and purchased power is more than \$20 million[.]”² Both the reconciliation of March and April 2020 reflect a difference of more than \$20 million between the actual and estimated fuel and purchase power cost. Therefore, PREPA recalculated the proposed FCA, PPCA and FOS rider factors to be implemented in the remaining billing cycles of the quarter and hereby submits them to the Energy Bureau. Exhibit B.

6. If the Energy Bureau approves the recalculation of the proposed rider factors as submitted, PREPA's customers will benefit from a reduction of approximately 4¢ per kWh in their energy bill. For example, a residential customer that uses around 800kWh of energy in a given month will see an estimated reduction of \$31.98 in their energy bill. Likewise, a commercial customer that consumes around 91,800kWh a month will have an estimated reduction of around \$3,670.22.

¹ *Resolution and Order* entered on April 23, 2020 (the “April 13 Order”).

² *Id.* pag. 2.

7. Also, and as done for the prior quarter, PREPA hereby includes a calculation of the additional expenses incurred by PREPA in the operation of the peaking units to substitute for the Costa Sur units 5 and 6 generation. At this time PREPA requests that these amounts be deferred and not collected from PREPA's customers.

8. As Mr. Arturo Deliz, Director of the Disaster Funding Management Office, declared before the Energy Bureau, PREPA expects that these additional expenses will be reimbursed by FEMA or PREPA's insurance carrier in the near future. To that effect, PREPA and FEMA have exchanged several communications which show that FEMA has already approved the temporary relocation of the services that the Costa Sur Power Plant provided through its Public Assistance Program. Exhibit C. This assistance covers the fuel used to operate the peaking units that are being used to substitute Costa Sur's generation. *Id.* Accordingly, and given the expected reimbursement of costs related to the above, PREPA recommends that the Energy Bureau defer the amounts to be reimbursed by FEMA or the insurance carrier and find that these should not be collected from PREPA customers at this time. Exhibit D.

WHEREFORE, PREPA respectfully requests the Energy Bureau to note the filing of the reconciliations for the months of March and April 2020, approve PREPA's recalculation of the proposed FCA, PPCA and FOS rider factors to be implemented in the remaining billing cycles of the quarter and to note FEMA's correspondence related to the reimbursement of the deferment herein requested.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 15th day of May 2020.

/s Katuska Bolaños
Katuska Bolaños
kbolanos@diazvaz.law
TSPR 18,888

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Exhibit A

Reconciliations for the months of March and April 2020

[*The native form of this exhibit has been filed under seal* and the public version can be downloaded at https://diazvaz-my.sharepoint.com/:f/g/personal/kbolanos_diazvaz_law/EuKZiOuXqNNFhDnV1AIAEcMBBfPvfsH3fzoHDRdPwwqt0A?e=34tMVq]

Exhibit B

Proposed Factors remaining billing cycles of the quarter

[*The native form of this exhibit has been filed under seal* and the public version can be downloaded at https://diazvaz-my.sharepoint.com/:f:/g/personal/kbolanos_diazvaz_law/EuKZiOuXqNNFhDnV1AIAEcMBBfPvFsH3fzoHDRdPwwqt0A?e=34tMVq]

Exhibit C

FEMA Correspondence



FEMA

MAR 13 2020

Ottmar J. Chávez Piñero
Executive Director, COR3
Governor's Authorized Representative
P.O. Box 195014
San Juan Puerto Rico 00918-5014

RE: FEMA-4473-DR-PR
PR Electric and Power Authority
Request for Information

Dear Mr. Chávez Piñero:

This letter is in response to March 2, 2020 request for Public Assistance (PA) funding or for Direct Federal Assistance (DFA) for emergency power generation needed as a result of the earthquake damage to Costa Sur Power Plant. The information submitted by the Applicant is insufficient to complete the review of the request.

Currently, FEMA is evaluating the Applicant's request for eligibility. If deemed eligible, funding will be made available thru the PA Program; FEMA will not be considering the provision of temporary generation via DFA. FEMA is requesting the following additional information or clarification to complete its evaluation:

1. Has PREPA identified any other alternate power generation sources to mitigate the shortage in base generation? If so, list those alternate sources.
2. Provide clarification on the period for the use of the emergency generators.
PREPA's letter indicates the estimated cost per month to be \$71M, then discusses that the "high demand season forthcoming that will commence in next May and extend until end of next October" which is 6 months. However, in Attachment I – *Resolution 4759 Request for Proposal Temporary Emergency Generation*, it indicates "At present, the preliminary determination is that temporary generation will be required for at least twelve (12) months, with PREPA's option to extend for an additional six (6) months".
3. Provide the timeline to get Units #5 and #6 operational.
PREPA's letter mentions the timeline to do safety and structural assessments of the facility, but there is no indication on the timeline to make Units #5 and #6 operational. All other units in Costa Sur Power Plant were out of service or not operational before the earthquakes.
4. Provide the benefit cost analysis.
PREPA's letter (page 5), indicates: "a benefit cost analysis will be performed to ultimately maximize the use of the funds and limit excess cost while still achieving the desired outcome."
5. PREPA has indicated potential insurance coverage for repairs to the facility and the emergency protective measures. Provide a copy of both insurance policies.

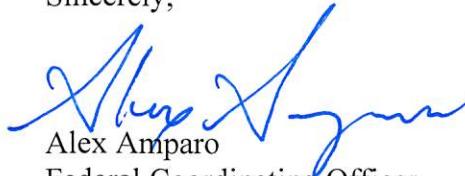
Ottmar J. Chávez Piñero
PR Electric and Power Authority
March 13, 2020
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6. Provide additional details of plan or processes that PREPA will put in place to ensure that no costs associated with federal reimbursements be passed on to the clients.
7. Provide specific location(s) where PREPA plans to place the generator(s).
8. Provide specific geographic area(s) that will receive the power that is generated.
9. Provide a report showing the actual power generated by Units #5 and #6 of CSPP during the last 12 months.

FEMA asks that the information is provided within two weeks of receiving this letter and the response be mailed to dr-4473-pa@fema.dhs.gov; afterward FEMA will review the documentation and take appropriate action.

Should you have any questions or require further assistance, please contact Sidney Melton, Infrastructure Director for FEMA-4473-DR-PR at sidney.melton@fema.dhs.gov.

Sincerely,



Alex Amparo
Federal Coordinating Officer
FEMA-4473-DR-PR



FEMA

April 16, 2020

Mr. Ottmar Chávez Piñero
Executive Director
Central Office for Recovery and Reconstruction, COR3
Governor's Authorized Representative
Commonwealth of Puerto Rico
P.O. Box 195014
San Juan, PR, 00918-5014

Re: FEMA-4473-DR-PR
PREPA's Category B PW Request for Temporary Relocation of Essential Services

Dear Mr. Chávez:

This letter is in response to the Government of Puerto Rico's (Recipient) March 31, 2020 request on behalf of Puerto Rico Electric Power Authority (PREPA; Subrecipient) for a FEMA-4473-DR-PR, Category B Project Worksheet (PW) for emergency power generation. As mentioned on FEMA's Request for Information (RFI), dated March 13, 2020, FEMA will not be considering the provision of temporary generation via Direct Federal Assistance (DFA). Nevertheless, FEMA is approving the temporary relocation of essential services, generated by the Costa Sur power plant, through its Public Assistance Program.

As established by PREPA, Units 5 & 6 at the Costa Sur power plant, which provides 26% of Puerto Rico's power generation system, suffered severe damages as a result of the earthquakes beginning on December 28, 2019 and continuing through February 4, 2020. The loss of generation produced by Costa Sur has caused a deficiency in the capacity of the power system to deliver electricity to the Commonwealth of Puerto Rico. Therefore, since Costa Sur remains inoperable, the critical service it provides must be relocated.

Furthermore, in addition to power loss and damages sustained by facilities located in Costa Sur, the entire facility has been determined unsafe by the Occupational Safety and Health Administration (OSHA). Consequently, all employees have been instructed to evacuate the facility.

In accordance with the Public Assistance Program and Policy Guide (PAPPG), the temporary relocation of essential services provided by a facility that is unsafe, inaccessible, or destroyed as a result of a declared event are considered eligible.¹ Hence, the essential services provided by

¹ Temporary Relocation of Essential Services. See FP 104-009-2, PAPPG, Chapter 2.VI.B.17, at 76. (April 2018)

Mr. Chávez
PREPA, CAT B
April 15, 2020
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PREPA, through its Costa Sur power plant, are deemed eligible to be temporarily relocated to another facility. However, all costs associated with operating and maintaining the temporary facility will not be considered eligible for PA funding. Once temporary generation initiates, the use of the “Peaking Units”, currently utilized by PREPA to compensate for energy deficiency, will not be eligible for PA funding.

Even though the temporary relocation of essential services is considered eligible, FEMA is requesting that PREPA provides the additional information mentioned below for FEMA to determine the extent of PA funding that can be allocated for the temporary relocation of essential services.

1. Projected timeframe to get Unit 5 fully operational.
2. Number of generators needed, once temporary generation compensation is only required for Unit 6 being down.
3. A cost analysis to demonstrate the most cost-effective and practical option for temporary generation.

FEMA asks that the requested information is provided within two weeks of receiving this letter and the response be mailed to DR-4473-PA@fema.dhs.gov. Subsequently, FEMA will review the documentation and proceed with the PA grant formulation.

Should you have any questions or require further assistance, please contact Sidney Melton Infrastructure Branch Director for FEMA-4473-DR-PR at Sidney.Melton@fema.dhs.gov

Sincerely,

**ALEXIS
AMPARO**

Alex Amparo
Federal Coordinating Officer
FEMA-4473-DR-PR

Digitally signed by
ALEXIS AMPARO
Date: 2020.04.15
20:27:51 -04'00'

Attachments:

COR3's Letter dated 3-31 to FCO Amparo and IBD Melton regarding PREPA's CAT B PW Request from 3-19-20

Attachment A / PREPA's Letter dated 3-28-20 to COR3 regarding FEMA's RFI FCO Letter dated 3-13-20

Attachment B / PREPA's Letter dated 3-2-20 / Req for Temp Generation following FEMA-4473-DR-PR FCO Letter dated 3-13-20 to COR3 GAR re: 4473 PREPA RFI

Attachment D / Appendix A – Sites for Temporary Generation

Exhibit D

Deferment calculation

[This exhibit has been filed under seal.]