

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



IN RE: PUERTO RICO ELECTRIC POWER
AUTHORITY PERMANENT RATE

CASE NO.: NEPR-MI-2020-0001

SUBJECT: PREPA's Motion to Submit
Reconciliations for the Months of March and
April 2020 and Recalculation of Proposed
Rider Factors.

RESOLUTION AND ORDER

On April 23, 2020, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("April 23 Resolution and Order") through which it determined prudent to closely monitor the Puerto Rico Electric Power Authority's ("PREPA") fuel costs and consumption "in order to evaluate if it is necessary to activate and implement the \$20 million deviation provision contained in the Fuel Charge Adjustment Rider and the Purchased Power Charge Adjustment Rider".¹ Therefore, the Energy Bureau ordered PREPA to submit monthly reconciliations of fuel and purchased power costs, starting with the month of April 2020. The first submission was due on or before 12:00 p.m. of May 15, 2020.²

On May 15, 2020, PREPA filed before the Energy Bureau a document titled *Motion to Submit Reconciliations for the Months of March and April 2020 and Recalculation of Proposed Rider Factors* ("Motion"). As part of its Motion, PREPA submitted the reconciliation for the months of March and April 2020.³ PREPA argues that 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."⁴ Therefore, PREPA submitted the recalculated proposed factors for the FCA rider, PPCA rider and FOS rider to be implemented in the remaining billing cycles of the current quarter.⁵ PREPA also submitted a calculation of the additional expenses incurred by PREPA in the operation of the peaking units to substitute the generation at the

¹ April 23 Resolution and Order, pp. 2-3.

² *Id.*, p. 3.


³ See Motion, Exhibit A, RECONCILIATION FILE MARCH-APRIL 2020 (VALUES ONLY).xlsx.

⁴ *Id.*, p. 2.

⁵ *Id.*, Exhibit B, March and April 2020 Reconciliation by PREB Order April 23 2020Rev 05152020 with FEMA defer Values.xlsm.

Costa Sur Power Plant. PREPA requested that such costs be deferred at this time based on their expected reimbursement by FEMA or the insurance carrier.⁶

Upon review of PREPA's Motion, the Energy Bureau **ORDERS** PREPA to file, **on or before 12:00 p.m. on May 20, 2020**, the following information:

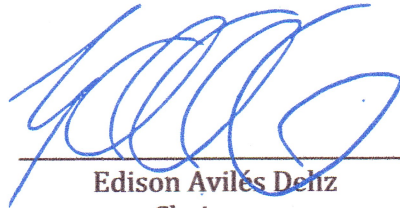
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1. Refer to document titled *Reconciliation File March-April 2020.xlsx*, filed as Exhibit A, which establishes the Average Cost per Barrel for March 2020 and April 2020 as \$71.64 and \$63.49, respectively. Provide the average cost per barrel as of May 18, 2020 and the percent of the total capacity of the storage tanks (owned or rented by PREPA) for which PREPA acquired fuel at said cost. Inform the capacity of each storage tank and the percentage of each tank that was acquired at the May cost.
 2. Provide any updates of the communications between PREPA and/or COR3 and FEMA related to the deferral of the recovery of the incremental cost of fuel, as approved in the April 23 Resolution and Order, and the deferral requested as part of this process. Include any type of communications between PREPA and FEMA, such as emails, letters, etc.
 3. As required in the April 23 Resolution and Order, PREPA must submit the Excel files corresponding to the documents submitted as Exhibit D of the Motion (*i.e.*, document titled *PREPA Peaking Generator Analysis-Earthquake Summary* and the Table included in the document titled *Emergency - Peaking Units DI Jan-March Actuals*), with their formulae intact.

The Energy Bureau **REMINDS** PREPA that noncompliance with the Energy Bureau's orders, applicable law or regulations may carry the imposition of fines of up to \$25,000.00 per day per violation.

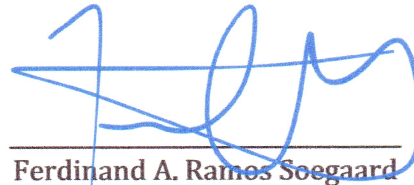
Be it notified and published.



⁶ PREPA included as Exhibit C of the Motion correspondence related to the reimbursement of the deferment requested. Additionally, PREPA included as Exhibit D the calculation for the deferment, for which PREPA requested confidential designation and treatment. See Request for Confidential Designation of Attachments to Motion to Submit Reconciliations for the Months of March and April 2020 and Recalculation of Proposed Rider Factors, May 15, 2020.


Edison Avilés Deliz
Chairman


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 May 18, 2020. Associate Commissioner Ángel R. Rivera de la Cruz dissented with a written opinion. I also certify that on May 18, 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, May 18, 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 May 18, 2020.


Wanda I. Cordero Morales
Clerk



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Rider Factors.

Associate Commissioner Ángel R. Rivera de la Cruz, dissenting

Today, the majority of the Puerto Rico Energy Bureau ("Energy Bureau") issued a Resolution and Order through which it requested the Puerto Rico Electric Power Authority ("PREPA") to submit additional information regarding the document titled *Motion to Submit Reconciliations for the Months of March and April 2020 and Recalculation of Proposed Rider Factors* ("Motion"), filed on May 15, 2020. Since I believe the information request is incomplete, I dissent.

* * *

As stated in today's Resolution and Order, PREPA filed the Motion on May 15, 2020, pursuant to the April 23, 2020 Resolution and Order ("April 23 Resolution and Order") issued by the Energy Bureau in the instant case. Through the April 23 Resolution and Order, the Energy Bureau determined prudent to monitor PREPA's fuel costs and consumption on a monthly basis.¹ As stated in today's Resolution and Order, PREPA submitted proposed factors for the Fuel Cost Adjustment ("FCA") Rider, the Purchased Power Cost Adjustment ("PPCA") Rider and the Fuel Oil Subsidy ("FOS") Rider, to be implemented in the remaining billing cycles of the current quarter.² Such riders included reconciliations for the months of March and April 2020.

As part of the March and April reconciliation, PREPA proposed adjustments in the amount of -(\$34,487,033) and -(\$47,996,026), respectively.³ According to PREPA, such adjustments correspond to a possible reimbursement of certain fuel costs to be provided by

¹ April 23 Resolution and Order, pp. 2 – 3. The purpose of the monthly requirement was to determine "if it is necessary to activate and implement the \$20 million deviation provision contained in the Fuel Charge Adjustment Rider and the Purchased Power Charge Adjustment Rider". *Id.*

² Motion, Exhibit B, "March and April 2020 Reconciliation by PREB Order April 23 2020Rev 05152020 with FEMA defer Values.xlsm".

³ *Id.*, Tab "Attachment 1", Cells C45 and C47.

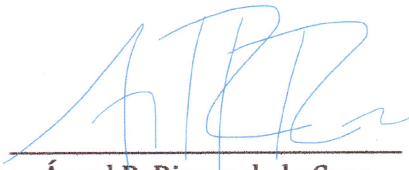
the Federal Emergency Management Agency and/or PREPA's insurance company, due to the incremental costs associated with the seismic events of January 2020.⁴

Although the Energy Bureau permitted similar adjustments during the approval process of the current FCA, PPCA and FOS rider factors,⁵ on this occasion PREPA failed to provide supporting data and/or documents to justify the proposed reconciliation associated with the referenced possible reimbursement. Therefore, in order to fully evaluate PREPA's proposal, such supporting data and/or documents are necessary.

For all of the above, I would have included the following requests on today's Resolution and Order:

- (1) Documents that justify the proposed adjustment of \$34,487,033 shown in Cell C45, Tab "Attachment 1", of the document titled *March and April 2020 Reconciliation by PREB Order April 23 2020Rev 05152020 with FEMA defer.xlsx*, filed as Exhibit B. PREPA must include all workpapers and Excel files with formulae intact that reflect the calculation of the aforementioned adjustment and a narrative explaining the computation, and the nature and source of said computation.
- (2) Documents that justify the proposed adjustment of \$47,996,026 shown in Cell C47, Tab "Attachment 1", of the document titled *March and April 2020 Reconciliation by PREB Order April 23 2020Rev 05152020 with FEMA defer.xlsx*, filed as Exhibit B. PREPA must include all workpapers and Excel files with formulae intact that reflect the calculation of the aforementioned adjustment and a narrative explaining the computation, and the nature and source of said computation.

Therefore, I dissent.



Ángel R. Rivera de la Cruz
Associate Commissioner

In San Juan, Puerto Rico, on May 18, 2020.



⁴ *Id.*, Cells D45 and D47.

⁵ Resolution and Order, In Re: Puerto Rico Electric Power Authority Permanent Rate, Case No. NEPR-MI-2020-0001, March 27, 2020, pp. 7 – 9. On that occasion, the Energy Bureau approved to defer \$64,046,758.61 until such time PREPA obtained a final decision from FEMA and/or its insurance company. *Id.*, p. 8.