

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: Technical Conference Meeting.

RESOLUTION AND ORDER

On May 15, 2020, the Puerto Rico Electric Power Authority ("PREPA") filed before the Energy Bureau of the Public Service Regulatory Board ("Energy Bureau") a document titled *Motion to Submit Reconciliations for the Months of March and April 2020 and Recalculation of Proposed Rider Factors* ("Motion") in response to the Energy Bureau's April 23, 2020 Resolution and Order.¹ As part of its Motion, PREPA submitted the reconciliation for the months of March and April 2020.² Additionally PREPA submitted the recalculated proposed factors for the Fuel Charge Adjustment ("FCA") rider, the Purchased Power Charge Adjustment ("PPCA") rider and the Fuel Oil Subsidy ("FOS") rider to be implemented in the remaining billing cycles of the current quarter.³ 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 Costa Sur Power Plant. PREPA requested that such costs be deferred at this time based on their expected reimbursement by the Federal Emergency Management Agency ("FEMA") or its insurance carrier.⁴

On May 18, 2020, the Energy Bureau issued a Resolution and Order ("May 18 Resolution and Order") through which it required PREPA to provide additional information related to (i) the average cost per barrel as of May 18, 2020, (ii) updates of the communications between PREPA and/or the Central Office for Recovery, Reconstruction and Resiliency ("COR3") and FEMA related to the deferral of the recovery of the incremental cost

¹ Resolution and Order, In Re: Puerto Rico Electric Power Authority Permanent Rate, Case No. NEPR-MI-2020-0001, April 23, 2020.

² See Motion, Exhibit A, RECONCILIATION FILE MARCH-APRIL 2020 (VALUES ONLY).xlsx.

³ *Id.*, Exhibit B, March and April 2020 Reconciliation by PREB Order April 23 2020Rev 05152020 with FEMA defer Values.xlsm.

⁴ 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.

of fuel, and (iii) Exhibit D of the Motion in Excel format with formulae intact.⁵ PREPA's submission was due on or before 12:00 p.m. on May 20, 2020.

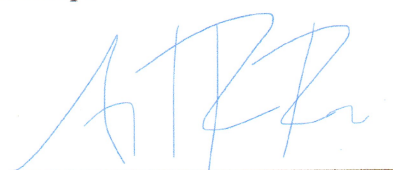
On May 20, 2020, PREPA filed before the Energy Bureau a document titled *Motion in Compliance with Order entered on May 18, 2020* ("May 20 Compliance Filing"). Through the May 20 Compliance Filing, PREPA submitted "the monthly Fuel Office report, the Fuel Office detailed transactions report, the monthly tally of the fuel barrels consumption, the fuel consumption report, a report of price per barrels received (not paid) by PREPA from March to May 18."⁶ Additionally, PREPA provided a detailed description of the internal processes related to the preparation of the itinerary from fuel deliveries to the payment of the suppliers' invoices.⁷ PREPA also submitted communications between PREPA, FEMA and COR3 relevant to the deferral of the recovery of the fuel costs associated with the operation of the peaking units used to substitute the generation from the Costa Sur Facility.⁸ Lastly, PREPA submitted Exhibit D of the Motion in Excel format, with original formulae and back-up data.⁹

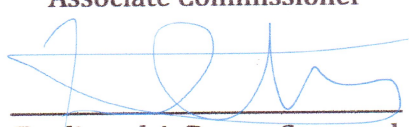
Upon review of PREPA's Motion and the May 20 Compliance Filing, the Energy Bureau **ORDERS** PREPA to attend a Technical Conference meeting to be held via telephone on **May 22, 2020 at 2:00 p.m.** As part of the Technical Conference, PREPA representatives shall have all pertinent documents (*i.e.*, printed and digital) readily available and shall be prepared to address the questions included as Annex A of this Resolution and Order, and any additional questions from the Energy Bureau related to the Motion and the May 20 Compliance Filing. The Energy Bureau will provide dial-in information in a separate communication.

Be it notified and published.


Edison Avilés Deliz
Chairman


Lillian Mateo Santos
Associate Commissioner


Ángel R. Rivera de la Cruz
Associate Commissioner


Ferdinand A. Ramos Soegaard
Associate Commissioner

⁵ May 18 Resolution and Order, p. 2.

⁶ May 20 Compliance Filing, p. 2. PREPA included the aforementioned documents as Exhibit A.

⁷ *Id.*, pp. 2-6.

⁸ Exhibit B, May 20 Compliance Filing.

⁹ Exhibit C, May 20 Compliance Filing. PREPA filed Exhibit C under seal and requested confidential designation and treatment. See Request for Confidential Designation of Attachments to Motion in Compliance with Order Entered on May 18, 2020, May 20, 2020.



CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on May 21, 2020. Associate Commissioner Ángel R. Rivera de la Cruz concurred with a written opinion. I also certify that on May 21, 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 21, 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 21, 2020.


Wanda I. Cordero Morales
Clerk





Annex A

Questions for Technical Conference Meeting

1. Refer to Exhibit C of the Motion. The FEMA correspondence presented in Exhibit C indicates that funding related to the replacement power for the earthquake damage to the Costa Sur Power Plant will not be forthcoming under the Direct Federal Assistance (DFA) program but, if deemed eligible, will be forthcoming under the Public Assistance (PA) program. PREPA had applied for FEMA assistance under both programs. Does the fact that the assistance would be coming under the PA program rather than under both the DFA and PA programs have any impact on the amounts of FEMA assistance that PREPA is expecting? If yes:

- a) How does that affect the amounts of FEMA assistance that PREPA is expecting?
- b) How was that reflected in the reimbursement estimates PREPA reflected in its May 15, 2020 filing?

2. Refer to Exhibit C of the Motion, FEMA correspondence. The FEMA April 15, 2020 letter at page 2 states that: "... 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." Does this clarification regarding eligibility for PA funding stated by FEMA have any impact on the amounts of anticipated FEMA assistance that PREPA had estimated?

- a) If yes, how does this FEMA clarification impact the amounts of FEMA funding that PREPA had estimated?
- b) If not, explain fully why not.

3. Refer to Exhibit B of the Motion - Recalculated Factors\[March and April 2020 Reconciliation by PREB Order April 23 2020Rev 05152020 with FEMA defer Values.xlsx] tab Attachment 1:

- a) What is the source for the figures in cells C44 through C47 (are all typed in amounts)?

\$	11,957,169.46	Reconciliation March 2020
\$	(34,487,033.00)	Cost Differential - possible FEMA/Insurance Reimbursement for March
\$	4,446,610.53	Reconciliation April 2020
\$	(47,996,026.00)	Cost Differential - possible FEMA/Insurance Reimbursement for April

- b) What is the source for the "New factor to be added to June 2020" of (0.047743) in Cell C50 and how was that calculated?

- c) The new FCA rate of \$0.053521 per kWh appears to be the result of adding (1) the "New factor to be added to June 2020" of (0.047743) from Cell C50 and (2) the Fuel Charge Adjustment for April 2020 to June 2020 (\$/kWh) of

\$0.101264 per kWh on line 21 (cell C30). Why is that \$0.053521 per kWh the correct FCA rate for June 1, 2020 and not the Revised fuel cost / June 2020 sales result of \$0.388134 per kWh (cell C49), which results from dividing the Revised Fuel Cost including March and April 2020 Reconciliations of \$41,916,968.98 (cell C48) by the Estimated Retail kWh sales June 2020 on line 14 of 1,384,047,894.51? Please explain.

4. Refer to Exhibit B of the Motion - Recalculated Factors\[March and April 2020 Reconciliation by PREB Order April 23 2020Rev 05152020 with FEMA defer Values.xlsm] tab Attachment 2:

- a) What is the source for the figures in cells C31 through C32 (are typed in amounts)?

\$	3,668,917.59	Reconciliation March 2020
\$	7,075,285.10	Reconciliation April 2020

- b) How is the "New factor to be added to June 2020" of \$0.007763 per kWh derived (it is a typed in value amount in the Excel file)?

- c) The new PPCA rate of \$0.053287 per kWh appears to be the result of adding (1) the "New factor to be added to June 2020" of \$0.007763 from Cell C35 and (2) the Purchased Power Charge Adjustment for April 2020 to June 2020 (\$/kWh) of \$0.045524 per kWh on line 17 (cell C26). Why is that the correct PPCA rate for June 1, 2020? Why isn't the Revised Purchase Power cost / June 2020 sales of \$0.059033 per kWh (cell C34), which is apparently derived by dividing the Revised Purchase Power Cost of \$81,703,815.64 (cell C33) including March and April 2020 Reconciliations by the Estimated Retail kWh sales June 2020 on line 20 of 1,384,047,894.51 the appropriate PPCA rate to use starting June 1, 2020:

\$	81,703,815.64	Revised Purchase Power Cost including March and April 2020 Reconciliations
	1,384,047,894.51	Estimated Retail kWh sales June 2020
	0.059032506	Cell C34

Please explain.

5. Refer to Exhibit A of the Motion, related to the Reconciliation and Reconciliations Excel files. Please explain the source and flow of those calculations.
6. Refer to Exhibit D of the Motion - Deferment Calculations. Does this reflect any updates or revisions from what PREPA had previously presented in conjunction with the derivation of the current FCA and PPCA rates that were effective on April 1, 2020?

- a) If so, what was updated and why?

7. Refer to Exhibit B of the Motion, "March and April 2020 Reconciliation by PREB Order April 23 2020Rev 05152020 with FEMA defer," tab Attachment 2, cell C23. How is the \$(20,080,452.48) calculated? According to the spreadsheet, the reference is



L8+L9+L10, but when the amounts on those lines are added, the result appears to be \$(20,056,524).

8. Refer to Exhibit B of the Motion, "March and April 2020 Reconciliation by PREB Order April 23 2020Rev 05152020 with FEMA defer," tab Attachment 1, cells B37 and C37. Where does the \$34,177,068.87 amount come from? Where is it calculated?
9. Refer to Exhibit B of the Motion, "March and April 2020 Reconciliation by PREB Order April 23 2020Rev 05152020 with FEMA defer," tab Attachment 1, cells B38 and C38. Where does the \$29,869,689 amount come from? Where is it calculated?
10. Refer to Exhibit A of the May 20 Compliance Filing – "Precio Ponderado Directorado de Generación Diario Combustible.xlsx". In these tables there is a notable decrease in the fuel price per barrel during the month of May. Provide a revised calculation for the 'Estimated Total Cost of Fuel for June 2020' reflecting the expected costs of fuel during the coming month.



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CASE NO.: NEPR-MI-2020-0001

SUBJECT: Technical Conference Meeting.

Associate Commissioner Ángel R. Rivera de la Cruz, concurring

Today, the Puerto Rico Energy Bureau ("Energy Bureau") issued a Resolution and Order in the instant case, through which it ordered the Puerto Rico Electric Power Authority ("PREPA") to attend a Technical Conference on Friday, May 22, 2020 at 2:00 p.m ("May 22 Technical Conference"). The Energy Bureau also instructed PREPA to be prepared to address all questions included in Annex A of today's Resolution and Order. For the reasons stated herein, I concur.

* * *

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"). Through its Motion, PREPA submitted, among other things, the recalculated proposed factors for the Fuel Charge Adjustment ("FCA") rider, the Purchased Power Charge Adjustment ("PPCA") rider and the Fuel Oil Subsidy ("FOS") rider to be implemented in the remaining billing cycles of the current quarter.¹

On May 18, 2020, the Energy Bureau issued a Resolution and Order through which it requested PREPA to submit additional information pertaining the documents included in the Motion. On that occasion, I issued a dissenting opinion ("May 18 Dissenting Opinion") since I believed it was necessary to request PREPA to submit supporting information and data regarding the -(\$34,487,033) and -(\$47,996,026) proposed adjustments for the months of March and April, respectively.² Such adjustments correspond to a possible reimbursement of certain fuel costs to be provided by the Federal Emergency Management Agency and/or PREPA's insurance company, due to the incremental costs associated with the seismic events of January 2020.

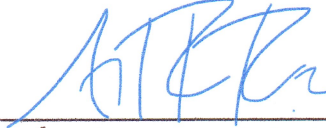
Today, the majority of the Energy Bureau included such information request as part of the questions PREPA should address during the May 22 Technical Conference.³ Since the

¹ Motion, Exhibit B, March and April 2020 Reconciliation by PREB Order April 23 2020Rev 05152020 with FEMA defer Values.xlsm.

² *Id.*, Tab "Attachment 1", Cells C45 and C47.

³ Today's Resolution and Order, Annex A.

majority of the Energy Bureau now recognizes the importance of PREPA submitting supporting information and data regarding the $-(\$34,487,033)$ and $-(\$47,996,026)$ proposed adjustments for the months of March and April, as established in the May 18 Dissenting Opinion, I concur with today's determination.


Ángel R. Rivera de la Cruz
Associate Commissioner

In San Juan, Puerto Rico, on May 21, 2020.

