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

IN RE: THE UNBUNDLING OF THE ASSETS OF THE PUERTO RICO ELECTRIC POWER AUTHORITY	CASE NO.: NEPR-AP-2018-0004 SUBJECT: Motion in Compliance; October 14, 2020 Order

MOTION IN COMPLIANCE WITH THE OCTOBER 14, 2020 ORDER

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COMES NOW, the Puerto Rico Electric Power Authority, through its counsel of record and respectfully sets forth and prays:

1. On October 14, 2020 the Puerto Rico Energy Bureau of the Public Service Regulatory Board (the "Energy Bureau") issued a Resolution and Order[1], among other things, directing the Puerto Rico Energy Power Authority (PREPA) to submit comments and responses to appendixes A, B, and C of the Order, on or before today October 30, 2020.

2. In compliance with the order, PREPA hereby provides an illustrative table specifying the questions made by the Honorable Energy Bureau and the corresponding responses.

APPENDIX A – PROPOSED INTERIM UNBUNDLED RATE	
Question / Matter	**Comment and Feedback**
Eligibility This Rider is available to any customer (1) with interval metering (or) who can demonstrate its load shape to PREPA's satisfaction.	(1) Interval Metering • Customer Service Billing Metering • Primary Billing Metering o AMR Metering availability ▪ 2,100 end points o GSP, Hourly Interval metering capability and 15-minute interval

[1] *Resolution and Order* issued on October 14, 2020 (the "Order").

	availability after an update, not in real time o GST, 15-minute interval availability, not in real time o In order to do interval metering in volume with existent technology it would require: ▪ AMR's operation development ▪ AMR or AMI meter deployment ▪ Metering equipment acquisition ▪ T&D Support • Daily Substation Load Shifting Mapping ▪ IT Support: • TNS, ACLARAOne and others • MV90 software update • Cellular equipment acquisition • SIM cards acquisition and contracting ▪ Staffing • Operations and field personnel • Secondary Billing Metering o AMR/AMI Metering availability ▪ 689,945 end points • Hourly Interval metering capability and 15-minute interval availability after an update, not in real time o In order to do interval metering in volume or PREPA's client universe with existent technology it would require: ▪ AMR operations development ▪ T&D Support • Daily Substation Load Shifting Mapping ▪ IT Support: • TNS, ACLARAOne • NES ▪ AMR or AMI meter deployment

	▪ Metering equipment acquisition ▪ Staffing • Operations and field personnel • Operational definition of load shape to PREPA'S satisfaction - (Planning Directorate – Rate design and definition)
Wheeling Credit The wheeling energy credit shall equal the sum of the Fuel Cost Adjustment (FCA) and the Purchased Power Cost Adjustment (PPCA) applicable to the billing month. As a result, the wheeling customer will not be charged for these adjustments.	This is a non-complex change in the determined rate.
[In addition, any customer contracting for wheeling service for more than 60 month will receive a wheeling capacity credit of $___ per kWh in the hours of ___ to ___ to reflect PREPA's near-term avoided generation capital and O&M costs.]	Depends on Interval Metering Capabilities.
Balancing charges and credits For each hour [or other interval], PREPA shall determine the difference between the energy provided by the Supplier, and the sum of the customer's load and estimated losses. In hour with a negative load differential (load plus losses exceeds supplier generation), the balancing charge shall be the estimated variable cost per kilowatt-hour of the most expensive power plant operating at that hour. In hours with a positive load differential (load	

plus losses is less than supplier generation), the balancing credit shall be [95% of] the estimated variable cost per kilowatt-hour of the most expensive power plant operating at that hour.	
PREPA shall bill or credit the Supplier for the cumulative billing charge at the end of each billing month, or such other timing as agreed by PREPA and the Supplier.	Customer Service can provide billing for such a charge. (This can be an Adjustment)
Imbalance charge At the end of each fiscal year [or such other annual period as PREPA may specify for each Supplier], PREPA shall determine the Supplier's cumulative load differential (CLD) for the year. If that load differential (positive or negative) exceeds [10%] of the cumulative annual load (sum of energy use and allocated losses) of the Supplier's customers [or of the Supplier's generation] for the year, PREPA shall bill and the Supplier shall pay in imbalance charge (IBC) at for the absolute value of the load differential minus [10%] equal to [10%] of the average FCA and the PPCA per kWh for the customer's class over the year. If |CLD|> 0.1 x (annual load), IBC = 0.1 s (FCA + PPCA) x (|CLD|) – 0.1 x (annual load)) If |CLD| S 0.1 x (annual load), IBC = 0.	Customer Service understands this is a Technical Subject. If this is a matter of billing a one-line item, we can do that. (Please clarify)
Administrative Charge	Customer Service - This is a non-complex change in the determined rate.

Each Supplier shall pay PREPA [ ] per month to maintain and bill its account, plus [$_] per month for each wheeling customer served by the Supplier.	
Supplier Credit Requirements The Supplier shall post a credit equal to [ ] month (s) if its customers' estimated Fuel Cost Adjustment and the Purchased Power Adjustment bills, to compensate PREPA for any costs incurred and not recovered from the wheeling customers, related to the failure of the supplier to provide at least 80% of its customers' energy and loss requirements over a period of [three] consecutive billing months. PREPA shall request approval of the PREB before drawing on the posted credit. Such credit may be in the form of a letter of credit from a bank or other financial institution, a corporate guarantee, or such other credit as PREPA finds acceptable.	Finance to determine in this will be included in CC&B
Billing Unless other arrangements are made, PREPA will bill the wheeling customer for all retail charges (net of the FCA and PPCA) on the normal schedule and report the meter readings to the Supplier, to allow billing of the customer by the Supplier. By mutual agreement, PREPA may include the Supplier charge on the customer's bill and remit to the Supplier payment as received from the customer. In the latter case, PREPA and the Supplier shall agree on the payment by	Customer Service - This is a non-complex change in the determined rate. How to report the meter readings to the supplier needs to be determined. PREPA would rather not include the Supplier charge on the customer bill.

	Supplier to compensate PREPA for additional labor and other costs.	
	PREPA shall bill or credit the Supplier as soon after the end of the billing month as administratively feasible. Credits shall be applied to any outstanding balance and any surplus banked to offset future charges. PREPA shall remit to Supplier any credit when it ceases to serve wheeling customers [redeploys part of its capacity to serve a contract with PREPA,] or when the balance exceeds [_]. The Supplier shall pay PREPA for any outstanding charges [net of applied credits] within [30] days of billing.	Customer Service needs clarification for this item. (Who determines charges or credits? Who determines amount?)
	In the event of Supplier default on outstanding balancing charges, PREPA shall bill the Supplier's customers for the outstanding balancing charges.	The responsible party will advise Customer Service on the Supplier's default and the defaulted amount will have to be added to the Customer's bill. Planning should define the concept of the charge.
		Additional Comments: a. Based on the last Technical Conference, Customer Service is prepared to change or add line items to the current rates, if such changes are simple in nature. If complex changes to rates are needed, we would require Consultants with experience in Customer Care & Billing (CC&B) system's rates configuration. The Consultants will work in coordination with Customer Service, Corporate IT, Planning and Finance Departments in configuration, testing and validation processes.

	b. From Planning, Customer Service will require a detailed example of the proposed rate or rates, that mimic all possible scenarios in respect to all charges and credits. If any customer is eligible, how can it work in Public Housing Rates, or Subsidized Rates. Probably we should start with GST, GSP customers. c. From Finance we will require, for example new GL Accounts as needed for the Rate, Billable Charges and/or Adjustments. d. From IT we will require Reports Layouts – For the creation or modification of reports
APPENDIX B – OPERATIONAL ISSUES	
1. Should PREPA develop a uniform service agreement form that will be used with each EPSC that provides wheeling services?	Yes, a Uniform Service Agreement ("USA") form should be developed to streamline administration of contracts and ensure non-discriminatory treatment of both EPSC and purchasing customers. A USA form should be developed for agreement between the ESPC (e.g. PREPA) and the Supplier. The USA should include: Scope, definitions, term, contract termination, default, inspections, acceptance test, Wheeling Transaction compliance, Terms of Use, Billing, price and charges for Transmission Service payments, Dispute Resolution, etc.
2. Who should be responsible for metering and billing, PREPA (or LUMA as operator) or the Electric Power Service Provider?	
a. Should the EPSC provide separate metering and billing for the generation services they provide?	OEA understands is No

b. If PREPA provides metering and billing services, would PREPA provide consumption use to the EPSC who in turn would provide the generation costs to be included in the bill?	PREPA would rather no include the Supplier charge on the customer bill
c. How should partial payments by a wheeling customer be allocated between PREPA and the EPSC if PREPA does the metering and billing?	If PREPA does billing and sends a single consolidated invoice including FCA & PPCA credits and EPSC costs, then partial payments should be allocated pro-rata, unless the customer specifically notes a dispute with the EPSC costs or some other special situation. PREPA could avoid confusion by sending two invoices, one for PREPA costs plus credits (minus costs) for FCA & PPCA, and one invoice for the EPSC generation costs. PREPA does not yet have the IT infrastructure in place to track payments by invoice, but such an improvement would solve certain issues with billing for wheeling and other matters. It is also necessary to know the limitations that CC&B may have to implement this type of change in billing.

d. What are the costs associated with PREPA providing these services and how should they be compensated?	It is necessary to know the costs of production and billing from Customer service and Generation before responding properly to this question.
	
	PREPA would rather not include the Supplier charge on the customer's bill.
	
	Customer services process to consider:
	• Contracting
	• Deposit Collections or Bond Processing
	• Account Maintenance
	  • Start / End account
	  • Field Activity creation
	• Field activity
	  • Dispatch
	  • Execution
	  • Meter

	• Meter Maintenance • Auxiliary Metering Equipment • Communication Equipment • Vehicle usage • Field Activity Processing • Account Maintenance • Account processing • Billing Process • Meter Reading scheduling • Meter Reading Cycle Processing • Meter Reading Process • CC&B Reads Processing • Billing Maintenance • Bill Creation • Postage and handling • Collections • Severance Process • Disconnection and Connection Execution • Commercial Districts Access for Customer Service • Law 57 Claim Processing • Web page usage • Call Center Stand By
e. Does the cost vary based on whether the wheeling customers are a few large customers or if those customers have a large number of subaccounts.	PREPA does not have a definitive answer to this question since a single hypothetical large-but-problematic account can cause more issues and drain more resources than a swathe of simple accounts with easy to calculate invoices and account receivables. The procedures for calculating invoices with credits and billing EPSC generation should be clearly delineated, along with the reconciliation process for billing or crediting EPSC's that under or over supply the system relative to their customer base.
3. To address the potential situation in which an EPSC defaults, how should payment guarantees be structured?	Usually for transaction with supplier and external contractors, the Authority request secured bonds. If the option of collateral in cash (or deposit) were

a. What instruments of security should be acceptable? Surety bonds, letters of credit, others?	to be chosen, it will be necessary to implement a control system for it.
b. Is there a threshold of creditworthiness in which such instruments would not be required?	The Authority usually requires fixed amounts of surety from its suppliers or contractors regardless of their credit status. It is important to note that the Authority's surely policy also depends on the purchasing standards at the central government level.
c. How should the amount of the security be determined?	In principle, the amount of security should be based on the amount of working capital at-risk plus some margin of safety.
4. For an EPSC who cannot guarantee full service 24/7 to its wheeling customer, what should the standby rate be and what terms and conditions are required.	Any billing to the Wheeling Customer shall be made by the Supplier, not by PREPA. The Wheeling System Tariff that PREPA bills the Supplier with, should include charges for Ancillary services (e.g. Programming, System Control and Dispatch service, Reactive Supply and Voltage Control from Generation Service, etc.) Energy Imbalance Service, Cross subsidies, Metering and Billing Services to the ESPC, charge, Backup Service to the Wheeling Customer, if the Supplier cannot provide energy and demand in a given time, etc
5. In the event of complete default by a nonwheeling customer's EPSC, if the nonwheeling customer or the defaulting EPSC cannot find an alternative vendor, should the nonwheeling customer return to PREPA under the same rate schedule on which it was previously served?	Is PREB referring to Wheeling customers whose Supplier can no longer provide energy and capacity? If so, said customer would return to being a Non-Wheeling Customer with PREPA (or current EPSC) as POLR, under PREPA's applicable rate previous Wheeling, if they continue to meet its requirements and sign a corresponding Service Contract.
6. How will the balancing function operate to either credit or debit the EPSC for providing more or less energy than needed to serve its customers?	As part of the Wheeling System Tariff that PREPA shall bill the EPSC with, the Energy Imbalance Service should include:

	If ESPC generates less energy than the Day ahead schedule submitted to PREPA: If real generation is within 90%-100% tolerance level, no charges should be made. If for a given hour, the generation falls below 90% of the schedule, the ESPC shall acquire from PREPA Imbalance Service for the difference in generation. The price could be equal to variable production costs of PREPA's combustion turbines. If ESPC generates more energy than the Day ahead schedule submitted to PREPA: PREPA is not obligated to receive energy that exceeds the Day ahead schedule. PREPA could consider receiving additional energy, as long as it does not represent an impact in the security of the economic dispatch. The credit shall be granted as defined in an ESPC Energy Purchases charge to be established in the Tariff.
7. Are there other issues not on this list that should be included for discussion in the technical conference on operational issues?	PREB may want to explore how Generating EPSC's will be dispatched, on a must-run or economic basis. The EPSC definition should be clarified and further specified with respect to this and other regulations. Currently it is broad and at times hard to comprehend the practical and economic role. The definitions from Reg 9138 are pasted below. "Electric Power Generation Company" or "EPGC" means any natural or juridical person engaged in the production or generation of electric power in Puerto Rico. This term shall

	include cogenerators already established in Puerto Rico that supply energy to PREPA through a Power Purchase Agreement, and renewable energy producers. All Electric Power Generation Companies shall be deemed to be Electric Power Service Companies. "Electric Power Service Company" or "EPSC" means any natural or juridical person or entity including Energy Cooperatives, engaged in the rendering of energy generation, transmission and distribution services, billing, wheeling, grid services, energy storage, and/or the resale of electric power. The energy system must be operated within the physical constraints and security parameters laid out and executed by the system operator. For example, as renewable generation capacity ramps up during the day, fossil generation resources may ramp down but must continue to spin for frequency regulation and in case of any contingency or sudden loss of generation ("spinning reserve"). The operating constraints must be considered and generation suppliers must be held to the same contractual requirements as current power suppliers under PPOA's. To the extent possible, PREB should try to set up the wheeling regulations to avoid complicating system operations, which are already constrained due to PREPA's old generation infrastructure. Wheeling involves many technical and economic aspects that might have not been taken account, that is why commenting on regard to an interim rate may seem not viable at the moment. For example, how will an ESPC comply in order to meet all technical requirements to provide Wheeling to a certain customer, what costs will this entail, etc.

	1. Interconnection Regulation should include: • Interconnection Process for: a) new generation system, b) additional generation in existing Interconnection point, c) Increased capacity of existing generation system or d) replacement of equipment of an existing generation system. • Minimum Technical Requirements for the ESPC • Procedure for not connected generation of PPOAs This process must include: Project identification, Feasibility and connection studies, system impact, connection proposal, evaluation of MTR compliance before, construction specifications approval, Interconnection Agreement, construction and acceptance of Transmission installations, etc. 2. The Wheeling Regulation approved by the PREB establishes in Section 3.02 that an IPP must have an approved Wheeling Service Agreement with the POLR (i.e. PREPA). Section 6.01 establishes that the POLR must approve said Service Agreement prior to commencing the supply of power to a Wheeling Customer. For this, it is important to include the requirements for this agreement.
APPENDIX C – REQUIREMENTS FOR INFORMATION FOR THE INTERIM RATE	
A. Question for PREPA:	
1. What are the costs to PREPA to provide billing services to EPSC? Please provide a detailed	The costs for PREPA to provide billing services should be calculated to include both billing costs, borne by the Customer Service directorate, along

breakdown as to how PREPA arrived at the costs.	with financial, accounting, rate reconciliation, and other costs, borne by the Finance and Planning Directorates. The following is provided for illustrative purposes and should not be considered to be "PREPA's estimate of the cost of billing, accounting, and rate reconciliation for wheeling" or otherwise. • For FY2017, Customer Service Directorate had a total Operating cost of $102 million, which includes all regional offices and call centers. • The Metering Division had operating costs of $6.2 million in FY2017 and $5.1 million in FY2019 (mostly labor costs); approximately [55] employees. • There are 11 office pay groups within the Metering Division • Each office within metering division has on average [5] employees and annual operating expenses of approximately $0.5 million • Dedicated office within customer service to address wheeling matters and allocated personnel across directorates and functions could require and additional $0.5-$1.0 million in budget operating costs to handle the requirements of management oversight, billing, rate reconciliation, accounting, legal (contracting), and other services. PREPA will note that run-rate costs presented above do not represent a "satisfactory" steady-state. PREB and its consultants, and other outside consultants and analysts have noted that PREPA's data quality and availability is unsatisfactory due to constraints and underspending on in-house human resources and IT infrastructure. Considering that the Wheeling customer will no longer be billed by PREPA, billing costs will only include those to the ESPC. Billing and metering costs should take into account PREPA's areas that

	work with these aspects as well as additional human resources and infrastructure that would be needed to implement a Wheeling system.
B. Questions for all Commenters:	
2. How should wheeling work for customers without interval meters? Should average class profiles be used?	Meters with interval capability should be installed.
5. Is the sum of the FCA and PPCA a reasonable approximation of the variable fuel, O&M, and purchased-power cost avoided over the course of the month by a wheeling customer whose supply exactly matches load on an hourly basis?	Wheeling cannot be treated as a type of Net Metering. Although FCA and PPCA would be avoided costs in this scenario, there are other costs that must be accounted for, which PREPA must bill the ESPC, and consequentially end as a cost to the Wheeling Customer
6. Should the wheeling energy credit instead be computed by scaling up the FCA to represent 100% displacement of fossil fuel in PREPA plants?	Wheeling Customer shall be billed only by the ESPC, PREPA shall bill the ESPC for ancillary services and backup power provided to the Wheeling Customer. The backup power charge could be the average variable production costs of PREPA per hour.
7. Would some other metric, such as the average cost per kWh of heavy fuel oil burned in the steam plants, or the average cost of oil across all PREPA plants, be more appropriate?	PREPA could consider receiving additional energy, as long as it does not represent an impact in the security of the economic dispatch. The credit shall be granted as defined in an ESPC Energy Purchases charge to be established in the Tariff.
11. How much should PREPA charge for administration of the wheeling rate, per Supplier and per wheeling customer?	The incremental cost of personnel resources and time required to calculate rates and reconcile accounting records should be considered in the charge, as well as cost of Wheeling system needed to implement it, dispatch, metering costs, schedules handling, among others.

15. Which loss factor should be applied to gross up customer load for comparison with generation supply?	Loss factor should be based on technically supported and accepted figures by voltage level and location. Every fiscal year, PREPA may calculate a peak load loss factor, such as total transmission losses by the system demand, during the hour of maximum system demand.
16. Should that be the loss factor applied by voltage level in setting the FCA and PPCA?	Only transmission customers should be approved for Wheeling as distribution voltage level would include additional technical challenges and costs that would complicate the Wheeling implementation.
22. Are full-service customers disadvantaged if the Supplier effectively sells energy to PREPA at or near the sum of the FCA and the PPCA?	Wheeling should not be treated as a type of Net Metering. Wheeling entails other costs that cannot be reduced to an FCA and PPCA charge.
23. If an imbalance charge for over-delivery is appropriate, should it be structured in the same manner as the imbalance charge for underdelivery? If not, why?	An imbalance charge for over-delivery should be designed to have little or no beneficial impact on a supplier's economics. A wheeling supplier should be designing generation supply solutions for its target customer base. If ESPC generates more energy than the Day ahead schedule submitted to PREPA: PREPA is not obligated to receive energy that exceeds the Day ahead schedule. PREPA could consider receiving additional energy, as long as it does not represent an impact in the security of the economic dispatch. The credit shall be granted as defined in an ESPC Energy Purchases charge to be established in the Tariff. This credit could be based on the average variable production costs in a given hour times the hourly energy purchases in kWh.
24. Is it appropriate for Suppliers to bill customers directly for their service, or should the default be that PREPA does all billing?	Yes, PREPA should only be the ESPC, including for any backup service provided to their Wheeling Customer.

25. Should the Energy Bureau set fees for PREPA billing of Supplier charges?	Billing, metering, administrative costs, etc, should be included in the Wheeling Tariff to the ESPC.
26. In the event of a Supplier's default on outstanding balancing charges, is it appropriate to collect the shortfall from the Supplier's customers?	Yes, the Agreement between the ESPC and its Wheeling Customer shall include that PREPA will be the POLR and any outstanding charges shall be billed to the Wheeling Customer. In case of a recurring situation, the Wheeling Customer shall become a regular customer of PREPA, billed as per the regular applicable rate.
27. If so, how should the shortfall be allocated among the customers?	A seemingly fair way to allocate the shortfall would be on an energy basis (MWh consumption).

3. On October 23, 2020 PREPA submitted a *Motion to Submit Outstanding Responses to Requirements of Information and to Request Permission to Supplement* requesting the Energy Bureau to allow PREPA an opportunity to supplement the outstanding responses to the requirements of information in the September 4, 2020 and the October 9, 2020 orders.

4. In compliance with the aforementioned orders, PREPA hereby provides an illustrative table specifying the requirements of information and PREPA's corresponding responses or document production.

Request for Information **9/04/20**	**Follow-up Request for Information** **10/09/20**	**Responses**
1. Please provide (in spreadsheet form) separately each cost account and sub recorded on PREPA's books for Fiscal Years 2018-2019 and 2019-2020, using FERC accounts or	Follow-up to IR 1: It appears that the October 2nd response includes data for FY 2018- 19, but not FY 2019-20.	See Item 1 B https://diazvaz-my.sharepoint.com/:f:/g/personal/kbolanos_diazvaz_law/Eids_MiJeU1Fk4JhV6MriPUBPpxvomkAZPxqAQz4ChZuFg?e=xZVobf

PREPA's cost accounts at a similar level of detail.	Is the relevant data available for FY 2019-20?	
2. Please provide (in spreadsheet form) for Fiscal Years 2018-2019 and 2019-2020, the relevant cost information for PREPA's generation units at the most granular level of detail available: a. Plant in Service b. Non-fuel fixed operations and maintenance expense c. Variable operations and maintenance expense d. Book life for each unit e. Monthly availability data, including forced outage hours, planned outage hours, maintenance outage hours, and derating hours.		Information & Technology Directorate expressed that the requested report is not a standard report, it does not exist in the PREPA database. PREPA has completed the design, for which trials have been running, however once the report is complete information will have to be coordinated with the Finance Directorate.
6. Please provide updated data on PREPA's distribution substations for FY 2018-2019 and 2019-2020, including a list of	Follow-up to IR 6: For each substation, please provide available peak	Information request was discussed with T&D and Generation Directorates, and but pending further clarification such information is not available.

substations where technical characteristics have changed in the last year (e.g., capacity or voltage on either side).	load data (MW, date, and time).	
10. Please provide, to the extent available, the cost of the transmission lead line for each generation unit, along with the voltage of that line and its length. If such information is not currently available, please describe the level of effort that would be necessary to ascertain and provide such information		Finance Directorate expressed such information is not available.
12. To the extent that such data is not already tracked and available, please describe the level of effort and cost that would be entailed in beginning to track all generation costs by unit		Finance Directorate expressed such information is not available.

WHEREFORE, PREPA respectfully requests the Energy Bureau to note the present filing, accept outstanding responses to the September 4, 2020 and the October 9, 2020 requirements for information and find PREPA in compliance with the October 14, 2020 Order.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 30th day of October 2020.

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