

**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 with
Resolution and Order Entered on February
5th 2021.

RESOLUTION AND ORDER

I. Introduction

On February 5, 2021, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order ("February 5 Order") through which it established the Procedural Calendar for the instant case. Said Procedural Calendar monitors closely the work being performed by the Puerto Rico Electric Power Authority ("PREPA"), and its consultant, to file its proposal for an unbundled rate for wheeling.

As part of the February 5 Order, the Energy Bureau ordered PREPA to file, on or before May 10, 2021, certain studies and proposals as required in the December 23 Resolution.¹ Specifically, the Energy Bureau required:

- A. A fully unbundled cost of service study based upon the general techniques used in the Unbundling Report,² with updated data as feasible and an explanation of any different methodologies used. This study shall allocate revenues among classes, and within each class, allocate revenues among at least these three categories:
 - 1. All non-generation costs, not subject to competition from wheeling;
 - 2. Generation costs avoidable by wheeling-related reductions in PREPA's generation requirements;
 - 3. All other generation costs stranded by a reduction in sales;

- B. A proposed unbundled tariff and structure consistent with the default unbundling tariff and structure, as originally set forth in Appendix A of the Energy Bureau's October 14 Resolution,³ and further modified in the December 23 Resolution; and

- C. Any proposed unbundling tariffs and structures, containing unbundled rates based on the cost of service study.

¹ Resolution and Order, Case No. NEPR-AP-2018-0004, December 23, 2020.

² Order, Case No. NEPR-AP-2018-0004, September 4, 2020.

³ Resolution and Order, Case No. NEPR-AP-2018-0004, October 14, 2020.



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Further, through the February 5 Order, the Energy Bureau required PREPA to file weekly status reports with a description of the work performed the week before, and a detailed description of the progress made on each task identified by PREPA to complete the work required to comply with the May 10, 2021 deadline.

II. Motion in Compliance

On May 10, 2021, PREPA filed before the Energy Bureau a document titled *Motion in Compliance with Resolution and Order Entered on February 5th 2021* ("Motion in Compliance"). As part of the Motion in Compliance, PREPA submitted these documents:

1. *2021 Cost of Service Study* dated May 10 2021. Exhibit A
2. *Proposals for Unbundled Tariffs Report* dated May 10 2021. Exhibit B
3. *Proposal for Uniform Services Agreement Report* dated May 10 2021. Exhibit C
4. *PREPA UnbundlingRate_Filing_Working Papers.xlsx*

Upon review of the Motion in Compliance, the Energy Bureau **DETERMINES** it to be **insufficient** based on the following:

1. PREPA did not include as part of the Motion in Compliance formal testimony or any form of sworn statements from witnesses that can address the substance of the proposals filed by PREPA.⁴
2. PREPA did not include a proposed unbundled tariff and structure consistent with the default unbundling tariff and structure, as established in the February 5 Order.

Therefore, the Energy Bureau **ORDERS** PREPA to provide **on or before May 17, 2021, at 5:00 p.m.:**

1. Sworn testimony of one or more witnesses who can address the substance of the proposals put forward in the Motion in Compliance, including the underlying analysis; and
2. A default unbundling tariff with a credit equal to the Fuel Adjustment Charge ("FCA") and Purchased Power Adjustment Charge ("PPCA"), as specified in the February 5 Order.

⁴ PREPA's consultant, Guidehouse, stated as part of its most recent weekly status update that the "Prepared regulatory filing, including professional testimony, and supporting workpapers" was 100% complete. See Exhibit A, *Motion to Submit Weekly Status Report for the Week Ending on May 7, 2021*, Case No. NEPR-AP-2018-0004, May 7, 2021, p. 2.



III. May 18, 2021 Initial Technical Hearing

The Energy Bureau will hold an Initial Technical Hearing⁵ on **May 18, 2021 at 1:00 p.m.** PREPA shall ensure that all the persons (*i.e.* employees, consultants or representatives) involved in the preparation of the proposed unbundled rate appear during the Initial Technical Hearing and are prepared to present its proposal. They shall be prepared to answer questions from the Energy Bureau, its Staff, consultants and Intervenors regarding its presentation and the contents of the filed report and its proposed tariffs.

The Energy Bureau, as it has done in other proceedings, organized and structured the issues to be discussed during the Technical Conference by subject-matter. This approach allows for a more useful dialogue, a more organized record, provides for better time management and allows a more detailed and efficient discussion. The agenda included as Attachment A of this Resolution and Order shall govern the Initial Technical Hearing.

During the Initial Technical Hearing, all participants **SHALL** conduct themselves efficiently and in full compliance with the procedures set forth by the Energy Bureau.

The Energy Bureau **WARNS** PREPA that noncompliance with this Resolution and Order may result in the imposition of fines under Act 57-2014⁶ and the applicable Energy Bureau's regulations and/or any other appropriate administrative sanctions, as deemed appropriate by the Energy Bureau.

Be it notified and published.



Edison Avilés Deliz
Chairman



Ángel R. Rivera de la Cruz
Associate Commissioner



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner

⁵ Note that in order to prevent the spread of Covid-19, the foregoing Initial Technical Hearing will be held remotely via the *Microsoft Teams* platform.

⁶ Known as the *Puerto Rico Energy Transformation and RELIEF Act*, as amended.



CERTIFICATION

I certify that the majority of the members of the Energy Bureau of the Puerto Rico Public Service Regulatory Board has so agreed on May 13, 2021. I also certify that on this date a copy of this Resolution was notified by electronic mail to: kbolanos@diazvaz.law, jmarrero@diazvaz.law, contratistas@jrsp.pr.gov, hriviera@jrsp.pr.gov, manuelgabrielfernandez@gmail.com, ramonluisnieves@rlnlegal.com; ccf@tcm.law. I also certify that today, May 13, 2021, I have proceeded with filing the Resolution issued by the Puerto Rico Energy Bureau.

I sign this in San Juan, Puerto Rico, today May 13, 2021.



Sonia Seda Gaztambide
Clerk



ATTACHMENT A

May 18, 2021 Initial Technical Hearing Agenda

Discussion of Issues	Time
PREPA's Presentation	1:00 p.m. – 1:30 p.m.
Marginal Energy Cost Calculations	1:30 p.m. – 2:30 p.m.
Marginal/Avoided Generation Capacity Costs	2:30 p.m. – 3:00 p.m.
Uniform Service Agreement Proposals	3:30 p.m. – 4:00 p.m.

