

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

IN RE: PUERTO RICO ELECTRIC POWER
AUTHORITY RATE REVIEW

CASE NO.: NEPR-AP-2023-0003

SUBJECT: Hearing Examiner's Order Denying
SREAEE Objection to Bondholder Testimony
on the Possibility of \$683 Million from the
Commonwealth

**Hearing Examiner's Order Denying SREAEE's Objection to Bondholder
Testimony on the Possibility of \$683 Million from the Commonwealth**

Today, October 24, 2025, the Sistema de Retiro de los Empleados de la Autoridad de Energía Eléctrica (SREAEE) filed a motion objecting to certain passages in the prefiled testimony of Bondholder witness Anthony Hurley. I deny the motion.

Mr. Hurley's prefiled testimony (at 18) has this passage:

The Commonwealth of Puerto Rico government is another source of funding for PREPA and its operators. For example, the director of the Puerto Rico Office of Management and Budget recently announced the creation of a \$683 million "Energy Sector Reserve" fund with the purpose of addressing future needs related to legacy pension and debt service, but which could be used at the discretion of the government for other purposes as well.

SREAEE asserts that the lone basis for Mr. Hurley's statement was a news article. SREAEE adds that following publication of that news article, and before Mr. Hurley submitted his testimony, Mr. Juan C. Adrover Ramírez, PREPA's Comptroller, told me at a public conference that he had no personal knowledge of the \$683 million, other than what he read in the newspaper. SREAEE's summary of these facts is accurate.

Based on those facts, SREAEE asks me to, in its words (Motion at 8),

[e]xclude from the evidentiary record the news article and all references of Mr. Anthony Hurley's testimony and other witnesses referring to the alleged "Energy Sector Reserve Account" and the attached newspaper article; or, in the alternative, [and]

[a]ssign no probative weight to that statement, finding that it constitutes unreliable hearsay lacking adequate guarantees of trustworthiness.

The best we can say about the \$683 million is that its availability to substitute for base rates is a possibility, not a certainty. The same can be said about the billions in FEMA funds that our three utilities are seeking, or are thinking about seeking, or should be seeking. Yet I would never exclude the various witness statements urging the Energy Bureau to take into account the possibility of FEMA funds, merely because that possibility is not a certainty. The same goes for the \$683 million.

Uncertainty about government assistance, like uncertainty about storms, is part of life in Puerto Rico. It is one reason why this rate proceeding is challenging for all of us. In this proceeding, the Commissioners must make decisions about rates that will affect customers with certainty, in a context pervaded by uncertainty. To make those decisions, the Energy Bureau must assess all nonrate possibilities.

That is how I interpreted Mr. Hurley's testimony—not as a recommendation to reduce the proposed revenue requirement by \$683 million, merely on the basis of a news article; but rather as a recommendation to be watchful for all possible ways to substitute nonrate funding for customer funding. Given that interpretation, I see no reason to exclude the testimony. I also see no reason for extensive cross on the disputed passage.

In resolving a discovery dispute between PREPA and the Bondholders relating to the \$683 million, I ordered PREPA to inform us if and when it learns more. Like every possibility, this one's evidentiary value depends on facts. Perhaps between now and the close of hearing, we will learn more facts. For now, the possibility of \$683 million arriving to reduce rates is relevant to the Energy Bureau's decision on those rates.

Be notified and published.



Scott Hempling
Hearing Examiner

CERTIFICATION

I certify that the Hearing Examiner, Scott Hempling, has so established on October 24, 2025. I also certify that on October 24, 2025, I have proceeded with the filing of the Order, and a copy was notified by electronic mail to: mvalle@gmlex.net; arivera@gmlex.net; jmartinez@gmlex.net; jgonzalez@gmlex.net; nzayas@gmlex.net; Gerard.Gil@ankura.com; Jorge.SanMiguel@ankura.com; Lucas.Porter@ankura.com; mdiconza@omm.com; golivera@omm.com; pfriedman@omm.com; msyassin@omm.com; msyassin@omm.com; katiuska.bolanos-lugo@us.dlapiper.com; Yahaira.delarosa@us.dlapiper.com;

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I sign this in San Juan, Puerto Rico, on October 24, 2025.




 Sonia Seda Gaztambide
 Clerk