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COMMONWEALTH OF PUERTO RICO
PUERTO RICO ENERGY BUREAU

IN RE: PUERTO RICO ELECTRIC POWER AUTHORITY RATE REVIEW	**CASE NO.:** NEPR-AP-2023-0003 **SUBJECT:** Response to Hearing Examiner Orders of October 17 and October 23, 2025

BONDHOLDERS' RESPONSE TO HEARING EXAMINER ORDERS OF OCTOBER 17 AND OCTOBER 23, 2025

TO THE PUERTO RICO ENERGY BUREAU:

National Public Finance Guarantee Corporation, GoldenTree Asset Management LP, Syncora Guarantee, Inc., Assured Guaranty Inc., and the PREPA Ad Hoc Group,[1] (collectively, the "Bondholders"), by and through the undersigned counsel, hereby submit this Response to the Hearing Examiner's Orders of October 17 and October 23, 2025.[2]

For the reasons set forth below, the Bondholders agree with the Hearing Examiner that there is no need for a witness panel on debt. The Energy Bureau has a statutory duty under Commonwealth law to approve a rate that is sufficient to "guarantee" that PREPA meets its obligations to holders of its bonds. The amount of the current outstanding bond debt is known, has been recognized by the United States Court of Appeals for the First Circuit, and is not subject to evidentiary dispute. In addition, the Energy Bureau's statutory obligations are not preempted by PROMESA and continue to apply during the pendency of PREPA's proceedings under Title III. Interpretation of those statutory obligations and any assertion of preemption are questions of law

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[1] The members of the PREPA Ad Hoc Group are listed in the *Ninth Verified Statement of the PREPA Ad Hoc Group Pursuant to Bankruptcy Rule 2019*, ECF No. 5797, filed in *In re Fin. Oversight & Mgmt. Bd. for Puerto Rico*, Case No. 17-04780-LTS (D.P.R. Aug. 28, 2025) (the "Title III Case").

[2] A Spanish summary of this filing is attached hereto as Appendix A, pursuant to the orders of May 9th and June 4th.

that likewise are not subject to evidentiary dispute. Rather, they should be addressed by the parties in post-hearing submissions.[3]

BACKGROUND

1. On September 29, 2025, the Hearing Examiner issued an Order addressing, among other things, considerations of PREPA's legacy debt. The Order observed that the Energy Bureau had already stated that it would "consider whether to include in the revenue requirement an estimated proxy for legacy debt." Sept. 29, 2025 Order ¶ III.D.1. The Order further explained that "[i]ncluding in rates an estimate of what will emerge from the Title III process has no effect on that process," and that "any estimated debt amount included in the rates would be subject to reconciliation with what becomes the actual debt amount." *Id.* ¶ III.D.2. The Order observed that "PREPA is correct that we don't know what the final number will be. Any number could be right or wrong. Any number, that is, except zero." *Id.* The Order added: "PREPA can use its post-hearing brief to argue against including a legacy debt estimate in rates. But I am not removing the question from this case." *Id*. ¶ III.D.3.

2. On October 16, 2025, the Hearing Examiner issued an Order setting an agenda for a conference taking place the same day. The Order posed several questions concerning the inclusion of debt in the revenue requirement: "What is the PREB's statutory obligation and what is its discretion? Is PRE[B] required to include some amount? Prohibited from including any amount? If neither, what discretion does PREB have?" Oct. 16, 2025 Order ¶ III.F.1.

3. On October 17, 2025, the Hearing Examiner issued an Order summarizing the main results of the October 16 conference. The Order indicated, with respect to a legacy debt rider, that "[t]he Energy Bureau can determine the form of a rider, and any amount in it, without questioning

[3] The Bondholders make these arguments without prejudice to their rights in the Title III case.

a panel," and that "[p]arties could contribute ideas on rider format via briefs or proposed orders." Oct. 17, 2025 Order at 2. The Order also presented a "tentative conclusion" that "[w]e don't need a panel on debt." *Id*. The Order indicated that, if any party objects to that tentative conclusion, it should "inform and explain by formal motion." *Id*.

4. On October 23, 2025, the Hearing Examiner held a conference and issued an Order summarizing that conference. The Order indicated that the Hearing Examiner was "leaning toward eliminating the panels on debt and pension, on the grounds that whatever facts the Commissioners need to make decision[s], those facts exist in documents that will go into the record." Oct. 23, 2025 Order at 1. The Order further stated that "[p]arties can discuss any legal or policy issues in their proposed orders (which will substitute for post-hearing briefs)." *Id.* The Order indicated that anyone opposed to this approach should file an opposition by October 27, 2025.

DISCUSSION

5. The Energy Bureau has a statutory obligation under Commonwealth law to set a rate that is sufficient to "guarantee" the payment of PREPA's debt obligations. *See* July 31, 2025 Provisional Rate Order at 31–32 (citing relevant statutes).

6. PREPA's "obligations" under its bonds are known. The United States Court of Appeals for the First Circuit has held that the minimum amount of debt outstanding as of the commencement of PREPA's Title III case is "the principal plus matured interest of the bonds, or roughly $8.5 billion." *In re Fin. Oversight & Mgmt. Bd.*, 121 F.4th 280, 312 (1st Cir. 2024). The interest that has continued to accrue since the commencement of the Title III case can likewise be calculated based on the interest rates set forth on the face of the bonds, and any dispute as to the applicability of such interest is legal rather than factual in nature. To date, PREPA's bond obligations have not been reduced or otherwise adjusted, and it is unknown whether PREPA's Title III case will result in any such adjustment, let alone how much.

7. As the Bondholders will explain in post-hearing briefing, the Energy Bureau's statutory obligations to set rates sufficient to guarantee that PREPA meets its debt obligations are not preempted by PROMESA and continue to apply during the pendency of PREPA's Title III case. In addition, the authority to set rates does not rest with the Financial Oversight and Management Board, and the law does not authorize or require the Energy Bureau to defer to a fiscal plan certified by the Board. Finally, PREPA's existing bond obligations remain binding "obligations" unless and until such time as they are adjusted under a confirmed Title III plan of adjustment. These are all legal issues.

8. The question of how the Energy Bureau should comply with its statutory mandate in these circumstances likewise is not one that is subject to evidentiary proof. None of the witnesses that were tentatively slated to appear on the debt panel is in a position to testify about the Energy Bureau's obligations under Puerto Rico law, nor has any of those witnesses provided an evidentiary basis to select an estimate for PREPA's debt obligations other than the full amount of PREPA's debt. Accordingly, the Bondholders agree with the Hearing Examiner that there is "no need for a debt panel and no need for Ms. Frayer to submit intervenor testimony relating to the PREB consultant's comments on debt." Oct. 17, 2025 Order at 2. Instead, the parties should have the opportunity, in post-hearing submissions, to present legal and policy arguments concerning the establishment of a legacy debt rider.

WHEREFORE, the Bondholders respectfully request that the Energy Bureau take notice of the foregoing.

RESPECTFULLY SUBMITTED,

THIS 27th DAY OF OCTOBER 2025

CERTIFICATE OF SERVICE: We hereby certify that the foregoing petition was filed with the Office of the Clerk of the Energy Bureau using its Electronic Filing System, and courtesy copies were sent via electronic means to mvalle@gmlex.net; arivera@gmlex.net; jmartinez@gmlex.net; jgonzalez@gmlex.net; katiuska.bolanos-lugo@us.dlapiper.com; Yahaira.delarosa@us.dlapiper.com; margarita.mercado@us.dlapiper.com; carolyn.clarkin@us.dlapiper.com; andrea.chambers@us.dlapiper.com; sromero@sbgblaw.com; gcastrodad@sbgblaw.com; jennalvarez@sbgblaw.com; jfr@sbgblaw.com; regulatory@genera-pr.com; legal@genera-pr.com; hrivera@jrsp.pr.gov; contratistas@jrsp.pr.gov; victorluisgonzalez@yahoo.com; Cfl@mcvpr.com; nancy@emmanuelli.law; jrinconlopez@guidehouse.com; Josh.Llamas@fticonsulting.com; Anu.Sen@fticonsulting.com; Ellen.Smith@fticonsulting.com; Intisarul.Islam@weil.com; kara.smith@weil.com; rafael.ortiz.mendoza@gmail.com; rolando@emmanuelli.law; jan.albinolopez@us.dlapiper.com; Rachel.Albanese@us.dlapiper.com; varoon.sachdev@whitecase.com; jdiaz@sbgblaw.com; javrua@sesapr.org; Brett.ingerman@us.dlapiper.com; agraitfe@agraitlawpr.com; jpouroman@outlook.com; epo@amgprlaw.com; loliver@amgprlaw.com; acasellas@amgprlaw.com; matt.barr@weil.com; Robert.berezin@weil.com; Gabriel.morgan@weil.com; corey.brady@weil.com; lramos@ramoscruzlegal.com; tlauria@whitecase.com; gkurtz@whitecase.com; ccolumbres@whitecase.com; isaac.glassman@whitecase.com; tmacwright@whitecase.com; jcunningham@whitecase.com; mshepherd@whitecase.com; jgreen@whitecase.com; hburgos@cabprlaw.com; dperez@cabprlaw.com; howard.hawkins@cwt.com; mark.ellenberg@cwt.com; casey.servais@cwt.com; bill.natbony@cwt.com; thomas.curtin@cwt.com; escalera@reichardescalera.com; riverac@reichardescalera.com; susheelkirpalani@quinnemanuel.com; erickay@quinnemanuel.com; dmonserrate@msglawpr.com; fgierbolini@msglawpr.com; rschell@msglawpr.com; eric.brunstad@dechert.com; Stephen.zide@dechert.com; David.herman@dechert.com; Julia@londoneconomics.com; Brian@londoneconomics.com; luke@londoneconomics.com; juan@londoneconomics.com; mestrada@gibsondunn.com; LShelfer@gibsondunn.com; jnieves@cstlawpr.com; arrivera@nuenergypr.com; apc@mcvpr.com; shempling@scotthemplinglaw.com; rsmithla@aol.com; guy@maxetaenergy.com; jorge@maxetaenergy.com; rafael@maxetaenergy.com; dawn.bisdorf@gmail.com; msdady@gmail.com; mcranston29@gmail.com; ahopkins@synapse-energy.com; clane@synapse-energy.com; kbailey@acciongroup.com; hjudd@acciongroup.com; zachary.ming@ethree.com; PREBconsultants@acciongroup.com; carl.pechman@keylogic.com; bernard.neenan@keylogic.com; tara.hamilton@ethree.com; aryeh.goldparker@ethree.com; roger@maxetaenergy.com; Shadi@acciongroup.com.

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RESUMEN DE: RESPUESTA DE LOS TENEDORES DE BONOS A LAS ÓRDENES DEL EXAMINADOR DE AUDIENCIAS DEL 17 DE OCTUBRE Y 23 DE OCTUBRE DE 2025

AL NEGOCIADO DE ENERGÍA DE PUERTO RICO:

La Corporación Nacional de Garantía de Finanzas Públicas, GoldenTree Asset Management LP, Syncora Guarantee, Inc., Assured Guaranty Inc. y el Grupo Ad Hoc de la AEE, (colectivamente, los "Bonistas"), coinciden con el Oficial Examinador en que no hay necesidad de un panel de testigos sobre la deuda. El Negociado de Energía tiene el deber legal bajo la ley del Estado Libre Asociado de aprobar una tarifa que sea suficiente para "garantizar" que la AEE cumpla con sus obligaciones con los Bonistas. Se sabe que el monto de la deuda actual de bonos pendientes es el principal más los intereses vencidos de los bonos, o aproximadamente $8.5 billones; ha sido reconocido por el Tribunal de Apelaciones de los Estados Unidos para el Primer Circuito y no está sujeto a disputa probatoria. Las obligaciones legales del Negociado de Energía no son anuladas por PROMESA y continúan aplicándose durante la tramitación de los procedimientos de la AEE bajo el Título III. Las obligaciones legales del Negociado de Energía de establecer tarifas suficientes para garantizar que la AEE cumpla con sus obligaciones de deuda no son anuladas por PROMESA y continúan aplicándose durante la tramitación del caso del Título III de la AEE. La interpretación de esas obligaciones legales y cualquier afirmación de preferencia son cuestiones de derecho que tampoco están sujetas a disputa probatoria; las partes deben abordarlas en las presentaciones posteriores a la vista.