

**GOVERNMENT OF PUERTO RICO
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: Resolution and Order pertaining to *PREPA's Motion to the Energy Bureau to Vacate Hearing Examiner's Orders Regarding Consideration of Legacy Bond Debt in Rate Case*, filed by the Puerto Rico Electric Power Authority.

RESOLUTION AND ORDER

On November 10, 2025, the Puerto Rico Electric Power Authority ("PREPA") filed before the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") a document titled *PREPA's Motion to the Energy Bureau to Vacate Hearing Examiner's Orders Regarding Consideration of Legacy Bond Debt in Rate Case* ("November 10 Motion"). Through the November 10 Motion, PREPA requested that the Energy Bureau prohibit any consideration of Legacy Bond Debt or other legacy obligations in the instant proceeding; eliminate the Debt Panel in its entirety; and bar all testimony, witness statements, and cross-examination relating to legacy debt, including in the practicability, rate design, revenue requirement, or other panels; and also requesting that any discussion of legacy debt take place only in a separate rate case after the Title III Court issues its determinations.

The November 10 Motion was accompanied by a memorandum from the Financial Oversight Management Board ("FOMB") asserting that any authority of the Energy Bureau to "establish, approve, or compel a 'Legacy Debt Rider' of any kind or otherwise seek to direct or influence the amount of PREPA's repayment of legacy debt is preempted" by PROMESA.

It appears both documents were prepared before the Hearing Examiner issued his Order late on November 10, 2025. In that Order, the Hearing Examiner explained ("November 10 Order"):

Legacy debt: Because five witnesses addressed this topic, I am obligated under principles of administrative law and constitutional law to permit cross-examination of those witnesses on their statements. But because no witness has offered a number to include in the revenue requirement, or even a principle for arriving at a number, I will not allow questioning on amounts. Such questioning would lead to a panelist offering a number weeks after the deadline for submitting positions on that subject—a result inconsistent with procedural fairness and procedural orderliness.

Moreover, I will not allow questions into the role of legacy debt in determining a revenue requirement's practicability, for two reasons. First, with no number in the record, a discussion of practicability would have no factual foundation; we would be talking in circles. Second, I know of no principle by which practicability is affected by legacy debt any more than any of the hundreds of other contributors to a \$5 billion cost of service. Just as what breaks the camel's back is not the last straw but rather the sum of all the straws, so what makes electricity unaffordable for some of our fellow citizens is not any one cost but rather the sum of all the costs.

What is worth talking about is the possibility of legacy-debt rider: its pros and cons, its design, and its timing. On this topic, the current record has a variety of views and examples.



The Energy Bureau **DETERMINES** there is no legal basis to prohibit witnesses or parties from discussing the possible design, advantages, disadvantages, or timing of a legacy-debt rider, as set out in the Hearing Examiner's November 10 Order.

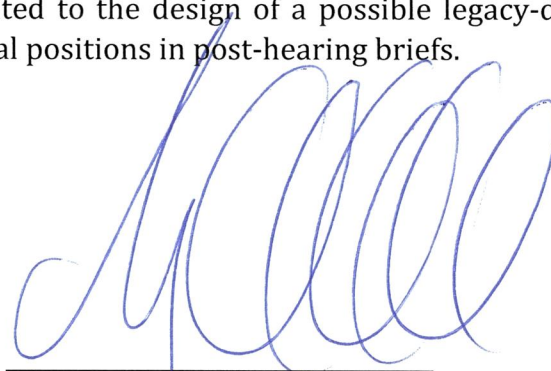
The Energy Bureau **DENIES** PREPA's November 10 Motion requesting to bar all testimony and discussion on this subject, to eliminate the Debt Panel outright, or to exclude witnesses whose prefiled testimony mentions legacy debt.

Consistent with the Hearing Examiner's November 10 Order, the Energy Bureau **DETERMINES**:

1. No testimony or cross-examination shall be permitted on any amount of legacy debt, nor on any principle or method for determining such amount.
2. No testimony or cross-examination shall be permitted on the role of legacy debt in practicability analysis given that the record contains no factual foundation for such inquiry.
3. Cross-Examination may proceed only on the design, advantages, disadvantages, or timing of a legacy-debt rider.

The Energy Bureau **finds no impediment** to retaining in the record the prefiled testimony about legacy debt—none of which recommended any amount of debt in rates and some of which recommended against including any amount in rates--and allowing cross-examination on that testimony, again limited to the design of a possible legacy-debt rider. All parties remain free to argue their legal positions in post-hearing briefs.

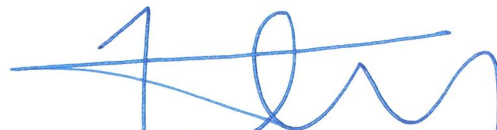
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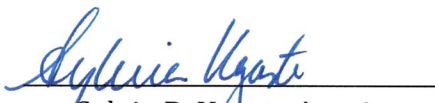
Edison Avilés Deliz
Chairman



Lillian Mateo Santos
Associate Commissioner



Ferdinand A. Ramos Soegaard
Associate Commissioner



Sylvia B. Ugarte Araujo
Associate Commissioner



Antonio Torres Miranda
Associate Commissioner



CERTIFICATION

I certify that the majority of the members of the Puerto Rico Energy Bureau agreed on November 13, 2025. Also certify that on November 13, 2025, I have proceeded with the filing of this Resolution and Order and was notified by email to mvalle@gmlex.net; alexis.rivera@prepa.pr.gov; 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; 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; regulatory@genera-pr.com; legal@genera-pr.com; mvazquez@vvlawpr.com; gvilanova@vvlawpr.com; dbilloch@vvlawpr.com; ratecase@genera-pr.com; jfr@sbgblaw.com; hriviera@jrsp.pr.gov; gerardo_cosme@solartekpr.net; contratistas@jrsp.pr.gov; victorluisgonzalez@yahoo.com; Cfl@mcvpr.com; nancy@emmanuelli.law; jrinconlopez@guidhouse.com; Josh.Llamas@fticonsulting.com; Anu.Sen@fticonsulting.com; Ellen.Smith@fticonsulting.com; Intisarul.Islam@weil.com; alexis.ramsey@weil.com; kara.smith@weil.com; rafael.ortiz.mendoza@gmail.com; rolando@emmanuelli.law; monica@emmanuelli.law; cristian@emmanuelli.law; luis@emmanuelli.law; jan.albinolopez@us.dlapiper.com; Rachel.Albanese@us.dlapiper.com; varoon.sachdev@whitecase.com; javrua@sesapr.org; Brett.ingerman@us.dlapiper.com; brett.solberg@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.bradley@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; zack.schrieber@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; Isaac.Stevens@dechert.com; James.Moser@dechert.com; michael.doluisio@dechert.com; Kayla.Yoon@dechert.com; mfb@tcm.law; lft@tcm.law; arosenberg@paulweiss.com; pbrachman@paulweiss.com; swintner@paulweiss.com; tfurchgott@paulweiss.com; Julia@londoneconomics.com; Brian@londoneconomics.com; luke@londoneconomics.com; juan@londoneconomics.com; mmcgrill@gibsondunn.com; LShelfer@gibsondunn.com; jcasillas@cstlawpr.com; jnieves@cstlawpr.com; pedrojimenez@paulhastings.com; ericstolze@paulhastings.com; arrivera@nuenergypr.com; apc@mcvpr.com; ramonluisnieves@rlnlegal.com.

I sign this in San Juan, Puerto Rico, today, November 13, 2025.



Sonia Seda Gaztambide
Clerk