

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

NEPR

Received:

Feb 17, 2026

9:52 PM

**IN RE: PUERTO RICO ELECTRIC
POWER AUTHORITY RATE
REVIEW**

CASE NO.: NEPR-AP-2023-0003

**SUBJECT: Bondholders' Initial Post-Hearing
Brief on Rate Design**

**BONDHOLDERS' INITIAL POST-HEARING BRIEF
ON RATE DESIGN**

TABLE OF CONTENTS

PRELIMINARY STATEMENT..... 1

BACKGROUND 2

ARGUMENT..... 3

 I. PREB Should Establish a Placeholder Legacy Debt Rider in This Proceeding. 3

 A. Establishing the LDR Now Will Yield Significant Administrative Efficiencies 3

 B. Establishing an LDR Comports with PREB’s Statutory Obligations 5

 C. Establishing an LDR Is Consistent with Standard Utility Ratemaking Practice 5

 D. Establishing the LDR Will Serve a Critical Signaling Function..... 6

 E. Limiting the Rider to a Placeholder Addresses the PREB Consultants’ Concerns 7

 F. PREPA’s Concerns Are Unfounded 8

 II. PREB Should Consider Historical Data on Electricity Demand, Not Unsupported,
Pessimistic Assumptions..... 9

 A. LUMA Offers No Credible Explanation for Its Inconsistent Load Forecasts..... 9

 B. LUMA’s Depressed Load Forecast Relies on Aggressive Energy Efficiency Targets and
Other Factors That Depart from Historical Data, Improperly Increasing Rates..... 10

 C. LUMA’s Unreasonable Load Forecast Unnecessarily Increases Rates 11

CONCLUSION..... 12

The Bondholders¹ respectfully submit this post-hearing brief regarding rate design.

PRELIMINARY STATEMENT

The Energy Bureau (“PREB”) has a statutory duty under Commonwealth law to “guarantee” that PREPA meets its obligations to holders of its existing bond debt. PREB’s statutory obligations are not preempted by PROMESA and continue to apply during PREPA’s Title III proceedings.²

In the current context, PREB can advance its statutory duties by establishing a placeholder legacy debt rider (the “Legacy Debt Rider” or “LDR”) as a mechanism for the future payment of PREPA’s legacy bond debt obligations and the implementation of any future resolution of PREPA’s bankruptcy case. Establishing an LDR in this proceeding creates administrative efficiencies, advances PREB’s statutory obligation to set just and reasonable rates that provide for recovery of lawful costs and guarantee the payment of Bondholders’ claims, and is consistent with standard utility ratemaking practice. It also sends a clear signal to capital markets that concrete steps are being taken to honor legacy bond debt obligations, without delaying implementation or incurring unnecessary costs in future ratemaking proceedings.

Separately, PREB should approve a load forecast grounded in demonstrated historical demand rather than in overly pessimistic FOMB-driven projections that have been repeatedly surpassed. Because the load forecast functions as the denominator in setting base rates, utilizing

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in *Bondholders’ Initial Post-Hearing Brief on the Revenue Requirement* (1/23/2026).

² Bondholders will address PREB’s statutory obligations (including PREB’s obligation to ensure rates are levied in an amount sufficient to guarantee payment in full of Bondholders’ claims), and Bondholders’ statutory protections, in their forthcoming legal/policy briefs. In addition, while Bondholders previously addressed issues related to the inclusion and possible scope of a pension rider in separate pension-related submissions, Bondholders will further address such issues in their forthcoming legal/policy briefs.

a depressed forecast, like the one LUMA proposes, would inflate rates and risk overcollection. As LUMA witness Sam Shannon acknowledged, preventing customer overpayment is an important rate-design objective. 12/16 Tr. 70:2-7.

BACKGROUND

Under Act 57-2014, PREB must “[e]nsure that the powers and authorities exercised by [PREB] over [PREPA] ... including those related to rate review and approval, guarantee that [PREPA] meets its obligations to bondholders.” Act No. 57-2014, §6.3(p); 22 L.P.R.A. §1054b(p). Recently, PREB acknowledged this statutory mandate. *See* PRO pp.31-32.

LUMA’s pending rate application proposes that PREB include a Legacy Debt Rider in the tariff book that would serve as the mechanism for collecting funds to pay certain recoveries for PREPA’s legacy debt once the recoverable amount is determined in the Title III proceeding or otherwise. Ex.20, pp.36-37. As proposed, the LDR would initially function as a placeholder, reflecting no specific charge until the amount to be paid on account of legacy bond debt is determined. *See* Ex.362.5 (LUMA LDR schedule reflecting a volumetric “\$0.XXXX per kWh” charge); 12/16 Tr. 116:23-118:1 (Shannon explaining the LDR is “meant to be a placeholder schedule”). This placeholder would remain in place pending PREB’s final decision on rate structure, and a determination of the amount of recoverable debt. *Id.* 118:2-5.

LUMA’s proposed LDR schedule contemplates an annual filing process whereby the actual revenue requirement for the upcoming fiscal year is presented to PREB. As part of this process, LUMA would consult with PREPA and provide, before the start of each fiscal year,³ the annual

³ This process would have to be completed sufficiently in advance of the first billing cycle of the new fiscal year for any billing changes to be implemented. If it were not, then prior-year LDR charges would continue until prompt completion of this process, followed by reconciliation of any discrepancy arising during such period.

amount required for payment of PREPA's legacy debt.⁴ Such amount would be included in the updated LDR tariff sheet. Ex.20, pp.36-37.

Although Shannon testified that the earliest year the LDR would begin is 2027 (Ex.20, p.37), he clarified that (1) this estimate assumes the Title III case would not be resolved before the start of FY2027 (12/16 Tr. 316:11-317:2); and (2) there is no reason why the LDR could not start sooner, provided the Title III case resolves sooner. *Id.* 317:6-14.

ARGUMENT

I. **PREB Should Establish a Placeholder Legacy Debt Rider in This Proceeding.**

A. *Establishing the LDR Now Will Yield Significant Administrative Efficiencies*

Establishing the LDR now will yield at least three significant efficiencies.

First, it will enable PREPA to leverage the substantial time, attention, and resources that PREB and the multiple parties, intervenors, and other stakeholders have already devoted to creating a comprehensive record on this particular issue. As Shannon testified, this proceeding constitutes a “natural opportunity” for PREB to authorize new rates and tariffs and to receive stakeholder input on proposed riders so that policy goals are fully considered. *See* Ex.20, p.38. Deferring the LDR until after the Title III proceeding concludes would require initiating a new ratemaking process (potentially off-cycle) and unnecessarily consuming additional time and expense.

Second, implementing the LDR while tariff revisions and software and system updates are

⁴ To be clear, Bondholders do not understand LUMA's suggestion to be that LUMA or PREPA would have any discretion to modify the recoverable amount of legacy debt (which they do not)—rather, it would simply involve a calculation to determine the updated charge based on the established debt service requirements and projected consumption.

underway is operationally efficient and would avoid unnecessary costs. As Dr. Tierney⁵ testified, the new rates that will be determined as part of this process require software configuration and manual process changes. 12/9 Tr. 423:15-424:12, 481:6-17. Ms. Hanley testified that other riders may be implemented in this proceeding, and every time LUMA has had to implement a new rider, it costs about half a million dollars. 12/1 Tr. 11:23-12:17. Efficiency would be served by including the LDR in this process, when widespread changes are already underway, rather than deferring it.

Third, establishing the LDR now will reduce the time and cost required to begin collecting funds for legacy debt service once the Title III case concludes.⁶ Dr. Tierney testified that even with an approved LDR, the utilities would need approximately six months before they could start collecting funds to satisfy legacy bond debt. 12/9 Tr. 422:9-424:13. Without an approved LDR, additional time—on top of the six months—would be necessary to schedule and conduct a separate legacy debt rate design proceeding. *Id.* 424:14-425:11.⁷ That administrative inefficiency risks delaying PREPA’s access to capital markets. Shannon agreed on the need to approve “the general structure of the Legacy Debt Rider” in this case. Ex.20, p.37. He likewise supported approving

⁵ Dr. Tierney is a witness for Bondholders. She holds a Ph.D. and a Master’s degree in regional planning and has worked for decades for state and federal governments on matters related to electricity and other energy industries. Ex.52, pp.3-4.

⁶ As Dr. Tierney testified, “[t]he approval of a legacy debt rider in this rate case is important because it will allow the utility to begin collecting funds to make legacy debt payments in a more efficient and expeditious manner (i.e. without the need for a new rate case), once the amount of PREPA’s legacy debt is resolved.” Ex.52, p.6.

⁷ *See also* 12/9 Tr. 429:5-18 (Hearing Examiner describing Dr. Tierney’s position by indicating that establishing an LDR now would “reduce[] the gap in time between (a), when a final decision comes, and (b) the money can start to flow” when the Title III process concludes).

an allocation of legacy debt cost for each customer class now, which “will make approval of the first LDR rates faster.” *Id.*⁸

B. Establishing an LDR Comports with PREB’s Statutory Obligations

As noted above, PREB is required to guarantee that PREPA meets its obligations to holders of its legacy bond debt. Establishing the LDR is an initial step PREB can take now in furtherance of its statutory duties, and it will also facilitate PREPA’s emergence from bankruptcy, as confirmation of a plan of adjustment requires a feasible means of implementation. *See* PROMESA §314(b)(6).

C. Establishing an LDR Is Consistent with Standard Utility Ratemaking Practice

As Dr. Tierney testified, adopting a rider to recover liabilities, even where the amount is not yet determined, is consistent with standard ratemaking practice. Riders have been established in various jurisdictions where the magnitude and/or timing of recoverable costs was uncertain. Dr. Tierney explained that the California Public Utilities Commission (“CPUC”) implemented a non-bypassable charge in electric tariffs to support cost recovery for California’s Wildfire Fund. Ex.67, p.3. This charge addressed the utilities’ exposure to wildfire liabilities under California’s inverse-condemnation doctrine and related statutes. *Id.* The CPUC implemented the charge notwithstanding uncertainty about the exact amount of the liabilities and collections, given the magnitude of wildfire losses and deteriorating utility credit metrics. *Id.* (citing California Public Utilities Code §451.1(a)).

⁸ Bondholders do not oppose PREB considering and making targeted affordability accommodations in structuring the LDR, provided they are consistent with applicable law, supported by the record, and do not impair LDR collections, *i.e.*, that any shortfall from exempted or subsidized groups is reallocated among other customer classes. For non-exempted/subsidized customers, the LDR should be non-bypassable.

Similarly, Dr. Tierney described the Massachusetts Department of Public Utilities' ("MDPU") implementation of a transition charge to recover stranded costs from Boston Edison's ratepayers under the Massachusetts Electric Utility Restructuring Act of 1997 (the "MA Restructuring Act"). Ex.67, pp.5-7. The MA Restructuring Act authorized the MDPU to review investor-owned utilities' restructuring plans and identify stranded costs eligible for recovery. *Id.* p.6. The MDPU approved a settlement establishing a stranded-cost rider with a reconciliation mechanism even though the final stranded costs were unknown. The MDPU concluded that, notwithstanding the uncertainty regarding the final costs to be recovered under the rider, the rider would produce just and reasonable rates and serve the public interest. *Id.* pp.6-7.

Both examples confirm that a prospective rider, like the LDR, can be adopted even when the precise amount to be collected is not yet known.

D. Establishing the LDR Will Serve a Critical Signaling Function

Establishing a placeholder LDR will also send a constructive signal to capital markets and rating agencies. As Dr. Tierney explained, access to capital markets "allows utilities to borrow at favorable rates over time instead of paying large amounts in cash upfront to fund capital expenditures." Ex.52, pp.13-14. Access to capital markets also protects utilities against "rate shock" by spreading large costs over time. *Id.* p.14. Moreover, Dr. Tierney testified that approving "a rider for legacy debt that will immediately [be] put [] into effect or as soon as practicable once Title III decisions are made about legacy debt" would "signal to markets that the steps are being taken" to ensure PREPA emerges from Title III as a creditworthy utility. 12/9 Tr. 48:19-49:5.

Other regulators have taken a similar approach. For example, CPUC grounded its decision to impose a non-bypassable charge in supporting the "credit worthiness of electric corporations,

and provid[ing] a mechanism to attract capital for investment in safe, clean, and reliable power for California at a reasonable cost to ratepayers.”⁹

Importantly, establishing a placeholder LDR does not equate to commencing collections for debt service while PREPA remains in Title III. LUMA’s proposal, which Bondholders support, simply consists of a placeholder rider that would be populated with amounts once the Title III case concludes, thus ensuring collection can commence more promptly and efficiently at that time.

Finally, the signaling function served by the placeholder LDR is distinguishable from LUMA’s argument that its proposed “margin” would give lenders confidence. As explained in Bondholders’ revenue requirement briefs, LUMA’s costly “margin”—\$164M to \$178M per year—is merely another attempt to inflate liquidity/working capital, would not be set aside for debt service, and could be consumed by LUMA like any other funds. BH Rev.Br. pp.88-90; BH Reply Rev.Br. pp.59-60. As such, LUMA’s “margin” would not instill lender confidence or send a positive signal to the capital markets. Even assuming for the sake of argument it did, the ratepayer cost of that signal would be extraordinarily steep: over \$500M during the rate period.

E. Limiting the Rider to a Placeholder Addresses the PREB Consultants’ Concerns

PREB consultants Smith and Dady agree that legacy debt obligations should be treated as a separate component of the revenue requirement and addressed through a rider. Ex.62, p.27. Their sole disagreement concerns timing. *Id.* Specifically, they recommend waiting until the Title III proceeding concludes based on their stated concern that PREB might “‘front-run’ the Title III Court by identifying a non-zero amount for inclusion in the revenue requirement” and relying on a “guesstimate” for legacy-debt costs. *Id.* However, approving a placeholder LDR now,

⁹ CPUC, *Decision Approving Imposition of a Non-Bypassable Charge*, <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M318/K549/318549782.pdf>, at p.33.

without establishing any collection amount, does not impair the Title III Court's authority or otherwise implicate the PREB consultants' concerns. It simply facilitates the timely and efficient implementation of any decision resolving the recoverable amount of legacy debt.

F. PREPA's Concerns Are Unfounded

At the hearing, PREPA's counsel raised, for the first time, concerns about ratepayers' potential adverse reaction to the LDR appearing on their bills. This concern is misplaced. The LDR will not appear on customer bills until the amount is decided. 12/9 Tr. 454:15-18. Indeed, a similar process already occurred with respect to the existing energy efficiency rider, which was implemented and included in the tariff book in 2019, but did not appear on customers' bills until a rider amount was determined in 2025. *Id.* 454:15-18. Also, there is already an item in the tariff book (but not on bills) related to a debt charge from a prior PREPA settlement (*id.* 471:20-472:20), and there is no evidence that customers have adversely reacted to that. Accordingly, including the placeholder LDR in the tariff book should not impact electricity consumption, influence adoption of distributed generation, or otherwise cause any adverse reaction by consumers. *Id.* 482:20-483:5, 455:2-15. Nor is there any evidence indicating that a placeholder would impact customer behavior even if it did appear on bills, given that it would not affect their cost.

PREPA also claims there would be no administrative efficiencies if the Title III Court sets legacy debt collections at zero. However, this purported concern overlooks that PREB must make numerous decisions "in the world of uncertainty." *Id.* 465:19-466:3. In all events, implementation of the LDR is straightforward, and the upfront work is justified by the near-certainty that the legacy debt amount will not be set at zero. In the implausible scenario that the Title III Court sets the

amount at *zero*, which the Hearing Examiner recognized would not happen,¹⁰ the LDR remains at \$0.00 and imposes no collections; if the amount is non-zero, PREB and LUMA can initiate collections more efficiently. There is no inefficiency here. *See id.* 466:12-20.

II. PREB Should Consider Historical Data on Electricity Demand, Not Unsupported, Pessimistic Assumptions.

A. *LUMA Offers No Credible Explanation for Its Inconsistent Load Forecasts*

As detailed in Bondholders' initial Revenue Requirement brief, LUMA's Integrated Resource Plan ("IRP") projects materially higher electricity consumption than LUMA's rate-case forecast, as to the identical period. BH Rev.Br. p.99. This follows a trend of FOMB using load forecasting to understate projected revenues, discussed in Part II.B below.

The Hearing Examiner correctly observed that LUMA's explanations for this discrepancy are unclear. 12/15 Tr. 291:1-313:13. In the relevant ROI response (Ex.979), LUMA asserted that the rate-case forecast should use lower-load scenarios than the IRP because the rate-case forecast needs to cover system costs. *Id.* 212:21-213:14; Ex.979. The implication of LUMA's argument, as the Hearing Examiner observed, is that LUMA used an intentionally suppressed load forecast in the rate case to generate more revenue for liquidity/working capital. *Id.* 235:21-236:17. That would be an improper, backdoor way of increasing liquidity, not to mention unnecessary given the myriad other sources of liquidity that exist or are proposed. *See* BH Rev.Br. pp.89-90, 103-08; BH Reply Rev.Br. pp.4-5, 59-60, 65-69.

During the hearing, however, LUMA witness Joseline Estrada contradicted LUMA's original explanation, primarily attributing the difference to *energy losses*, which she claimed were included in the IRP to ensure sufficient generation to serve load. 12/15 Tr. 293:11-294:15, 324:20-

¹⁰ *See HE's Order Establishing (a) Agenda for the September 29 Conference, and (b) Certain Procedures for the Evidentiary Hearing*, p.7 (9/29/25).

325:19. On the other hand, Estrada claimed that the rate-case forecast excludes losses because they are not billed and, if included, would overstate revenues. *Id.* 294:7-15, 297:5-19. Notwithstanding the diverging explanations, as Dr. Tierney made clear, the costs of generation that include losses are divided by the billing determinants to yield electricity rates. *Id.* 315:17-316:13. Therefore, any energy lost will also be incorporated in rates, undercutting Estrada’s newfound explanation for LUMA’s inconsistent forecasts.

No matter which shifting explanation LUMA chooses today, LUMA’s argument does not withstand scrutiny. A load forecast should be as accurate as possible, based on the best available data—not manipulated to bring in extra money or to serve FOMB’s litigation strategy.

B. LUMA’s Depressed Load Forecast Relies on Aggressive Energy Efficiency Targets and Other Factors That Depart from Historical Data, Improperly Increasing Rates

Historically, LUMA’s and PREPA’s load forecasts, as incorporated into FOMB’s fiscal plans, have been materially lower than actual demand. The trend during the Title III case has been that FOMB (through PREPA or LUMA) generally projects declining demand, yet actual electricity consumption outpaces FOMB’s pessimistic outlook. Then, in the next year’s forecast, rather than adjust its outlook to reflect a lesson learned and take a less jaundiced view of demand, FOMB repeats its error and again forecasts a demand slump—only to be proven wrong, again.

LUMA’s load forecast in this case follows that pattern to a tee. Estrada testified that, in determining the load forecast for the rate case, LUMA simply adopted macroeconomic indicators supplied by FOMB and did not independently verify their accuracy. 12/15 Tr. 195:17-196:18. FOMB’s model projects that PREPA’s net load will decrease by **62%** in the next 30 years,¹¹ under

¹¹ *PREPA AHG’s Objection to Corrected Fourth Amended Plan*, Dkt. 4350, Case No. 17-4780 at p.70.

the assumption that by 2040, PREPA will achieve a 30% load reduction relative to 2019 levels by implementing an energy efficiency (“EE”) program in the manner required under Act 17-2019. Ex.4, p.12; Ex.58, p.6; 12/15 Tr. 169:2-170:6. However, the EE interim milestones previously required under Act 17-2019 no longer apply. LUMA did not independently analyze whether or how quickly the remaining EE goal of Act 17-2019 will be met. 12/15 Tr. 172:6-175:24. Estrada further acknowledged that LUMA’s past load forecasts have consistently been lower than actual ultimate demand. *Id.* 196:20-201:3; Ex.4, Tables 2-5.

Moreover, PREB consultant Dr. Asa Hopkins proposed a faster ramp-up for EE programs than LUMA, (12/15 Tr. 342:25-343:11), but he conceded that Puerto Rico’s EE ramp-up has underperformed relative both to other jurisdictions and its own goals. *Id.* 363:14-364:19, 365:9-366:18; Ex.58, Figure 1. Indeed, Dr. Hopkins admitted that the ramp rate for EE programs in Puerto Rico to date has not kept up with the ramp rates of other jurisdictions included in his report. 12/15 Tr. 365:9-366:18. Dr. Hopkins also admitted that the overall size of the EE programs in Puerto Rico is “still quite small,” and that the programs have “ambitious goals.” *Id.* 365:14-20, 366:20-367:9.

C. LUMA’s Unreasonable Load Forecast Unnecessarily Increases Rates

Utilizing an artificially depressed load forecast improperly increases rates by reducing billed kilowatt-hours over which the revenue requirement is recovered. Shannon admitted that a load forecast that is repeatedly surpassed by actual demand can lead to ratepayers overpaying. 12/16 Tr. 67:15-68:4. Dr. Hopkins admitted he had not determined how much it would cost ratepayers if the ramp-up of the EE program was improperly estimated to occur more quickly than it actually does. 12/15 Tr. 343:13-17.

Given the past and continuing trend of actual demand exceeding LUMA’s load forecast, and in light of the historical underperformance of Puerto Rico’s EE programs, PREB should:

(1) select a load forecast, like that in the IRP, more closely tracking actual historical demand, which is more likely to yield just and reasonable rates, and (2) implement an objective reconciliation mechanism to prevent overcollection.

CONCLUSION

Bondholders respectfully request that PREB establish a placeholder LDR as discussed herein and adopt a load forecast that more accurately reflects actual demand for electricity.

CERTIFICATE OF COMPLIANCE

The undersigned certifies that this brief, exclusive of the portions exempted in the Hearing Examiner's 12/22/2025 Order (caption, table of contents, signature blocks, and service information) and the Spanish summary required by standing order, contains 3,365 words per the word-processing program's word count feature.

/s/ Corey K. Brady _____

Corey K. Brady

Dated: February 17, 2026

RESPECTFULLY SUBMITTED,

THIS 17th DAY OF FEBRUARY 2026

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; 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; hrivera@jrsp.pr.gov; gerardo_cosme@solartekpr.net; 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; 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.brady@weil.com; lindsay.greenbaum@analysisgroup.com; harrison.holtz@analysisgroup.com; charles.wu@analysisgroup.com; Brian.Gorin@analysisgroup.com; Bhumika.Sharma@analysisgroup.com; Rachel.Anderson@analysisgroup.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; kzeituni@paulweiss.com; Julia@londoneconomics.com; Brian@londoneconomics.com; luke@londoneconomics.com; juan@londoneconomics.com; mmc Gill@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; kbailey@acciongroup.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; 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;
MWhited@synapse-energy.com

ADSUAR

By: /s/ Eric Pérez-Ochoa

Eric Pérez-Ochoa
P.R. Bar No. 9739
Luis Oliver-Fraticelli
P.R. Bar No. 10764
Alexandra Casellas-Cabrera
P.R. Bar No. 18912
PO Box 70294
San Juan, PR 00936-8294
Telephone: 787.756.9000
Facsimile: 787.756.9010
Email: epo@amgprlaw.com
loliver@amgprlaw.com
acasellas@amgprlaw.com

WEIL, GOTSHAL & MANGES LLP

By: /s/ Robert Berezin

Matthew S. Barr
Robert Berezin (admitted *pro hac vice*)
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007
Email: matt.barr@weil.com
robert.berezin@weil.com

Gabriel A. Morgan
700 Louisiana Street, Suite 1700
Houston, TX 77002
Telephone: (713) 546-5000
Facsimile: (713) 224-9511
Email: gabriel.morgan@weil.com

Corey Brady (admitted *pro hac vice*)
1395 Brickell Avenue
Suite 1200, Miami, FL 33131
Telephone: (305) 577-3225
Facsimile: (305) 374-7159
Email: corey.brady@weil.com

Co-Counsel for National Public Finance Guarantee Corporation

RAMOS CRUZ LEGAL

By: /s/ Lydia M. Ramos Cruz
Lydia M. Ramos Cruz
P.R. Bar No. 12301
1509 López Landrón Street
American Airlines Building, PH
San Juan, Puerto Rico 00911
Tel.: (787) 508-2525
Email: lramos@ramoscruzlegal.com

WHITE & CASE LLP

By: /s/ Thomas E Lauria
Thomas E Lauria
Glenn M. Kurtz
Claudine Columbres
Isaac Glassman
Thomas E. MacWright
1221 Avenue of the Americas
New York, New York 10036
Tel.: (212) 819-8200
Fax: (212) 354-8113
Email: tlauria@whitecase.com
gkurtz@whitecase.com
ccolumbres@whitecase.com
iglassman@whitecase.com
tmacwright@whitecase.com

John K. Cunningham
Michael C. Shepherd
Jesse L. Green
200 S. Biscayne Blvd., Suite 4900
Miami, Florida 33131
Tel.: (305) 371-2700
Fax: (305) 358-5744
Email: jcunningham@whitecase.com
mshepherd@whitecase.com
jgreen@whitecase.com

Co-Counsel for GoldenTree Asset Management LP

**CASELLAS ALCOVER & BURGOS
P.S.C.**

By: /s/ Heriberto Burgos Pérez
Heriberto Burgos Pérez
P.R. Bar No. 8746
Diana Pérez-Seda
P.R. Bar No. 17734
P.O. Box 364924
San Juan, Puerto Rico 00936-4924
Telephone: (787) 756-1400
Facsimile: (787) 756-1401
Email: hburgos@cabprlaw.com
dperez@cabprlaw.com

GIBSON, DUNN & CRUTCHER LLP

By: /s/ Miguel A. Estrada
Miguel A. Estrada (*pro hac vice* application
pending)
Lochlan F. Shelfer (admitted *pro hac vice*)
1700 M Street, N.W.
Washington, D.C. 20036-4504
Tel.: (202) 955-8500
Fax: (202) 530-9662
Email: mestrada@gibsondunn.com
lshelfer@gibsondunn.com

**CADWALADER, WICKERSHAM &
TAFT LLP**

By: /s/ William J. Natbony
Casey J. Servais (admitted *pro hac vice*)
William J. Natbony (admitted *pro hac vice*)
Thomas J. Curtin (admitted *pro hac vice*)
200 Liberty Street
New York, New York 10281
Telephone: (212) 504-6000
Facsimile: (212) 504-6666
Email: casey.servais@cwt.com
bill.natbony@cwt.com
thomas.curtin@cwt.com

Co-Counsel for Assured Guaranty Inc.

TORO COLÓN MULLET P.S.C.

P.O. Box 195383
San Juan, PR 00919-5383
Tel.: (787) 751-8999
Fax: (787) 763-7760

/s/ Manuel Fernández-Bared

MANUEL FERNÁNDEZ-BARED
USDC-PR No. 204204
Email: mfb@tcm.law

/s/ Linette Figueroa-Torres

LINETTE FIGUEROA-TORRES
USDC-PR No. 227104
Email: lft@tcm.law

**PAUL, WEISS, RIFKIND, WHARTON &
GARRISON LLP**

1285 Avenue of the Americas
New York, New York 10019
Tel.: (212) 373-3000
Fax: (212)757-3990

/s/ Andrew N. Rosenberg

Andrew N. Rosenberg
Paul D. Brachman
Karen R. Zeituni
Samantha Wintner

Email: arosenberg@paulweiss.com
pbrachman@paulweiss.com
kzeituni@paulweiss.com
swinter@paulweiss.com

Co-Counsel for the Majority Member Ad Hoc Group

REICHARD & ESCALERA, LLC

By: /s/ Rafael Escalera

Rafael Escalera

P.R. Bar No. 5610

By: /s/ Sylvia M. Arizmendi

Sylvia M. Arizmendi

P.R. Bar No. 10337

By: /s/ Carlos R. Rivera-Ortiz

Carlos R. Rivera-Ortiz

P.R. Bar No. 22308

255 Ponce de León Avenue

MCS Plaza, 10th Floor

San Juan, Puerto Rico 00917-1913

Tel.: (787) 777-8888

Fax: (787) 765-4225

Email: escalara@reichardescalera.com

arizmendis@reichardescalera.com

riverac@reichardescalera.com

**QUINN EMANUEL URQUHART &
SULLIVAN, LLP**

By: /s/ Susheel Kirpalani

Susheel Kirpalani

Eric Kay

295 Fifth Avenue

New York, New York 10016

Tel.: (212) 849-7000

Fax: (212) 849-7100

Email:

susheelkirpalani@quinnemanuel.com

erickay@quinnemanuel.com

Co-Counsel for Syncora Guarantee, Inc.

**MONSERRATE SIMONET &
GIERBOLINI, LLC**

By: /s/ Dora L. Monserrate-Peñagaricano

Dora L. Monserrate-Peñagaricano

P.R. Bar No. 11661

Fernando J. Gierbolini-González

P.R. Bar No. 11375

Richard J. Schell

P.R. Bar No. 21041

101 San Patricio Ave., Suite 1120

Guaynabo, Puerto Rico 00968

Phone: (787) 620-5300

Facsimile: (787) 620-5305

Email: dmonserrate@msglawpr.com

fgierbolini@msglawpr.com

rschell@msglawpr.com

DECHERT LLP

By: /s/ David A. Herman

David A. Herman (admitted *pro hac vice*)

G. Eric Brunstad, Jr.

Stephen D. Zide

1095 Avenue of the Americas

New York, New York 10036

Phone: (212) 698-3500

Facsimile: (212) 698-3599

Email: eric.brunstad@dechert.com

stephen.zide@dechert.com

david.herman@dechert.com

Michael Doluisio

Stuart Steinberg

2929 Arch Street

Philadelphia, PA 19104

Phone: (215) 994-4000

Facsimile: (215) 994-2222

Email: michael.doluisio@dechert.com

stuart.steinberg@dechert.com

Co-Counsel for the PREPA Ad Hoc Group

**RESUMEN DE: ESCRITO INICIAL DE LOS BONISTAS POSTERIOR A LA VISTA
SOBRE EL DISEÑO DE LAS TARIFAS**

AL NEGOCIADO DE ENERGÍA DE PUERTO RICO:

Los Bonistas solicitan que el NEPR establezca en este procedimiento un mecanismo para facilitar el pago futuro de la deuda heredada con los bonistas (“LDR”), cuyo establecimiento permitirá avanzar en el cumplimiento del deber legal del NEPR de garantizar el pago a los Bonistas, lograr eficiencias administrativas y enviar una señal positiva a los mercados. LUMA ha propuesto incluir el LDR en el libro tarifario en este procedimiento como un mecanismo de cobro a ser gatillado cuando se determine el monto a ser pagado a los Bonistas. El LDR funcionaría inicialmente como un elemento provisional, sin reflejar un monto o recargo específico, para luego ser actualizado anualmente, una vez que concluya el caso del Título III.

Establecer el LDR en este procedimiento reducirá costos de implementación al alinear cambios de sistemas y tarifa que ya ocurrirán en razón de este procedimiento, y disminuirá el tiempo para implementar cobros una vez concluya el Título III. Además, es consistente con la práctica regulatoria. Aprobar el LDR como marcador o elemento provisional enviará una señal constructiva a los mercados y agencias clasificadoras, sin implicar el comienzo de cobros durante el Título III.

Adicionalmente, los Bonistas solicitan que el NEPR apruebe proyecciones de demanda basadas en las demandas históricas, en lugar de proyecciones excesivamente pesimistas impulsadas por la Junta de Supervisión y Administración Financiera para Puerto Rico. Dado que las proyecciones de demandas funcionan como el denominador para establecer las tarifas base, utilizar un pronóstico pesimista, como el que propone LUMA, inflaría las tarifas bases y generaría el riesgo de sobre recaudación.

Los Bonistas solicitan que el NEPR (i) establezca el LDR como un mecanismo provisional en esta fase, para ser actualizado una vez que se determine el monto correspondiente y (ii) adopte una proyección de demanda más alineada con la evidencia histórica.