

**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-2023-003

**SUBJECT: Guidance for Phase 2 Rate
Review Filing and Scheduling of Technical
Conference**

NEPR

Received:

Mar 3, 2026

9:29 PM

**REPLY BRIEF ON RATE DESIGN OF
OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF PREPA**

TABLE OF CONTENTS

	Page
I. THERE IS NO EVIDENCE THAT A “PLACEHOLDER” LEGACY DEBT RIDER WILL PRODUCE ANY “ADMINISTRATIVE EFFICIENCIES”	1
A. Bondholders’ Proposed “Placeholder” Legacy Debt Rider Is Structurally Defective and Self-Defeating.....	2
B. Bondholders’ Purported Administrative Efficiencies Are Also Logically Flawed.....	5
II. NO “STANDARD” IN “UTILITY RATEMAKING PRACTICE” REQUIRES OR SUPPORTS BONDHOLDERS’ PROPOSAL.....	7
III. PREB HAS NO OBLIGATION TO IMPOSE AN EMPTY LEGACY DEBT RIDER.....	8
IV. SPECULATION ABOUT “SIGNALING” TO CAPITAL MARKETS IS NOT EVIDENCE.....	8
V. CONCLUSION.....	10

TABLE OF AUTHORITIES

	Page(s)
Regulatory & Other Authorities	
National Association of Regulatory Utility Commissioners, <i>Wildfire Workbook, Chapter Five, Cost Recovery Mechanisms</i> (Nov. 2025).....	5

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

In accordance with the Hearing Examiner’s Order¹ and PREB’s Resolution and Order,² Intervenor the Official Committee of Unsecured Creditors of PREPA (the “Committee”)³ respectfully submits this Reply Brief on Rate Design and represents as follows:

I. THERE IS NO EVIDENCE THAT A “PLACEHOLDER” LEGACY DEBT RIDER WILL PRODUCE ANY “ADMINISTRATIVE EFFICIENCIES”

The Committee’s Initial Brief on Rate Design asked PREB to defer implementation of any “Legacy Debt Rider”⁴ (whether a “placeholder” rider or otherwise) until after the “Title III Court”⁵ has adjudicated and determined the amount, priority, and treatment of PREPA’s “Legacy Debt”⁶ in PREPA’s bankruptcy case under Title III of PROMESA (the “Title III Case”). The Committee’s position also fully aligns with the recommendation of PREB’s own retained consultants, who agree that any Legacy Debt Rider would be premature at this time.⁷

In fact, the Bondholders are the only party still advocating for some unspecified form of a Legacy Debt Rider.⁸ The Bondholders’ primary⁹ argument is that implementing a “placeholder”

¹ *Hearing Examiner’s Order Changing Deadlines for Reply Briefs on Annual Revenue Requirement, Initial Briefs on Rate Design, and Reply Briefs on Rate Design*, NEPR-AP-2023-0003 (Jan. 27, 2026).

² *Resolution and Order*, NEPR-AP-2023-0003 (Feb. 10, 2026).

³ The Committee was granted Intervenor status by order dated May 21, 2025.

⁴ As used within PREB’s *Resolution and Order*, NEPR-AP-2023-0003, App’x at 24 (Feb. 12, 2025).

⁵ Defined as the United States District Court for the District of Puerto Rico.

⁶ PREB defined “Legacy Debt” as “PREPA’s debts subject to the ongoing Title III” Case. *Resolution and Order*, NEPR-AP-2023-0003, App’x at 24 (Feb. 12, 2025).

⁷ Alternatively, and only to the extent that PREB nevertheless elects to proceed with some amount, form, or structure of a Legacy Debt Rider (notwithstanding the lack of any evidence presented in this proceeding in support thereof), the Committee requested that any such Legacy Debt Rider properly consider and provide for the total amount of PREPA’s Legacy Debt, including the total amount of “General Unsecured Claims” filed in PREPA’s Title III Case, and that any such rider fully preserve the rights of all holders of allowed General Unsecured Claims against PREPA to benefit from any funds collected under any such rider. (General Unsecured Claims is used as defined in *Fifth Amended Title III Plan of Adjustment of the Puerto Rico Electric Power Authority*, Case No. 17-04780-LTS, ECF No. 5581 at 44 (Bankr. D.P.R. Mar. 28, 2025) (the “Fifth Amended Plan”).

⁸ PREPA expressly opposes a Legacy Debt Rider at this time, correctly observing that the record provides “no factual foundation upon which to structure a lawful debt-recovery mechanism within the current rate design.” *PREPA’s Brief on Rate Design*, NEPR-AP-2023-0003, at 6, 8 (Feb. 17, 2026). Even LUMA—the original proponent of the Legacy Debt Rider—has seemingly abandoned the concept, as its Rate Design Brief does not mention it even once. This is presumably because LUMA acknowledges that the evidentiary record does not support the implementation of any Legacy Debt Rider.

⁹ As discussed below, the Bondholders’ other arguments (such as sending “signals” to the capital markets and PREB’s supposed “statutory duty”) have no factual or legal support. *See*

Legacy Debt Rider now will produce “three significant efficiencies.”¹⁰ On a macro level, this argument is structurally defective. And on a micro level, the specific efficiencies claimed by the Bondholders are logically flawed and/or rest on mischaracterizations of the record and testimony.

A. Bondholders’ Proposed “Placeholder” Legacy Debt Rider Is Structurally Defective and Self-Defeating

The Bondholders advocate for a Legacy Debt Rider because, as they concede, they want PREPA to add to customer bills an “amount to be paid on account of legacy bond debt.”¹¹ As an initial matter, and as the Committee explained in its Initial Brief on Rate Design, it is impossible to implement a Legacy Debt Rider before the Title III Court has determined the amount, priority, and treatment of PREPA’s Legacy Debt (including the amount of the legacy bond debt, if any). Moreover, while the Bondholders (perhaps understandably) are only interested in having their own debt repaid, the Committee also previously explained that billions of dollars of General Unsecured Claims have been asserted against PREPA, which claims maintain an equal (or higher) entitlement from any funds collected under a Legacy Debt Rider.

The biggest defect in the Bondholders’ proposal, however, is that implementation of a Legacy Debt Rider requires answering numerous important and complex questions regarding the structure of such a rider—none of which can be answered at this time. These questions include the following:

- How should the repayment of the Legacy Debt be allocated across customer classes and over what timeframe?
- To what extent should the Legacy Debt Rider be billed as a volumetric or non-bypassable charge, or some combination thereof?
- Who should be exempted from the Legacy Debt Rider and how should a shortfall resulting from any exempted or subsidized groups be reallocated?

The Bondholders acknowledge that these questions need answers.¹² But instead of offering answers, the Bondholders offer only vague attributes and procedures for a “placeholder” Legacy Debt Rider, all of which remain undetermined and evolve “on the fly.” For example, the Bondholders propose (for the first time in their post-hearing brief) 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, the annual amount required for payment of

Bondholders’ Initial Post-Hearing Brief on Rate Design, NEPR-AP-2023-0003, at 1 (Feb. 17, 2026) (the “BH Rate Design Brief”).

¹⁰ *Id.* at 3.

¹¹ *Id.* at 2.

¹² *See, e.g., id.* at 5 n.8.

PREPA's legacy debt. Such amount would be included in the updated [Legacy Debt Rider] tariff sheet.¹³

But this proposal has no foundation in the record, as the "tariff sheet" for the Legacy Debt Rider¹⁴ contains no place to insert "such amount" and nothing exists to guide what LUMA and PREPA are to "consult" about or what LUMA is to "provide." In the absence of any evidence that would allow PREB to consider even a placeholder Legacy Debt Rider, the Bondholders are relegated to offering only conveniently vague phrases for the timing of this new proposal, such as "sufficiently in advance" and "prompt completion."¹⁵

Another tactic the Bondholders employ is to simply ignore questions they do not like or cannot answer. For example, the Bondholders assert that PREB's consultants ("Smith & Dady") oppose a Legacy Debt Rider based only on timing and that the Bondholders' proposal addresses these concerns.¹⁶ For one, this ignores that (as noted above) the Bondholders themselves offer, at best, only vague answers regarding timing. It also ignores Smith & Dady's actual conclusion, which is that:

[T]he most prudent course of action for the Energy Bureau would be to simply await the determination of the Title III Court on what the Legacy Debt Obligation is, and once that is known, to *then proceed with designing a revenue requirement and related rate design to address the collection of that amount from ratepayers.*¹⁷

In other words, timing is *not* Smith & Dady's only concern, as it makes no sense to implement any Legacy Debt Rider before answering complex questions regarding revenue requirement and rate design.

Nor is this the only instance in which the Bondholders mischaracterize the evidence in an effort to gloss over the importance of these unanswered questions. The Bondholders assert that a "placeholder" would reflect "no specific charge until the amount to be paid on account of legacy bond debt is determined," and then cite to the LUMA tariff book page reflecting a volumetric "\$0.XXXX per kWh" charge."¹⁸ The implication is that the only piece of information that would be required to implement the Legacy Debt Rider is a single number: the volumetric charge.

¹³ *Id.* at 2-3.

¹⁴ Ex. 362.5, Schedule O-4.

¹⁵ *BH Rate Design Brief* at 2 n.3.

¹⁶ *See, e.g., id.* at 7-8.

¹⁷ Ex. 62, Smith & Dady Expert Report at 27 (Oct. 6, 2025) (emphasis added).

¹⁸ *BH Rate Design Brief* at 2-3.

But this is inaccurate and misleading, as the uncontroverted evidence establishes that a Legacy Debt Rider would *not* be solely volumetric.¹⁹ The Title III Court’s determination of the “amount to be paid on account of legacy bond debt” may not provide instructions on *how* any amount on customer bills is to be calculated, leaving an array of open issues to be determined and for which no evidentiary record currently exists on which PREB could make such determination. As just one example, the Bondholders propose that the Legacy Debt Rider charges appearing on customer bills should be calculated “based on the [annual] established debt service requirements and projected consumption,”²⁰ but they are conspicuously silent on what to do if that projected consumption differs from actual consumption (as they themselves predict will be the case).

In sum, the record offers no answers to any of these critical questions. Instead, the Bondholders offer ambiguous, vague, and constantly changing procedures for a “placeholder” Legacy Debt Rider while, simultaneously, suggesting that PREB simply punt on the other components of a “placeholder” Legacy Debt Rider. In other words, the Bondholders’ proposed “placeholder” Legacy Debt Rider is less even than that: it is an empty shell that accomplishes nothing, eroding any purported administrative efficiencies and undermining the Bondholders’ entire argument.

If anything, it is more likely that attempting to implement any Legacy Debt Rider—“placeholder” or otherwise—on this record will be inefficient and only add unnecessary cost and delay.

The Bondholders’ purported efficiencies exist, at best, in a world in which critical questions about the structure of any Legacy Debt Rider have been answered. But that is not the world in which the parties, or PREB, find themselves. After a lengthy evidentiary hearing with extensive input from all parties and their experts, those questions have not yet been answered (because they cannot be answered without *first* answering threshold questions about the amount of the Legacy Debt itself). Without those answers, there are no efficiencies to be gained from implementing any “placeholder” Legacy Debt Rider, and, accordingly, the Committee respectfully submits that PREB should not implement any Legacy Debt Rider at this time.

¹⁹ See, e.g., 12/16 Tr. 304:16-305:3 (Mr. Shannon testified that he recommends “PREB utilize both fixed and variable” components and that, at the same time, he makes no “recommendation about what percentage or piece or component should be variable and which [] should be fixed.”).

²⁰ *BH Rate Design Brief* at 3 n.4.

B. Bondholders’ Purported Administrative Efficiencies Are Also Logically Flawed

The Bondholders assert that acting now (instead of, more prudently, awaiting the outcome of PREPA’s Title III Case) will supposedly produce three significant efficiencies: (i) “leverag[ing] the substantial time, attention, and resources” devoted to this rate case; (ii) “avoid[ing] unnecessary costs” by “implementing the [Legacy Debt Rider] while tariff revisions and software and system updates are underway”; and (iii) “reduc[ing] the time and cost required to begin collecting funds for legacy debt service once the Title III [C]ase concludes.”²¹ In addition to the structural defect that all of this assumes a world that does not exist and critical answers that PREB does not have, each of these supposed efficiencies rests on faulty logic, if not mischaracterizations, of the witnesses’ testimony.

First, the Bondholders are wrong in their assertion that there is “a comprehensive record” on the Legacy Debt Rider.²² To the contrary, as the Committee (among others) noted in its Initial Brief on Rate Design, the evidentiary record provides no foundation for PREB to even begin to consider what a Legacy Debt Rider would look like, much less actually implement any Legacy Debt Rider.²³ The Bondholders claim that if PREB does not implement a Legacy Debt Rider now, it would have to “initiat[e] a new ratemaking process (potentially off-cycle),”²⁴ but that is no reason to ignore Puerto Rico law that mandates a “complete and substantial” record. This manufactured urgency is also impossible to square with the Bondholders’ candid acknowledgement that PREB would *still* have to make a “final decision” to replace the “placeholder” Legacy Debt Rider at some unknown point in the future.²⁵ And, finally, there are several procedural options²⁶ by which PREB can consider the *entirety* of a Legacy Debt Rider after the PREPA’s Title III Case concludes, such as: (i) PREB’s (at least) annual examination, oversight, and approval of budgets; and (ii) an

²¹ *BH Rate Design Brief* at 3-4.

²² *Id.* at 3.

²³ *See Initial Brief on Rate Design of Official Committee of Unsecured Creditors of PREPA*, NEPR-AP-2023-0003 §§ II.A; II.C (Feb. 17, 2026) (“Committee’s Rate Design Brief”).

²⁴ *BH Rate Design Brief* at 3.

²⁵ *Id.* at 2.

²⁶ **“Ancillary Cost Recovery Mechanisms: Flexibility Beyond GRCs:** While the GRC is where cost recovery begins, other cost recovery mechanisms are essential tools that allow utilities to recover specific expenses outside the GRC. These mechanisms—known variously as riders, trackers, and adjustment clauses— provide flexibility to address volatile, large, or policy-driven costs without the need for a full rate case.” National Association of Regulatory Utility Commissioners, *Wildfire Workbook, Chapter Five, Cost Recovery Mechanisms* at 26 (Nov. 2025) (emphasis in original).

expedited, discrete, special-purpose proceeding outside of the detailed 3-year process now underway—just as PREB did with the Accelerated Storage Addition Program (“ASAP”).²⁷

Second, the Bondholders argue that configuring software and systems for the Legacy Debt Rider while “widespread changes are already underway” “is operationally efficient and would avoid unnecessary costs.”²⁸ But even if PREPA began coding billing systems on a “placeholder,” it is still possible (as the Hearing Examiner observed and Mr. Shannon agreed), that “***every single word would have to be changed*** when more facts arose.” 12/16 Tr. 117:21-118:5, 302:16-303:14 (emphasis added). This is because (i) there is work that ***cannot*** be done now (because the amount, priority, and treatment of PREPA’s Legacy Debt is undetermined) and (ii) even whatever (theoretically) ***could*** be coded now is subject to change.

In other words, in ***every scenario*** where a charge for PREPA’s Legacy Debt appears on customer bills, any coding done now will have to be re-done once the Title III Court has determined the amount, priority, and treatment of PREPA’s Legacy Debt. PREPA should not be forced to spend money now to code a “placeholder” rider that may only go into effect in the future, all while knowing it will likely need to modify how any charges for PREPA’s Legacy Debt appear on customer bills ***at least*** annually. This creates waste, not cost savings.²⁹

²⁷ The Accelerated Storage Addition Program (ASAP) was not included in the original transmission and distribution O&M budget. So, in 2024, LUMA petitioned PREB to recover certain costs associated with ASAP through a separate docket. See NEPR-MI-2024-0002. On March 5, 2025, PREB authorized recovery of the program’s implementation costs through the Power Purchase Cost Adjustment (“PPCA”) rider, with future cost recovery expected to align with an approximately \$8 million total program estimate and subject to review and reconciliation. *Resolution and Order*, NEPR-MI-2024-0002 (Mar. 5, 2025). PREB clarified that this authorization applies only to ASAP implementation costs recovered through the PPCA rider, while future operational expenses, including payroll, technical consultants, and legal costs, will be addressed in LUMA’s upcoming rate modification petitions. *Id.*

²⁸ *BH Rate Design Brief* at 3-4.

²⁹ Nothing cited within the Bondholders’ Rate Design Brief actually supports any cost savings, expedience, or efficiencies from having a “placeholder” Legacy Debt Rider coded into software now. No witnesses testified that deferring a Legacy Debt Rider until after PREPA’s Title III Case concludes will result in marginal expense to PREPA. Ms. Hanley did not address or estimate the cost to implement any form of the Legacy Debt Rider nor testify about any comparative benefits/drawbacks of doing that as part of this rate case or afterwards. Instead, her point was only that *each* new rider costs, *on average*, approximately \$500,000: “So *every time* we have to implement a new rider, it’s *averaged out* so far to be *about* a half a million dollars per rider.” 12/1 Tr. 11:9-12:6. The actual record evidence is that implementation of riders is priced *a la carte*—not as a buffet. The citation to Dr. Tierney’s testimony is only an echo of an (unremarkable) truism: configuring a utility’s billing system requires work and incurs expenses, and her speculation that having a “placeholder” now saves time later drew immediate rebuke and skepticism of at least one Commissioner. See *Committee’s Rate Design Brief*, § II.C.2.f. (“You’re saying, ‘Put the rider now because we’re going to save six months in the administrative process,’ and I just don’t see that.”) (emphasis added).

Third, the Bondholders argue a “placeholder” Legacy Debt Rider “will reduce the time and cost required to begin collecting funds for legacy debt service once the Title III [C]ase concludes.”³⁰ But PREB’s handling of ASAP, discussed above, demonstrated its ability to field urgent cost recovery questions and requests, act quickly, and facilitate timely recovery. This directly contradicts the Bondholders’ unfounded assertion that the start of collection under a Legacy Debt Rider will be delayed by “approximately six months” unless a “placeholder” Legacy Debt Rider is implemented now. The Bondholders also acknowledge an at-least-annual need to alter the amount to be collected under the Legacy Debt Rider if and when it becomes operative, which undermines any urgency to adopt a “placeholder” Legacy Debt Rider now.

II. NO “STANDARD” IN “UTILITY RATEMAKING PRACTICE” REQUIRES OR SUPPORTS BONDHOLDERS’ PROPOSAL

The Bondholders next argue PREB should implement a “placeholder” Legacy Debt Rider because that “is consistent with standard utility ratemaking practice.”³¹ However, the Bondholders failed to introduce any evidence of how establishing a blank “placeholder” Legacy Debt Rider comports with utility ratemaking practice in a situation such as this, *i.e.*, where the utility is the subject of a pending bankruptcy case and where the amount, priority, and treatment of Legacy Debt has not yet been determined by the bankruptcy court. That is because no such standard practice exists, and the only “examples” that Dr. Tierney presented actually illustrate this point.

After months (if not longer) of research, the Bondholders (including their expert witness) presented only two examples that, they assert, support a supposed “standard” by which regulators operate with respect to utilities in bankruptcy: The California Wildfire Fund and Massachusetts transition charge. Yet, neither of these cases has any relevance to the question that is actually before PREB: whether a “placeholder” Legacy Debt Rider should be implemented before the Title III Court has determined the amount, priority, and treatment of PREPA’s Legacy Debt and where the evidentiary record contains no support for the amount, form, or structure of such a rider.

If those two “examples” stand for anything, it is that regulators heeded, and took the necessary actions to implement, the policy decisions and directives of the people’s elected

³⁰ *BH Rate Design Brief* at 4.

³¹ *Id.* at 5.

representatives in the legislature. PREB, of course, has no specific legislative mandate to implement a Legacy Debt Rider.³²

III. PREB HAS NO OBLIGATION TO IMPOSE AN EMPTY LEGACY DEBT RIDER

The Bondholders self-servingly assert that PREB is duty-bound to implement a Legacy Debt Rider in this rate case, so as to “guarantee” that PREPA pays the Bondholders.³³ PREB’s duties and obligations are whatever they have been for the duration of PREPA’s Title III Case (and do not suddenly arise in the *ninth year* of the case). And the amount, treatment, and priority of PREPA’s legacy bonds have not yet been determined by the Title III Court, so no present obligation exists for PREPA to make payments for the benefit of the Bondholders.

Accordingly, PREPA’s obligations on its Legacy Debt are contingent on *future* events and, at best, represent *future* obligations of PREPA under a confirmed Title III plan of adjustment, and PREB would not violate any Puerto Rico laws by simply awaiting the outcome of PREPA’s Title III Case. PREB’s own consultants have come to the same conclusions, explaining that “PREPA is currently making no payments to its bondholders—because *the Title III proceeding temporarily relieved PREPA of any obligation to make those payments.*” Ex. 62, Smith & Dady Expert Report at 16 (emphasis added).

IV. SPECULATION ABOUT “SIGNALING” TO CAPITAL MARKETS IS NOT EVIDENCE

The Bondholders’ final argument resorts to platitudes about PREPA’s “access to capital markets” sending “constructive signal[s] to ... ratings agencies.”³⁴ But nothing in the evidentiary records substantiates the Bondholders’ speculations that implementation of a “placeholder” Legacy Debt Rider could advance PREPA’s ability to raise capital. Nor is there any evidence that PREPA even needs an influx of cash from capital markets over the next three years.³⁵

³² The Bondholders’ Rate Design brief also makes a false comparison to the “existing energy efficiency rider,” but that rider—like Dr. Tierney’s two examples from California and Massachusetts—was implemented only *after* Puerto Rico’s Legislature took action. *BH Rate Design Brief* at 8.

³³ *Id.* at 7-8.

³⁴ *Id.* at 6.

³⁵ Ex. 2, Direct Testimony of Andrew Smith at 32:633-33:650 (July 2, 2025) (“Q.35. **Did LUMA consider debt service obligations in its capital planning process, particularly as it relates to balancing debt repayment with necessary infrastructure investments and operational expenditures? Answer to March 24, 2025 Response for Information No. 68.** A. No. LUMA built its Optimal Budget from the bottom up ... it is reflective of the needs of the T&D System. LUMA did not consider debt service obligations as part of its capital planning process....”) (emphasis in original). The Bondholders’ own expert witness acknowledged “*no new investments are expected to be financed with debt until, at the*

Of the numerous witnesses, none offered any testimony to support this argument. Neither LUMA’s Chief Financial Officer, Mr. Andrew Smith, nor LUMA’s Chief Regulatory Officer, Mr. Alejandro Figueroa-Ramírez testified about “signaling” to capital markets or making inroads with credit rating agencies. That is, the individuals on the ground with the most expertise about PREPA’s current financial needs said nothing to support the Bondholders’ late-stage pivot of encouraging PREB to tell capital markets what (the Bondholders say) they want to hear.

Nor did the Bondholders introduce any evidence in support of this argument. Dr. Tierney’s written testimony never addressed whether implementing a “placeholder” Legacy Debt Rider would have beneficial “signaling” effects to capital markets and/or credit agencies. And the portions of her testimony to which the Bondholders cite concern only the generalities of why electric utilities use debt financing: (i) “Should the revenue requirement include debt Costs?”; (ii) “Why is access to capital markets and low-cost capital critical for a utility?”; and (iii) “Does PREPA currently have access to capital markets?”³⁶

Lastly, and critically, Dr. Tierney repeatedly explained that there is no benefit to PREPA from signaling anything to the markets while it is still in bankruptcy:³⁷

DR. SUSAN TIERNEY:

... I think that my position is that *when PREPA emerges from bankruptcy, it will be in a position, at that period, to indicate to the markets* that it is creditworthy. *We are not at that point yet.*

12/9 Tr. 26:9-27:3 (emphasis added).

[QUESTION]

... Should the commission address steps to improve creditworthiness before PREPA exit Title III? And if your answer is “yes,” what’s your recommendation that the PREB should ... the steps that PREB could do in this rate case?

DR. SUSAN TIERNEY:

I think my answer is: *not necessarily should you set rates to signal yet that PREPA is creditworthy, because it’s not. And the*

earliest, after the Title III proceeding.” Ex. 52, Answering Testimony of Susan Tierney at 22:3-5 (Sept. 2, 2025).

³⁶ *BH Rate Design Brief* at 6-7 (citing Ex. 52, Answering Testimony of Susan Tierney at 13-14) (emphasis removed); *compare id.* (citing under the heading “Establishing the [Legacy Debt Rider] Will Serve a Critical Signaling Function” pages 13-14 of Dr. Tierney’s Answering Testimony, *with* Ex. 52, Answering Testimony of Susan Tierney at 13-14 (devoid of any opinions that the Legacy Debt Rider “signals” the capital markets or rating agencies)).

³⁷ Arguably, PREPA would benefit if establishing a “placeholder” Legacy Debt Rider would “facilitate PREPA’s emergence from bankruptcy,” as the Bondholders baldly assert. *BH Rate Design Brief* at 5. Nothing in the record, however, substantiates this assertion.

rates don't reflect having an externally financed utility under the revenue requirements being proposed.

12/9 Tr. 47:24-49:5 (emphasis added).

V. **CONCLUSION**³⁸

PREB must have a “complete and substantial” evidentiary record before implementing a Legacy Debt Rider—irrespective of a “placeholder” format or deferral of its details or mechanics until another day. The “efficiencies” and “administrative” benefits that the Bondholders have advanced (with no evidence) are built on faulty premises and will not materialize. No benefit to PREB, PREPA, or PREPA’s customers will result from an empty “placeholder” Legacy Debt Rider.

The Committee respectfully repeats its position that PREB should await the outcome of Title III Case, which is consistent with the recommendation of PREB’s own consultants and the approach adopted by regulators of other utilities with a pending bankruptcy case. If, nonetheless, PREB implements some form of a Legacy Debt Rider in this rate case, then that rider must: (i) consider and include the total amount of PREPA’s Legacy Debt, including the total amount of General Unsecured Claims filed in PREPA’s Title III Case; and (ii) fully preserve the rights of all holders of allowed General Unsecured Claims against PREPA to benefit from any funds collected thereunder.

³⁸ The Committee will not address Section II of the Bondholders’ Rate Design Brief, which shadowboxes with the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”). *See, e.g., id.* at 10 (“[the Oversight Board]’s pessimistic outlook...”; “rather than adjust its outlook to reflect a lesson learned and take a less jaundiced view of demand, [the Oversight Board] repeats its error and again forecasts a demand slump—only to be proven wrong, again”; “manipulated ... to serve [the Oversight Board]’s litigation strategy”). The Oversight Board, of course, is not a participant in this rate case, so the aim of these argumentative remarks by the Bondholders, which will go unanswered by the Oversight Board, is not apparent.

Respectfully submitted on March 3, 2026.

Certificate of Service: We hereby certify that, on this date, we have filed this motion through the online filing system of the PREB and sent a copy³⁹ to the **PREB Clerk:** secretaria@energia.pr.gov, secretaria@jrsp.pr.gov, legal@jrsp.pr.gov, sseda@jrsp.pr.gov; to the *Hearing Examiner* Scott Hempling: shempling@scotthemplinglaw.com; and to all:

Parties and Intervenors:

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; katuska.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@sbgbllaw.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; and

PREB Consultants:

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.

³⁹ This service list conforms to the email from Ms. Sonia Seda Gaztambide dated February 6, 2026.

Counsel for the Committee

PAUL HASTINGS LLP

/s/ Pedro A. Jimenez

Pedro A. Jimenez, Esq. (*Pro Hac Vice*)

200 Park Ave.

New York, NY 10166

pedrojimenez@paulhastings.com

Tel.: (212) 318-6970

Fax: (212) 319-4090

/s/ Eric D. Stolze

Eric D. Stolze, Esq. (*Pro Hac Vice*)

1197 Peachtree St., N.E., Ste. 200

Atlanta, GA 30361

ericstolze@paulhastings.com

Tel.: (404) 815-2315

Fax: (404) 685-5315

Local Counsel for the Committee



PO Box 195075

San Juan, PR 00919-5075

Tel.: (787) 523-3434

Fax: (787) 523-3433

jasillas@cstlawpr.com

jnieves@cstlawpr.com

s/JUAN J. CASILLAS AYALA

RUA Num.: 12145

s/JUAN C. NIEVES GONZÁLEZ

RUA Num.: 19087

Certificate of Compliance: The undersigned certifies, on March 3, 2026, that this brief, exclusive of the portions exempted in the Hearing Examiner's December 22, 2025 Order (*i.e.*, caption, table of contents, signature blocks, and service information) and the Spanish summary required by standing order, contains 2,965 words as counted by Microsoft Word (Office 365)'s word count feature. The word count for the Committee's prior post-hearing brief contained 10,284 words.

/s/ Eric D. Stolze

Eric D. Stolze, Esq. (*Pro Hac Vice*)