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ENERGY ALERT

Puerto Rico Energy Commission Promulgates Regulation on Rate Filing Requirements for Puerto Rico Electric Power Authority

On July 24, 2015, the Puerto Rico Energy Commission (“Commission”) promulgated the Regulation on Rate Filing Requirements for the Puerto Rico Electric Power Authority (“Regulation”). The Regulation, which can be accessed [here](#), prescribes the information that must be submitted by the Puerto Rico Power Authority (“PREPA”), and the format in which it must be presented, in order for the Commission to review PREPA’s current rates and approve rates that are just and reasonable. Under the authority of the Energy Transformation and RELIEF Act, as amended, Act 57-2014, the Commission has primary and exclusive jurisdiction to approve the rates and charges established by PREPA for electric power service in the Commonwealth of Puerto Rico.

Pursuant to the Regulation, PREPA must file a formal application proposing new rates for electric services which will include, among others, detailed information regarding: (i) PREPA’s rate base and plant investment; (ii) capitalization and debt service requirements; (iii) income statements; (iv) financial statements and statistical schedules; (v) income, construction and capital expenditure projections; (vi) the cost of service and rate design; and (vii) the effect of the proposed tariff.

PREPA is also required to include calculations for a proposed fixed charge showing the amount customers would pay on account of PREPA’s obligations to bondholders, which would guarantee the annual payment of PREPA’s obligations to bondholders; and a detailed listing of all subsidies that are reflected in the proposed rates.

Pursuant to Act 57-2014 and as part of the first rate review process, the Commission will also consider: (i) the efficiency, capacity, and suitability of the facilities and the service; (ii) the direct and indirect costs related to the generation, transmission, and distribution of energy; (iii) expenditures related to PREPA’s debt repayment; (iv) all charges and costs included under the Fuel and Purchased Power Adjustment Clauses, as of the effective date of Act 57-2014; (v) PREPA’s capacity to improve the service provided and its facilities; (vi) the conservation of energy and efficient use of alternative energy resources; (vii) data related to the effect of special laws, subsidies, and contributions; and (viii) any other data or information that the Commission considers necessary to evaluate and approve rates.

PREPA must publish a copy of its application on its website simultaneously with its filing before the Commission. Afterwards, PREPA and the Commission will issue a public notice through their respective websites describing the procedures that the Commission will follow in the rate review proceeding and how the public may participate.

After the Commission issues a final order approving PREPA's new rates, a new regulation will be developed to govern the contents of formal applications to be filed in future rate cases to modify the rate approved by the Commission.

If you have any questions or comments or wish additional information regarding this matter, please contact any of the attorneys listed below, members of our Environmental, Energy & Land Use Practice Group:

Carlos J. Fernández-Lugo	787.250.5669	cfl@mcvpr.com
Jorge J. García-Díaz	787.250.5814	jig@mcvpr.com
Rosa Corrada-Colón	787.250.5651	rcc@mcvpr.com
Germán Novoa-Rodríguez	787.250.5603	gnr@mcvpr.com
Hernán Marrero-Caldero	787.250.5600	hmc@mcvpr.com
Ignacio J. Vidal-Cerra	787.250.2612	ivc@mcvpr.com

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