



Government of Puerto Rico
Puerto Rico Electric Power Authority

August 23, 2017

Governing Board

Ricardo L. Ramos Rodríguez
Chief Executive Officer

OPERATIONS REPORT – JULY 2017

Enclosed is the report on the operations of the Puerto Rico Electric Power Authority of July 2017.

Enclosure

Chief Executive Officer

G.P.O. Box 364267
San Juan, Puerto Rico 00936-4267

☎ 787.521.4666
📠 787.521.4665



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MONTHLY REPORT
TO THE GOVERNING BOARD
JULY 2017

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PUERTO RICO ELECTRIC POWER AUTHORITY

I. OPERATIONS HIGHLIGHTS

A. Production

	JULY		Increase (Decrease) %
	2017-18	2016-17	
1. Generation (kWh in thousands)			
Month:			
PREPA - Steam and gas	1,085,067	1,226,468	(11.5)
PREPA - Hydro	4,213	7,082	*
Purchased power - gas	304,024	319,589	(4.9)
Purchased power - coal	295,612	231,846	27.5
Renewable Energy	41,476	35,749	16.0
Total	1,730,392	1,820,734	(5.0)
Fiscal year-to-date:			
PREPA - Steam and gas			
PREPA - Hydro			
Purchased power - gas	SAME AS MONTH		
Purchased power - coal			
Renewable Energy			
Total			
Twelve months:			
PREPA - Steam and gas	12,113,182	14,110,443	(14.2)
PREPA - Hydro	84,214	58,158	44.8
Purchased power - gas	3,321,298	3,245,026	2.4
Purchased power - coal	3,515,346	3,125,093	12.5
Renewable Energy	385,282	322,532	19.5
Total	19,419,322	20,861,252	(6.9)
2. Maximum hourly peak load (in MW)			
Month	2,931	2,935	(0.1)
Fiscal year-to-date	SAME AS MONTH		
Twelve months	3,080	3,080	0.0
3. Sales (kWh in thousands)			
Month:			
Billed	1,520,385	1,521,441	(0.1)
Days billed	30.0	30.0	0.0
Fiscal year-to-date:			
Billed	SAME AS MONTH		
Days billed			
Twelve months:			
Billed	16,932,268	17,305,607	(2.2)
Days billed	365.0	364.0	0.3
4. System efficiency (%)			
Month	87.9	87.0	1.0
Fiscal year-to-date	SAME AS MONTH		
Twelve months	83.9	83.3	0.7
5. Average cost per barrel (\$)			
Month	60.35	55.01	9.7
Fiscal year-to-date	SAME AS MONTH		
Twelve months	58.09	51.35	13.1
6. kWh/Barrel			
Month	566.02	595.95	(5.0)
Fiscal year-to-date	SAME AS MONTH		
Twelve months	578.83	605.62	(4.4)
7. Heat rate (BTU/kWh) **			
Month	10,813	10,781	0.3
Fiscal year-to-date	SAME AS MONTH		
Twelve months	10,688	10,803	(1.1)

*100% or over

** Revised prior year

JULY

8. Fuel consumption
(in thousands)

	2017-18		2016-17		Increase (Decrease) %	
	BBL	Cost	BBL	Cost	BBL	Cost
Month:						
Steam	706	38,554	797	38,905	(11.4)	(0.9)
Gas	669	47,846	818	54,190	(18.2)	(11.7)
Natural Gas	542	28,480	443	20,106	22.3	41.6
Total	<u>1,917</u>	<u>114,880</u>	<u>2,058</u>	<u>113,201</u>	(6.9)	1.5
Fiscal year-to-date:						
Steam						
Gas						
Natural Gas						
Total						
Twelve months:						
Steam	10,261	565,918	11,707	533,014	(12.4)	6.2
Gas	5,209	376,221	5,753	389,673	(9.5)	(3.5)
Natural Gas	5,457	273,433	5,839	273,687	(6.5)	(0.1)
Total	<u>20,927</u>	<u>1,215,572</u>	<u>23,299</u>	<u>1,196,374</u>	(10.2)	1.6

SAME AS MONTH

JULY

	2017	2016	Increase (Decrease) %
B. Client Service			
1. Service complaints per thousand clients	2.59	3.07	(15.6)
2. Disconnections for nonpayment per thousand clients	8.26	5.78	42.9
C. Distribution System*			
1. Interruption frequency index			
Total interruptions per thousand clients served	0.466	0.420	11.0
2. Interruption duration index			
Average interruption time per clients served (minutes)	88.68	77.15	14.9
3. Clients per interruption	203	209	(3.1)
4. Time per interruption (minutes)	385	354	8.9

D. Personnel

		JULY		
		2017	2016	Increase (Decrease)
Management Conf. / Carr.	Reg.	1,780	1,904	(124)
	Temp.	26	4	22
U.T.I.E.R.	Reg.	3,479	3,661	(182)
	Temp.	13	7	6
	Emerg.	20		
U.I.T.I.C.E.	Reg.	603	638	(35)
	Temp.			
U.E.P.I.	Reg.	298	310	(12)
	Temp.			
U.P.A.E.E.	Reg.	4	4	0
	Temp.	1	1	0
Total		<u>6,224</u>	<u>6,529</u>	<u>(305)</u>

II. FINANCIAL HIGHLIGHTS

A. Revenue data

1. Sales of electric energy per classes
(including unbilled adjustment)
(in thousands)

	JULY				
	Month			Fiscal Year-to-Date	
	2017	2016	Increase (Decrease) %	2016-17	2015-16 Increase (Decrease) %
kWh sales:					
Residential	588,086	583,880	0.7		
Commercial	694,498	727,676	(4.6)		
Industrial	200,787	205,807	(2.4)		
Others	37,014	31,136	18.9		
Total	<u>1,520,385</u>	<u>1,548,499</u>	(1.8)	SAME AS MONTH	
Basic revenues:					
Residential	31,150	33,528	(7.1)		
Commercial	46,867	47,326	(1.0)		
Industrial	9,027	9,636	(6.3)		
Others	5,697	5,040	13.0		
Total	<u>92,741</u>	<u>95,530</u>	(2.9)	SAME AS MONTH	
Provisional rate:					
Residential	7,070	0	*		
Commercial	8,819	0	*		
Industrial	2,440	0	*		
Others	435	0	*		
Total	<u>18,764</u>	<u>0</u>	*	SAME AS MONTH	
Fuel adjustment:					
Residential	50,461	54,479	(7.4)		
Commercial	59,803	68,384	(12.5)		
Industrial	15,938	17,362	(8.2)		
Others	3,398	3,182	6.8		
Total	<u>129,600</u>	<u>143,407</u>	(9.6)	SAME AS MONTH	
Purchased power:					
Residential	28,447	28,032	1.5		
Commercial	33,237	34,500	(3.7)		
Industrial	9,069	8,920	1.7		
Others	1,746	1,656	5.4		
Total	<u>72,499</u>	<u>73,108</u>	(0.8)	SAME AS MONTH	
Total revenues:					
Residential	117,128	116,039	0.9		
Commercial	148,726	150,210	(1.0)		
Industrial	36,474	35,918	1.5		
Others	11,276	9,878	14.2		
Total	<u>313,604</u>	<u>312,045</u>	0.5	SAME AS MONTH	

JULY					
	Month			Fiscal Year-to-Date	
	2017	2016	Increase (Decrease) %	2016-17	2015-16 Increase (Decrease) %
2. Cents per kWh					
Basic revenues:					
Residential	5.30	5.74	(7.7)		
Commercial	6.75	6.50	3.8		
Industrial	4.50	4.68	(3.8)		SAME AS MONTH
Others	15.39	16.19	(4.9)		
Total	6.10	6.17	(1.1)		
Provisional rate:					
Residential	1.20	0.00	*		
Commercial	1.27	0.00	*		
Industrial	1.22	0.00	*		SAME AS MONTH
Others	1.18	0.00	*		
Total	1.23	0.00	*		
Fuel adjustment:					
Residential	8.58	9.33	(8.0)		
Commercial	8.60	9.40	(8.5)		
Industrial	7.93	8.44	(6.0)		SAME AS MONTH
Others	9.17	10.22	(10.3)		
Total	8.53	9.26	(7.9)		
Purchased power:					
Residential	4.84	4.80	0.8		
Commercial	4.79	4.74	1.1		
Industrial	4.52	4.33	4.4		SAME AS MONTH
Others	4.72	5.32	(11.3)		
Total	4.77	4.72	1.1		
Total revenues:					
Residential	19.92	19.87	0.3		
Commercial	21.41	20.64	3.7		
Industrial	18.17	17.45	4.1		SAME AS MONTH
Others	30.46	31.73	(4.0)		
Total	20.63	20.15	2.4		
3. Clients:					
Residential	1,338,876	1,333,672	0.4		
Commercial	123,696	123,944	(0.2)		
Industrial	613	632	(3.0)		SAME AS MONTH
Others	3,352	3,384	(0.9)		
Total	<u>1,466,537</u>	<u>1,461,632</u>	0.3		
4. Average kWh per client:					
Residential	439	438	0.3		
Commercial	5,615	5,871	(4.4)		
Industrial	327,548	325,644	0.6		
Others	11,042	9,201	20.0		
Total	1,037	1,059	(2.1)		

*100% or over

II. FINANCIAL HIGHLIGHTS

A. Revenue data

1. Sales of electric energy per government classes
(in thousands)

	JULY					
	Month			Fiscal Year-to-Date		
	2017	2016	Increase (Decrease) %	2016-17	2015-16	Increase (Decrease) %
kWh sales:						
Residential	9	12	(25.0)			
Commercial	203,479	217,585	(6.5)			
Industrial						
Others	31,044	29,053	6.9			
Total	234,532	246,650	(4.9)			
Basic revenues:						
Residential	1	1	*			
Commercial	13,955	14,173	(1.5)			
Industrial				SAME AS MONTH		
Others	5,107	4,888	4.5			
Total	19,063	19,062	0.0			
Provisional rate:						
Residential	0	0	*			
Commercial	2,644	0	*			
Industrial				SAME AS MONTH		
Others	403	0	*			
Total	3,047	0	*			
Fuel adjustment:						
Residential	1	1	0.0			
Commercial	16,133	16,979	(5.0)			
Industrial				SAME AS MONTH		
Others	2,573	2,391	7.6			
Total	18,707	19,371	(3.4)			
Purchased power:						
Residential	1	1	*			
Commercial	10,843	8,419	28.8			
Industrial				SAME AS MONTH		
Others	1,728	1,196	44.5			
Total	12,572	9,616	30.7			
Total revenues:						
Residential	3	3	0.0			
Commercial	43,575	39,571	10.1			
Industrial				SAME AS MONTH		
Others	9,811	8,475	15.8			
Total	53,389	48,049	11.1			
Clients:						
Residential	14	14	0.0			
Commercial	21,323	21,718	(1.8)			
Industrial				SAME AS MONTH		
Others	2,909	2,848	2.1			
Total	24,246	24,580	(1.4)			

Statistical and financial data from the Government sector is segregated from the original sales reports (CC&B) prepared by the Client Service Directorate.

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B. Result of operations-budget comparison
(in million dollars)

	JULY 2017					
	Month			Fiscal Year-to-Date		
	Budget	Actual	Increase (Decrease) %	Budget	Actual	Increase (Decrease) %
Basic charges	105.1	92.7	(11.8)			
Fuel adjustment	88.2	129.6	46.9			
Purchased power	72.8	72.5	(0.4)			
CILT	4.4		(100.0)			
Subsidies	14.9		(100.0)			
Provisional rate	0.0	18.8	#DIV/0!			
Revenues from sales	285.4	313.6	9.9			
Other	0.0	(2.9)	#DIV/0!			
Total revenues	307.8	310.7	0.9			
Fuel	81.1	114.9	41.7			
Purchased power	76.1	64.7	(15.0)			
Other expenses	57.2	46.2	(19.2)			
Total current expenses	214.4	225.8	5.3			
1974 - sinking fund appropriations	45.5	63.5	*			
Reserve Account						
Rate Stabilization Fund						
Interest on notes	8.9	4.5	(49.4)			
Internal funds	58.4	0.0	(100.0)			
Contribution to municipalities	6.0	2.7	(55.0)			
Other appropriations	(25.4)	14.2	(155.9)			
Total	307.8	310.7	0.9			

SAME AS MONTH

EXPLANATION OF MAJOR VARIATIONS

1. The increase in the fuel adjustment and expense for the fiscal year-to-date was due to higher cost of fuel than budgeted.
2. Purchased power revenue and expenses decreased for the fiscal year-to-date due to a lower availability from cogenerators than budgeted.
3. On July 24, 2016, the Energy Commission approved the provisional rate.
4. The other revenues for the fiscal year-to-date increased due to a higher non operating income than budgeted.
5. The 1974 Sinking Fund appropriation have been accrued but not paid nor transferred.
6. Internal funds have been accrued but not paid nor transferred to the Construction Fund. Actual amounts are maintained as part of the General Fund, to provide a reserve for current expenses.
7. Contribution to municipalities for the fiscal year-to-date decreased due to the application of ceiling limits and the annual saving of 5% in accordance with Act 4-2016.

* 100% or Over

C. Result of operations-as compared to last year
(in million dollars)

	JULY					
	Month			Fiscal Year-to-Date		
	2017	2016	Increase (Decrease) %	2016-17	2015-16	Increase (Decrease) %
Basic charges	92.7	96.3	(3.7)			
Fuel adjustment	129.6	127.8	1.4			
Purchased power	72.5	66.0	9.8			
Provisional rate	18.8		*			
Revenues from sales	313.6	290.1	8.1			
Other	(2.9)	(3.0)	*			
Total revenues	<u>310.7</u>	<u>287.1</u>	8.2			
Fuel	114.9	113.2	1.5			
Purchased power	64.7	59.0	28.1			
Other expenses	<u>46.2</u>	<u>50.5</u>	(8.5)			SAME AS MONTH
Total current expenses	225.8	222.7	1.4			
1974 - sinking fund appropriations	63.5	40.6	56.4			
Reserve Account						
Rate Stabilization Fund						
Interest on notes	4.5	4.5	0.0			
Internal funds	0.0	0.0	*			
Contribution to municipalities	2.7	6.0	*			
Other appropriations	<u>14.2</u>	<u>13.3</u>	6.8			
Total	<u>310.7</u>	<u>287.1</u>	8.2			

EXPLANATION OF MAJOR VARIATIONS

1. The decrease in the fuel adjustment and expense for the fiscal year-to-date was due to lower cost of fuel than prior year.
2. Purchased power revenue and expenses increased for the fiscal year-to-date due to a higher availability from cogenerators than prior year.
3. On July 24, 2016, the Energy Commission approved the provisional rate, which it is an increase to all classes of clients by 1.299 cents per kWh.
4. The other revenues for the fiscal year-to-date decreased due to a lower non operating income than prior year.
5. The 1974 Sinking Fund appropriation for current fiscal year have been accrued but not paid nor transferred.
6. Internal funds have been accrued but not paid nor transferred to the Construction Fund. Actual amounts are maintained as part of the General Fund, to provide a reserve for current expenses.
7. Contribution to municipalities for the fiscal year-to-date decreased due to the application of ceiling limits and the annual saving of 5% in accordance with Act 4-2016.
8. Other appropriations for the fiscal year-to-date increased due a reclass of public lighting from Contribution to municipalities to other appropriation (subsidies) per Act 4-2016.

* 100% or Over

D. Notes Payable
(in thousand dollars)

JULY

<u>Construction Financing</u>			<u>Operational Financing</u>		
	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>
1. Rehabilitation Isabela Dam (GDB):			1. Municipalities Settlement Agreement :		
Line of credit	25,354	25,354	Line of credit	64,208	64,208
Amount received	<u>713</u>	<u>713</u>	Amount received	<u>64,208</u>	<u>64,208</u>
Available balance	<u>24,641</u>	<u>24,641</u>	Available balance	<u>0</u>	<u>0</u>
Debt outstanding balance	713	713	Debt outstanding balance	0	0
Maturity Date	June 30, 2018		Maturity Date	June 30, 2014	
2. State Revolving Fund Program Aguirre & San Juan Plant (AFICA):			2. Fuel Financing (Scotiabank) :		
Line of credit	27,023	27,023	Line of credit	550,000	550,000
Amount received	<u>4,939</u>	<u>0</u>	Amount received	<u>549,950</u>	<u>549,950</u>
Available balance	<u>22,084</u>	<u>27,023</u>	Available balance	<u>50</u>	<u>50</u>
Debt outstanding balance	4,939	0	Debt outstanding balance	549,950	549,950
Maturity Date	June 30, 2033		Maturity Date	August 14, 2014	
			3. Fuel Financing (Citibank) :		
			Line of credit	150,000	150,000
			Amount received	<u>146,042</u>	<u>146,042</u>
			Available amount	<u>3,958</u>	<u>3,958</u>
			Debt outstanding balance	146,042	146,042
			Maturity Date	January 10, 2014	
			4. Collateral SWAP - (GDB) :		
			Line of credit	100,000	100,000
			Amount received	<u>35,133</u>	<u>35,133</u>
			Available balance	<u>64,867</u>	<u>64,867</u>
			Debt outstanding balance	35,133	35,133
			Maturity Date	December 31, 2014	

E. Necessary Maintenance Expenses *
(in thousand dollars)

JULY 2017						
	Month ***			Fiscal Year-to-Date****		
	Budget	Actual	Increase (Decrease) %	Budget	Actual	Increase (Decrease) %
Production	15,909	184	(98.8)			
Transmission	10,506	3,090	(70.6)			
Distribution	7,260	3,832	(47.2)	SAME AS MONTH		
Other	3,977	203	(94.9)			
Total	37,652	7,309	(80.6)			
Internal Funds	29,187	0	(100.0)	SAME AS MONTH		
Percentage of Internal Funds to Investment in Capital Improvements Programs**	78%	0%				
Contribution AID for Construction		26		SAME AS MONTH		

	2017	2016
F. Highest debt coverage as of June 30	1.24	1.07

G. REA Projects

	Month	Fiscal Year-to-Date
Total investment	\$0	SAME AS MONTH
Families served	0	

* Capital Improvement Program was suspended after filing of Title III of PROMESA. Only the necessary maintenance expenses will be presented.

**A minimum in the internal funds contribution of 25% has been recommended by the Consulting Engineers.

***Monthly figures may vary significantly due to fluctuations in the availability of funds. For more accurate results, please refer to fiscal year-to-date figures.

****Includes monthly overhead allocation.

STATISTICS OF ACCOUNTS RECEIVABLE FROM SALES OF ELECTRIC ENERGY
(in thousand dollars)

	JULY		Increase (Decrease) %
	2017	2016	
General clients	896,243	824,235	8.7
Government (State and federal agencies and public corporations)	223,598	271,221	(17.6)
Total Accounts Receivable	<u>1,119,841</u>	<u>1,095,456</u>	2.2
Uncollectibles Reserve	<u>(637,158)</u>	<u>(492,316)</u>	29.4
Accounts Receivable after Reserve	<u>482,683</u>	<u>603,140</u>	(20.0)
Sales of electric energy (12 months)			
Revenues from sales	3,255,760	3,098,898	5.1
Indicators:			
A/R to Sales	14.8%	19.5%	(23.8)
Sales Days in A/R	54	71	(23.8)
Ratio of collections to sales:			
General clients:			
Sales	2,842,121	2,603,239	9.2
Collections	3,351,796	3,222,846	4.0
%Collection to Sales	117.9	123.8	(4.7)
Government:			
Sales net of municipalities, public lightning and exclusions	413,639	495,659	(16.5)
Collections	443,163	416,874	6.3
% Collection to Sales	107.14	84.10	27.4
Total:			
Sales net of municipalities, public lightning and exclusions	3,255,760	3,098,898	5.1
Collections	3,794,959	3,222,846	17.8
%Collection to Sales	116.6	104.0	12.1

PUERTO RICO ELECTRIC POWER AUTHORITY

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STATEMENT OF NET POSITION
ASSETS AND DEFERRED OUTFLOWS
(in thousands)

	July 31 2017	June 30 2017
Current assets:		
Cash and cash equivalents		
General fund	\$ 60,558	\$ 63,455
Reserve for current expenses	447,060	455,578
Revenue fund	13	13
Working funds	1,170	1,170
Total cash and cash equivalents	<u>508,801</u>	<u>520,216</u>
Accounts receivable (Exhibit A)	2,006,191	1,963,231
Fuel oil inventory	110,428	104,887
Materials and supplies inventory	171,773	171,099
Prepayments and other (Exhibit B)	41,889	26,394
Total current assets	<u>2,839,082</u>	<u>2,785,827</u>
Non current receivables (Exhibit A)	<u>132,588</u>	<u>132,588</u>
Restricted Assets		
Cash held by trustees	<u>2</u>	<u>2</u>
Investments held by trustees		
Sinking funds - Interest	30	30
Non current restricted deposits held by trustees	8,029	8,028
Total investment held by trustees	<u>8,059</u>	<u>8,058</u>
Construction fund and other		
Construction fund	18,540	22,855
Investment held by REA	1,113	1,113
Reserve maintenance fund	16,190	16,151
Other restricted fund	5,128	5,128
Total construction fund and other	<u>40,971</u>	<u>45,247</u>
Total restricted assets	<u>49,032</u>	<u>53,307</u>
Utility Plant		
Electric plant in service	12,865,145	12,851,524
Less: accumulated depreciation	7,467,157	7,436,783
Net electric plant in service	5,397,988	5,414,741
Construction work in progress, including preliminary surveys of 17,133 and 17,133	846,468	853,658
Total utility plant	<u>6,244,456</u>	<u>6,268,399</u>
Deferred debits:		
Unamortized debt expense	(2,009)	(1,668)
Other	37,789	38,737
Total deferred debits	<u>35,780</u>	<u>37,069</u>
Total assets	<u>9,300,938</u>	<u>9,277,190</u>
Deferred outflows of resources	<u>101,088</u>	<u>101,088</u>
Total Assets and Deferred Outflows	<u>\$ 9,402,026</u>	<u>\$ 9,378,278</u>

STATEMENT OF NET POSITION
LIABILITIES AND NET POSITION
(in thousands)

	July 31 2017	June 30 2017
Liabilities and net position		
Current Liabilities		
Notes payable to banks	\$ 737,587	\$ 737,587
Accounts payable and accrued liabilities (Exhibit C)	1,938,693	1,950,888
Customer deposits, including accrued interest	48,589	46,516
Total current liabilities	<u>2,724,869</u>	<u>2,734,991</u>
Current liabilities payable from restricted assets		
Current portion of long-term debt	235,514	235,737
Accrued interest payable on bonds and notes	259,511	220,222
Other current liabilities (Exhibit C)	43,582	42,553
Total current liabilities from restricted assets	<u>538,607</u>	<u>498,512</u>
Non current liabilities		
Power revenue bonds, net of unamortized debt discount of (55,294) and (55,294)	8,178,379	8,178,380
Net pension liability	1,704,640	1,704,640
Non current portion, accounts payable and accrued sick leave	114,518	114,518
Accrued unfunded OPEB	134,857	134,857
Customer deposits - noncurrent	171,396	171,396
Total noncurrent liabilities	<u>10,303,790</u>	<u>10,303,791</u>
Total liabilities	<u>13,567,266</u>	<u>13,537,294</u>
Deferred inflows of resources:		
Deferred gain on pension valuation	65,946	65,946
Total net position (Deficit)	<u>(4,231,186)</u>	<u>(4,224,962)</u>
Total Liabilities and Net Position	<u>\$ 9,402,026</u>	<u>\$ 9,378,278</u>

PUERTO RICO ELECTRIC POWER AUTHORITY

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
(in thousands)

	MONTH		
	Budget July 2017	Actual July 2017	Actual July 2016
Operating revenues:			
Sales of electric energy	\$ 308,564	\$ 313,604	\$ 290,071
Total operating revenues	308,564	313,604	290,071
Other income	(1,672)	(2,951)	(2,945)
Total revenues	306,892	310,653	287,126
Expenses:			
Fuel cost	81,100	114,880	113,201
Purchased power	76,083	64,652	59,024
Other production	4,756	4,286	4,130
Transmission and distribution	10,989	10,911	11,259
Maintenance	16,220	12,315	12,020
Customer accounting and collection	7,964	6,932	7,490
Administrative and general	17,232	11,730	15,560
Subtotal expenses by function	214,344	225,706	222,684
Other post - employment benefits	-	-	-
Depreciation	30,728	30,463	30,687
Interest on bonds, capital improvement notes, general obligation notes, less allowance for funds used during construction	36,301	39,289	40,367
Contribution to municipalities	6,044	7,223	5,991
Other appropriations	15,994	14,251	13,338
Bond discount and defeasance amortization	-	117	22
Total expenses	303,411	317,049	313,089
Contributed capital	229	172	354
Changes in net position	\$ 3,710	\$ (6,224)	\$ (25,609)

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
(in thousands)

	FISCAL YEAR		
	Budget July 2017	Actual July 2017	Actual July 2016
Operating revenues:			
Sales of electric energy			
Total operating revenues			
Other income			
Total revenues			
Expenses:			
Fuel cost			
Purchased power			
Other production		SAME AS MONTH	
Transmission and distribution			
Maintenance			
Customer accounting and collection			
Administrative and general			
Subtotal expenses by function			
Other post - employment benefits			
Depreciation			
Interest on bonds, capital improvement			
notes, general obligation notes, less			
allowance for funds used during			
construction			
Contribution to municipalities			
Other appropriations			
Bond discount and defeasance amortization			
Total expenses			
Contributed capital			
Changes in net position			

PUERTO RICO ELECTRIC POWER AUTHORITY

STATEMENTS OF REVENUES AND EXPENSES FOR REVENUE FUND
PURPOSES PER TRUST AGREEMENT
(in thousands)

	MONTH		
	Budget July 2017	Actual July 2017	Actual July 2016
Revenues:			
Sales of electric energy (Exhibit D)	\$ 308,564	\$ 313,604	\$ 290,071
Total operating revenues	308,564	313,604	290,071
Other income	(735)	(2,951)	(2,945)
Total revenues	307,829	310,653	287,126
Less: 1974 construction fund investment income and gain on sale of properties	47	2	57
Revenues - net	307,782	310,651	287,069
Current expenses:			
Fuel cost	81,100	114,880	113,201
Purchased power	76,083	64,652	59,024
Other production	4,756	4,286	4,130
Transmission and distribution	10,989	10,911	11,259
Maintenance	16,220	12,315	12,020
Customer accounting and collection	7,964	6,932	7,490
Administrative and general	17,232	11,730	15,560
Total current expenses	214,344	225,706	222,684
Net revenues (as defined)	93,438	84,945	64,385
Contractual obligations:			
Sinking fund appropriations -			
Interest on power revenue bonds (1)	27,388	34,815	35,887
Bond redemption account (1)	18,070	28,711	4,689
Interest on notes	8,912	4,474	4,480
Capital Improvements fund	58,383	-	-
Total contractual obligations	112,753	68,000	45,056
Balance	(19,315)	16,945	19,329
Provision for Contribution in Lieu of Taxes and other appropriations			
Contribution to municipalities	6,044	2,694	5,991
Other	15,994	14,251	13,338
Total provision for contribution and other	22,038	16,945	19,329
Remainder	\$ (41,353)	\$ -	\$ -

Footnotes:

(1) The 1974 Sinking Fund appropriation have been accrued but not transferred.

(2) Internal funds have been accrued but not paid, nor transferred to Construction Fund. Actual amounts are maintained as part of General Fund, to provide a Reserve for Current Expenses.

STATEMENTS OF REVENUES AND EXPENSES FOR REVENUE FUND
PURPOSES PER TRUST AGREEMENT
(in thousands)

	FISCAL YEAR - TO DATE			TWELVE MONTHS ENDED		
	Budget July 2017	Actual July 2017	Actual July 2016	Budget June 2018	Actual July 2017	Actual July 2016
Revenues:						
Sales of electric energy (Exhibit D)				\$ 2,970,682	\$ 3,457,362	\$ 3,190,987
Total operating revenues				2,970,682	3,457,362	3,190,987
Other income				(22,759)	(30,265)	22,558
Total revenues				2,947,923	3,427,097	3,213,545
Less: 1974 construction fund investment				1,007	397	828
income and gain on sale of properties						
Revenues - net				2,946,916	3,426,700	3,212,717
Current expenses:						
Fuel cost				647,482	1,215,573	1,196,374
Purchased power				828,393	733,017	676,145
Other production				42,376	54,901	56,578
Transmission and distribution				131,741	143,227	145,651
Maintenance				171,571	153,418	159,583
Customer accounting and collection				100,103	93,076	92,126
Administrative and general				180,604	189,011	200,244
Total current expenses				2,102,270	2,582,223	2,526,701
Net revenues (as defined)				844,646	844,477	686,016
Contractual obligations:		SAME AS MONTH				
Sinking fund appropriations -						
Interest on power revenue bonds (1)				102,626	429,580	397,819
Bond redemption account (1)				109,669	246,296	235,252
Rate Stabilization Account				-	-	(4,330)
Interest on notes				39,675	52,727	53,562
Capital Improvements fund				366,779	1,330	16,488
Total contractual obligations				618,749	729,933	698,791
Balance				225,897	114,544	(12,775)
Provision for Contribution in Lieu of Taxes and						
other appropriations						
Contribution to municipalities				51,784	(23,666)	(70,675)
Other				174,113	138,210	57,900
Total provision for contribution and other				225,897	114,544	(12,775)
Remainder				\$ -	\$ -	\$ -

Footnotes:

(1) The 1974 Sinking Fund Appropriation have been accrued but not transferred.

(2) Internal funds have been accrued but not paid, nor transferred to Construction Fund. Actual amounts are maintained as part of General Fund, to provide a Reserve for Current Expenses.

NET POSITION

(in thousands)

	July 2017	June 2017
Net Position		
Invested in utility plant, net related debt	\$ (1,063,439)	\$ (1,039,380)
Restricted for capital activity and debt service	(854,729)	(810,135)
Unrestricted	<u>(2,313,018)</u>	<u>(2,375,447)</u>
Total net position	<u>\$ (4,231,186)</u>	<u>\$ (4,224,962)</u>

ACCOUNTS RECEIVABLE
(in thousands)

Exhibit A

	July 2017	June 2017
Electric and related services:		
General clients	\$ 896,243	\$ 883,002
Recoveries under fuel adjustment and purchase power clause under or (over) billed	9,511	4,480
Unbilled services	168,736	165,079
Allowance for uncollectible accounts- General Client	<u>(515,931)</u>	<u>(511,255)</u>
Total General Clients	<u>558,559</u>	<u>541,306</u>
Government, including current and non current	1,594,884 ⁽¹⁾	1,568,933
Allowance for uncollectible accounts- Government	<u>(58,497)</u>	<u>(58,497)</u>
Total Government	1,536,387	1,510,436
Claims Receivable from Insurance Companies & Other	30,400	30,400
Advances to Irrigation Systems - net	5,135	5,534
Accrued interest	2,061	2,082
Other	<u>6,237</u>	<u>6,061</u>
Total Accounts Receivable	2,138,779	2,095,819
Less: Government Account Receivable, non current portion	<u>132,588</u>	<u>132,588</u>
Total Accounts Receivable, current portion	<u><u>\$ 2,006,191</u></u>	<u><u>\$ 1,963,231</u></u>

(1) Excludes CILT set aside during fiscal year 2016-2017 and 2015-2016.

PREPAYMENTS AND OTHER
(in thousands)

Exhibit B

	July 2017	June 2017
Claims Outstanding Related to Property Damages	\$ 353	\$ 353
Prepayments and other	<u>41,536</u>	<u>26,041</u>
Total	<u>\$ 41,889</u>	<u>\$ 26,394</u>

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	July 2017	June 2017
Exhibit C		
Accounts payable - fuel oil and other	\$ 500,157	\$ 536,082
Accrued annual leave	46,914	47,001
Accrued sick leave	1,318	1,472
Accrued salaries and fringe benefits	3,888	3,538
Accrued Contribution in Lieu of Taxes	1,341,113	1,324,976
Accrued Actuarial Retirement	2,193	2,193
Reserve for injuries and damages	2,531	2,070
Accrued Contributions Federal Social Security	652	409
Income tax withheld at source	96	122
Health plan	17,363	12,510
Pension & Benefits Deferred Employer Contribution	9,342	9,342
Other	13,126	11,173
Sub total current liabilities	<u>1,938,693</u>	<u>1,950,888</u>
Other current payables from restricted assets		
Retention on Contract Work	5,915	5,915
Vouchered A/P construction	3,084	2,550
Contribution aid to construction	<u>34,583</u>	<u>34,088</u>
Total other current payables from restricted assets	<u>43,582</u>	<u>42,553</u>
Total current Liabilities	<u>1,982,275</u>	<u>1,993,441</u>
NON-CURRENT LIABILITIES		
Net Pension Liability	1,704,640	1,704,640
Accrued sick leave	114,518	114,518
Accrued Unfunded OPEB	<u>134,857</u>	<u>134,857</u>
Total non current liabilities	<u>1,954,015</u>	<u>1,954,015</u>
Total accounts payables and non current liabilities	<u>\$ 3,936,290</u>	<u>\$ 3,947,456</u>

(1) Excludes CILT set aside during fiscal year 2017-2018 and 2016-2017.

SALES OF ELECTRIC ENERGY

JULY 2017

Exhibit D

Class of Service	CLIENTS		KWHRS (in thousands)			
	Billed	Total	MONTHLY			Total
			Billed	Unbilled	Adjustment*	
Residential	1,338,876	1,338,876	567,193	373,744	(352,851)	588,086
Commercial	123,696	123,696	679,020	426,278	(410,800)	694,498
Industrial	613	613	187,992	128,736	(115,941)	200,787
Public lighting	2,157	2,157	26,520	10,610	(8,599)	28,531
Other public authorities	2	2	4,761	2,890	(1,598)	6,053
Agricultural	1,194	1,194	2,255	1,477	(1,302)	2,430
Subtotal	1,466,538	1,466,538	1,467,741	943,735	(891,091)	1,520,385
Fuel oil adjustment						
Purchased power						
Subtotal	1,466,538	1,466,538	1,467,741	943,735	(891,091)	1,520,385
Unrecovered fuel oil cost-net						
Unrecovered purchased power cost-net						
Total	1,466,538	1,466,538	1,467,741	943,735	(891,091)	1,520,385

FISCAL YEAR-TO-DATE

Class of Service	Average Clients	Kwhrs. (thousands)	Revenue (thousand \$)	Kwhrs. per Client	Cents per Kwhr. Sold
Residential	1,338,876	588,086	38,220	439	6.50
Commercial	123,696	694,498	55,687	5,615	8.02
Industrial	613	200,787	11,468	327,548	5.71
Public lighting	2,156	28,531	5,692	13,233	19.95
Other public authorities	2	6,053	261	3,026,548	4.31
Agricultural	1,194	2,430	177	2,035	7.28
Subtotal	1,466,537	1,520,385	111,505	1,037	7.33
Fuel oil adjustment			117,194		8.53
Purchased Power			79,873		4.77
Subtotal	1,466,537	1,520,385	308,572	1,037	20.30
Unrecovered fuel oil cost-net			12,405		
Unrecovered purchased Power cost-net			(7,373)		
Total	1,466,537	1,520,385	313,604	1,037	20.63

*Unbilled previous month.

SALES OF ELECTRIC ENERGY

JULY 2017

Exhibit D

Class of Service	REVENUES (in thousand \$)				Kwhrs. per Client	Cents per Kwhr. Sold
	MONTHLY			Total		
	Billed	Unbilled	Adjustment*			
Residential	37,369	15,454	(14,603)	38,220	439	6.50
Commercial	54,730	27,431	(26,474)	55,687	5,615	8.02
Industrial	11,021	5,717	(5,270)	11,468	327,547	5.71
Public lighting	5,311	1,904	(1,523)	5,692	13,227	19.95
Other public authorities	234	95	(67)	262	3,026,548	4.33
Agricultural	168	79	(70)	177	2,035	7.28
Subtotal	108,833	50,680	(48,007)	111,506	1,037	7.33
Fuel oil adjustment	117,303	72,795	(72,903)	117,195		8.53
Purchased power	78,780	45,261	(44,169)	79,871		4.77
Subtotal	304,916	168,736	(165,079)	308,572	1,037	20.30
Unrecovered fuel oil cost-net				12,405		
Unrecovered purchased power cost-net				(7,373)		
Total	304,916	168,736	(165,079)	313,604	1,037	20.63