



Government of Puerto Rico
Puerto Rico Electric Power Authority

January 30, 2018

Governing Board


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Interim Chief Executive Officer

OPERATIONS REPORT – OCTOBER 2017

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

Enclosure

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MONTHLY REPORT
TO THE GOVERNING BOARD
OCTOBER 2017

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PUERTO RICO ELECTRIC POWER AUTHORITY

I. OPERATIONS HIGHLIGHTS

A. Production

	OCTOBER		Increase (Decrease) %
	2017-18	2016-17	
1. Generation (kWh in thousands)			
Month:			
PREPA - Steam and gas	262,205	1,183,440	(77.8)
PREPA - Hydro	0	12,657	¹
Purchased power - gas	43,694	299,841	(85.4)
Purchased power - coal	0	293,391	¹
Renewable Energy	0	15,784	¹
Total	305,899	1,805,113	(83.1)
Fiscal year-to-date:			
PREPA - Steam and gas	3,362,504	4,788,844	(29.8)
PREPA - Hydro	14,959	30,687	(51.3)
Purchased power - gas	813,402	1,196,207	(32.0)
Purchased power - coal	602,966	1,103,264	(45.3)
Renewable Energy	94,165	104,202	(9.6)
Total	4,887,996	7,223,204	(32.3)
Twelve months:			
PREPA - Steam and gas	11,518,324	13,665,852	(15.7)
PREPA - Hydro	71,495	63,698	12.2
Purchased power - gas	2,954,057	3,445,775	(14.3)
Purchased power - coal	2,951,283	3,224,115	(8.5)
Renewable Energy	369,635	317,624	16.4
Total	17,864,794	20,717,064	(13.8)
2. Maximum hourly peak load (in MW)			
Month	n/a ²	2,955	¹
Fiscal year-to-date	3,087	3,087	0.0
Twelve months	3,087	3,087	0.0
3. Sales (kWh in thousands)			
Month:			
Billed	463,452 ³	1,447,349	(68.0)
Days billed	30.0	30.0	0.0
Fiscal year-to-date:			
Billed	4,573,011 ³	6,018,686	(24.0)
Days billed	121.0	121.0	0.0
Twelve months:			
Billed	15,507,764 ³	17,284,392	(10.3)
Days billed	365.0	364.0	0.3
4. System efficiency (%)			
Month	n/a ⁴	78.7	¹
Fiscal year-to-date	n/a ⁴	83.9	¹
Twelve months	86.8	83.5	4.0
5. Average cost per barrel (\$)			
Month	77.34	55.37	39.7
Fiscal year-to-date	63.07	54.28	16.2
Twelve months	60.70	49.75	22.0
6. kWh/Barrel			
Month	413.57	616.05	(32.9)
Fiscal year-to-date	571.47	603.59	(5.3)
Twelve months	605.65	610.14	(0.7)
7. Heat rate (BTU/kWh)			
Month	16,142	10,720	50.6
Fiscal year-to-date	10,831	10,799	0.3
Twelve months	10,831	10,735	0.9

¹ 100% or over

² Report prepared by Generation Directorate, unavailable for month.

³ For October 2017, 99.5 percent of billing was based on estimated meter readings. Estimated readings were made according to Article F of PREPA's *Terms and Conditions for Electric Service*. On November 2017, the Customer Service Department adjusted October sales via reversal of billing segments, by 1,263,372 kWh and \$277.4 million.

⁴ Efficiency not available for month or fiscal year, due to disruptions on generation and sales caused by Hurricanes Irma and María.

OCTOBER

8. Fuel consumption
(in thousands)

	2017-18		2016-17		Increase (Decrease) %	
	BBL	Cost	BBL	Cost	BBL	Cost
Month:						
Steam	133	7,555	951	48,678	(86.0)	(84.5)
Gas	443	38,401	446	32,309	(0.7)	18.9
Natural Gas	58	2,987	524	25,440	(88.9)	(88.3)
Total	634	48,943	1,921	106,427	(67.0)	(54.0)
Fiscal year-to-date:						
Steam	2,338	132,253	3,536	175,238	(33.9)	(24.5)
Gas	2,218	169,410	2,450	165,944	(9.5)	2.1
Natural Gas	1,328	69,452	1,948	89,484	(31.8)	(22.4)
Total	5,884	371,115	7,934	430,666	(25.8)	(13.8)
Twelve months:						
Steam	9,154	523,284	10,893	481,733	(16.0)	8.6
Gas	5,126	386,032	5,693	370,087	(10.0)	4.3
Natural Gas	4,738	245,027	5,812	262,567	(18.5)	(6.7)
Total	19,018	1,154,343	22,398	1,114,387	(15.1)	3.6

OCTOBER

			Increase (Decrease) %	
	2017	2016		
B. Client Service ¹				
1. Service complaints per thousand clients	n/a	3.70		²
2. Disconnections for nonpayment per thousand clients	n/a	8.25		²
C. Distribution System ⁵				
1. Interruption frequency index				
Total interruptions per thousand clients served	n/a	0.400		²
2. Interruption duration index				
Average interruption time per clients served (minutes)	n/a	81.42		²
3. Clients per interruption	n/a	179		²
4. Time per interruption (minutes)	n/a	416		²

¹ Report provided by Customer Service Directorates, unavailable for month due to emergencies caused by Hurricanes Irma and Maria.² 100% or Over.⁵ Report provided by Transmission & Distribution Directorates, unavailable for month due to emergencies caused by Hurricanes Irma and Maria.

D. Personnel

		OCTOBER		Increase (Decrease)
		2017	2016	
Management Conf. / Carr.	Reg.	1,762	1,922	(160)
	Temp.	26	29	(3)
U.T.I.E.R.	Reg.	3,442	3,632	(190)
	Temp.	14	15	(1)
	Emerg.	143		
U.I.T.I.C.E.	Reg.	599	631	(32)
	Temp.			
U.E.P.I.	Reg.	294	307	(13)
	Temp.			
U.P.A.E.E.	Reg.	4	4	0
	Temp.	1	1	0
Total		<u>6,285</u>	<u>6,541</u>	<u>(256)</u>

II. FINANCIAL HIGHLIGHTS

A. Revenue data

1. Sales of electric energy per classes¹
(including unbilled adjustment)
(in thousands)

	OCTOBER					
	Month			Fiscal Year-to-Date		
	2017	2016	Increase (Decrease) %	2017-18	2016-17	Increase (Decrease) %
kWh sales:						
Residential	33,662	537,649	(93.7)	1,770,996	2,350,247	(24.6)
Commercial	435,080	671,228	(35.2)	2,199,225	2,816,336	(21.9)
Industrial ²	(5,824)	179,819	²	510,040	764,165	(33.3)
Others	534	32,288	(98.3)	92,750	130,338	(28.8)
Total	<u>463,452</u>	<u>1,420,984</u>	(67.4)	<u>4,573,011</u>	<u>6,061,086</u>	(24.6)
Basic revenues:						
Residential	1,618	\$ 30,127	(94.6)	93,751	\$ 129,498	(27.6)
Commercial	28,690	47,097	(39.1)	149,163	186,557	(20.0)
Industrial	115	9,053	(98.7)	23,673	35,712	(33.7)
Others ⁴	(248)	5,591	²	15,291	21,227	(28.0)
Total	<u>30,175</u>	<u>91,868</u>	(67.2)	<u>281,878</u>	<u>372,994</u>	(24.4)
Provisional rate:						
Residential	295	6,898	(95.7)	21,622	21,766	(0.7)
Commercial	4,291	8,855	(51.5)	28,163	27,384	2.8
Industrial	225	2,384	(90.6)	7,054	7,323	(3.7)
Others	42	399	(89.5)	1,216	1,247	(2.5)
Total	<u>4,853</u>	<u>18,536</u>	(73.8)	<u>58,055</u>	<u>57,720</u>	0.6
Fuel adjustment:						
Residential	6,781	45,836	(85.2)	162,886	191,186	(14.8)
Commercial	47,546	57,361	(17.1)	205,695	227,627	(9.6)
Industrial ⁵	(12)	13,940	²	42,789	56,254	(23.9)
Others	421	2,973	²	8,861	10,897	(18.7)
Total	<u>54,736</u>	<u>120,110</u>	(54.4)	<u>420,231</u>	<u>485,964</u>	(13.5)
Purchased power:						
Residential ⁵	(4,138)	25,045	²	63,533	103,124	(38.4)
Commercial	10,975	31,087	(64.7)	79,748	123,461	(35.4)
Industrial ⁵	(1,560)	7,622	²	17,230	30,764	(44.0)
Others ⁵	(519)	1,612	²	2,861	6,133	(53.4)
Total	<u>4,758</u>	<u>65,366</u>	(92.7)	<u>163,372</u>	<u>263,482</u>	(38.0)
Total revenues:						
Residential	4,556	107,906	(95.8)	341,825	445,574	(23.3)
Commercial	91,502	144,400	(36.6)	462,801	565,029	(18.1)
Industrial ^{3 5}	(1,232)	32,999	¹	90,757	130,053	(30.2)
Others ^{4 5}	(304)	10,575	¹	28,232	39,504	(28.5)
Total	<u>94,522</u>	<u>\$ 295,880</u>	(68.1)	<u>923,615</u>	<u>\$ 1,180,160</u>	(21.7)

¹ For October 2017, 99.5 percent of billing was based on estimated meter readings. Estimated readings were made according to Article F of PREPA's Terms and Conditions for Electric Service. On November 2017, the Customer Service Department adjusted October sales via reversal of billing segments, by 1,263,372 kWh and \$281.3 million. The effect of the reversal is presented in this report.

² 100% or Over.

³ Due to reversal of 123,934,986 kWh billed to wholesale accounts, which include contracted load clients.

⁴ Due to diminished availability of public lightning service, as compared with amount to be returned to clients, due to disruptions caused by Hurricanes Irma and Maria.

⁵ Due to increase in amount to be returned to clients for the fuel adjustment clause and the purchase power cost, after application of mass reversal. See note 1.

OCTOBER						
	Month			Fiscal Year-to-Date		
	2017	2016	Increase (Decrease) %	2017-18	2016-17	Increase (Decrease) %
2. Cents per kWh ¹						
Basic revenues:						
Residential	4.81	5.60	(14.1)	5.29	5.51	(4.0)
Commercial	6.59	7.02	(6.1)	6.78	6.62	2.4
Industrial ³	(1.97)	5.03	²	4.64	4.67	(0.6)
Others ⁴	(46.44)	17.32	²	16.49	16.29	1.2
Total	6.51	6.47	0.6	6.16	6.15	0.2
Provisional rate:						
Residential	0.88	1.28	(31.3)	1.22	0.93	31.2
Commercial	0.99	1.32	(25.0)	1.28	0.97	32.0
Industrial ³	(3.86)	1.33	²	1.38	0.96	43.8
Others	7.87	1.24	²	1.31	0.96	36.5
Total	1.05	1.30	(19.2)	1.27	0.95	33.7
Fuel adjustment:						
Residential	20.13	8.53	²	9.20	8.13	13.2
Commercial	10.93	8.54	28.0	9.35	8.09	15.6
Industrial ³	0.19	7.75	(97.5)	8.39	7.36	14.0
Others	78.83	9.20	²	9.56	8.35	14.5
Total	11.81	8.45	39.8	9.20	8.02	14.7
Purchased power:						
Residential ⁵	(12.29)	4.66	²	3.59	4.39	(18.2)
Commercial	2.52	4.63	(45.6)	3.63	4.38	(17.1)
Industrial ⁵	26.79	4.24	²	3.38	4.03	(16.1)
Others ⁵	(97.19)	4.99	²	3.08	4.71	(34.6)
Total	1.03	4.60	(77.6)	3.57	4.35	(17.9)
Total revenues:						
Residential	13.53	20.07	(32.6)	19.30	18.96	1.8
Commercial	21.03	21.51	(2.2)	21.04	20.06	4.9
Industrial ^{3,5}	21.15	18.35	15.3	17.79	17.02	4.5
Others ^{4,5}	(56.93)	32.75	²	30.44	30.31	0.4
Total	20.40	20.82	(2.0)	20.20	19.47	3.7
3. Clients:						
Residential	1,337,426	1,331,317	0.5	1,337,469	1,332,949	0.3
Commercial	123,595	123,605	(0.0)	123,757	123,798	(0.0)
Industrial	614	626	(1.9)	618	629	(1.7)
Others	3,352	3,363	(0.3)	3,353	3,374	(0.6)
Total	<u>1,464,987</u>	<u>1,458,911</u>	0.4	<u>1,465,197</u>	<u>1,460,750</u>	0.3
4. Average kWh per client:						
Residential	25	404	(93.8)	1,324	1,763	(24.9)
Commercial	3,520	5,430	(35.2)	17,771	22,749	(21.9)
Industrial ³	(9,485)	287,251	²	825,307	1,214,889	(32.1)
Others	159	9,601	(98.3)	27,662	38,630	(28.4)
Total	316	974	(67.5)	3,121	4,149	(24.8)

¹ For October 2017, 89.5 percent of billing was based on estimated meter readings. Estimated readings were made according to Article F of PREPA's Terms and Conditions for Electric Service. On November 2017, the Customer Service Department adjusted October sales via mass reversal of billing segments, by 1,263,372 kWh and \$277.4 million. The effect of the reversal is presented in this report.

² 100% or Over.

³ Due to reversal of 123,934,986 kWh billed to wholesale accounts, which include contracted load clients.

⁴ Due to diminished availability of public lightning service, as compared with amount to be returned to clients, due to disruptions caused by Hurricanes Irma and Maria.

⁵ Due to increase in amount to be returned to clients for the fuel adjustment clause and the purchase power cost, after application of mass reversal. See note 1.

II. FINANCIAL HIGHLIGHTS

A. Revenue data

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

	OCTOBER					
	Month		Increase (Decrease) %	Fiscal Year-to-Date		Increase (Decrease) %
	2017	2016		2017-18	2016-17	
kWh sales:						
Residential	13	11	18.2	46	47	(2.1)
Commercial	329,764	171,241	92.6	813,420	794,192	2.4
Industrial						
Others	33,988	27,284	24.6	117,301	116,724	0.5
Total	<u>363,765</u>	<u>198,536</u>	83.2	<u>930,767</u>	<u>910,963</u>	2.2
Basic revenues:						
Residential	1	1		2	2	
Commercial	23,162	14,275	62.3	56,601	50,685	11.7
Industrial						
Others	5,908	4,991	18.4	20,504	19,932	2.9
Total	<u>29,071</u>	<u>19,267</u>	50.9	<u>77,107</u>	<u>70,619</u>	9.2
Provisional rate:						
Residential	0	0		1	0	
Commercial	4,284	2,727		10,552	8,312	
Industrial						
Others	441	371		1,524	1,117	
Total	<u>4,725</u>	<u>3,098</u>		<u>12,077</u>	<u>9,429</u>	
Fuel adjustment:						
Residential	1	1		4	4	
Commercial	32,167	16,567	94.2	72,714	63,389	14.7
Industrial						
Others	3,492	2,419	44.4	11,021	9,530	15.6
Total	<u>35,660</u>	<u>18,987</u>	87.8	<u>83,739</u>	<u>72,923</u>	14.8
Purchased power:						
Residential	1	0	¹	2	2	
Commercial	15,116	8,738	73.0	37,772	34,485	9.5
Industrial						
Others	1,640	1,278	28.3	5,726	5,207	10.0
Total	<u>16,757</u>	<u>10,016</u>	67.3	<u>43,500</u>	<u>39,694</u>	9.6
Total revenues:						
Residential	3	2	50.0	9	8	12.5
Commercial	74,729	42,307	76.6	177,639	156,871	13.2
Industrial						
Others	11,481	9,059	26.7	38,775	35,786	8.4
Total	<u>86,213</u>	<u>51,368</u>	67.8	<u>216,423</u>	<u>192,665</u>	12.3
2. Clients:						
Residential	14	14	0.0	13	19	(31.6)
Commercial	21,233	21,539	(1.4)	19,397	29,351	(33.9)
Industrial						
Others	2,905	2,933	(1.0)	2,740	3,836	(28.6)
Total	<u>24,152</u>	<u>24,486</u>	(1.4)	<u>22,150</u>	<u>33,206</u>	(33.3)

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

¹ 100% or over

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

	OCTOBER 2017					
	Month			Fiscal Year-to-Date		
	Budget	Actual	Increase (Decrease) %	Budget	Actual	Increase (Decrease) %
Basic charges	105.1	30.2	(71.3) ¹	380.6	281.9	(25.9) ¹
Fuel adjustment	102.2	54.7	(46.5) ²	395.9	420.3	6.2
Purchased power	67.4	4.8	(92.9) ²	309.7	163.4	(47.2) ²
CILT	0.0	0.0	0.0	0.0	0.0	0.0
Subsidies	0.0	0.0	0.0	0.0	0.0	0.0
Provisional rate	23.1	4.9	(78.8) ¹	80.1	58.1	(27.5) ¹
Revenues from sales	297.8	94.6	(68.2) ^{1 2}	1,166.3	923.7	(20.8) ^{1 2}
Other	2.6	(2.8)	⁸	4.3	(11.4)	⁸
Total revenues	<u>300.4</u>	<u>91.8</u>	(69.4) ^{1 2}	<u>1,170.6</u>	<u>912.3</u>	(22.1) ^{1 2}
Fuel	82.1	49.0	(40.3) ²	342.0	371.1	8.5
Purchased power	72.8	5.9	(91.9) ²	288.6	157.7	(45.4) ²
Other expenses	62.4	60.7	(2.7)	249.4	211.3	(15.3)
Total current expenses	217.3	115.6	(46.8) ²	880.0	740.1	(15.9) ²
1974 - sinking fund appropriations	0.0	63.5	^{8 3}	0.0	254.1	^{8 3}
Adjustment to revenue disposition due to October billing cancellations		(93.7)	^{8 4}		(93.7)	^{8 4}
Interest on notes	30.7	4.5	(85.3) ⁵	82.8	17.8	(78.5) ⁵
Internal funds	30.0	0.0	^{8 6}	120.1	0.0	(100.0) ⁶
Contribution to municipalities	6.2	(11.6)	^{8 7}	24.7	(55.0)	^{8 7}
Other appropriations	16.1	13.5	(16.1)	63.0	49.0	(22.2)
Total	<u>300.4</u>	<u>91.8</u>	(69.4)	<u>1,170.6</u>	<u>912.3</u>	(22.1)

EXPLANATION OF MAJOR VARIATIONS

¹ The decrease in the base rate and provisional rate revenues for the month and fiscal year-to-date, and the decrease in purchased power revenue for fiscal year to date was due to the disruption of energy production caused by Hurricanes Irma and Maria.

² Fuel adjustment and purchase power revenues and expenses decreased to the effect of the mass reversal of billing segments of October 2017. Reversed revenues for classes mentioned were \$124.9 and \$58.7 million, respectively.

³ The 1974 Sinking Fund appropriation have been accrued but not paid nor transferred.

⁴ Estimated, to tie disposition of net revenues on financial statement to actual revenues, after mass reversal of billings from October 2017, of 1,283,372 kWh and \$277.4 million.

⁵ Lower interest on notes expenses due to protections provided after court filing via Title III of PROMESA Act.

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 month and fiscal year decreased due to the lack of revenues available to apply to account during the disposition of net revenues process.

⁸ 100% or Over.

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

	OCTOBER 2017					
	Month			Fiscal Year-to-Date		
	2017	2016	Increase (Decrease) %	2017-18	2016-17	Increase (Decrease) %
Basic charges	30.2	89.9	(66.4) ¹	281.9	373.0	(24.4) ¹
Fuel adjustment	54.7	113.3	(51.7) ²	420.3	485.9	(13.5) ²
Purchased power	4.8	64.1	(92.5) ²	163.4	263.5	(38.0) ²
CILT	0.0	0.0	0.0	0.0	0.0	0.0
Subsidies	0.0	0.0	0.0	0.0	0.0	0.0
Provisional rate	4.9	19.9	(75.4) ¹	58.1	57.7	0.7 ¹
Revenues from sales	94.6	287.2	(67.1) ^{1 2}	923.7	1,180.1	(21.7)
Other	(2.8)	(2.5)	12.0	(11.4)	(8.9)	28.1
Total revenues	91.8	284.7	(67.8) ^{1 2}	912.3	1,171.2	(22.1) ^{1 2}
Fuel	49.0	100.4	(51.2) ²	371.1	430.7	(13.8) ²
Purchased power	5.9	57.8	(89.4) ²	157.7	236.0	(29.4) ²
Other expenses	60.7	55.4	9.6	211.3	223.3	(5.4)
Total current expenses	115.6	213.6	(45.9) ²	740.1	890.0	(16.8)
1974 - sinking fund appropriations	63.5	55.7	14.0 ³	254.1	207.6	22.4 ³
Adjustment to revenue disposition due to October billing cancellations	(93.7) ⁴			(93.7) ⁴		
Interest on notes	4.5	4.3	4.7 ⁵	17.8	17.8	⁵
Internal funds	0.0	0.0	⁶	0.0	0.8 ^{6 8}	
Contribution to municipalities	(11.6)	(0.6)	^{7 8}	(55.0)	8.7 ^{7 8}	
Other appropriations	13.5	11.7	15.4	49.0	46.3	5.8
Total	91.8	284.7	(67.8)	912.3	1,171.2	(22.1)

EXPLANATION OF MAJOR VARIATIONS

¹ The decrease in the base rate and provisional rate revenues for the month and fiscal year-to-date

was due to the disruption of energy production caused by Hurricanes Irma and Maria.

² Fuel adjustment and purchase power revenues and expenses decreased due to the effect of the mass reversal of billing segments of October 2017. Reversed revenues for classes mentioned were \$124.9 and \$58.7 million, respectively.

³ The 1974 Sinking Fund appropriation have been accrued but not paid nor transferred.

⁴ Estimated, to tie disposition of net revenues on financial statement to actual revenues, after mass reversal of billings from October 2017, of 1,263,372 kWh and \$277.4 million.

⁵ Lower interest on notes expenses due to protections provided after court filing via Title III of PROMESA Act.

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 month and fiscal year decreased due to the lack of revenues available to apply to account during the disposition of net revenues process.

⁸ 100% or Over.

D. Notes Payable
(in thousand dollars)

OCTOBER

<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>5,750</u>	<u>0</u>	Amount received	<u>549,950</u>	<u>549,950</u>
Available balance	<u>21,273</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 ¹
(in thousand dollars)

	OCTOBER 2017					
	Month ²			Fiscal Year-to-Date ³		
	Budget	Actual	Increase (Decrease) %	Budget	Actual	Increase (Decrease) %
Production	15,909	(3,633) ⁴	(122.8)	63,636	(1,388) ³	(102.2)
Transmission	10,506	16,473 ⁴	56.8	42,024	22,434	(46.6)
Distribution	7,260	(1,365) ³	(118.8)	29,040	14,090	(51.5)
Other	3,977	4,817	21.1	15,908	6,038	(62.0)
Total	37,652	16,292	(56.7)	150,608	41,174	(72.7)
Internal Funds	30,020	0	(100.0)	90,059	0	(100.0)
Percentage of Internal Funds to Investment in Capital Improvements Programs**	80%	0%				
Contribution AID for Construction		0				
		2017	2016			
F. Highest debt coverage as of June 30		0.91	1.03			

G. REA Projects

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

¹ Capital Improvement Program was suspended after filing of Title III of PROMESA. Only the necessary maintenance expenses will be presented.

² 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.

³ Includes monthly overhead allocation.

⁴ 38 KV Line rehabilitation

STATISTICS OF ACCOUNTS RECEIVABLE FROM SALES OF ELECTRIC ENERGY¹
(in thousand dollars)

	OCTOBER		Increase (Decrease) %
	2017	2016	
General clients	923,420	1,443,975	(36.1)
Government (State and federal agencies and public corporations)	252,299	208,998	20.7
Total Accounts Receivable	<u>1,175,719</u>	<u>1,652,973</u>	(28.9)
Uncollectibles Reserve	<u>(718,609)</u>	<u>(699,941)</u>	2.7
Accounts Receivable after Reserve	<u>457,110</u>	<u>953,032</u>	(52.0)
Sales of electric energy (12 months)			
Revenues from sales	2,993,652	3,167,779	(5.5)
Indicators:			
A/R to Sales	15.3%	30.1%	(49.2)
Sales Days in A/R	56	110	(49.2)
Ratio of collections to sales:			
General clients:			
Sales	2,618,776	2,621,026	(0.1)
Collections	2,610,852	2,644,481	(1.3)
%Collection to Sales	99.7	100.9	(1.2)
Government:			
Sales net of municipalities, public lightning and exclusions	422,611	449,432	(6.0)
Collections	443,378	445,425	(0.5)
% Collection to Sales	104.9	99.1	5.9
Total:			
Sales net of municipalities, public lightning and exclusions*	3,041,387	3,070,458	(0.9)
Collections	3,054,230	3,089,906	(1.2)
%Collection to Sales	100.4	100.6	(0.2)

¹ Source of Information: Customer Service Department

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

	October 31 2017	June 30 2017
Current assets:		
Cash and cash equivalents		
General fund	\$ 60,558	\$ 56,051
Reserve for current expenses	602,722	462,151
Revenue fund	13	13
Working funds	1,694	1,170
Total cash and cash equivalents	<u>664,987</u>	<u>519,385</u>
Accounts receivable (Exhibit A)	1,714,954	1,821,450
Fuel oil inventory	103,037	104,887
Materials and supplies inventory	148,230	151,636
Prepayments and other (Exhibit B)	(130,182) ¹	26,394
Total current assets	<u>2,501,026</u>	<u>2,623,752</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	<u>6,826</u>	<u>6,824</u>
Total investment held by trustees	<u>6,856</u>	<u>6,854</u>
Construction fund and other		
Bond redemption account	12,302	22,855
Investment held by REA	1,116	1,113
Reserve maintenance fund	16,237	16,151
Other restricted fund	5,137	5,128
Total construction fund and other	<u>34,792</u>	<u>45,247</u>
Total restricted assets	<u>41,650</u>	<u>52,103</u>
Utility Plant		
Electric plant in service	12,882,922	12,855,206
Less: accumulated depreciation	<u>7,558,034</u>	<u>7,436,782</u>
Net electric plant in service	5,324,888	5,418,424
Construction work in progress, including preliminary surveys of 17,133 and 17,133	868,618	860,873
Total utility plant	<u>6,193,506</u>	<u>6,279,297</u>
Unamortized debt expense	(3,029)	(1,669)
Other	<u>130,332</u>	<u>129,841</u>
	127,303	128,172
Total assets	<u>8,996,073</u>	<u>9,215,912</u>
Deferred outflows of resources	<u>101,088</u>	<u>101,088</u>
Total Assets and Deferred Outflows	<u>\$ 9,097,161</u>	<u>\$ 9,317,000</u>

¹ FEMA reimbursements received for Irma and Maria hurricanes by \$223.4 million exceeded claims related to property damages registered.

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

	October 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)	1,954,012	1,970,729
Customer deposits, including accrued interest	54,231	47,892
Total current liabilities	<u>2,745,830</u>	<u>2,756,208</u>
Current liabilities payable from restricted assets		
Current portion of long-term debt	234,843	235,737
Accrued interest payable on bonds and notes	377,269	220,222
Other current liabilities (Exhibit C)	47,868	48,070
Total current liabilities from restricted assets	<u>659,980</u>	<u>504,029</u>
Non current liabilities		
Power revenue bonds, net of unamortized debt discount of (55,294) and (55,294)	8,178,379	8,178,379
Net pension liability	1,704,640 ¹	1,704,640
Non current portion, accounts payable and Bond redemption account	114,518	114,518
Accrued unfunded OPEB	119,658	119,658
Customer deposits - noncurrent	171,396	171,396
Total noncurrent liabilities	<u>10,288,591</u>	<u>10,288,591</u>
Total liabilities	<u>13,694,401</u>	<u>13,548,828</u>
Deferred inflows of resources:		
Deferred gain on pension valuation	65,946	65,946
Total net position (Deficit)	<u>(4,663,186)</u>	<u>(4,297,774)</u>
Total Liabilities and Net Position	<u>\$ 9,097,161</u>	<u>\$ 9,317,000</u>

¹ Subject to change

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

	MONTH		
	Budget October 2017	Actual October 2017	Actual October 2016
Operating revenues:			
Sales of electric energy	\$ 297,837	\$ 94,522	\$ 295,880
Total operating revenues	<u>297,837</u>	<u>94,522</u>	<u>295,880</u>
Other income	<u>2,577</u>	<u>(2,781)</u>	<u>(2,753)</u>
Total revenues	<u>300,414</u>	<u>91,741</u>	<u>293,127</u>
Expenses:			
Fuel cost	82,102	48,957	106,427
Purchased power	72,840	5,945	58,943
Other production	4,805	4,624	3,915
Transmission and distribution	12,625	15,495	13,064
Maintenance	16,443	18,121	15,343
Customer accounting and collection	8,974	8,971	8,134
Administrative and general	<u>19,500</u>	<u>13,490</u>	<u>17,754</u>
Subtotal expenses by function	217,289	115,603	223,580
Other post - employment benefits	-	-	-
Depreciation	30,728	30,349	30,745
Interest on bonds, capital improvement notes, general obligation notes, less allowance for funds used during construction	30,740	39,296	40,375
Contribution to municipalities	6,249	11,593	6,055
Other appropriations	16,069	13,479	11,094
Bond discount and defeasance amortization	<u>-</u>	<u>117</u>	<u>22</u>
Total expenses	<u>301,075</u>	<u>210,437</u>	<u>311,871</u>
Contributed capital	<u>708</u>	<u>-</u>	<u>2,913</u>
Changes in net position	<u>\$ 47</u>	<u>\$ (118,696)</u>	<u>\$ (15,831)</u>

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

	FISCAL YEAR		
	Budget October 2017	Actual October 2017	Actual October 2016
Operating revenues:			
Sales of electric energy	\$ 1,166,402	\$ 923,613	\$ 1,180,160
Total operating revenues	1,166,402	923,613	1,180,160
Other income	4,416	(11,327)	(8,685)
Total revenues	1,170,818	912,286	1,171,475
Expenses:			
Fuel cost	342,094	371,130	430,666
Purchased power	288,577	157,711	235,997
Other production	19,219	17,768	17,442
Transmission and distribution	50,499	49,344	49,282
Maintenance	65,770	59,135	56,886
Customer accounting and collection	35,897	30,018	31,996
Administrative and general	78,000	55,014	67,690
Subtotal expenses by function	880,056	740,120	889,959
Other post - employment benefits	-	-	-
Depreciation	122,912	121,721	122,833
Interest on bonds, capital improvement notes, general obligation notes, less allowance for funds used during construction	82,843	157,046	161,332
Contribution to municipalities	24,653	28,666	17,752
Other appropriations	62,998	49,042	46,359
Bond discount and defeasance amortization	-	466	88
Total expenses	1,173,462	1,097,061	1,238,323
Contributed capital	2,833	368	4,092
Changes in net position	\$ 189	\$ (184,407)	\$ (62,756)

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

	MONTH		
	Budget October 2017	Actual October 2017	Actual October 2016
Revenues:			
Sales of electric energy (Exhibit D)	\$ 297,837	\$ 94,522	\$ 295,880
Total operating revenues	297,837	94,522	295,880
Other income	2,577	(2,781)	(2,753)
Total revenues	300,414	91,741	293,127
Less: 1974 construction fund investment income and gain on sale of properties	47	2	32
Revenues - net	300,367	91,739	293,095
Current expenses:			
Fuel cost	82,102	48,957	106,427
Purchased power	72,840	5,945	58,943
Other production	4,805	4,624	3,915
Transmission and distribution	12,625	15,495	13,064
Maintenance	16,443	18,121	15,343
Customer accounting and collection	8,974	8,971	8,134
Administrative and general	19,500	13,490	17,754
Total current expenses	217,289	115,603	223,580
Net revenues (as defined)	83,078	(23,864)	69,515
Contractual obligations:			
Sinking fund appropriations -			
Interest on power revenue bonds	-	34,815 ¹	35,888
Bond redemption account	-	28,711 ¹	19,780
Adjustment to revenue disposition		(93,761) ²	
Interest on notes	30,740	4,481	4,487
Capital Improvements fund	30,020	- ³	-
Total contractual obligations	60,760	(25,754)	60,155
Balance	22,318	1,890	9,360
Provision for Contribution in Lieu of Taxes and other appropriations			
Contribution to municipalities	6,249	(11,589)	(1,734)
Other	16,069	13,479	11,094
	22,318	1,890	9,360
	\$ -	\$ -	\$ -

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

² Estimated to tie disposition of net revenues on Financial Statement to actual revenues, after mass reversal of billing from October 2017 of 1,26,3372 kwh and \$227.4 million.

³ 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.

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

	FISCAL YEAR - TO DATE			TWELVE MONTHS ENDED		
	Budget October 2017	Actual October 2017	Actual October 2016	Budget June 2018	Actual October 2017	Actual October 2016
Revenues:						
Sales of electric energy (Exhibit D)	\$ 1,166,402	\$ 923,613	\$ 1,180,160	\$ 2,970,682	\$ 3,177,284	\$ 3,167,780
Total operating revenues	1,166,402	923,613	1,180,160	2,970,682	3,177,284	3,167,780
Other income	4,416	(11,327)	(8,685)	(22,759)	(32,901)	10,696
Total revenues	1,170,818	912,286	1,171,475	2,947,923	3,144,383	3,178,476
Less: 1974 construction fund investment income and gain on sale of properties	189	7	227	1,007	232	560
Revenues - net	1,170,629	912,279	1,171,248	2,946,916	3,144,151	3,177,916
Current expenses:						
Fuel cost	342,094	371,130	430,666	647,482	1,154,357	1,114,388
Purchased power	288,577	157,711	235,997	828,393	649,103	684,835
Other production	19,219	17,768	17,442	42,376	55,071	54,756
Transmission and distribution	50,499	49,344	49,282	131,741	143,637	146,871
Maintenance	65,770	59,135	56,886	171,571	155,372	160,593
Customer accounting and collection	35,897	30,018	31,996	100,103	91,656	93,170
Administrative and general	78,000	55,014	67,690	180,604	180,166	203,701
Total current expenses	880,056	740,120	889,959	2,102,270	2,429,362	2,458,314
Net revenues (as defined)	290,573	172,159	281,289	844,646	714,789	719,602
Contractual obligations:						
Sinking fund appropriations -						
Interest on power revenue bonds	-	139,260 ¹	143,551	102,626	426,362	420,484
Bond redemption account	-	114,845 ¹	64,030	109,669	273,088	223,512
Rate Stabilization Account	-	-	-	-	-	(17,081)
Adjustment to revenue disposition	-	(93,761) ²	-	-	(93,761)	-
Interest on notes	82,843	17,785	17,781	39,675	52,738	52,842
Capital Improvements fund	120,079	- ³	828	366,779	503	82,840
Total contractual obligations	202,922	178,129	226,190	618,749	658,930	754,857
Balance	87,651	(5,970)	55,099	225,897	55,859	(35,255)
Provision for Contribution in Lieu of Taxes and other appropriations						
Contribution to municipalities	24,653	(55,012)	8,739	51,784	(84,120)	(118,344)
Other	62,998	49,042	46,360	174,113	139,979	83,089
	87,651	(5,970)	55,099	225,897	55,859	(35,255)
Remainder	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

² Estimated to the disposition of net revenues on Financial Statement to actual revenues, after mass reversal of billing from October 2017 of 1,26,3372 kwh and \$227.4 million.

³ 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.

PUERTO RICO ELECTRIC POWER AUTHORITY

NET POSITION
(in thousands)

	October 2017	June 2017
Net Position		
Invested in utility plant, net related debt	\$ (1,114,739)	\$ (1,028,482)
Restricted for capital activity and debt service	(760,754)	(816,857)
Unrestricted	(2,512,926)	(2,452,435)
Adjustment to revenue disposition	<u>(274,767)¹</u>	<u></u>
Total net position	<u>\$ (4,663,186)</u>	<u>\$ (4,297,774)</u>

¹Estimated to tie disposition of net revenues on Financial Statement to actual revenues, after mass reversal of billing from October 2017 of 1,26,3372 kwh and \$227.4 million, from October 2017 of 1,26,3372 kwh and \$227.4 million.

ACCOUNTS RECEIVABLE
(in thousands)

Exhibit A

	October 2017	June 2017
Electric and related services:		
General clients	\$ 923,420	\$ 884,378
Recoveries under fuel adjustment and purchase power clause under or (over) billed	(210,272)	4,480
Unbilled services	166,317	159,299
Allowance for uncollectible accounts- General Client	<u>(651,153)</u>	<u>(632,481)</u>
Total General Clients	<u>228,312</u>	<u>415,676</u>
Government, including current and non current	1,659,831 ¹	1,576,564
Allowance for uncollectible accounts- Government	<u>(67,460)</u>	<u>(67,460)</u>
Total Government	1,592,371	1,509,104
Claims Receivable from Insurance Companies & Other	15,581	15,581
Advances to Irrigation Systems - net	2,966	5,534
Other subsidies receivable from		
Accrued interest	2,063	2,082
Bond redemption account	<u>6,249</u>	<u>6,061</u>
Total Accounts Receivable	1,847,542	1,954,038
Less: Government Account Receivable, non current portion	<u>132,588</u>	<u>132,588</u>
Total Accounts Receivable, current portion	<u>\$ 1,714,954</u>	<u>\$ 1,821,450</u>

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

PUERTO RICO ELECTRIC POWER AUTHORITY

PREPAYMENTS AND OTHER
(in thousands)

Exhibit B

	October 2017	June 2017
Claims Outstanding Related to Property Damages	\$ (168,517) ¹	\$ 353
Prepayments and other	<u>38,335</u>	<u>26,041</u>
Total	<u>\$ (130,182)</u>	<u>\$ 26,394</u>

¹ FEMA reimbursements received for Irma and Maria hurricanes by \$223.4 million exceeded claims related to property damages registered.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (in thousands)

	October 2017	June 2017
Exhibit C		
Accounts payable - fuel oil and other	\$ 391,022	\$ 497,751
Accrued annual leave	51,499	52,159
Accrued salaries and fringe benefits	4,904	3,538
Accrued Contribution in Lieu of Taxes	1,397,502 ¹	1,332,607
Accrued Actuarial Retirement	2,193	2,193
Reserve for injuries and damages	48,512	46,644
Accrued Contributions Federal Social Security	2,929	408
Income tax withheld at source	1,285	122
Health plan	8,126	6,993
Pension & Benefits Deferred Employer Contribution	9,342	9,342
Other	36,698	18,971
Sub total current liabilities	<u>1,954,012</u>	<u>1,970,728</u>
Other current payables from restricted assets		
Retention on Contract Work	11,432	11,432
Vouchered A/P construction	1,638	2,550
Contribution aid to construction	34,798	-
Total other current payables from restricted assets	<u>47,868</u>	<u>48,070</u>
Total current Liabilities	<u>2,001,880</u>	<u>2,018,798</u>
NON-CURRENT LIABILITIES		
Net Pension Liability	1,704,640	1,704,640
Accrued sick leave	114,518	114,518
Accrued Unfunded OPEB	119,658	119,658
Total non current liabilities	<u>1,938,816</u>	<u>1,938,816</u>
Total accounts payables and non current liabilities	<u>\$ 3,940,696</u>	<u>\$ 3,957,614</u>

¹ Excludes CLT set aside during fiscal year 2017-2018 and 2016-2017.

SALES OF ELECTRIC ENERGY

OCTOBER 2017

Exhibit D

Class of Service	CLIENTS		KWHRS			
	Billed	Total	MONTHLY			Total
			Billed	Unbilled	Adjustment*	
Residential	1,337,426	1,337,426	24,790	389,186	(380,313)	33,663
Commercial	123,595	123,595	330,361	440,707	(335,988)	435,080
Industrial	614	614	17,327	82,529	(105,680)	(5,824)
Public lighting	2,154	2,154	2,605	7,848	(10,440)	13
Other public authorities	2	2	248	1,455	(1,612)	91
Agricultural	1,196	1,196	343	1,336	(1,250)	429
Subtotal	1,464,987	1,464,987	375,674	923,061	(835,283)	463,452
Fuel oil adjustment						
Purchased power						
Subtotal	1,464,987	1,464,987	375,674	923,061	(835,283)	463,452
Unrecovered fuel oil cost-net						
Unrecovered purchased power cost-net						
Total	1,464,987	1,464,987	375,674	923,061	(835,283)	463,452

FISCAL YEAR-TO-DATE

Class of Service	Average Clients	Kwhrs. (thousands)	Revenue (thousand \$)	Kwhrs. per Client	Cents per Kwhr. Sold	
Residential	1,338,251	1,770,996	115,373	1,323	6.51	
Commercial	123,667	2,199,225	177,326	17,783	8.06	
Industrial	614	510,040	30,728	830,684	6.02	
Public lighting	2,155	76,992	15,472	35,727	20.10	
Other public authorities	2	8,943	526	4,471,500	5.88	
Agricultural	1,195	6,815	508	5,703	7.45	
Subtotal	1,465,884	4,573,011	339,933	3,120	7.43	
Fuel oil adjustment			404,403		9.20	
Purchased Power			210,398		3.57	
Subtotal	1,465,884	4,573,011	954,734	3120	20.88	
Unrecovered fuel oil cost-net			15,827	420,230		0.2088
Unrecovered purchased Power cost-net			(47,029)	163,369		
Total	1,465,884	4,573,011	923,532	3120	20.20	

¹ Unbilled kwhrs from prior month.

SALES OF ELECTRIC ENERGY

OCTOBER 2017

Exhibit D

Class of Service	REVENUES (in thousand \$)				Kwhrs. per Client	Cents per Kwhr. Sold
	MONTHLY					
	Billed	Unbilled	Adjustment ¹	Total		
Residential	1,532	16,172	(15,791)	1,913	25	5.69
Commercial	26,588	28,365	(21,971)	32,982	3,520	7.58
Industrial	1,272	3,956	(4,888)	340	(9,485)	(5.83)
Public lighting	374	1,359	(1,971)	(238)	(86)	(1,830.76)
Other public authorities	14	66	(79)	1	45,863	1.10
Agricultural	26	72	(68)	30	363	6.96
Subtotal	29,806	49,990	(44,768)	35,028	316	7.56
Fuel oil adjustment	36,589	80,590	(71,450)	45,728		11.81
Purchased power	17,193	41,517	(37,453)	21,258		1.03
Subtotal	83,588	172,097	(153,671)	102,014	316	22.01
Unrecovered fuel oil cost-net				9,008		
Unrecovered purchased power cost-net				(16,500)		
Total	83,588	172,097	(153,671)	94,522	316	20.40

¹ Unbilled kwhrs from prior month.