



GOVERNMENT OF PUERTO RICO
Puerto Rico Electric Power Authority

Ricardo L. Ramos Rodríguez, P.E.
Chief Executive Officer

March 24, 2017

Governing Board

Ricardo L. Ramos Rodríguez
Executive Director

OPERATIONS REPORT – DECEMBER 2016

Enclosed is the report on the operations of the Puerto Rico Electric Power Authority for December 2016.

Enclosure

MONTHLY REPORT
TO THE GOVERNING BOARD
DECEMBER 2016

CONTENTS

	<u>PAGE</u>
Operation Highlights	1 - 12
Statement of Net Position.....	14 - 15
Statements of Revenues, Expenses and Change in Net Position.....	16 - 17
Statements of Revenues and Expenses for Revenue Fund Purposes Per Trust Agreement	18 - 19
Net Position	20
Accounts Receivable (Exhibit A).....	21
Prepayments and Other (Exhibit B)	22
Accounts Payable and Accrued Liabilities (Exhibit C).....	23
Sales of Electric Energy (Exhibit D).....	24 - 25

PUERTO RICO ELECTRIC POWER AUTHORITY

I. OPERATIONS HIGHLIGHTS

A. Production

	DECEMBER		Increase (Decrease) %
	2016-17	2015-16	
1. Generation (kWh in thousands)			
Month:			
PREPA - Steam and gas	1,025,249	1,131,642	(9.4)
PREPA - Hydro	7,494	8,061	(7.0)
Purchased power - gas	278,524	317,190	(12.2)
Purchased power - coal	325,845	222,441	46.5
Renewable Energy	33,515	31,382	6.8
Total	1,670,627	1,710,716	(2.3)
Fiscal year-to-date:			
PREPA - Steam and gas	6,887,064	7,532,859	(8.6)
PREPA - Hydro	54,964	38,599	42.4
Purchased power - gas	1,700,649	1,581,888	7.5
Purchased power - coal	1,739,038	1,476,622	17.8
Renewable Energy	155,464	163,201	(4.7)
Total	10,537,179	10,793,169	(2.4)
Twelve months:			
PREPA - Steam and gas	13,431,944	14,322,726	(6.2)
PREPA - Hydro	70,991	55,775	27.3
Purchased power - gas	3,346,206	2,934,353	14.0
Purchased power - coal	3,477,124	3,264,344	6.5
Renewable Energy	317,884	333,565	(4.7)
Total	20,644,149	20,910,763	(1.3)
2. Maximum hourly peak load (in MW)			
Month	2,722	2,802	(2.9)
Fiscal year-to-date	3,087	3,080	0.2
Twelve months	3,087	3,080	0.2
3. Sales (kWh in thousands)			
Month:			
Billed	1,413,983	1,427,998	(1.0)
Days billed	30.00	31.00	(3.2)
Fiscal year-to-date:			
Billed	8,881,433	8,914,089	(0.4)
Days billed	182.00	182.00	0.0
Twelve months:			
Billed	17,240,722	17,234,901	0.0
Days billed	364.00	365.00	(0.3)
4. System efficiency (%)			
Month	83.2	82.8	0.5
Fiscal year-to-date	84.5	82.8	2.0
Twelve months	83.9	82.4	1.7
5. Average cost per barrel (\$)			
Month	55.78	51.40	8.5
Fiscal year-to-date	54.61	57.99	(5.8)
Twelve months	50.05	63.58	(21.3)
6. kWh/Barrel			
Month	605.94	574.44	5.5
Fiscal year-to-date	607.00	591.86	2.6
Twelve months	615.58	608.13	1.2
7. Heat rate (BTU/kWh)*			
Month	11,065	11,277	(1.9)
Fiscal year-to-date	10,808	11,042	(2.1)
Twelve months	10,678	10,850	(1.6)

* Revised prior year

8. Fuel consumption
(in thousands)

	2016-17		2015-16		Increase (Decrease) %	
	BBL	Cost	BBL	Cost	BBL	Cost
Month:						
Steam	988	53,764	943	42,162	4.8	27.5
Gas	188	15,085	658	40,879	(71.4)	(63.1)
Natural Gas	516	25,539	369	18,232	39.8	40.1
Total	<u>1,692</u>	<u>94,388</u>	<u>1,970</u>	<u>101,273</u>	<u>(14.1)</u>	<u>(6.8)</u>
Fiscal year-to-date:						
Steam	5,427	276,593	6,649	352,053	(18.4)	(21.4)
Gas	2,980	205,193	3,178	236,172	(6.2)	(13.1)
Natural Gas	2,939	137,780	2,900	149,793	1.3	(8.0)
Total	<u>11,346</u>	<u>619,566</u>	<u>12,727</u>	<u>738,018</u>	<u>(10.9)</u>	<u>(16.1)</u>
Twelve months:						
Steam	10,827	491,020	13,571	816,603	(20.2)	(39.9)
Gas	5,063	333,004	4,480	355,729	13.0	(6.4)
Natural Gas	5,930	268,032	5,501	325,026	7.8	(17.5)
Total	<u>21,820</u>	<u>1,092,056</u>	<u>23,552</u>	<u>1,497,358</u>	<u>(7.4)</u>	<u>(27.1)</u>

DECEMBER

			Increase (Decrease) %	
	2016	2015		
B. Client Service				
1. Service complaints per thousand clients	3.04	2.94		3.4
2. Disconnections for nonpayment per thousand clients	6.60	9.99		(33.9)
C. Distribution System				
1. Interruption frequency index				
Total interruptions per thousand clients served	0.368	0.297		24.2
2. Interruption duration index				
Average interruption time per clients served (minutes)	74.48	48.29		54.2
3. Clients per interruption	197	218		(9.7)
4. Time per interruption (minutes)	369	327		12.8

D. Personnel

		DECEMBER		Increase (Decrease)
		2016	2015	
Management Conf. / Carr.	Reg.	1,907	1,931	(24)
	Temp.	29	31	(2)
U.T.I.E.R.	Reg.	3,615	3,672	(57)
	Temp.	14	156	(142)
	Emerg.			
U.I.T.I.C.E.	Reg.	629	671	(42)
	Temp.			
U.E.P.I.	Reg.	307	319	(12)
	Temp.			
U.P.A.E.E.	Reg.	4	4	
	Temp.	1		1
Total		<u>6,506</u>	<u>6,784</u>	<u>(278)</u>

II. FINANCIAL HIGHLIGHTS

A. Revenue data

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

	DECEMBER					
	Month			Fiscal Year-to-Date		
	2016	2015	Increase (Decrease) %	2016-17	2015-16	Increase (Decrease) %
kWh sales:						
Residential	506,430	499,854	1.3	3,396,095	3,331,037	2.0
Commercial	675,388	670,547	0.7	4,183,424	4,194,007	(0.3)
Industrial	175,779	213,721	(17.8)	1,129,788	1,227,456	(8.0)
Others	32,919	33,173	(0.8)	194,338	189,156	2.7
Total	<u>1,390,516</u>	<u>1,417,295</u>	(1.9)	<u>8,903,645</u>	<u>8,941,656</u>	(0.4)
Basic revenues:						
Residential	28,018	28,174	(0.6)	188,210	187,942	0.1
Commercial	46,617	46,416	0.4	280,349	273,876	2.4
Industrial	8,269	8,931	(7.4)	52,647	54,604	(3.6)
Others	5,150	5,617	(8.3)	31,474	30,986	1.6
Total	<u>88,054</u>	<u>89,138</u>	(1.2)	<u>552,680</u>	<u>547,408</u>	1.0
Provisional rate:						
Residential	6,480	0	*	35,014	0	*
Commercial	8,875	0	*	45,081	0	*
Industrial	2,298	0	*	12,049	0	*
Others	420	0	*	2,074	0	*
Total	<u>18,073</u>	<u>0</u>	*	<u>94,218</u>	<u>0</u>	*
Fuel adjustment:						
Residential	39,379	39,358	0.1	270,578	313,786	(13.8)
Commercial	52,187	55,694	(6.3)	330,773	395,687	(16.4)
Industrial	12,568	15,970	(21.3)	82,114	103,781	(20.9)
Others	2,431	3,265	(25.5)	15,755	18,586	(15.2)
Total	<u>106,565</u>	<u>114,287</u>	(6.8)	<u>699,220</u>	<u>831,840</u>	(15.9)
Purchased power:						
Residential	26,266	23,183	13.3	153,666	145,785	5.4
Commercial	34,628	30,791	12.5	188,813	179,509	5.2
Industrial	8,341	8,974	(7.1)	47,076	48,323	(2.6)
Others	1,664	1,667	(0.2)	9,208	8,409	9.5
Total	<u>70,899</u>	<u>64,615</u>	9.7	<u>398,763</u>	<u>382,026</u>	4.4
Total revenues:						
Residential	100,143	90,715	10.4	647,468	647,513	(0.0)
Commercial	142,307	132,901	7.1	845,016	849,072	(0.5)
Industrial	31,476	33,875	(7.1)	193,886	206,708	(6.2)
Others	9,665	10,549	(8.4)	58,511	57,981	0.9
Total	<u>283,591</u>	<u>268,040</u>	5.8	<u>1,744,881</u>	<u>1,761,274</u>	(0.9)

*100% or Over

DECEMBER						
	Month			Fiscal Year-to-Date		
	2016	2015	Increase (Decrease) %	2016-17	2015-16	Increase (Decrease) %
2. Cents per kWh						
Basic revenues:						
Residential	5.53	5.64	(2.0)	5.54	5.64	(1.8)
Commercial	6.90	6.92	(0.3)	6.70	6.53	2.6
Industrial	4.70	4.18	12.4	4.66	4.45	4.7
Others	15.64	16.93	(7.6)	16.20	16.38	(1.1)
Total	6.33	6.29	0.6	6.21	6.12	1.5
Provisional rate:						
Residential	1.28	0.00	*	1.03	0.00	*
Commercial	1.31	0.00	*	1.08	0.00	*
Industrial	1.31	0.00	*	1.07	0.00	*
Others	1.28	0.00	*	1.07	0.00	*
Total	1.30	0.00	*	1.06	0.00	*
Fuel adjustment:						
Residential	7.77	7.87	(1.3)	7.98	9.42	(15.3)
Commercial	7.73	8.31	(7.0)	7.91	9.43	(16.1)
Industrial	7.15	7.47	(4.3)	7.26	8.45	(14.1)
Others	7.39	9.84	(24.9)	8.10	9.82	(17.5)
Total	7.66	8.06	(5.0)	7.85	9.31	(15.7)
Purchased power:						
Residential	5.19	4.64	11.9	4.52	4.38	3.2
Commercial	5.13	4.59	11.8	4.51	4.28	5.4
Industrial	4.75	4.20	13.1	4.17	3.94	5.8
Others	5.05	5.03	0.4	4.74	4.45	6.5
Total	5.10	4.56	11.8	4.48	4.27	4.9
Total revenues:						
Residential	19.77	18.15	8.9	19.07	19.44	(1.9)
Commercial	21.07	19.82	6.3	20.20	20.24	(0.2)
Industrial	17.91	15.85	13.0	17.16	16.84	1.9
Others	29.36	31.80	(7.7)	30.11	30.65	(1.8)
Total	20.39	18.91	7.8	19.60	19.70	(0.5)
3. Clients:						
Residential	1,335,753	1,327,247	0.6	1,334,053	1,326,136	0.6
Commercial	123,902	123,724	0.1	123,839	123,842	(0.0)
Industrial	626	638	(1.9)	628	644	(2.5)
Others	3,364	3,362	0.1	3,369	3,372	(0.1)
Total	<u>1,463,645</u>	<u>1,454,971</u>	0.6	<u>1,461,889</u>	<u>1,453,994</u>	0.5
4. Average kWh per client:						
Residential	379	377	0.6	2,546	2,512	1.3
Commercial	5,451	5,420	0.6	33,781	33,866	(0.3)
Industrial	280,797	334,986	(16.2)	1,799,025	1,905,988	(5.6)
Others	9,786	9,867	(0.8)	57,684	56,096	2.8
Total	950	974	(2.5)	6,091	6,150	(1.0)

*100% or Over

II. FINANCIAL HIGHLIGHTS

A. Revenue data

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

	DECEMBER					
	Month		Increase (Decrease) %	Fiscal Year-to-Date		Increase (Decrease) %
	2016	2015		2016-17	2015-16	
kWh sales:						
Residential	13	9	44.4	72	66	9.1
Commercial	212,760	209,374	1.6	1,251,033	1,228,890	1.8
Industrial	-	-	0.0	-	-	0.0
Others	30,225	29,015	4.2	177,226	176,253	0.6
Total	<u>242,998</u>	<u>238,398</u>	1.9	<u>1,428,331</u>	<u>1,405,209</u>	1.6
Basic revenues:						
Residential	1	1	0.0	4	3	33.3
Commercial	15,353	14,954	2.7	80,124	77,247	3.7
Industrial	-	-	0.0	-	-	0.0
Others	5,037	4,998	0.8	29,974	30,281	(1.0)
Total	<u>20,391</u>	<u>19,953</u>	2.2	<u>110,102</u>	<u>107,531</u>	2.4
Provisional rate:						
Residential	-	-	0.0	1	-	*
Commercial	2,767	-	*	13,733	-	*
Industrial	-	-	0.0	-	-	0.0
Others	391	-	*	1,885	-	*
Total	<u>3,158</u>	<u>-</u>	*	<u>15,619</u>	<u>-</u>	*
Fuel adjustment:						
Residential	1	1	0.0	6	6	0.0
Commercial	18,183	17,382	4.6	96,145	117,841	(18.4)
Industrial	-	-	0.0	-	-	0.0
Others	2,728	2,220	22.9	14,463	16,856	(14.2)
Total	<u>20,912</u>	<u>19,603</u>	6.7	<u>110,614</u>	<u>134,703</u>	(17.9)
Purchased power:						
Residential	1	-	*	3	3	0.0
Commercial	10,755	8,952	20.1	54,121	52,979	2.2
Industrial	-	-	0.0	-	-	0.0
Others	1,610	1,315	22.4	8,148	8,112	0.4
Total	<u>12,366</u>	<u>10,267</u>	20.4	<u>62,272</u>	<u>61,094</u>	1.9
Total revenues:						
Residential	3	2	50.0	14	12	16.7
Commercial	47,058	41,288	14.0	244,123	248,067	(1.6)
Industrial	-	-	0.0	-	-	0.0
Others	9,766	8,533	14.4	54,470	55,249	(1.4)
Total	<u>56,827</u>	<u>49,823</u>	14.1	<u>298,607</u>	<u>303,328</u>	(1.6)
2. Service Agreements:						
Residential	14	14	0.0	16	14	14.3
Commercial	21,542	24,862	(13.4)	25,438	24,874	2.3
Industrial	-	-	0.0	-	-	0.0
Others	2,919	3,176	(8.1)	3,379	3,162	6.9
Total	<u>24,475</u>	<u>28,052</u>	(12.8)	<u>28,833</u>	<u>28,050</u>	2.8

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

*100% or Over

This page intentionally left in blank.

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

	DECEMBER 2016					
	Month			Fiscal Year-to-Date		
	Budget	Actual	Increase (Decrease) %	Budget	Actual	Increase (Decrease) %
Basic charges	87.7	88.0	0.3	563.9	552.7	(2.0)
Fuel adjustment	58.0	106.6	83.8	432.4	699.2	61.7 ¹
Purchased power	75.4	70.9	(6.0)	450.2	398.8	(11.4) ²
Provisional rate	11.8	18.1	53.4	23.7	94.2	* ³
Revenues from sales	232.9	283.6	21.8	1,470.2	1,744.9	18.7
Other	(2.0)	(3.2)	60.0	(11.9)	(14.0)	17.6 ⁴
Total revenues	230.9	280.4	21.4	1,458.3	1,730.9	18.7
Fuel	43.7	94.4	*	326.1	619.6	90.0 ¹
Purchased power	67.1	62.5	(6.9)	400.7	355.9	(11.2) ²
Other expenses	52.2	63.2	21.1	313.3	337.4	7.7
Total current expenses	163.0	220.1	35.0	1,040.1	1,312.9	26.2
1974 - sinking fund appropriations	17.7	55.7	*	106.1	318.9	* ⁵
Reserve Account	0.0	0.0	0.0	0.0	0.0	0.0
Rate Stabilization Fund	0.0	0.0	0.0	0.0	0.0	0.0
Interest on notes	3.3	4.5	36.4	19.8	26.6	34.3
Internal funds	29.1	0.0	*	180.2	0.8	(99.6) ⁶
Contribution to municipalities	4.4	(14.5)	*	26.4	0.4	(98.5) ⁷
Other appropriations	13.4	14.6	9.0	85.7	71.3	(16.8)
Total	230.9	280.4	21.4	1,458.3	1,730.9	18.7

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. Lower non operating revenue than budgeted, due to increases in the monthly amount reserved for the allowance for doubtful accounts.
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)

	DECEMBER					
	Month			Fiscal Year-to-Date		
	2016	2015	Increase (Decrease) %	2016-17	2015-16	Increase (Decrease) %
Basic charges	88.0	89.1	(1.2)	552.7	547.4	1.0
Fuel adjustment	106.6	114.3	(6.7)	699.2	831.9	(16.0)
Purchased power	70.9	64.6	9.8	398.8	382.0	4.4
Provisional rate	18.1		*	94.2		*
Revenues from sales	283.6	268.0	5.8	1,744.9	1,761.3	(0.9)
Other	(3.2)	7.2	*	(14.0)	13.2	*
Total revenues	280.4	275.2	1.9	1,730.9	1,774.5	(2.5)
Fuel	94.4	101.3	(6.8)	619.6	738.0	(16.0)
Purchased power	62.5	57.1	9.5	355.9	341.4	4.2
Other expenses	63.2	53.8	17.5	337.4	332.1	1.6
Total current expenses	220.1	212.2	3.7	1,312.9	1,411.5	(7.0)
1974 - sinking fund appropriations	55.7	54.8	1.6	318.9	322.5	(1.1)
Reserve Account	0.0	0.0	0.0	0.0	0.0	0.0
Rate Stabilization Fund	0.0	3.6	*	0.0	24.3	*
Interest on notes	4.5	4.5	0.0	26.6	27.3	(2.6)
Internal funds	0.0	32.3	*	0.8	(76.8)	*
Contribution to municipalities	(14.5)	(34.6)	(58.1)	0.4	50.0	(99.2)
Other appropriations	14.6	2.4	*	71.3	15.7	*
Total	280.4	275.2	1.9	1,730.9	1,774.5	(2.5)

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. Lower non operating revenue than budgeted, due to increases in the monthly amount reserved for the allowance for doubtful accounts.
5. The 1974 Sinking Fund appropriation for current fiscal year have been accrued but not paid nor transferred.
6. Until December 31, 2015, PREPA was obligated to set aside 2% out of the 11% surcharge of fuel and purchase power to a Rate Stabilization Account. Such fund was accrued but not paid.
7. 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.
8. 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.
9. 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

DECEMBER

Construction Financing

	2016	2015		2016	2015
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	713	713	Amount received	64,208	64,208
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	1,126	0	Amount received	549,950	549,950
Available balance	<u>25,897</u>	<u>27,023</u>	Available balance	<u>50</u>	<u>50</u>
Debt outstanding balance	1,126	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	146,042	146,042
			Available balance	<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	35,133	35,133
			Available balance	<u>64,867</u>	<u>64,867</u>
			Debt outstanding balance	35,133	35,133
			Maturity Date	December 31, 2014	

E. Capital Improvements Program
(in thousand dollars)

DECEMBER 2016						
	Month **			Fiscal Year-to-Date***		
	Budget	Actual	Increase (Decrease) %	Budget	Actual	Increase (Decrease) %
Production	6,936	14,713	****	41,618	36,459	(12.4)
Transmission	6,772	2,986	(55.9)	40,635	18,435	(54.6)
Distribution	6,161	5,390	(12.5)	36,968	19,985	(45.9)
Other	8,177	408	(95.0)	49,060	2,584	(94.7)
Total	28,046	23,497	(16.2)	168,281	77,463	(54.0)
Internal Funds	29,081	0	****	180,180	828	(99.5)
Percentage of Internal Funds to Investment in Capital Improvements Programs*	104%	0%		107%	1%	
Contribution AID for Construction		137			923	

	2016	2015
F. Highest debt coverage as of December 31	0.93	1.05

G. REA Projects

	Month	Fiscal Year-to-Date
Total investment	\$18,734	\$26,812
Families served	4	7

*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.

****100% or Over

PUERTO RICO ELECTRIC POWER AUTHORITY

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

	DECEMBER		Increase (Decrease) %
	2016	2015	
General clients	830,852	839,205	(1.0)
Government (State and federal agencies and public corporations)	210,685	288,582	(27.0)
Total Accounts Receivable	1,041,537	1,127,787	(7.6)
Uncollectibles Reserve	(495,531)	(489,674)	1.2
Accounts Receivable after Reserve	546,006	638,113	(14.4)
Sales of electric energy (12 months)			
Revenues from sales	3,010,070	3,338,148	(9.8)
Indicators:			
A/R to Sales	18.1%	19.1%	(5.1)
Sales Days in A/R	66	70	(5.1)
Ratio of collections to sales:			
General clients:			
Sales	2,611,861	2,913,329	(10.3)
Collections	2,622,932	2,994,668	(12.4)
%Collection to Sales	100.4	102.8	(2.3)
Government:			
Sales net of municipalities, public lightning and exclusions	398,209	424,819	(6.3)
Collections	463,879	421,061	10.2
% Collection to Sales	116.5	99.1	17.5
Total:			
Sales net of municipalities, public lightning and exclusions	3,010,070	3,338,148	(9.8)
Collections	3,086,811	3,415,729	(9.6)
%Collection to Sales	102.5	102.3	0.2

PUERTO RICO ELECTRIC POWER AUTHORITY

This page intentionally left in blank.

PUERTO RICO ELECTRIC POWER AUTHORITY

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

	December 31 2016	June 30 2016
Current assets:		
Cash and cash equivalents		
General fund	\$ 60,558	\$ 60,558
Reserve for current expenses	359,683	353,841
Revenue fund	13	13
Working funds	<u>1,089</u>	<u>1,033</u>
Total cash and cash equivalents	421,343	415,445
Accounts receivable (Exhibit A)	1,708,316	1,676,390
Fuel oil inventory	92,930	71,473
Materials and supplies inventory	171,635	172,431
Prepayments and other (Exhibit B)	<u>26,678</u>	<u>26,306</u>
Total current assets	<u>2,420,902</u>	<u>2,362,045</u>
Non current receivables (Exhibit A)	<u>132,588</u>	<u>132,588</u>
Restricted Assets		
Investments held by trustees		
Sinking funds - Interest	195,865	1,934
Non current restricted deposits held by trustees	<u>8,026</u>	<u>8,024</u>
Total investment held by trustees	<u>203,891</u>	<u>9,958</u>
Construction fund and other		
Construction fund	79,455	122,357
Investment held by REA	1,110	1,108
Reserve maintenance fund	16,103	16,083
Other restricted fund	<u>5,120</u>	<u>5,116</u>
Total construction fund and other	<u>101,788</u>	<u>144,664</u>
Total restricted assets	<u>305,679</u>	<u>152,713</u>
Utility Plant		
Electric plant in service	12,806,276	12,745,101
Less: accumulated depreciation	<u>7,257,019</u>	<u>7,076,126</u>
Net electric plant in service	5,549,257	5,668,975
Construction work in progress, including preliminary surveys of 16,876 and 16,876	<u>804,222</u>	<u>783,637</u>
Total utility plant	<u>6,353,479</u>	<u>6,452,612</u>
Deferred debits:		
Unamortized debt expense	(735)	(310)
Other	38,725	37,273
Total deferred debits	<u>37,990</u>	<u>36,963</u>
Total assets	<u>9,250,638</u>	<u>9,136,921</u>
Deferred outflows of resources	<u>113,075</u>	<u>120,648</u>
Total Assets and Deferred Outflows	<u>\$ 9,363,713</u>	<u>\$ 9,257,569</u>

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

	December 31 2016	June 30 2016
Liabilities and net position		
Current Liabilities		
Notes payable to banks	\$ 731,838	\$ 731,838
Accounts payable and accrued liabilities (Exhibit C)	1,604,168	1,591,455
Customer deposits, including accrued interest	39,314	31,830
Total current liabilities	<u>2,375,320</u>	<u>2,355,123</u>
Current liabilities payable from restricted assets		
Current portion of long-term debt	248,930	234,394
Accrued interest payable on bonds and notes	216,904	11,881
Other current liabilities (Exhibit C)	41,141	44,203
Total current liabilities from restricted assets	<u>506,975</u>	<u>290,478</u>
Non current liabilities		
Power revenue bonds, net of unamortized debt discount of (43,306) and (46,259)	8,178,379	8,202,235
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>10,327,646</u>
Total liabilities	<u>13,186,085</u>	<u>12,973,247</u>
Deferred inflows of resources:		
Deferred gain on pension valuation	65,946	65,946
Total net position (Deficit)	<u>(3,888,318)</u>	<u>(3,781,624)</u>
Total Liabilities and Net Position	<u>\$ 9,363,713</u>	<u>\$ 9,257,569</u>

PUERTO RICO ELECTRIC POWER AUTHORITY

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

	MONTH		
	Budget December 2016	Actual December 2016	Actual December 2015
Operating revenues:			
Sales of electric energy	\$ 232,889	\$ 283,591	\$ 268,040
Total operating revenues	232,889	283,591	268,040
Other income	(1,897)	(3,161)	7,192
Total revenues	230,992	280,430	275,232
Expenses:			
Fuel cost	43,695	94,389	101,273
Purchased power	67,068	62,509	57,089
Other production	3,531	4,807	5,257
Transmission and distribution	10,978	13,115	12,392
Maintenance	14,298	12,113	15,095
Customer accounting and collection	8,342	8,142	8,312
Administrative and general	15,050	25,067	12,756
Subtotal expenses by function	162,962	220,142	212,174
Other post - employment benefits	-	-	653
Depreciation	29,742	30,641	30,821
Interest on bonds, capital improvement notes, general obligation notes, less allowance for funds used during construction	11,858	40,367	39,416
Contribution to municipalities	4,440	7,226	15,888
Other appropriations	13,428	14,648	2,359
Bond discount and defeasance amortization	-	136	851
Total expenses	222,430	313,160	302,162
Contributed capital	792	271	77
Changes in net position	\$ 9,354	\$ (32,459)	\$ (26,853)

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

	FISCAL YEAR		
	Budget December 2016	Actual December 2016	Actual December 2015
Operating revenues:			
Sales of electric energy	\$ 1,470,226	\$ 1,744,881	\$ 1,761,274
Total operating revenues	1,470,226	1,744,881	1,761,274
Other income	(11,379)	(13,684)	13,878
Total revenues	1,458,847	1,731,197	1,775,152
Expenses:			
Fuel cost	326,118	619,567	738,018
Purchased power	400,735	355,888	341,403
Other production	21,188	27,540	29,703
Transmission and distribution	65,871	74,890	74,564
Maintenance	85,785	80,777	85,497
Customer accounting and collection	50,052	48,062	47,601
Administrative and general	90,302	106,220	94,723
Subtotal expenses by function	1,040,051	1,312,944	1,411,509
Other post - employment benefits	-	-	3,918
Depreciation	178,450	184,087	184,200
Interest on bonds, capital improvement notes, general obligation notes, less allowance for funds used during construction	71,151	241,922	233,000
Contribution to municipalities	26,444	31,714	100,459
Other appropriations	85,684	71,336	15,655
Bond discount and defeasance amortization	-	360	4,956
Total expenses	1,401,780	1,842,363	1,953,697
Contributed capital	4,750	4,472	5,887
Changes in net position	\$ 61,817	\$ (106,694)	\$ (172,658)

PUERTO RICO ELECTRIC POWER AUTHORITY

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

	MONTH		
	Budget December 2016	Actual December 2016	Actual December 2015
Revenues:			
Sales of electric energy (Exhibit D)	\$ 232,889	\$ 283,591	\$ 268,040
Total operating revenues	232,889	283,591	268,040
Other income	(1,897)	(3,161)	7,192
Total revenues	230,992	280,430	275,232
Less: 1974 construction fund investment income and gain on sale of properties	84	33	64
Revenues - net	230,908	280,397	275,168
Current expenses:			
Fuel cost	43,695	94,389	101,273
Purchased power	67,068	62,509	57,089
Other production	3,531	4,807	5,257
Transmission and distribution	10,978	13,115	12,392
Maintenance	14,298	12,113	15,095
Customer accounting and collection	8,342	8,142	8,312
Administrative and general	15,050	25,067	12,756
Total current expenses	162,962	220,142	212,174
Net revenues (as defined)	67,946	60,255	62,994
Contractual obligations:			
Sinking fund appropriations -			
Interest on power revenue bonds (1)	8,552	35,888	31,066
Bond redemption accoun (1)	9,139	19,780	23,741
Rate Stabilization Account	-	-	3,583
Interest on notes	3,307	4,480	4,479
Capital Improvements fund	29,081	-	32,326
Total contractual obligations	50,079	60,148	95,195
Balance	17,867	107	(32,201)
Provision for Contribution in Lieu of Taxes and other appropriations			
Contribution to municipalities	4,440	(14,541)	(34,560)
Other	13,427	14,648	2,359
Total provision for contribution and other	17,867	107	(32,201)
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.

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

	FISCAL YEAR - TO DATE			TWELVE MONTHS ENDED		
	Budget December 2016	Actual December 2016	Actual December 2015	Budget June 2017	Actual December 2016	Actual December 2015
Revenues:						
Sales of electric energy (Exhibit D)	\$ 1,470,226	\$ 1,744,881	\$ 1,761,274	\$ 2,970,682	\$ 3,196,568	\$ 3,545,645
Total operating revenues	1,470,226	1,744,881	1,761,274	2,970,682	3,196,568	3,545,645
Other income	(11,379)	(13,684)	13,878	(22,759)	(3,480)	(5,354)
Total revenues	1,458,847	1,731,197	1,775,152	2,947,923	3,193,088	3,540,291
Less: 1974 construction fund investment income and gain on sale of properties	503	293	647	1,007	484	1,679
Revenues - net	1,458,344	1,730,904	1,774,505	2,946,916	3,192,604	3,538,612
Current expenses:						
Fuel cost	326,118	619,567	738,018	647,482	1,092,056	1,497,409
Purchased power	400,735	355,888	341,403	828,393	696,718	710,775
Other production	21,188	27,540	29,703	42,376	55,407	59,686
Transmission and distribution	65,871	74,890	74,564	131,741	148,677	150,415
Maintenance	85,785	80,777	85,497	171,571	157,090	171,691
Customer accounting and collection	50,052	48,062	47,601	100,103	93,799	98,897
Administrative and general	90,302	106,220	94,723	180,604	212,442	209,151
Total current expenses	1,040,051	1,312,944	1,411,509	2,102,270	2,456,189	2,898,024
Net revenues (as defined)	418,293	417,960	362,996	844,646	736,415	640,588
Contractual obligations:						
Sinking fund appropriations -						
Interest on power revenue bonds (1)	51,313	215,326	185,299	102,626	422,356	373,244
Bond redemption account (1)	54,834	103,591	137,215	109,669	215,609	244,420
Reserve Account Fund (1)	-	-	-	-	-	(236,785)
Rate Stabilization Account	-	-	24,281	-	(24,282)	49,645
Interest on notes	19,838	26,596	27,315	39,675	52,843	56,087
Capital Improvements fund	180,180	828	(76,780)	366,779	77,608	(183,906)
Total contractual obligations	306,165	346,341	297,330	618,749	744,134	302,705
Balance	112,128	71,619	65,666	225,897	(7,719)	337,883
Provision for Contribution in Lieu of Taxes and other appropriations						
Contribution to municipalities	26,444	283	50,011	51,784	(110,003)	300,352
Other	85,684	71,336	15,655	174,113	102,284	37,531
Total provision for contribution and other	112,128	71,619	65,666	225,897	(7,719)	337,883
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.

PUERTO RICO ELECTRIC POWER AUTHORITY

NET POSITION
(in thousands)

	December 2016	June 2016
Net Position		
Invested in utility plant, net related debt	\$ (966,559)	\$ (684,844)
Restricted for capital activity and debt service	(491,219)	(633,700)
Unrestricted	<u>(2,430,540)</u>	<u>(2,463,080)</u>
Total net position	<u>\$ (3,888,318)</u>	<u>\$ (3,781,624)</u>

PUERTO RICO ELECTRIC POWER AUTHORITY

ACCOUNTS RECEIVABLE
(in thousands)

Exhibit A

	December 2016	June 2016
Electric and related services:		
General clients	\$ 830,852	\$ 829,406
Recoveries under fuel adjustment and purchase power clause under or (over) billed	(3,107)	(14,191)
Unbilled services	175,202	167,574
Allowance for uncollectible accounts	<u>(437,034)</u>	<u>(434,755)</u>
Total General Clients	<u>565,913</u>	<u>548,034</u>
Government, including current and non current ⁽¹⁾	1,287,028	1,249,267
Allowance for uncollectible accounts	<u>(58,497)</u>	<u>(58,497)</u>
Total Government	1,228,531	1,190,770
Claims Receivable from Insurance Companies & Other	<u>30,227</u>	<u>29,964</u>
Advances to Irrigation Systems - net	7,399	9,095
Accrued interest	2,067	2,052
Other	<u>6,767</u>	<u>29,063</u>
Total Accounts Receivable	<u>1,840,904</u>	<u>1,808,978</u>
Less: Government Account Receivable, non current portion	<u>132,588</u>	<u>132,588</u>
Total Accounts Receivable, current portion	<u>1,708,316</u>	<u>1,676,390</u>

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

PREPAYMENTS AND OTHER
(in thousands)

Exhibit B

	December 2016	June 2016
Claims Outstanding Related to Property Damages	\$ 353	\$ 353
Prepayments and other	<u>26,325</u>	<u>25,953</u>
Total	<u>\$ 26,678</u>	<u>\$ 26,306</u>

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES
(in thousands)

Exhibit C

	December 2016	June 2016
Accounts payable - fuel oil and other	\$ 481,439	\$ 530,072
Accrued annual leave	48,451	50,302
Accrued sick leave	-	4,682
Accrued salaries and fringe benefits	1,559	3,867
Accrued Contribution in Lieu of Taxes	1,060,068	977,388
Accrued Actuarial Retirement	2,193	2,193
Reserve for injuries and damages	6,025	4,557
Income tax withheld at source	225	-
Health plan	-	1,797
Pension & Benefits Deferred Employer Contribution	9,342	9,342
Other	(5,134)	7,255
Sub total current liabilities	<u>1,604,168</u>	<u>1,591,455</u>
Other current payables from restricted assets		
Retention on Contract Work	5,937	5,672
Vouchered A/P construction	2,113	5,548
Contribution aid to construction	<u>33,091</u>	<u>32,983</u>
Total other current payables from restricted assets	<u>41,141</u>	<u>44,203</u>
Total current Liabilities	<u>1,645,309</u>	<u>1,635,658</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>\$ 3,599,324</u>	<u>\$ 3,589,673</u>

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

SALES OF ELECTRIC ENERGY

DECEMBER 2016

Exhibit D

Class of Service	CLIENTS		KWHRS (in thousands)			
	Billed	Total	MONTHLY			Total
			Billed	Unbilled	Adjustment*	
Residential	1,335,753	1,335,753	522,364	376,718	(392,652)	506,430
Commercial	123,902	123,902	682,271	471,536	(478,419)	675,388
Industrial	626	626	176,892	130,133	(131,246)	175,779
Public lighting	2,166	2,166	26,651	11,245	(11,580)	26,316
Other public authorities	2	2	3,758	2,225	(1,419)	4,564
Agricultural	1,196	1,196	2,047	1,393	(1,401)	2,039
Subtotal	1,463,645	1,463,645	1,413,983	993,250	(1,016,717)	1,390,516
Fuel oil adjustment						
Purchased power						
Subtotal	1,463,645	1,463,645	1,413,983	993,250	(1,016,717)	1,390,516
Unrecovered fuel oil cost-net						
Unrecovered purchased power cost-net						
Total	1,463,645	1,463,645	1,413,983	993,250	(1,016,717)	1,390,516

FISCAL YEAR-TO-DATE

Class of Service	Average Clients	Kwhrs. (thousands)	Revenue (thousand \$)	Kwhrs. per Client	Cents per Kwhr. Sold
Residential	1,334,053	3,396,095	223,224	2,546	6.57
Commercial	123,839	4,183,424	325,430	33,781	7.78
Industrial	628	1,129,788	64,696	1,799,025	5.73
Public lighting	2,173	162,813	31,595	74,925	19.41
Other public authorities	2	18,389	988	9,194,500	5.37
Agricultural	1,194	13,136	965	11,002	7.35
Subtotal	1,461,889	8,903,645	646,898	6,091	7.27
Fuel oil adjustment			694,051		7.85
Purchased Power			392,849		4.48
Subtotal	1,461,889	8,903,645	1,733,798	6,091	19.47
Unrecovered fuel oil cost-net			5,169		
Unrecovered purchased Power cost-net			5,914		
Total	1,461,889	8,903,645	1,744,881	6,091	19.60

SALES OF ELECTRIC ENERGY

DECEMBER 2016

Exhibit D

REVENUES (in thousand \$)						
Class of Service	MONTHLY				Kwhrs. per Client	Cents per Kwhrs. Sold
	Billed	Unbilled	Adjustment*	Total		
Residential	35,291	15,348	(16,141)	34,498	379	6.81
Commercial	55,829	30,655	(30,992)	55,492	5,451	8.22
Industrial	10,650	5,889	(5,972)	10,567	280,797	6.01
Public lighting	5,260	1,940	(2,008)	5,192	12,150	19.73
Other public authorities	199	88	(64)	223	2,281,651	4.89
Agricultural	156	75	(76)	155	1,706	7.58
Subtotal	107,385	53,995	(55,253)	106,127	950	7.63
Fuel oil adjustment	121,941	72,326	(77,023)	117,244		7.66
Purchased power	72,121	48,881	(47,916)	73,086		5.10
Subtotal	301,447	175,202	(180,192)	296,457	950	21.32
Unrecovered fuel oil cost-net				(10,679)		
Unrecovered purchased power cost-net				(2,187)		
Total	301,447	175,202	(180,192)	283,591	950	20.39