

Fiscal Year (FY) 2012-13

Summary of results for the FY 2013 Allocated Cost of Service Study.

The financial summary of the FY 2013 is shown below in Table 1:

<i>Item</i>	<i>Value</i>
Total Revenues	\$ 4,883,493,399
Total Revenue Requirement	\$ 5,166,573,935
Net Income	\$ (283,080,536)
Required Percentage Increase in Tariff Revenues	5.80%
Ratebase	\$ 7,693,219,340
Rate of Return	-3.68%

Table 1 – Fiscal Year 2013 Financial Summary

The Summary Results of the Allocated Cost of Service are presented in **Table 2** below:

<i>Revenue Class</i>	<i>Total Revenues</i>	<i>Total Revenue Requirement</i>	<i>Revenue Increase / (Decrease) - \$</i>	<i>Revenue (Surplus) / Deficiency - %</i>
<i>Residential</i>	\$1,688,629,714	\$2,036,483,795	\$347,854,081	20.60%
<i>Commercial</i>	\$2,447,117,670	\$2,327,641,597	-\$119,476,073	-4.88%
<i>Industrial</i>	\$610,025,705	\$572,201,007	-\$37,824,698	-6.20%
<i>Public Lighting</i>	\$116,523,819	\$199,426,713	\$82,902,895	71.15%
<i>Other Public Authorities</i>	\$13,513,570	\$12,116,001	-\$1,397,569	-10.34%
<i>PREPA Use</i>	\$0	\$8,513,177	\$8,513,177	100.00%
<i>Agriculture</i>	\$7,682,921	\$10,191,644	\$2,508,723	32.65%
<i>Total</i>	<i>\$4,883,493,399</i>	<i>\$5,166,573,935</i>	<i>\$283,080,536</i>	<i>5.80%</i>

Table 2 - Summary of the Results of the Allocated Cost of Service Study for the Fiscal Year 2011

As calculated, the Residential, Public Lighting, and Agriculture Customer Classes indicate significantly revenue deficiencies. Conversely, the Commercial, Industrial, and Other Public Authorities classes are over-recovering their revenues, based on the approaches used in this study.

PREPA recovers the costs associated with Fuel and Power Purchases, through its Fuel Purchase and Purchase Power Clauses (Adjustment Clause). However, the rest of PREPA's expenses are not totally recovered through the basic tariff. Therefore, PREPA should perform a tariff revision, specifically, to review the basic tariff. It's important to mention that the basic tariff has not been modified since 1989.