**PREPA Ex. 5.21**
**Credit Metrics in the Fitch Ratings 2015 Public Power Study**

| Ratio | Calculation | Significance |
|---|---|---|
| **Cash Flow Ratios** | | |
| Debt Service Coverage (x) | FADS/Total Annual Debt Service | Indicates the margin available to meet current debt service requirements. |
| Coverage of Full Obligations (x) | (FADS + Fixed Charges ? General Fund Transfer and/or PILOT Payments Excluded from Operating Expenses)/(Total Annual Debt Service + Fixed Charges) | Indicates the margin available to meet current debt service requirements and other fixed obligations. |
| Debt to FADS (x) | Total Debt/FADS | Indicates the size of debt compared to the margin available for debt service. |
| **Liquidity Ratios** | | |
| Days Cash on Hand | Unrestricted Cash and Investments/(Operating Expenses - Depreciation+ Amortization)*365 | Indicates financial flexibility, specifically cash and short-term investments, relative to expenses. |
| Days Liquidity on Hand | (Unrestricted Cash and Investments + Available Lines of Credit and Commercial Paper Capacity)/(Operating Expenses - Depreciation - Amortization)*365 | Indicates financial flexibility, including all available sources of cash, short-term investments, and liquidity, relative to expenses. |
| **Capital Structure** | | |
| Equity to Capitalization (%) | Total Equity/Capitalization | Provides a measure of cost recovery, leverage, and debt capacity. |
| Debt to Customer ($) | Total Debt/Total Customers | Provides a measure for relative comparison of leverage. |
| **Other** | | |
| Capex to Depreciation and Amortization (%) | Capex/(Depreciation + Amortization) | Indicates the relationship between capital spending and the depreciation of existing assets. |
| Transfer Payments to Operating Revenues (%) | (General Fund Transfers + PILOT + Other taxes)/Operating Revenues | Indicates the degree to which a utility provides city or county general fund support. |
| Total Revenue | | |
| Retail Customers | | |
| Total Debt | | |

Note: FADS ($) is defined as Operating Revenues - Operating Expenses + Depreciation + Amortization + Interest Income.  It provides a measure of cash flow from operations.

Source: Fitch Ratings.