

Puerto Rico Electric Power Authority
REGULATION GOVERNING THE GENERAL TERMS AND CONDITIONS
FOR SUPPLYING ELECTRIC POWER

SECTION I: INTRODUCTION

Article A: Legal Basis

The Puerto Rico Electric Power Authority enacts the Regulation Governing the Terms and Conditions for Supplying Electric Power in accordance with the powers granted it under Public Law No. 83 of May 2, 1941, as amended, the Puerto Rico Electric Power Authority Act, and as provided in Public Law No. 170 of August 12, 1988, as amended, the Uniform Administrative Procedure Act of the Commonwealth of Puerto Rico.

Article B: Purpose

The purpose of enacting this Regulation is to establish the terms and conditions under which the Authority supplies the electric power service, the requirements that those interested in obtaining and using same must meet; and the rights and obligations of both the Authority and its customers. Its purpose also to establish and make provisions for the penalties for customers who fail to comply with the terms and conditions established herein, pursuant to the provisions of Public Law No. 170 of August 12, 1988, as amended.

Article C: Provisions from Other Laws

The provisions of this Regulation are supplementary to those of any other regulations, norms, manuals, codes, standards, technical correspondence, public policies, or applicable laws in effect. A list of the current regulations of the Authority can be obtained on their web page or at the Department of Corporate Studies and Procedures. The Regulation Governing Rates for Electricity Service prevails over this Regulation.

SECTION II: DEFINITIONS

A. Feeder

The primary power supply circuit or primary distribution line. This is generally comprised of a trunk emanating from the distribution substation, the branches deriving from the trunk, and of their sub-branches.

- B. Puerto Rico Electric Power Authority (Authority)
Government organization created for the provision of electric power service under Public Law No. 83 of May 2, 1941, as amended, the Puerto Rico Electric Power Authority Act. The purpose of this public corporation is to provide the people of Puerto Rico with efficient, reliable electric power service at the lowest cost possible that contributes to their quality of life and that encourages environmentally friendly socio-economic development.
- C. Horse Power
Unit of measurement to measure an engine's output. One horsepower (HP) equals 0.746 kilowatts (kW)
- D. Available Capacity
When electrical installations are suitable for serving the load to be connected without overloading the Authority's electric system
- E. Substation Capacity
Total maximum load value in kilovolt-amperes (kVA) that can be supplied by the substation's transformers without damaging or affecting their isolation. Manufacturers of this equipment must list on the nameplate the maximum load value in kilovolt-amperes (kVA) that each transformer can supply at nominal voltage and frequency.
- F. Connected Load
Total nominal capacity in horsepower (HP), kilowatts (kW) and kilovolt-amperes (kVA) of all electrical equipment, apparatus, devices and any other electricity consuming appliances connected to the customer's electric power system and that use the electric power system provided by the Authority.
- G. Contracted Load
The kilovolt-amperes (kVA) the Authority has available for a customer, as agreed upon and specified in the electric power supply contracts for wholesale rate customers. This load can never exceed the substation's capacity.
- H. Electrical Installation Certificate
Document provided by the Colegio de Peritos Eléctricistas (Electrical Trade Association) or the Puerto Rico Electric Power Authority, in which the licensed and board-certified engineer or licensed and board-certified electrical engineer certifies, without a doubt, through his/her signature, that the electric facilities were

- done by him or under his/her supervision, in accordance with the norms, manuals, standards, codes, technical correspondences, public policies, and applicable laws in effect.
- I. Customer
Any natural persons or legal entities that request, contract, and obtain electric power service that continues to be supplied unless they submits a request to cease service and provides access for said service to be disconnected.
- J. Cogeneration
Producing electricity and useful forms of energy, such as heat or steam, used for industrial, commercial, heating, and refrigeration purposes through the sequential use of energy.
- K. Lessor
A natural person or legal entity that leases one or several establishments to a customer, at the Authority's wholesale rate, for services that supplement or are related to the main activity of an establishment that obtains its electric power service through the main meter installed by the Authority under the circumstances and conditions specifically established in this Regulation regarding leased facilities.
- L. Meter
Device or instrument used to measure and record the consumption of electric power in kilowatt-hour (kWh). For wholesale rate customers, it also measures and records electric power demand in kilowatts (kW) or kilovolt-amperes (kVA).
- M. Inaccessible or Closed-off Meter
Any meter located inside or outside a structure without access to read it, check whether it is working, connect it, or disconnect it because free access to the area where it is located is restricted or impeded by bars, fences, or any other type of impediment or obstruction.
- N. Current
The flow of electric charge per unit of time through a conductor, measured in amperes (A).
- O. Demand
Average value of electric power measured in fifteen-minute intervals

- P. **Maximum Demand**
Highest demand measured in kilovolt-amperes (kVA) recorded by the meter in fifteen-minute intervals during a billing period.
- Q. **Primary Distribution**
The Authority's system of lines that distribute power at voltages higher than 600 volts and lower than 38,000 volts.
- R. **Emergency**
A condition or situation that results in or may result in interrupted service for a significant number of customers and users in which there is a risk of damage being caused to lives or property or anything else that, in the Authority's judgment, requires action being taken immediately.
- S. **Energy**
The full integration of real power during a given period of time, measured in kilowatt-hours (kWh).
- T. **Metering Equipment**
Set of components and devices used to quantify the energy, power, and demand in a circuit. This mainly consists of a meter and its base, current transformers (CT) and voltage transformers (PT or VT), cables, fuses, and terminals for interconnecting them correspondingly.
- U. **Power Factor**
The ratio of real power to apparent power (kW/kVA). Mathematically speaking, it is the cosine of the angle between the voltage and current in a circuit.
- V. **Force Majeure**
Events totally beyond the control of the Authority or acts of nature, such as storms, electric storms, earthquakes, tornadoes, floods, etc. It also includes, but is not limited to, hazardous situations, fires, explosions, service interruptions due to the acts or omissions of any other public authority or natural person or legal entity, including sabotage and strikes.
- W. **Distributed Generation**
Electric generators or inverters, protection, safety, interconnection equipment, and related equipment needed to produce energy at a customer's installation and capable of operating parallel to the Authority's distribution system.

- X. **Electrical Installation**
Set of electrical material, equipment, or items located at a particular site with the purpose of utilizing electric power.
- Y. **Net Metering**
Process for measuring and crediting the energy exported to the Authority's electric system by a customer generating energy using sources of renewable energy, including, but not limited to, solar, wind, hydraulic, and biomass energy.
- Z. **Danger**
Imminent risk that any harm to life or property may occur.
- AA. **Regular Billing Period**
Period established by the Authority for reading and billing the service, which may be on a monthly or bi-monthly basis. The Authority reserves the right to change the number of days within these periods, or to establish new periods based on reading and billing needs.
- BB. **Real Power**
Real component of electric or apparent power measured in kilowatts (kW). One kilowatt equals 1,000 watts (W).
- CC. **Electric or Apparent Power**
The product of the voltage and total current flowing in a circuit as a result of the voltage applied. It is simply referred to as "power" and it is measured in kilovolt-amperes (kVA). One kilovolt-ampere equals 1,000 volt-amperes.
- DD. **Electricity Producer**
And installation used to produce electricity that uses systems of cogeneration, renewable energy sources, biofuels, or fossil fuels with advanced technologies that meet or exceed the standards of environmental efficiency for emissions, noise or discharges. These facilities have a capacity greater than the maximum allowed under the Regulations Governing the Interconnection of Generators with the Electric Distribution System. It includes the interconnection equipment at the point of delivery for transmission to the Authority's electric system.
- EE. **Point of Delivery**
The point where the Authority supplies customers with the electric power they are going to use. It is the place where the customer's private system is connected to the Authority's system. The Authority determines the location of the point of delivery, which depends of the type of service and customer.

- FF. Metering Point
The point where the metering equipment is installed to record the electric energy and demand, as applicable.
- GG. Resale
To sell, use, or supply to a third party, through payment, all or part of the energy agreed upon when service with the Authority was contracted. The consumption of electricity included in a lease agreement for use other than that contracted with the Authority constitutes energy resale.
- HH. Temporary Service
Electric power service that is provided for a definite time or while a condition for connecting the service is being put into place. Service for a construction project's provisional facilities, equipment testing, or temporary use.
- II. Electric System of the Authority
A set of elements adequately arranged and organized that are used and necessary for producing, transmitting, and distributing electric power.
- JJ. Substation
A set of electric equipment needed for the conversion or transformation of electric energy from one voltage level to another and to serve as the link between two or more circuits in an electric system. This set of equipment is concentrated in or confined to a given area and can be installed in open air structures or inside buildings. Substation equipment mainly includes the end of transmission or distribution lines, circuit breakers, automatic breakers, bus bars, and transformers. A substation also usually includes control and protection devices.
- KK. Shared Substation
A private substation that serves more than one customer, which may include the substation owner. These customers could be billed at different rates. The owner is always responsible for the maintenance, repair, and replacement of all substation components, including the safety of the facilities (padlocks, signage, clearance, etc.).
- LL. Private Substation
Any substation not belonging to the Authority, which can be single-phase or three-phase at distribution, sub-transmission, or transmission voltage levels.

- MM. Submeter or Secondary Meter
An instrument or device that is installed by the Authority after the main meter, in order to measure a lessee's consumption of electric energy.
- NN. Rates
Price structure for the electric power service adopted by the Authority and approved by the Governing Board in accordance with the powers granted them and pursuant to Public Law No. 83 of May 2, 1941, as amended, the Puerto Rico Electric Power Authority Act, and Public Law No. 21 of May 31, 1985, as amended, known as the Uniform Rate Revision and Modification Act, or any other legal provision that may apply. The rates for the electric power service are enacted as a regulation and they establish the prices under which the service will be billed, depending on the type of client, the magnitude of the connected load, and the voltage level at the point of delivery of the energy, in addition to the requirements for applicability.
- OO. Wholesale Rates
Rates applicable to non-residential customers with a connected load of 50 kVA or more and whose voltage at the point of delivery is a primary distribution, subtransmission, or transmission voltage.
- PP. Pulse Card (KYZ)
Device that helps detect the meter pulses corresponding to demand and energy readings.
- QQ. Service Drop
The conductors, material, and equipment installed to connect the customer's electric system to the Authority's system. It can be either overhead (external) or underground (below the ground, in tubes). The service drop belongs to the customer and extends from the Authority's point of delivery to the building, structure, or project that will be supplied with the electric power, except for overhead secondary distribution services, which belong to the Authority and extend from the post to the point of delivery on the first support secured to a structure or concrete column.
- RR. Transformer
Equipment used to decrease or increase voltage in order to distribute electric power
- SS. Current Transformer (CT)

A metering transformer whose primary winding is connected in series to an energy source (core) and induces the current that is to be measured or controlled in its secondary winding. Its primary terminals are connected in series to the electric line to measure a sample of a reduced current that is proportional to the primary current. Under normal operating conditions, the CT measures between zero and five amps. It transforms currents that are higher than the capacity into current that is useable by the meter.

TT. Metering Transformer

A transformer that induces a voltage or a current in its secondary circuit in exact and known proportion to its primary circuit, to be used with metering and control equipment and protection devices.

UU. Voltage Transformer or VT, Potential Transformer or PT

The metering transformer whose primary winding is connected in parallel to an energy source and induces a voltage in its secondary winding, which will be measured or controlled. It transforms energy from a high voltage into the meter's voltage. Its primary terminals are connected in parallel to the electric lines, and at the secondary terminals, a sample of reduced voltage proportional to the primary voltage is measured. Under normal operating conditions, the PT or VT measures from zero to 120 volts.

VV. Wheeling

The transfer of power produced by an electric company for distribution to a third party using the Authority's lines.

WW. Improper Use

An action, derivation, installation, connection, intervention, interference with, or manipulation, etc., of the meters, installations, or service drops with the intent and effect of preventing consumption from being measured or of reducing the true measurement of electric power consumption. Improper use is also defined as the unauthorized reconnection of an inactive meter to obtain service without having requested it previously and without it being recorded. Theft of copper from of any equipment, lines, etc., is deemed as improper use of electric power. Additionally, invading easements designated for power lines on the property where the customer, user, or unauthorized user uses the electric power supply is deemed as improper use of electric power.

XX. User

Person using the electric power service and whose consumption is recorded and billed in the name of another person.

YY. Unauthorized User

Person who used the electric power service whose consumption goes unrecorded.

ZZ. Voltage

The potential difference between any two points of the electric system, measured in volts (V) or kilo-volts (kV). This potential difference can be measured between two lines or conductors, or between one line and a ground. One kilovolt is equal to 1,000 volts.

1. Secondary Distribution Voltage – Voltage of 600 volts or less
2. Primary Distribution Voltage – Voltage higher than 600 and less than 38,000 volts
3. Subtransmission Voltage – Voltage of 38,000 volts
4. Transmission Voltage – Voltage of 15,000 volts or more

SECTION III: GENERAL PROVISIONS**Article A: Rate Structure**

The electric power system in the Commonwealth of Puerto Rico is an integrated one; therefore, the rate structure is uniform in both urban and rural zones.

Article B: Applicable Rates

The electric power service is provided and billed under the applicable rate established by the Authority and depends on the type of client, the magnitude of the connected load, and the voltage level at the point of delivery of the power. Whenever the conditions of the service varies and the Authority determines that the rate under which it is being billed is no longer applicable, the Authority notifies the customer of its determination in writing and the service shall start being billed under the new applicable rate thirty (30) days after the notification, unless the customer submits a request to be dropped from the service and provides access to have the service disconnected prior to that date.

Article C: Purchasing Electric Power

The purchase of electric power and the corresponding related services for all rates and contracts is established in accordance with the provisions of this Regulation and any other disposition or regulation adopted by the Authority for this type of service, the current regulations on planning and zoning, and applicable laws.

Article D: Wheeling System

Participants in the wheeling system are governed by the terms and conditions established in their respective contracts, the applicable laws and regulations, and the provisions set forth in this Regulation.

Article E: Request for Service

Any natural person or legal entity can request, through any means authorized by the Authority, any of the services it provides. The customer is responsible for ensuring that the Authority received the request, and the date of said request is deemed the date of receipt.

Article F: Notification of Defects

Customers are responsible for notifying the Authority as soon as they notice any defect or irregularities affecting their billing or service.

Article G: Employee Restrictions

No Authority employee is authorized to ask the public for or accept any type of compensation for their personal benefit for any services rendered.

Article H: Authority Regions and Districts

To provide its services, the Authority administratively divides the island into regions and districts and determines their geographical area and their jurisdiction.

Article I: Personal Property

For the purposes of this Regulation and applicable laws, electric power is considered personal property. The improper use of electric power, in any of its forms, constitutes misappropriation, of such personal property and a violation of the provisions herein. Therefore, any natural person or legal entity that uses electric power improperly commits the crime of misappropriation, which is punishable as a misdemeanor, as established in Article 192 of the Puerto Rico Penal Code.

Article J: Fines

Public Law No. 83 of May 2, 1941, known as the Puerto Rico Electric Power Authority Act, as amended by Public Law No. 162 of December 7, 2009, establishes that any natural person or legal entity that violates or induces the violation of any provision of a regulation enacted by the Authority and/or alters the electric system in such a way that true consumption cannot be measured runs the risk of receiving an administrative fine issued by the Authority for no less than ten thousand dollars (\$10,000).

SECTION IV: SERVICE REQUEST

Article A: Processing the Request

Electric power service can be requested by calling the Customer Service Center (residential accounts only), in writing, or in person at the commercial or local offices. In the case of primary accounts (wholesale), service must be requested in person at the Wholesale Sales Department in San Juan or in the commercial offices of the authorized regions. Services for government, primary or secondary accounts must be requested in writing (by mail or fax) with the Collections Unit – Government Accounts of the Collection Center. The person making the request must meet all the requirements established by law, regulations, codes, manuals, norms, standards, technical correspondence, public policies, and rates that apply to the type of service requested.

Once the service requested is connected, the electric power supply contract is formalized. Whenever it so determines, the Authority can grant a maximum of ten (10) consecutive days following the request date to submit the required documents or guaranties. In such cases, the person making the request will provide the information needed to show evidence that the required permits or documents exist. The Authority can bill the amount required as a deposit to guarantee payment of the service in the first bill that is processed and send it to the customer. The customer has until the due date indicated on the bill to make the required payment. Failure to pay the deposit or to submit the required documents or guaranties within the stipulated term is sufficient cause for the suspension of the service, at the Authority's discretion. When customers call the Customer Service Center for any service-related matter, they are notified that their call may be recorded or monitored by a supervisor for quality control purposes.

Article B: Connected or Contracted Load and Voltage

The Authority accepts secondary distribution voltage requests when the connected load is less than 50 kVA. When the connected or contracted load is 50 kVA or higher, customers must select a wholesale rate and receive service for primary distribution, subtransmission, or transmission voltage levels, except in the case of residential service. As long as the connected or contracted load is 50 kVA or higher, customers must provide the installations needed to receive the service and comply with all the applicable norms and regulations.

Article C: Changing a Wholesale Rate to a Secondary Distribution Rate

Customers paying a wholesale rate can request that it be changed to a secondary distribution voltage rate as long as their metered kVA demand is less than 50 kVA for six months prior to the request. Customers must also meet the following requirements:

1. Request the change in writing.
2. Provide the necessary installations and equipment required by the Authority to supply and limit the secondary distribution voltage service. In such cases, the Authority allows the existing substation to be used to provide service at secondary distribution voltage.

Article D: Cost of Providing Service

The service is supplied at the point of delivery voltage whenever there are installations and available capacity in the Authority's system. The customers making the request are responsible for paying for the costs of extending the electric lines, making any improvement, installation, or carrying out any other work needed to provide the service requested that has not been included in the applicable rate. In all cases, the construction of new infrastructure must comply with the applicable laws, regulations, codes, manuals, norms, standards, technical correspondence, and public policies of the Authority in order to connect to the electric power system. The Authority or the corresponding governmental entity determines the load based on the impact of the load capacity of a project connected to the electric power system.

Article E: Minimum Billing

If the rate at which the service is supplied establishes a minimum contract time period or a minimum period of advanced notice for termination thereof, and the customers terminate the contract before said time or if the Authority must terminate it due to customer breach of obligations, customers must pay the minimum billing charge provided for under the rate up to the date the established minimum period was terminated.

Article F: Customer Information

Upon initiating a service contract, the Authority will provide customers with written information regarding the rate and the terms and conditions applicable to the service requested, along with an explanation of how to read the meter.

Article G: General Requirements for Service to be Provided

Upon requesting service for any structure or premises that have not received service previously, customers must submit the Use Permit issued by the Regulations and Permits Administration (ARPE, Spanish acronym), the Permit Management Office

(OGPe, Spanish acronym), or the autonomous municipality, as applicable, unless these agencies exempt the person making the request from this requirement and the Authority receives evidence thereto. Evidence of the Use Permit is also required whenever the use of the structure or premises changes; whenever it has been vacated, or whenever the service has been disconnected for over one (1) year, except in the case of residential services (new housing units). Whenever the structure or premises is modified for segregation purposes or to add business establishments, or under any other circumstance in which it is provided as such in the applicable planning and zoning regulations, evidence of the Use Permit is also required.

An Electrical Installation Certificate is required for any new service whenever the service has been disconnected for over one (1) year or when the previously certified electrical installation has been modified. In addition to these documents, the person making the request must submit any other document required to give evidence of his or her authorization to occupy the structure (Examples: Public Housing Projects and Housing Co-ops) or to give evidence of his or her legal personality or capacity and authorization to enter into contracts. Furthermore, the person making the request must pay or submit the required guaranty, as provided in Section V of this Regulation.

Article H: Temporary Service

When temporary service is requested, the person making the request is responsible for installing and dismantling the equipment and connections required for providing said service. To receive this type of service, the person making the request must submit all documents beforehand authorizing the installation, such as the Temporary Use Permit or the Construction Permit or the No Objection Letter issued by ARPE, OGPe, or the autonomous municipality, as applicable; the Electrical Installation Certificate; and any other document required for the type of service requested. The No Objection Letter issued by ARPE expires when the time period established is not used or when it is not used within a one-year term, whichever is shorter. Also, it is the responsibility of the person making the request to ensure that the structure or property is free of electrical risks and is in compliance with the laws, regulations, codes, manuals, norms, standards, technical correspondence, and public policies in effect. These services are billed under the corresponding rate, according to the type of service.

SECTION V: GUARANTIES FOR PAYMENT OF SERVICE

Article A: Guaranties

The Authority reserves the right to require of customers any guaranties it deems necessary to secure the obligation of paying for electric power consumption. These guaranties include a deposit, a bond from an insurance company certified by the Office of the Commissioner of Insurance, or any other form authorized by law and accepted by the Authority. Insurance companies that issue bonds to guarantee electric power supply services must meet the conditions established by the Authority for such purposes. The insurance companies must be certified by the Office of the Commissioner of Insurance of Puerto Rico and accepted by the Authority. The forms or information regarding the bond requirement can be obtained at any commercial or local office of the Authority.

Article B: Calculating the Deposit, Bond, or Guaranty

1. Residential Service:

The deposit or bond fee for a residential service is determined based on the rate that applies to the service, as set forth by the Puerto Rico Electric Power Authority.

2. Commercial Service:

The amount of the deposit or bond for a commercial service without any consumption history is \$90 per kVA, according to the load indicated on the Electrical Installation Certificate multiplied by three. The minimum amount to charge is \$300. If the service is for the common areas of condominiums, hallways, security cameras, staircases, or similar areas, and the load does not exceed 3 kVA, the amount of the deposit or bond is \$150. For existing business that are transferred into the name of another customer without a change in the use, the deposit or bond required is the sum of the last three bills. If the use changed or modifications were made to the electrical installation, the amount is the sum of the last three bills in the account history, or \$90 per kVA, based on the load indicated on the Electrical Installation Certificate, multiplied by three (3), whichever is greater. When commercial service is requested for equipment installed on poles or structures belonging to the Authority and that operate 24 hours a day (security cameras, communication equipment, etc.), the deposit fee is \$150. When commercial service requested is a temporary service (patron saint festivals, circuses, amusement park rides, stages for shows, etc.) the

amount of the deposit or bond to charge is \$90 per kVA, based on the load indicated on the Electrical Installation Certificate, multiplied by three, and the minimum amount is \$300.

3. Wholesale service:

If the service is new, the amount of the deposit or bond will be \$90 per kVA, based on the load indicated on the Electrical Installation Certificate, multiplied by three. When service is requested for a business or industry with no prior consumption history, the amount of the deposit or bond is the sum of the three highest bills in the account history.

Article C: Guaranty Increase

1. The Authority reserves the right to increase the amount required as a guaranty, or to require a guaranty if there is none, from all customers whose history in the past twelve (12) months reflects one of the following conditions: two (2) or more bills in arrears, one (1) or more checks that have been returned for insufficient funds; a bank account that is closed or in a similar status; it has been determined that there was improper use of electric power; or the service was suspended for lack of payment. In these cases the required guaranty cannot exceed the average monthly amount on the bills of the past twelve (12) months of service, multiplied by three (3).
2. The Authority may also require a guaranty from customers who do not have it, or increase the existing guaranty when its amount, as determined by the Authority, is not enough to properly secure payment of the service. In these cases, the amount required as a guaranty cannot exceed the average monthly amount of the bills in the past twelve (12) months of service, multiplied by three (3).
3. When the Authority requires a payment guaranty from customers without one or whose guaranty has been increased, pursuant to the criteria established in the Article Three, it grants the customers affected by this determination a period of twenty (20) consecutive days to present the new required guaranty. Failure to meet this requirement is sufficient cause for the denial or suspension of electric power service, whichever the case may be, as provided in Section XIV of this Regulation. If appropriate, the Authority can also charge the required amount as a service payment guarantee deposit on the next bill that is processed, and send it to the customer. The customer has until the due date indicated on the bill to make the corresponding payment.

SECTION VI: DELIVERY AND METERING OF POWER**Article A: Point of Delivery**

1. Electric power for customers with primary distribution, subtransmission, or transmission voltage is delivered to a point pre-determined by the Authority along the primary, subtransmission, or transmission distribution line, as the case may be.
 - a. Customers construct the substation that connects to the Authority's feeders or lines at their own cost.
 - b. Customers who connect to a voltage of 38 kV or greater must provide the means of communication, as required by the Authority, which must be adjacent to the metering box where the meter will be installed with the purpose of being able to read it remotely.
2. The point of delivery for electricity producers is determined by the Authority. Customers are responsible for installing the equipment and lines to be connected to the point of delivery. The terms and conditions for electricity producers are governed by their respective contracts.
3. The point of delivery for distributed generation systems is determined by Authority. Customers are responsible for installing the equipment and lines to be connected to said point. The terms and conditions for distributed generation customers are governed by the provisions established in the Regulation Governing the Interconnection of Generators with the Electric Distribution System and the Regulation for Establishing the Net Metering Program, as applicable, in addition to their respective agreements with the Authority and this Regulation.
4. The point of delivery for customers with high energy consumption industrial service is 115 kV or another voltage determined by the Authority. Customers are responsible for providing all lines and terminal equipment to be connected at that voltage at the Authority's facilities.
5. The point of delivery for secondary distribution voltage is where the Authority's line is connected to the customer's electric facilities.
6. The service drop belongs to the customer and goes from the Authority's point of delivery to the building, structure, or project to receive electric power, with the exception of overhead secondary distribution services. These belonging to the Authority and they go from the pole to the point of delivery on the first support secured to a concrete structure or column.

Article B: Metering Demand, Energy, and Power Factor

1. In its construction standards, the Authority establishes the placement of metering instruments and equipment, based on the particular conditions for providing the service requested.
2. The Authority provides and maintains, when established in the rate, the metering equipment needed to measure demand and energy. The installation of this equipment is the responsibility of the owner, customer, person requesting the service, owners' council, or condominium association.
3. It is provided that if the metering equipment fails or is defective, both the power delivered and the maximum demand will be estimated by the Authority based on the information obtained from the investigation. In such case, the estimates are made for the period from the date on which it is determined that the equipment failed to the date the situation is corrected. Customers must notify the Authority as soon as they suspect a metering failure.
4. Customers must authorize the use of their establishments, lands, or facilities for placement of the Authority's metering equipment, as determined by the Authority.
5. The maximum demand for the primary, subtransmission, and transmission distribution voltage is measured in kilo-volt amperes (kVA) or kilowatts (kW) for billing purposes. Whenever demand cannot be measured in kilo-volt amperes (kVA), it is measured in kilowatts (kW), and these are then converted into kilo-volt amperes (kVA) for billing purposes by applying a power factor (PF) of 85%. At the Authority's discretion or at the request of the customer, the Authority can install the equipment and conduct the necessary tests for measuring and determining the real power factor, and this is used to convert kilowatts (kW) to kilo-volt amperes (kVA). Whenever the test is requested by customers, they will pay for the related expenses.
6. Transformation Losses – When a customer's service is at a wholesale rate and the metering equipment is located on the secondary side of the transformer, a correction factor is applied to energy and demand consumption for billing purposes to compensate for the transformation losses.
7. Shared Metering Information – Customers using wholesale rates can request the installation of an electronic meter with the capacity to store metering-related information and information from the pulse card in its memory, allowing them to detect the demand and energy pulses generated by the meter. Customers

always assume the cost of the card, as well as its installation, removal, or replacement, and they are also responsible for acquiring and installing all equipment and internal programming needed to process and interpret the card's pulses.

The card or the external equipment installed by customers to process or interpret its pulses cannot interfere with the meter's functioning. If the meter is damaged due to the installation or use of the card or of the external equipment related to its use, customers are responsible for the cost of replacing it. Information obtained by customers is for their exclusive use and not for billing purposes. To request consumption information through the pulse card, customers must have their account up to date and sign an addendum to the main power supply contract. Primary, subtransmission, and transmission distribution voltage customers must provide, from amongst the options approved by the Authority, the means of communication for the meter to be read remotely.

8. The metering of electric power used by customers participating in the Net Metering Program is done pursuant to the Regulation for Establishing the Net Metering Program in effect.

Article C: Meter Tests

The Authority reserves the right and may, at its discretion, inspect or test at any time, any meter or equipment it deems need to be checked or tested. When customers indicate that their meter is not functioning correctly and requests that it be checked, their request is processed as a billing objection and investigation request as provided under Section XIII of this Regulation. If the investigation shows that the meter does function properly and the customers insist on having its mechanism tested, the customers pay for the expenses incurred by the Authority to conduct such test when the results prove that the meter is functioning correctly with the limits established in the American National Standard Code for Electricity Metering, or applicable regulations.

Article D: Additional Supply Lines

When customers with primary, subtransmission, or transmission voltage wish to obtain the greater safety and reliability provided by a single supply line through a single point of delivery, they can request an additional line. The Authority evaluates the request and, if it determines that it is feasible and that it does not affect their future plans, it can authorize an additional supply line, provided the customer pays for all costs needed to construct and connect the line. The additional constructed line and the original line are

taken up to the established point of delivery or metering so that a single meter records all the power inputs available to the customer. In cases of emergency, as determined by the Authority, and in coordination with the customer, the Authority can supply the service at a voltage other than that at the point of delivery, provided it has the available capacity and only while the emergency lasts.

Article E: Meter Reading

The Authority reads the meters on a monthly and bi-monthly basis. The readings are taken using any method adopted by the Authority that allows energy and demand used by customers, as applicable, to be determined. The Authority has information explaining how to read meters available to its customers and guides them on the methods it uses to take readings. The bill sent to the customer must contain at the least information about the reading at the start and end of the billing period, the dates and the days making up the billing period, the meter constant, and the date of the next reading. The Authority reserves the right to amend the bill format as it deems fit and to provide more information to customers.

Article F: Consumption Estimates

When the Authority is unable to read the meter on the scheduled date for circumstances beyond its control, including, but not limited to, inaccessibility to the meter or force majeure, consumption is estimated. Consumption is also estimated when the information about the meter reading cannot be used for billing as a result of problems related to data transmission or communication systems and when it is proven that the meter is defective.

SECTION VII: LINES, SUBSTATIONS AND ELECTRIC EQUIPMENT

Article A: Customer or Owner Responsibility for Property in terms of Lines, Substations, and other Installed Electric Equipment

1. Customers supply, install, maintain, and replace all lines, substations, and electric equipment installed from the Authority's point of delivery to their structure, space, establishment, or property. They are responsible for all damages these facilities cause due to lack of maintenance, upkeep, proper protection, or due to any other reason attributed by the Authority. For secondary distribution voltage services in which customers do not want another customer to be given service from the same transformer, customers must construct their own substation. Customers are responsible for the costs related to acquiring, installing, maintaining, and replacing the private substation.

2. All lines, substations, equipment, and other facilities belonging to the customers must meet the requirements established by the Authority in applicable laws, regulations, codes, manuals, norms, standards, technical correspondence and public policies. Customers, property owners, or their representatives are responsible for maintaining the property to keep them in optimal conditions. If after an inspection the Authority determines that there is a risky condition, the provisions of Section XIV, Article D, of this Regulation shall apply.
3. When customers request or authorize the Authority to do work or to provide service at times that are not business days and hours, the Authority must pay for all the costs involved, except when the work is for reasons attributable to the customers.
4. When customers choose for, or when it is required under the Regulation that the service drop be underground, it becomes the customer's private property and they are responsible for its upkeep and replacement. The design and construction of the service drop must comply with all applicable regulations, norms, codes, manuals, standards, and technical correspondence in effect. If there is a breakdown of a residential underground drop with grounded cables and it needs to be replaced, the Authority evaluates the condition and the cost of replacing it, so that the new drop complies with current construction standards. In these cases exclusively, the Authority provides the electric material for the construction of the service drop, such as cables and pipes, along with the work related to disconnecting and connecting the drop to the electric power system. The value of the Authority's contribution shall not exceed fifty percent (50%) of the total cost of replacing the service drop. When, in addition to the above, the service drop runs along the property or land belonging to third parties, the Authority carries out the drop replacement work and the customer is responsible for fifty percent of the total replacement cost.
5. Customers, property owners or their representatives are responsible for the protection and safety at private substations, and they hold the Authority harmless of any accident or damage that people or property may suffer due to lack of upkeep, protection, or safety there. These persons must install safety mechanisms needed to prevent access by unauthorized persons. The Authority will install safety devices in the cubicle where the metering equipment and the main safety switch are located, when applicable. The customers or the owners

are responsible for the damages to the metering equipment supplied by the Authority due to lack of proper protection. The owner or the customer is responsible for providing access to Authority employees at all times, for any service-related process.

6. At the request of owners of existing private substations, the Authority may lease distribution transformers to them, if they are available in its inventory, whenever they need to be replaced due to damage and the owner is not able to acquire one from a private supplier right away. The Authority establishes a monthly rental fee for each transformer based on its capacity in kilo-volt amperes (kVA). The lease agreement between the owner of the substation and the Authority is valid for one year. At the end of this period, if the customer has not replaced the transformer, the Authority shall charge for the entire cost of same. The Authority reserves the right to renew the above-mentioned agreement.
7. At a shared substation, the owner or the Owners' Council or the Condominium Association and the customers who use said substation hold the Authority totally harmless of any damage to people or property as a result of the lack of upkeep or protection thereof.
8. At a condominium or a residential, commercial, or mixed multi-story building, the primary service drop, substations, equipment, and other electric facilities are the property of the Owners' Council, Condominium Association, or the owner of the building. They are responsible for maintaining the system that connects to the Authority's point of delivery and for completing any necessary repairs. Service interruption resulting from failing to repair these facilities does not constitute a breach by the Authority of its service contract with the affected customers, nor is it responsible for the damages these customers may suffer due to lack of service.
9. In buildings that install and use generators as an independent source of electric power reserve to supply their establishments or apartments, the owners, their representatives, the Owners' Council, or Condominium Association is responsible for the operation and maintenance of the generator and for the quality of the service provided by the generator. Customers must enter into a contract with the Authority to establish the special applicable conditions for using such generator, provided it meets the requirements established by the Authority. Owners or lessees of establishments or apartments hold the Authority completely harmless of any damage they may suffer as a result of the operation of the

generator, and they relinquish any claim against the Authority that may arise from its use.

10. Customers, property owners, or their representatives are responsible for submitting a Electrical Installation Certificate to the Authority for the re-inspection of any private substation and its accessories every three (3) years for substations connected to a voltage of 38 kV or higher; every five (5) years for substations connected to primary distribution voltage, or as recommended by the manufacturer, whichever is less. The first certificate will be submitted three (3) years, five (5) years, or as applicable, after service was connected, or, if the service was previously connected, one (1) year following the effective date of this Regulation. If this requirement is not met, the Authority can file a complaint against the person who is liable and impose administrative fines, suspend service in keeping with the procedure provided in Section XIV of this Regulation, or both, at its discretion.

Article B: Responsibility of the Authority for Lines, Substations, and Electrical Equipment

1. The Authority is responsible for supplying, installing, maintaining, and replacing the lines, substations, and electric equipment installed up to the point of delivery of the electric power for the customer. The Authority supplies, installs, and replaces the electrical installations in its system in accordance with its capital improvements program. When the person making the request must extend lines or install electrical equipment in order to connect with the electric system, the Authority is responsible for keeping up, maintaining, and replacing these lines and equipment if they are transferred to the Authority.
2. In secondary distribution services, the Authority is responsible for providing, installing, keeping up, and replacing the transformers and their accessories, except when these are installed for the exclusive service of a single customer. In such cases, the customer is who asks the Authority to receive exclusive service from a transformer. For exclusive service, customers are responsible for the cost of installing transformers and their accessories, in addition to paying a monthly fee established by the Authority for renting these transformers to maintain their exclusive use. In this case, the Authority is responsible for maintaining and replacing the transformers. If the customer pays for the cost of the transformers,

the above monthly fee does not apply, but the customer is responsible for conserving and replacing them.

Article C: Right of Access

1. Customers are responsible for ensuring that the meter's base is properly identified and located in a spot that is accessible to Authority employees for any service related purpose.
2. When the Authority determines that a meter has been locked away or is inaccessible, it will request, in writing, that the customer relocate the meter's base or mounting to an accessible area, preferably on the front wall of the structure.
3. The Authority will grant the customer a period of sixty (60) consecutive days to carry out said work whenever the meter's base or mounting needs to be relocated. If the term granted expires without the customer having relocated the base or mounting as required, the Authority can suspend the electric power service pursuant to the provisions of Section XIV of this Regulation.
4. The Authority is not responsible for the damages caused to customers while they are without service. Should customers fail to comply with the aforementioned paragraphs, they will be charged all expenses incurred by the Authority to gain access to the meter.

SECTION VIII: CONNECTED LOAD

Article A: Load Capacity

The demand cannot exceed the capacity of the meter's base, transformer, or substation through which customers receive service. Customers cannot make changes to the installation or to the number of equipment connected which can lead to excess demand. To make any change, customers must request and obtain prior written authorization from the Authority and a revision of the Wholesale Electric Power Supply Contract, as applicable. Customers are responsible for the damages caused by increasing the connected load without prior authorization from the Authority.

Article B: Load Balance in Three-phase Services

Customers use electric power at all times; therefore, the load is balanced based on ten percent (10%) between phases. In the case of unbalanced loads, the Authority reserves the right to request that the customer make the necessary changes to correct the situation. If the customer does not comply with the requirement, the Authority can suspend the electric power service as provided under Section XIV of this Regulation.

SECTION IX: CUSTOMER USE OF ELECTRICITY

Article A: Interfering with Metering Equipment

1. Meters and any other equipment or material supplied or installed by the Authority are its property and it has the right to dismount, disconnect, inspect, repair, or substitute such equipment and material whenever it deems necessary. Customers and any other person not employed by the Authority are prohibited from taking action, manipulating, or tampering with the metering equipment, conductors, transformers, meter seals and rings, or any other item that forms part of the installation by the Authority. When the Authority takes action with the equipment at the request and in the sole interest of the customer, the customer pays for the related costs.
2. For structures, establishments, or land belonging to or under the control of customers, customers must make sure the Authority's meters are not tampered with, interfered with, or manipulated, and that no bypasses are installed at service drops before the meters are installed. Customers are also responsible for exercising due care, looking out for, and taking the necessary precautions to protect and prevent undue damages to and tampering of the Authority's property installed in the structures, establishments, or land belonging to customers or under their control.
3. Tampering with meters without prior authorization from the Authority constitutes a crime of misappropriation under Article 192 of the Puerto Rico Penal Code. Tampering with the meter also constitutes a misdemeanor as established in Article 196 of the Puerto Rico Penal code, and a violation of the provisions of this Regulation.

Article B: Responsibility for the Use of Electric Power

Customers are responsible for the use of the electric power from the point of delivery onwards and the power cannot be used for any other purpose or place not specified in the contract or in their service order, Use or Construction Permit, at the applicable rate or this Regulation.

Article C: Accidents

In cases of accidents or problems in the equipment or material installed by the Authority to provide the service, customers must notify the Authority immediately. Should any losses or damages occur to the Authority's property due to the lack of care or

monitoring, or negligence by customers, they will pay all the costs for repairing or replacing the damaged property.

Article D: Voltage Fluctuations Caused by Customers

The customer's electric equipment is used in a way so as to not cause voltage fluctuations or disturbances or other parameters of the electric signal of the Authority's system. The Authority can request customers to install the appropriate and necessary equipment for maintaining the voltage fluctuations or disturbances within the fluctuation limits of plus or minus five percent (5%) of the systems nominal voltage. If the customer does not do as required, the Authority can suspend the electric power service pursuant to the provisions in Section XIV of this Regulation.

Article E: Authorization to Make Changes to Electrical Installations

Customers must notify and obtain prior written authorization from the Authority for any change to the electrical installations that may affect the quality of service the Authority provides to the customer or to other customers receiving services from the same facilities.

Article F: Prohibition of Electric Power Resale

1. Resale of the electric power agreed upon or contracted with the Authority by one customer to another customer or to another person is prohibited.
2. The sale and charge of the electric power supplied by the Authority to customers connected to its electric power system can only be done by the Authority. Therefore, the Authority installs appropriate metering instruments at a single point on the electric power service line.
3. If the Authority detects that there has been a resale of electric power, the customer is responsible for correcting the condition within thirty (30) days from the notification thereof.
4. If the matter is not corrected within the established timeframe, the Authority can suspend the customer's electricity service
5. The matter of resale can be corrected through the installation of a separate metering system and the third party can contract service with the Authority at the applicable rate and comply with the requirements established for the requested service to be provided.
6. The Authority will make an adjustment to the customer's bill to account for the time the resale took place at the applicable commercial rate.

SECTION X: SINGLE-METER SERVICES**Article A: General Provisions**

Except as provided in the Electricity Service Rates Regulation and in Article B of this Section, the Authority requires all natural persons or legal entities, their family members, and commercial or industrial entities, or electric power users to contract same on an individual basis and to install a meter for each service that measures and registers the consumption of electric power and maximum demand, as applicable, for each billing period.

Article B: Service through a Single Meter at a Single Wholesale Rate

1. At marinas, in office buildings or establishments for lease, and at hospitals and hotels where one or several establishments are leased to lessees for services that are supplementary or related to the principal activity, service can be provided to the entire structure through a single meter (master metering) at a single wholesale rate. At the request of the customer or developer or planner, the Authority will approve this system when it determines that master metering outweighs the benefits of individual metering, or that individual metering is not practical. The customer is responsible for paying the Authority for the entire bill submitted. The customer can recoup the fees using a method agreed upon in writing with the lessee that is based on, but does not exceed, the per kilowatt-hour (kWh) that results from dividing the sum of the invoice by the total kilowatt-hours (kWh) used.
2. Customers are responsible for installing auxiliary meters or submeters to measure the consumption corresponding to each lessee, subject to the terms and conditions provided further on in paragraph 3 of this Section. Customers are responsible for paying the entire bill sent by the Authority, regardless of whether they recoup the sums corresponding to the cost of the service used by the lessees. Failure to pay all or part of the bill submitted to customers by the Authority is sufficient cause for the Authority to suspend electric power service as provided under Section XIV of this Regulation, and in such case the Authority is not responsible for the damages customers or their lessees may suffer as a result of said suspension.
3. The use of secondary meters or submeters for recouping the cost of the electric power supply service is subject to the following terms and conditions:

- a. Customers are responsible for requesting and obtaining authorization from the Authority prior to the installation of secondary meters or submeters.
- b. All installations constructed to distribute the electric power registered by the principal meter are the property and responsibility of customers, and therefore they are also responsible for the maintenance thereof. Customers must file an Electrical Installation Certificate issued by a licensed, board-certified electrical engineer or licensed, board-certified electrician with the Authority prior to the installation of the submeters. They must also notify the Authority and file a new Electrical Installation Certificate each time they add, alter, or modify said installations. The Authority is not responsible for the losses or damages that may occur due to defects in the electrical installations.
- c. Secondary meters or submeters installed must comply with the standards of ANSI C12 (American National Standard Code for Electricity Metering). Customers must label these secondary meters or submeters with any non-removable label or fixture that differentiates it from those belonging to the Authority and place them in a spot that is accessible to the lessees, and to Authority employees for reading and verification.
- d. The Authority reserves the right to inspect the electrical installations or equipment used by customers for their internal distribution system and metering at any time. Within fifteen (15) days, customers must correct any deficiencies or irregularities indicated by the Authority. Should customers fail to comply with the Authority's request, the Authority can suspend the service following the procedure provided for under Section XIV of this Regulation.

SECTION XI: IMPROPER USE OF ELECTRIC POWER

Article A: Investigating Improper Use

When a situation of improper use is detected, the Authority may report it to the pertinent authorities. Customers or any natural persons or legal entities that have used unmetered or unbilled electric power must pay for the cost of the investigation, of eliminating the detected condition, as well as any fine that is imposed. Customers or any users or unauthorized users who have improperly used the service are responsible

for paying the Authority the amount estimated by the Authority of the unmetered or unbilled electric power.

Article B: Notification of Charges

Whenever improper use is detected, the employees who detect it will gather the evidence and correct or eliminate the detected condition. This information is notified to the commercial office. The manager of the commercial office may file a complaint against the customer, user or unauthorized user under the provisions of Public Law No. 170 of August 12, 1988, as amended, the Uniform Administrative Procedure Act. In said complaint, the Authority can request that the customer, user, or unauthorized user be ordered to pay the sum that is determined was consumed and not recorded by the metering equipment. The administrative judge may also order the suspension of the electric power supply if the customer fails to make the ordered payment. Customers, users, or unauthorized users must pay for the administrative expenses as well as any administrative fine that is imposed as a result of said process.

Article C: Improper Use that Jeopardizes the Safety of Lives or Property

If the improper use detected is one that jeopardizes the safety of lives or property and it cannot be corrected or eliminated without service being suspended, or if the service has been connected without there being a contract or prior request and it has not been billed, the Authority will suspend service immediately. In such cases, if there is a contract to provide service, the Authority will notify the customer right away of the detected situation and the action taken. Customers may request a review of the Authority's decision in accordance with the procedure established in Section XVII of this Regulation. If the customer corrects the situation to the Authority's satisfaction, service will be restored while a decision regarding the review is being made. The Authority will take legal action against any person who does not have a contract with the Authority.

SECTION XII: PAYMENT FOR SERVICE

Article A: Customer Responsibility for Service in their Name

Each customer is responsible for the corresponding payment of all services provided in his or her name. The responsibility remains in effect even when customers have stopped using the contracted service or have vacated, sold, assigned, or transferred the property to which the service in their name is supplied without having made a request for termination of service and such service is used by another person with or without their consent or knowledge. Customers must request the termination of the electric power supply contract at least five (5) business days prior to the desired date, unless the

contract stipulates for a longer term, in which case, the term provided therein applies. Customers are responsible for providing access for service to be disconnected. The request can be made in person at any commercial or local office, by phone through the Customer Service Center switchboard, by certified mail, return receipt requested, or through any other means accepted by the Authority. When the request is made in person or by phone, customers must ask for a request number or a receipt and keep it as evidence. The electric power supply contract remains in effect if the Authority cannot disconnect the service on the desired date due to lack of access or because the minimum effective term has not expired. When the electric power supply contract ceases, any unpaid balance can be transferred to any other account that is billed in the name of the same customer or that he or she uses in another person's name. If there is no objection pursuant to Section XIII of this Regulation, or if the payment has not been made before the due date indicated on the bill with charge, the Authority may suspend service, in accordance with Section XIV of this Regulation. The Authority can inform any credit bureau of, or refer to a collection agency, any outstanding balance found on the account when the electric power supply contract is terminated and the payment of the final bill has not been received by the due date. Before referring the balance, the Authority will verify that this balance was not objected to in a timely manner as established in the procedure in Section XIII, or if it was done, that its correction was accepted and upheld during the process. The Authority may also deny customers new service, unless objection to the balance was made pursuant to the procedure established in Section XIII of this Regulation, and even if a decision regarding such objection has not been rendered, or if the decision was favorable to the customer. An interest of eight percent (8%) per annum will be charged to any final outstanding balance up to the date it is transferred to an active account, in which case the charges established herein for active accounts will apply thereafter or until it is paid in full.

Article B: Responsibility for the Use of Non-Contracted Service

For anybody using electric power service that has not been contracted or that is being billed in someone else's name, the Authority must request that they enter into a service contract in their name and that they meet all the requirements to do so. When the service is billed in the name of one person and it is used by another, each party agrees to make the full payment for the service entailed and for all obligations derived from the service. When the person in whose name the service is billed is not the person paying for said service, and the user does comply with the Authority's requirement of

establishing service in his or her name and does not meet the requirements to do so, the Authority can suspend the service as provided under Section XIV of this Regulation.

Article C: Bills

1. At its discretion, the Authority performs the reading, billing and charging of electric power consumption on a monthly or bi-monthly basis, or for reasonable time periods it deems will provide better, more efficient service to the public. All electric power bills or bills for any other service related to and authorized by this Regulation or other Authority regulations must advise customers that they have a certain term to pay for or object to any charge not previously billed and to request an investigation. This term can never be less than twenty (20) days and the bill must indicate the date said term expires and advise customers of the procedure available for channeling any objection and obtaining more information on same. Bills may be paid over the Internet, by phone through the Customer Service Center switchboard, by mail, banks or authorized payment stations, automatic direct debit, in the Authority's commercial or local offices, or by any other means approved by the Authority for such purpose. When there are overdue payments on the bill, the payment must be received or reflected in the Authority's billing system no later than the due date on the bill. If the payment is made through a bank account and it is not processed due to insufficient funds, uncollected funds, closed account, stop payment, unauthorized signature, or any other similar reason, customers must pay the amount owed, plus a twenty-five (\$25) fee for administrative expenses. This fee is also charged when customers pay by credit card and then ask the card issuing bank not to process the payment, or in the case of fraud. In such cases, customers lose the privilege of paying by credit card. The return of a payment for any of the reasons listed above affects the customer's payment history and it is cause for suspension or revocation of the privilege of paying by check or credit card and suspension of service for non-payment. Not receiving the bill does not exempt customers from their obligation to pay same. If they do not pay or follow the procedure for objecting to charges established in Section XIII of this Regulation, the Authority can suspend service in accordance with the provisions of Section XIV of this Regulation.
2. The Authority credits or debits the customer's account for any amount collected in excess or not collected for any reason, including but not limited to, defects, irregularities, improper use, or errors, whether it be in the customer's electric

system, in the equipment related to the service or the installation thereof, in the readings or the meter constant, in the applicable rate, or in the Authority's billing processes. The power to return or recover funds established herein is limited by applicable legal provisions.

Article D: Calculation of Charge for Demand and of the Fixed Monthly Fee during Irregular Billing Periods

When the billing period is irregular, the monthly charge for demand is adjusted on wholesale accounts, if applicable. The fixed monthly fee per customer is also adjusted in a way that neither the Authority nor the customer is adversely affected. To do so, a base period of thirty (30) days is used for monthly billing and sixty (60) days for bi-monthly billing, and the bill is prorated for the number of days of consumption.

Article E: Rate Changes

The Authority has the power under the law to establish new rates and make changes in the existing rates for the purchase of electric power. When the new rates are set following the procedure established by law, they apply to all active services and customers agree to pay for the service at the new prices and to comply with the conditions for them to apply beginning on the date the new rates go into effect, as determined by the Authority's Governing Board.

Article F: Late Fees

When overdue payments on the bill of any customer, with the exception of public corporations and government agencies, exceed \$1,000 or the sum of the last two bills, whichever is less, an additional charge calculated at two thirds of a percent ($\frac{2}{3}\%$) monthly of the overdue amount is added on to the amount overdue at the time of billing. To calculate this late fee, the Authority does not take into account current charges or previously billed charges that are not overdue or that are under objection pursuant to the procedure established in Section XIII of this Regulation and awaiting a decision regarding said objection. This charge does not exempt customers from their obligation to pay bills on time or limit the power of the Authority to suspend service for non-payment pursuant to the procedure established in Section XIV of this Regulation. Late fees are considered part of the bill, and should they not be paid prior to the due date, they are added to any other overdue payments reflected on the account for the purpose of calculating this fee on future bills. If partial payment is received, it is first applied to unpaid late fees.

**SECTION XIII: PROCEDURE FOR OBJECTING BILLS, ADOPTED PURSANT TO
PUBLIC LAW NO. 33 OF JUNE 27, 1985, AS AMENDED**

Article A: Request for Investigation or Objection of Bill

Customers can object and request an investigation of any charge reflected for the first time on their bill no later than the due date indicated on said bill, which must be at least twenty (20) days after the date the bill was sent. The objection or request for investigation can be filed at any commercial or local office of the Authority, by phone at the Customer Service Center, or by mail, fax, or Internet to the address or telephone numbers provided by the Authority for this purpose. When the request is made in person or over the phone, customers must ask for the claim number as evidence. If the investigation of a charge is requested in time, the service cannot be suspended due to non-payment while the following administrative process for an objection is in progress.

The objected amount is not deemed to be a debt until a final decision has been made pursuant to the provisions established in this section.

1. The commercial office conducts the investigation and notifies the customer of the outcome in writing no later than sixty (60) days following the filing of the request or objection. If the office needs additional time to conclude the investigation, it will notify the customer in writing within the sixty (60) day term, stating the reason for the extension and the additional time it deems it will take to conclude the process. The time period allowed up to the outcome of the investigation is notified cannot exceed six (6) months following the date the original request or objection is made, save in exceptional cases.
2. The customer has ten (10) days after the notification of the outcome of the investigation to pay or to object to the decision made by the commercial office official before the designated regional representative. Said official has twenty (20) after the objection is filed with him or her to issue a decision and to issue written notification of the decision to the customer.
3. The customer has ten (10) days after the decision by the regional representative designated official of the region has been notified to pay or request a review of the decision and an administrative hearing with the executive director. The executive director, or the official designated by him or her, reviews the decision of the designated official of the region within twenty (20) days. If the customer is not satisfied with the outcome of said review, the Authority designates a licensed attorney who is not an Authority employee to act as the examining officer of an

administrative hearing and to render a judgment on the customer's allegations. The examining officer's resolution will become the final decision by the public corporation.

Article B: Administrative Hearing

1. The Authority may request that the customer pay a sum equal to the average monthly or bi-monthly bill, whichever the case may be, prior to the hearing. This amount is determined by using the customer's consumption history over the previous twelve (12) months. If the customer has objected to more than one bill, he or she pays the average determined for each bill objected.
2. The designated examining officer renders judgment on the customer's argument within ninety (90) days after the case has been submitted. During the administrative hearing, the customer may be represented by an attorney and he or she has the opportunity to present oral and written evidence, as well as to examine the evidence and cross-examine the witnesses presented by the Authority in support of their administrative decision.
3. If the examining officer issues a resolution that is adverse to the customer and upholds the payment of all or part of the objected charge, the customer must pay the balance owed within thirty (30) days from the notification of the resolution. The customer may also request a reconsideration or judicial review of the resolution, pursuant to the provisions for reconsideration and judicial review in Public Law No. 170 of August 12, 1988, as amended. If the outcome of the hearing or judicial review is favorable to the customer, the Authority returns to, or credits the account for, the sum paid in excess, if any, plus interest at ten percent (10%) per annum.
4. The Authority can request reconsideration and turn to the court for a review of the final resolution issued by the examining officer within the same time periods established in paragraph 3 above.
5. If the customer follows with the procedure established for objecting to billed charges, the Authority will not suspend the electric power service for non-payment of any charge being objected. Charges that have not been objected to in accordance with the established procedure must be paid in full no later than the due date indicated on the bill, or the service can be suspended as set forth in Section XIV of this Regulation.

SECTION XIV - SUSPENSION OF SERVICE

Article A: Grounds for Suspension and Notification

If customers do not pay their bill and do not follow the procedure for objecting to the charges within the term established in Section XIII of this Regulation, the Authority may suspend their service for non-payment. It may also suspend their service for any violation of the provisions established by the laws, regulations, norms, manuals, codes, standards, or technical correspondence in effect. In the latter case, the Authority notifies the customers of the details of the violation and if it requires action by the customers to eliminate or correct an existing situation and grants them a term of at least twenty (20) days to eliminate or correct the situation, except when there is a risk of imminent damage to life or property, in which case the provisions of Article D of this section apply, or when there is improper use, in which case the provisions of Section XI of this Regulation apply. Once the violation has been determined or the term granted has passed without the customer having corrected or eliminated same, whichever is applicable, the Authority notifies the customer in writing of its decision to suspend the service. When the suspension is a result of failure to pay the unobjected overdue charges, the notification of suspension is sent once the term granted to pay or to object and request an investigation of any charge billed has passed. This notification can be included in the bill where said charges are reflected. Suspension of the service is done subsequent to the twenty (20) day term following the notification of suspension, and it will never take place on Fridays, Saturdays, Sundays, or holidays, or the business day prior to the holiday, save as provided in Article D of this Section, Article C of Section XI, and in Article D of this Regulation.

Article B: Reconnection Charges

The reconnection charge is ten dollars (\$10) for customers with a subsidized residential rate, twenty-five dollars (\$25) for residential customers, fifty dollars (\$50) for commercial customers without metering equipment, and one hundred (\$100) for commercial or industrial customers with metering equipment. In the case of suspension of service for non-payment, if the customer does not have a deposit or bond guaranteeing its payment, or if the customer's guaranty is not enough, the Authority will proceed as established in Section V, Article B, paragraphs 1 and 3 of this Regulation.

Article C: Essential Service for the Elderly and Disabled

When the electric power service is essential for the elderly and the disabled, fees are collected through the adoption of a flexible bill payment plan. The following is taken into

consideration: the amount owed, the customer's payment capacity, payment history, periods in arrears, and other pertinent details. In the cases of disabled persons who use special equipment, such as respiratory equipment, dialysis units, etc. that need electricity to function and are indispensable for their survival, customers must report it to the Authority via a medical certificate to such effect. The Authority sends an investigator to the customer's home to verify the information it received and it takes the necessary measures to prevent suspension of the service. In none of these cases does a flexible collection procedure apply to the debt for consumption exceeding what is determined to be reasonable, based on the customer's particular needs.

Article D: Suspension due to a Situation or Condition at the Customer's Electrical Installation

When the Authority detects a situation or condition at the customer's electrical installation that requires that the customer to repair it promptly for continuity of service, notification is given to the customer by any means, whether by telephone, in person, or in writing. If circumstances so permit, the Authority grants the customer a term of no more than twenty (20) days to perform the necessary repairs. If after said term the repairs required to eliminate the risk condition have not been carried out, the electric power service is suspended immediately. When the risk of causing damage to lives or property is imminent, the service is suspended as soon as the condition or situation is detected; but in such case, the notification explaining the reasons for such suspension is done immediately thereafter. Customers can object to the determination of danger made by the Authority following the procedure established in Section XVII of this Regulation.

SECTION XV: SERVICE INTERRUPTIONS

The Authority's objective is to provide efficient, reliable service to the people of Puerto Rico. However, the Authority may be forced to interrupt electric power supply without prior notice due to force majeure. It may also be obliged to suspend service for repairs or maintenance work, in which case affected customers are notified beforehand. Such interruptions do not constitute a breach by the Authority of the Electric Power Supply Contract, and therefore neither the Authority nor any of its employees, officials, or directors is responsible for any resulting damages, losses, or causes of action.

SECTION XVI: OTHER PROVISIONS

Article A: Powers of the Governing Board

None of the provisions contained in this Regulation shall be construed as a limitation of the power of the Authority's Governing Board to establish any other condition that does not violate the law or to amend these terms and conditions should they deem it necessary to protect the interests of the Authority and of the People of Puerto Rico. Amendments to this Regulation are enacted as provided under Public Law No. 170 of August 12, 1988, as amended, and once in effect, they apply to all customers using the electric power service provided by the Authority.

Article B: Discrepancies

In case of a discrepancy or contradiction between any special contractual provision and any other provision regarding rates or in these General Terms and Conditions, the provision that shall prevail will be determined based on the following criteria:

1. For a discrepancy or contradiction between the Regulation Governing Electricity Service Rates and the Regulation Governing the General Terms and Conditions for Supplying Electric Power, the Regulation Governing Electricity Service Rates prevails.
2. For a discrepancy or contradiction between the Regulation Governing the General Terms and Conditions for Supplying Electric Power and the Electric Power Supply Contract, the Regulation prevails.

Article C: Official Text

The Authority declares that, for all legal purposes, the official original text of this Regulation is the Spanish language version.

SECTION XVII: ADMINISTRATIVE PROCEDURE

Article A: Request for Reconsideration

The party adversely affected by a determination by the Authority based on the provisions of this Regulation, except those related to the objection of billed charges, which are governed by Section XIII of this Regulation, can request a reconsideration within ten (10) days after being notified of same. Said request must be submitted in writing before the official who issued the determination for which reconsideration is requested, stating the grounds on which the request is based.

Article B: Formal Adjudication

The official before whom the request is submitted considers it and notifies the customer of his or her final determination in writing within twenty (20) days after it is submitted. If the customer is not satisfied with the final determination, he or she has ten (10) days after the date of the notification to file a request or petition with the Office of the

Secretary of Adjudicative Procedures of the Puerto Rico Electric Power Authority for the controversy to be decided on pursuant to the formal adjudication procedure established in the Regulations Governing the Adjudication Procedure for Complaints of the Puerto Rico Electric Power Authority, adopted by virtue of Public Law No. 170 of August 12, 1988, as amended, the Uniform Administrative Procedure Act of the Commonwealth of Puerto Rico.

SECTION XVIII: SEVERALBILITY

The declaration of any part of this Regulation as being unconstitutional by a competent court does not affect the validity of the remaining other provisions.

SECTION XIX: REPEAL

This Regulation substitutes and nullifies the Regulation Governing the General Terms and Conditions for Supplying Electric Power filed at the Department of State on February 11, 2008, under No. 7464.

SECTION XX: EFFECTIVE DATE

This Regulation enters into effect thirty (30) days after it is filed at the Puerto Rico Department of State pursuant to the provisions of Public Law No. 170 of August 12, 1988, as amended, the Uniform Administrative Procedure Act of the Commonwealth of Puerto Rico.

SECTION XXI: APPROVAL

The Governing Board of the Puerto Rico Electric Power Authority approved this Regulation through Resolution No. 3756 of August 24, 2010.

Miguel A. Cordero López
Executive Director
Puerto Rico Electric Power Authority

Date
11/16/10

CERTIFICATE OF TRANSLATION INTO ENGLISH

I, Roslyn C. Famous, a professional translator with an M.A. in Translation, hereby certify that, to the best of my knowledge and abilities, the foregoing is a true and faithful rendering into English of the Spanish text, made at the request of the interested party.

In San Juan, Puerto Rico, today, December 21, 2010.
Roslyn C. Famous
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San Juan, PR 00918

