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I. OPERATIONS HIGHLIGHTS

A. Production

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2015-15</th>
<th>Increase</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Decrease)</td>
<td></td>
</tr>
<tr>
<td>Month:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PREPA - Steam and gas</td>
<td>1,121,246</td>
<td>1,274,845</td>
<td>(12.0)</td>
<td></td>
</tr>
<tr>
<td>PREPA - Hydro</td>
<td>5,379</td>
<td>7,366</td>
<td>(27.0)</td>
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<tr>
<td>Purchased power - gas</td>
<td>277,709</td>
<td>178,366</td>
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<tr>
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<td>285,765</td>
<td>331,860</td>
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<tr>
<td>Renewable Energy</td>
<td>24,335</td>
<td>20,275</td>
<td>20.0</td>
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</tr>
<tr>
<td>Total</td>
<td>1,714,434</td>
<td>1,812,712</td>
<td>(5.4)</td>
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</tr>
<tr>
<td>Fiscal year-to-date:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PREPA - Steam and gas</td>
<td>3,605,403</td>
<td>3,752,677</td>
<td>(3.9)</td>
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<tr>
<td>PREPA - Hydro</td>
<td>18,030</td>
<td>14,814</td>
<td>21.7</td>
<td></td>
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<tr>
<td>Purchased power - gas</td>
<td>896,367</td>
<td>750,436</td>
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<td>Purchased power - coal</td>
<td>809,873</td>
<td>926,106</td>
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<tr>
<td>Renewable Energy</td>
<td>88,418</td>
<td>93,032</td>
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<td>Total</td>
<td>5,418,091</td>
<td>5,537,065</td>
<td>(2.1)</td>
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</tr>
<tr>
<td>Twelve months:</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>PREPA - Steam and gas</td>
<td>13,930,151</td>
<td>13,891,775</td>
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<tr>
<td>PREPA - Hydro</td>
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<td>Purchased power - gas</td>
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<td>3,082,779</td>
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<tr>
<td>Purchased power - coal</td>
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<td>3,568,941</td>
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<td>Renewable Energy</td>
<td>321,011</td>
<td>307,228</td>
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<tr>
<td>Total</td>
<td>20,780,835</td>
<td>20,906,413</td>
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2. Maximum hourly peak load (in MW)

<table>
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<th>2015-15</th>
<th>Increase</th>
</tr>
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<tbody>
<tr>
<td>Month</td>
<td>2,992</td>
<td>3,036</td>
<td>(1.4)</td>
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<td>Fiscal year-to-date</td>
<td>3,087</td>
<td>3,036</td>
<td>1.7</td>
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<tr>
<td>Twelve months</td>
<td>3,087</td>
<td>3,036</td>
<td>1.7</td>
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3. Sales (kWh in thousands)

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<th>2015-15</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Month:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Billed</td>
<td>1,553,423</td>
<td>1,475,382</td>
<td>5.3</td>
</tr>
<tr>
<td>Days billed</td>
<td>30.00</td>
<td>30.00</td>
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<tr>
<td>Fiscal year-to-date:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Billed</td>
<td>4,571,337</td>
<td>4,492,551</td>
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<tr>
<td>Days billed</td>
<td>91.00</td>
<td>91.00</td>
<td>0</td>
</tr>
<tr>
<td>Twelve months:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Billed</td>
<td>17,352,163</td>
<td>17,137,713</td>
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<tr>
<td>Days billed</td>
<td>364.0</td>
<td>365.0</td>
<td>(0.3)</td>
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</tbody>
</table>

4. System efficiency (%)

<table>
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<tr>
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<th>2016-17</th>
<th>2015-15</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Month</td>
<td>89.2</td>
<td>78.5</td>
<td>13.6</td>
</tr>
<tr>
<td>Fiscal year-to-date</td>
<td>85.6</td>
<td>81.6</td>
<td>5.0</td>
</tr>
<tr>
<td>Twelve months</td>
<td>84.1</td>
<td>82.2</td>
<td>2.2</td>
</tr>
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</table>

5. Average cost per barrel ($)

<table>
<thead>
<tr>
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<th>2015-15</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Month</td>
<td>53.92</td>
<td>60.55</td>
<td>(10.9)</td>
</tr>
<tr>
<td>Fiscal year-to-date</td>
<td>53.93</td>
<td>61.86</td>
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<tr>
<td>Twelve months</td>
<td>50.00</td>
<td>73.61</td>
<td>(32.1)</td>
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</table>

6. kWh/Barrel

<table>
<thead>
<tr>
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<th>2016-17</th>
<th>2015-15</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Month</td>
<td>601.85</td>
<td>582.12</td>
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<tr>
<td>Fiscal year-to-date</td>
<td>599.70</td>
<td>600.91</td>
<td>(0.2)</td>
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<td>Twelve months</td>
<td>606.45</td>
<td>615.99</td>
<td>(1.5)</td>
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</table>

7. Heat rate (BTU/kWh) *

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2015-15</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Month</td>
<td>10,890</td>
<td>11,373</td>
<td>(1.7)</td>
</tr>
<tr>
<td>Fiscal year-to-date</td>
<td>10,824</td>
<td>10,911</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Twelve months</td>
<td>10,786</td>
<td>10,747</td>
<td>0.4</td>
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</table>

* Revised prior year
## Fuel Consumption

### (in thousands)

<table>
<thead>
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<th>2015-16</th>
<th>Increase (Decrease)</th>
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<tbody>
<tr>
<td></td>
<td>BBL</td>
<td>Cost</td>
<td>BBL</td>
</tr>
<tr>
<td>Month:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Steam</td>
<td>890</td>
<td>44,442</td>
<td>1,024</td>
</tr>
<tr>
<td>Gas</td>
<td>526</td>
<td>35,830</td>
<td>678</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>447</td>
<td>20,183</td>
<td>488</td>
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<tr>
<td>Total</td>
<td>1,863</td>
<td>100,455</td>
<td>2,180</td>
</tr>
<tr>
<td>Fiscal year-to-date</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Steam</td>
<td>2,585</td>
<td>120,560</td>
<td>3,450</td>
</tr>
<tr>
<td>Gas</td>
<td>2,004</td>
<td>133,635</td>
<td>1,313</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>1,423</td>
<td>64,044</td>
<td>1,482</td>
</tr>
<tr>
<td>Total</td>
<td>6,012</td>
<td>324,239</td>
<td>6,245</td>
</tr>
<tr>
<td>Twelve months:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Steam</td>
<td>11,185</td>
<td>494,283</td>
<td>13,570</td>
</tr>
<tr>
<td>Gas</td>
<td>5,952</td>
<td>389,474</td>
<td>3,710</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>5,833</td>
<td>264,752</td>
<td>5,272</td>
</tr>
<tr>
<td>Total</td>
<td>22,970</td>
<td>1,148,509</td>
<td>22,552</td>
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</table>
### Personnel

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Management Conf. / Carr.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reg.</td>
<td>1,927</td>
<td>1,952</td>
<td>(25)</td>
</tr>
<tr>
<td>Temp.</td>
<td>29</td>
<td>31</td>
<td>(2)</td>
</tr>
<tr>
<td><strong>U.T.I.E.R.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reg.</td>
<td>3,642</td>
<td>3,710</td>
<td>(68)</td>
</tr>
<tr>
<td>Temp.</td>
<td>15</td>
<td>160</td>
<td>(145)</td>
</tr>
<tr>
<td>Emerg.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>U.I.T.I.C.E.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reg.</td>
<td>631</td>
<td>683</td>
<td>(52)</td>
</tr>
<tr>
<td>Temp.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>U.E.P.I.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reg.</td>
<td>306</td>
<td>319</td>
<td>(13)</td>
</tr>
<tr>
<td>Temp.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>U.P.A.E.E.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reg.</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Temp.</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,555</td>
<td>6,859</td>
<td>(304)</td>
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</table>
II. FINANCIAL HIGHLIGHTS

A. Revenue data

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

<table>
<thead>
<tr>
<th>Month</th>
<th>2016</th>
<th>2015</th>
<th>Increase (Decrease)</th>
<th>Fiscal Year-to-Date</th>
<th>Increase (Decrease)</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>%</td>
<td>2016-17</td>
<td>2015-16</td>
</tr>
</tbody>
</table>

<table>
<thead>
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<th>kWh sales:</th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>591,979</td>
<td>547,659</td>
<td>8.1</td>
<td>1,812,598</td>
<td>1,721,569</td>
<td>5.3</td>
</tr>
<tr>
<td>Commercial</td>
<td>719,351</td>
<td>640,233</td>
<td>12.4</td>
<td>2,145,108</td>
<td>2,085,137</td>
<td>2.7</td>
</tr>
<tr>
<td>Industrial</td>
<td>187,088</td>
<td>203,541</td>
<td>(8.1)</td>
<td>584,346</td>
<td>612,417</td>
<td>(4.6)</td>
</tr>
<tr>
<td>Others</td>
<td>30,902</td>
<td>30,778</td>
<td>0.4</td>
<td>98,050</td>
<td>93,839</td>
<td>4.5</td>
</tr>
<tr>
<td>Total</td>
<td>1,299,320</td>
<td>1,422,211</td>
<td>7.5</td>
<td>4,640,102</td>
<td>4,513,962</td>
<td>2.7</td>
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<table>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>33,015</td>
<td>30,498</td>
<td>8.3</td>
<td>99,371</td>
<td>97,516</td>
<td>1.9</td>
</tr>
<tr>
<td>Commercial</td>
<td>43,623</td>
<td>41,911</td>
<td>4.1</td>
<td>139,460</td>
<td>130,823</td>
<td>6.6</td>
</tr>
<tr>
<td>Industrial</td>
<td>8,496</td>
<td>9,180</td>
<td>(7.5)</td>
<td>26,659</td>
<td>28,020</td>
<td>(4.9)</td>
</tr>
<tr>
<td>Others</td>
<td>4,807</td>
<td>5,041</td>
<td>(4.6)</td>
<td>15,636</td>
<td>15,292</td>
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<td>Total</td>
<td>89,941</td>
<td>86,630</td>
<td>3.8</td>
<td>281,126</td>
<td>271,651</td>
<td>3.5</td>
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<table>
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<th>Provisional rate:</th>
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<th></th>
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<tbody>
<tr>
<td>Residential</td>
<td>7,536</td>
<td>0</td>
<td>*</td>
<td>14,868</td>
<td>0</td>
<td>*</td>
</tr>
<tr>
<td>Commercial</td>
<td>9,445</td>
<td>0</td>
<td>*</td>
<td>18,529</td>
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<td>*</td>
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<tr>
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<td>2,495</td>
<td>0</td>
<td>*</td>
<td>4,939</td>
<td>0</td>
<td>*</td>
</tr>
<tr>
<td>Others</td>
<td>425</td>
<td>0</td>
<td>*</td>
<td>848</td>
<td>0</td>
<td>*</td>
</tr>
<tr>
<td>Total</td>
<td>19,901</td>
<td>0</td>
<td>*</td>
<td>39,184</td>
<td>0</td>
<td>*</td>
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<table>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>44,804</td>
<td>58,244</td>
<td>(23.1)</td>
<td>145,350</td>
<td>168,052</td>
<td>(13.5)</td>
</tr>
<tr>
<td>Commercial</td>
<td>53,687</td>
<td>67,891</td>
<td>(20.9)</td>
<td>170,267</td>
<td>203,738</td>
<td>(16.4)</td>
</tr>
<tr>
<td>Industrial</td>
<td>12,854</td>
<td>19,545</td>
<td>(34.2)</td>
<td>42,314</td>
<td>53,519</td>
<td>(20.9)</td>
</tr>
<tr>
<td>Others</td>
<td>1,948</td>
<td>3,787</td>
<td>(48.6)</td>
<td>7,922</td>
<td>9,797</td>
<td>(19.1)</td>
</tr>
<tr>
<td>Total</td>
<td>113,293</td>
<td>149,467</td>
<td>(24.2)</td>
<td>365,853</td>
<td>435,106</td>
<td>(15.9)</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Purchased power:</th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>25,052</td>
<td>25,444</td>
<td>(1.5)</td>
<td>78,079</td>
<td>80,020</td>
<td>(2.4)</td>
</tr>
<tr>
<td>Commercial</td>
<td>30,426</td>
<td>29,188</td>
<td>4.2</td>
<td>92,374</td>
<td>94,919</td>
<td>(2.7)</td>
</tr>
<tr>
<td>Industrial</td>
<td>7,234</td>
<td>6,603</td>
<td>(10.9)</td>
<td>23,143</td>
<td>25,543</td>
<td>(9.4)</td>
</tr>
<tr>
<td>Others</td>
<td>1,357</td>
<td>1,588</td>
<td>(14.5)</td>
<td>4,521</td>
<td>4,505</td>
<td>0.4</td>
</tr>
<tr>
<td>Total</td>
<td>64,669</td>
<td>64,823</td>
<td>(1.2)</td>
<td>198,117</td>
<td>204,587</td>
<td>(3.4)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total revenues:</th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
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*100% or over
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<tr>
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<tr>
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<td>123,798</td>
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<tr>
<td>Industrial</td>
<td>626</td>
<td>643</td>
<td>(2.6)</td>
<td>629</td>
</tr>
<tr>
<td>Others</td>
<td>3,363</td>
<td>3,403</td>
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<td>3,374</td>
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<td>4. Average kWh per client:</td>
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<td>9,044</td>
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<td>3,177</td>
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*100% or over
II. FINANCIAL HIGHLIGHTS

A. Revenue data

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

<table>
<thead>
<tr>
<th></th>
<th>SEPTEMBER</th>
<th>Increase (Decrease)</th>
<th>Fiscal Year-to-Date</th>
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</thead>
<tbody>
<tr>
<td>Month</td>
<td>2016</td>
<td>2015</td>
<td>%</td>
<td>2016-17</td>
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<tr>
<td>Residential</td>
<td>11</td>
<td>12</td>
<td>(8.3)</td>
<td>36</td>
</tr>
<tr>
<td>Commercial</td>
<td>214,600</td>
<td>176,292</td>
<td>21.7</td>
<td>622,950</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Others</td>
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<td>29,120</td>
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Basic revenues:

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<th>2015-16</th>
<th>%</th>
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</thead>
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<td>1</td>
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<td>2</td>
<td>0.0</td>
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<tr>
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<td>9,800</td>
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<td>36,411</td>
<td>33,826</td>
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<tr>
<td>Industrial</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>5,023</td>
<td>5,013</td>
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Provisional rate:

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<th>%</th>
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<th>2015-16</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>Residential</td>
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<td>0</td>
<td>0.0</td>
<td>0</td>
<td>0</td>
<td>0.0</td>
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<tr>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
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<td>*</td>
<td>746</td>
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<td>*</td>
<td>6,331</td>
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Fuel adjustment:

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<th>%</th>
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<th>2015-16</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
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<td>1</td>
<td>0.0</td>
<td>3</td>
<td>3</td>
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<tr>
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<td>14,596</td>
<td>24.4</td>
<td>46,822</td>
<td>56,092</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
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<td>2,711</td>
<td>2,599</td>
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<td>7,112</td>
<td>8,241</td>
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Purchased power:

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<th>2015-16</th>
<th>%</th>
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</thead>
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<td>2</td>
<td>2</td>
<td>0.0</td>
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<tr>
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<td>25,747</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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Total revenues:

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<th>2015</th>
<th>%</th>
<th>2016-17</th>
<th>2015-16</th>
<th>%</th>
</tr>
</thead>
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<td>3</td>
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<td>7</td>
<td>7</td>
<td>0.0</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
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<td>26,726</td>
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2. Service Agreements:

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<th>2015-16</th>
<th>%</th>
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</thead>
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<td>29,351</td>
<td>24,337</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>3,836</td>
<td>2,990</td>
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<td>28,223</td>
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<td>33,206</td>
<td>27,341</td>
<td>(21.5)</td>
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Statistical and financial data from the Government sector is segregated from the original sales reports (CC&RB) prepared by the Client Service Directorate.

*100% or over
B. Result of operations-budget comparison
(in million dollars)

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<td>64.1</td>
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<td>Revenues from sales</td>
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<td>Other</td>
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<td>(2.5)</td>
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<td>100.4</td>
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<td>Total current expenses</td>
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<tr>
<td>Contribution to municipalities</td>
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<tr>
<td>Other appropriations</td>
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<td>11.7</td>
</tr>
<tr>
<td>Total</td>
<td>244.1</td>
<td>284.7</td>
</tr>
</tbody>
</table>

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 Comission approved the provisional rate.
4. The other revenues for the fiscal year-to-date increased due to a higher non-operating income than budgeted.
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)

<table>
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<tr>
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<th>SEPTEMBER</th>
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<td>2015</td>
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<td>Basic charges</td>
<td>89.9</td>
<td>86.6</td>
</tr>
<tr>
<td>Fuel adjustment</td>
<td>113.3</td>
<td>149.5</td>
</tr>
<tr>
<td>Purchased power</td>
<td>64.1</td>
<td>64.8</td>
</tr>
<tr>
<td>Provisional rate</td>
<td>19.9</td>
<td>0.0</td>
</tr>
<tr>
<td>Revenues from sales</td>
<td>287.2</td>
<td>300.9</td>
</tr>
<tr>
<td>Other</td>
<td>(2.5)</td>
<td>1.4</td>
</tr>
<tr>
<td>Total revenues</td>
<td>284.7</td>
<td>302.3</td>
</tr>
<tr>
<td>Fuel</td>
<td>100.4</td>
<td>132.6</td>
</tr>
<tr>
<td>Purchased power</td>
<td>57.8</td>
<td>58.2</td>
</tr>
<tr>
<td>Other expenses</td>
<td>55.4</td>
<td>56.4</td>
</tr>
<tr>
<td>Total current expenses</td>
<td>213.6</td>
<td>247.2</td>
</tr>
<tr>
<td>1974 - sinking fund appropriations</td>
<td>55.7</td>
<td>59.9</td>
</tr>
<tr>
<td>Reserve Account</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Rate Stabilization Fund</td>
<td>0.0</td>
<td>4.3</td>
</tr>
<tr>
<td>Interest on notes</td>
<td>4.3</td>
<td>4.3</td>
</tr>
<tr>
<td>Internal funds</td>
<td>0.0</td>
<td>(30.7)</td>
</tr>
<tr>
<td>Contribution to municipalities</td>
<td>0.6</td>
<td>14.9</td>
</tr>
<tr>
<td>Other appropriations</td>
<td>11.7</td>
<td>2.4</td>
</tr>
<tr>
<td>Total</td>
<td>284.7</td>
<td>302.3</td>
</tr>
</tbody>
</table>

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 decreased for the fiscal year-to-date due to a lower 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. The other revenues for the fiscal year-to-date decreased due to a lower non operating income than prior year.
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. Contributions 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 (subsidy) per Act 4-2016.

*100% or over
### Construction Financing

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Rehabilitation Isabela Dam (GDB):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line of credit</td>
<td>25,354</td>
<td>25,354</td>
</tr>
<tr>
<td>Amount received</td>
<td>713</td>
<td>713</td>
</tr>
<tr>
<td>Available balance</td>
<td>24,641</td>
<td>24,641</td>
</tr>
<tr>
<td>Debt outstanding balance</td>
<td>713</td>
<td>713</td>
</tr>
<tr>
<td>Maturity Date</td>
<td>June 30, 2018</td>
<td></td>
</tr>
<tr>
<td>2. State Revolving Fund Program: Aguadilla &amp; San Juan Plants (AFICA):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line of credit</td>
<td>27,023</td>
<td>27,023</td>
</tr>
<tr>
<td>Amount received</td>
<td>1,126</td>
<td>0</td>
</tr>
<tr>
<td>Available balance</td>
<td>25,897</td>
<td>27,023</td>
</tr>
<tr>
<td>Debt outstanding balance</td>
<td>1,126</td>
<td>0</td>
</tr>
<tr>
<td>Maturity Date</td>
<td>June 30, 2013</td>
<td></td>
</tr>
</tbody>
</table>

### Operational Financing

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Municipalities Settlement Agreement:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line of credit</td>
<td>64,208</td>
<td>64,208</td>
</tr>
<tr>
<td>Amount received</td>
<td>64,208</td>
<td>64,208</td>
</tr>
<tr>
<td>Available balance</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Debt outstanding balance</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Maturity Date</td>
<td>June 30, 2014</td>
<td></td>
</tr>
<tr>
<td>2. Fuel Financing (Scotiabank):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line of credit</td>
<td>559,000</td>
<td>559,000</td>
</tr>
<tr>
<td>Amount received</td>
<td>549,950</td>
<td>549,950</td>
</tr>
<tr>
<td>Available balance</td>
<td>30</td>
<td>50</td>
</tr>
<tr>
<td>Debt outstanding balance</td>
<td>549,950</td>
<td>549,950</td>
</tr>
<tr>
<td>Maturity Date</td>
<td>August 14, 2014</td>
<td></td>
</tr>
<tr>
<td>3. Fuel Financing (Citibank):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line of credit</td>
<td>150,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Amount received</td>
<td>146,042</td>
<td>146,042</td>
</tr>
<tr>
<td>Available balance</td>
<td>3,958</td>
<td>3,958</td>
</tr>
<tr>
<td>Debt outstanding balance</td>
<td>146,042</td>
<td>146,042</td>
</tr>
<tr>
<td>Maturity Date</td>
<td>January 10, 2014</td>
<td></td>
</tr>
<tr>
<td>4. Collateral SWAP - (GDB):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line of credit</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Amount received</td>
<td>35,133</td>
<td>35,133</td>
</tr>
<tr>
<td>Available balance</td>
<td>64,867</td>
<td>64,867</td>
</tr>
<tr>
<td>Debt outstanding balance</td>
<td>35,133</td>
<td>35,133</td>
</tr>
<tr>
<td>Maturity Date</td>
<td>December 31, 2014</td>
<td></td>
</tr>
</tbody>
</table>
E. Capital Improvements Program  
(in thousand dollars)

<table>
<thead>
<tr>
<th></th>
<th>Month **</th>
<th>Increase (Decrease)</th>
<th>Fiscal Year-to-Date***</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
<td>Actual</td>
<td>%</td>
<td>Budget</td>
</tr>
<tr>
<td>Production</td>
<td>6,936</td>
<td>2,692</td>
<td>(61.2)</td>
<td>20,809</td>
</tr>
<tr>
<td>Transmission</td>
<td>6,772</td>
<td>2,741</td>
<td>(59.5)</td>
<td>20,317</td>
</tr>
<tr>
<td>Distribution</td>
<td>6,161</td>
<td>1,922</td>
<td>(68.8)</td>
<td>18,484</td>
</tr>
<tr>
<td>Other</td>
<td>8,177</td>
<td>566</td>
<td>(93.1)</td>
<td>24,530</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28,046</strong></td>
<td><strong>7,921</strong></td>
<td><strong>(71.8)</strong></td>
<td><strong>84,140</strong></td>
</tr>
<tr>
<td>Internal Funds</td>
<td>28,131</td>
<td>0</td>
<td>****</td>
<td>86,640</td>
</tr>
<tr>
<td>Percentage of Internal Funds to Investment in Capital Improvements Programs*</td>
<td>100%</td>
<td>0%</td>
<td>103%</td>
<td>3%</td>
</tr>
<tr>
<td>Contribution AID for Construction</td>
<td>187</td>
<td></td>
<td>531</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest debt coverage as of September 30</td>
<td>0.91</td>
<td>1.07</td>
</tr>
</tbody>
</table>

G. REA Projects

<table>
<thead>
<tr>
<th></th>
<th>Month</th>
<th>Fiscal Year-to-Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total investment</td>
<td>$8,078</td>
<td>$8,078</td>
</tr>
<tr>
<td>Families served</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

* A minimum in the internal funds contribution of 23% 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)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>Increase (Decrease) %</th>
</tr>
</thead>
<tbody>
<tr>
<td>General clients</td>
<td>532,416</td>
<td>573,095</td>
<td>(7.1)</td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Accrued</td>
<td>1,230,344</td>
<td>962,354</td>
<td>27.8</td>
</tr>
<tr>
<td>Contribution in Lieu of Taxes</td>
<td>1,014,164</td>
<td>712,349</td>
<td>42.4</td>
</tr>
<tr>
<td>Total Government, Net</td>
<td>216,180</td>
<td>250,005</td>
<td>(13.5)</td>
</tr>
<tr>
<td>Subtotal</td>
<td>748,596</td>
<td>823,100</td>
<td>(9.1)</td>
</tr>
</tbody>
</table>

Sales of electric energy (12 months)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>Increase (Decrease) %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues from sales *</td>
<td>3,185,495</td>
<td>3,771,669</td>
<td>(15.5)</td>
</tr>
<tr>
<td>kWh (including subsidy)</td>
<td>17,473,206</td>
<td>17,194,489</td>
<td>1.6</td>
</tr>
</tbody>
</table>

**Indicators:**

A. Ratio of accounts receivable to sales (%)
   - 2016: 23.5%
   - 2015: 21.8%
   - Increase: 7.7%

B. Ratio of accounts receivable to sales (%) (including subsidy)
   - 2016: 23.4%
   - 2015: 21.7%
   - Increase: 7.6%

C. Sales days in accounts receivable
   - 2016: 86 days
   - 2015: 80 days
   - Increase: 7.7%

D. Sales days in accounts receivable (including subsidy)
   - 2016: 85 days
   - 2015: 79 days
   - Increase: 7.6%

E. Ratio of collections to sales of electric energy:
   - **General clients:**
     - Sales: 2,599,087 / 3,105,615 = 0.8395 (16.3% decrease)
     - Collections: 2,642,044 / 3,238,498 = 0.8112 (18.4% decrease)
     - Percent: 101.7 / 104.3 = 0.9746 (2.5% decrease)
   - **Government:**
     - Sales: 586,408 / 666,034 = 0.8835 (12.0% decrease)
     - Collections: 445,107 / 470,161 = 0.9529 (5.3% decrease)
     - Percent: 75.9 / 70.6 = 1.0727 (7.5% decrease)
     - Percent of total sales: 96.9 / 98.3 = 0.9878 (1.4% decrease)

---

* Excludes residential clients' subsidy of $19,719 and $20,259, for the 12 months ended September 2016 and September 2015, respectively.
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## Statement of Net Position

**Assets and Deferred Outflows**

*(in thousands)*

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2016</th>
<th>June 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General fund</td>
<td>$60,558</td>
<td>$60,558</td>
</tr>
<tr>
<td>Reserve for current expenses</td>
<td>431,707</td>
<td>333,841</td>
</tr>
<tr>
<td>Revenue fund</td>
<td>$13</td>
<td>$13</td>
</tr>
<tr>
<td>Working funds</td>
<td>1,033</td>
<td>1,033</td>
</tr>
<tr>
<td><strong>Total cash and cash equivalents</strong></td>
<td>493,311</td>
<td>415,445</td>
</tr>
<tr>
<td>Accounts receivable (Exhibit A)</td>
<td>1,677,967</td>
<td>1,676,390</td>
</tr>
<tr>
<td>Fuel oil inventory</td>
<td>99,798</td>
<td>71,473</td>
</tr>
<tr>
<td>Materials and supplies inventory</td>
<td>170,863</td>
<td>132,431</td>
</tr>
<tr>
<td>Prepayments and other (Exhibit B)</td>
<td>28,832</td>
<td>36,306</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>2,470,771</td>
<td>2,362,045</td>
</tr>
<tr>
<td>Non current receivables (Exhibit A)</td>
<td>132,588</td>
<td>132,588</td>
</tr>
<tr>
<td><strong>Restricted Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments held by trustees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sinking funds - Interest</td>
<td>3,387</td>
<td>25</td>
</tr>
<tr>
<td>Non current restricted deposits held by trustees</td>
<td>8,025</td>
<td>8,024</td>
</tr>
<tr>
<td><strong>Total investment held by trustees</strong></td>
<td>11,412</td>
<td>8,049</td>
</tr>
<tr>
<td>Construction fund and other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction fund</td>
<td>102,138</td>
<td>122,357</td>
</tr>
<tr>
<td>Investment held by REA</td>
<td>1,110</td>
<td>1,108</td>
</tr>
<tr>
<td>Reserve maintenance fund</td>
<td>16,082</td>
<td>6,083</td>
</tr>
<tr>
<td>Other restricted fund</td>
<td>5,120</td>
<td>5,116</td>
</tr>
<tr>
<td><strong>Total construction fund and other</strong></td>
<td>124,450</td>
<td>144,664</td>
</tr>
<tr>
<td><strong>Total restricted assets</strong></td>
<td>135,862</td>
<td>132,713</td>
</tr>
<tr>
<td><strong>Utility Plant</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electric plant in service</td>
<td>12,682,523</td>
<td>12,654,565</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>7,171,064</td>
<td>7,040,339</td>
</tr>
<tr>
<td><strong>Net electric plant in service</strong></td>
<td>5,511,459</td>
<td>5,574,226</td>
</tr>
<tr>
<td>Construction work in progress, including preliminary surveys of 16,876 and 16,876</td>
<td>879,524</td>
<td>876,711</td>
</tr>
<tr>
<td><strong>Total utility plant</strong></td>
<td>6,390,983</td>
<td>6,440,937</td>
</tr>
<tr>
<td><strong>Deferred debits:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unamortized debt expense</td>
<td>(52)</td>
<td>(310)</td>
</tr>
<tr>
<td>Other</td>
<td>37,948</td>
<td>37,273</td>
</tr>
<tr>
<td><strong>Total deferred debits</strong></td>
<td>37,896</td>
<td>36,963</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>9,168,100</td>
<td>9,135,246</td>
</tr>
<tr>
<td><strong>Deferred outflows of resources</strong></td>
<td>113,076</td>
<td>120,648</td>
</tr>
<tr>
<td><strong>Total Assets and Deferred Outflows</strong></td>
<td>$9,281,176</td>
<td>$9,255,894</td>
</tr>
</tbody>
</table>
STATEMENT OF NET POSITION
LIABILITIES AND NET POSITION
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>September 30 2016</th>
<th></th>
<th>June 30 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities and net position</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes payable to banks</td>
<td>$ 731,838</td>
<td></td>
<td>$ 731,838</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities (Exhibit C)</td>
<td>1,562,995</td>
<td></td>
<td>1,591,455</td>
</tr>
<tr>
<td>Customer deposits, including accrued interest</td>
<td>34,285</td>
<td></td>
<td>31,830</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>2,329,118</td>
<td></td>
<td>2,555,123</td>
</tr>
<tr>
<td><strong>Current liabilities payable from restricted assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>249,669</td>
<td></td>
<td>234,394</td>
</tr>
<tr>
<td>Accrued interest payable on bonds and notes</td>
<td>121,448</td>
<td></td>
<td>11,881</td>
</tr>
<tr>
<td>Other current liabilities (Exhibit C)</td>
<td>41,429</td>
<td></td>
<td>44,203</td>
</tr>
<tr>
<td><strong>Total current liabilities from restricted assets</strong></td>
<td>412,546</td>
<td></td>
<td>279,478</td>
</tr>
<tr>
<td><strong>Non current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power revenue bonds, net of unamortized debt discount of (43,306) and (46,259)</td>
<td>8,178,379</td>
<td></td>
<td>8,202,235</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>1,704,640</td>
<td></td>
<td>1,704,640</td>
</tr>
<tr>
<td>Non current portion, accounts payable and accrued sick leave</td>
<td>114,518</td>
<td></td>
<td>114,518</td>
</tr>
<tr>
<td>Accrued unfunded OPEB</td>
<td>134,587</td>
<td></td>
<td>134,587</td>
</tr>
<tr>
<td>Customer deposits - noncurrent</td>
<td>171,396</td>
<td></td>
<td>171,396</td>
</tr>
<tr>
<td><strong>Total noncurrent liabilities</strong></td>
<td>10,303,790</td>
<td></td>
<td>10,327,646</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>13,045,454</td>
<td></td>
<td>12,573,247</td>
</tr>
<tr>
<td><strong>Deferred inflows of resources:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred gain on pension valuation</td>
<td>65,946</td>
<td></td>
<td>65,946</td>
</tr>
<tr>
<td><strong>Total net position (Deficit)</strong></td>
<td>(3,830,224)</td>
<td></td>
<td>(3,783,299)</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Position</strong></td>
<td>$ 9,281,176</td>
<td></td>
<td>$ 9,255,894</td>
</tr>
<tr>
<td></td>
<td>Budget September 2016</td>
<td>Actual September 2016</td>
<td>Actual September 2015</td>
</tr>
<tr>
<td>------------------------</td>
<td>-----------------------</td>
<td>-----------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td><strong>Operating revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales of electric energy</td>
<td>$246,075</td>
<td>$287,204</td>
<td>$300,920</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>246,075</td>
<td>287,204</td>
<td>300,920</td>
</tr>
<tr>
<td>Other income</td>
<td>(1,897)</td>
<td>(2,470)</td>
<td>1,460</td>
</tr>
<tr>
<td>Total revenues</td>
<td>244,178</td>
<td>284,734</td>
<td>302,380</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel cost</td>
<td>60,753</td>
<td>100,455</td>
<td>132,555</td>
</tr>
<tr>
<td>Purchased power</td>
<td>63,000</td>
<td>57,824</td>
<td>58,234</td>
</tr>
<tr>
<td>Other production</td>
<td>3,531</td>
<td>4,319</td>
<td>5,262</td>
</tr>
<tr>
<td>Transmission and distribution</td>
<td>10,978</td>
<td>11,877</td>
<td>13,531</td>
</tr>
<tr>
<td>Maintenance</td>
<td>14,298</td>
<td>15,052</td>
<td>16,036</td>
</tr>
<tr>
<td>Customer accounting and collection</td>
<td>8,342</td>
<td>8,182</td>
<td>7,779</td>
</tr>
<tr>
<td>Administrative and general</td>
<td>15,050</td>
<td>15,932</td>
<td>13,783</td>
</tr>
<tr>
<td>Subtotal expenses by function</td>
<td>175,952</td>
<td>213,641</td>
<td>247,180</td>
</tr>
<tr>
<td>Other post - employment benefits</td>
<td>-</td>
<td>-</td>
<td>653</td>
</tr>
<tr>
<td>Depreciation</td>
<td>29,741</td>
<td>30,728</td>
<td>30,679</td>
</tr>
<tr>
<td>Interest on bonds, capital improvement notes, general obligation notes, less allowance for funds used during construction</td>
<td>11,859</td>
<td>40,223</td>
<td>38,003</td>
</tr>
<tr>
<td>Contribution to municipalities</td>
<td>4,479</td>
<td>575</td>
<td>14,913</td>
</tr>
<tr>
<td>Other appropriations</td>
<td>14,535</td>
<td>11,683</td>
<td>2,379</td>
</tr>
<tr>
<td>Bond discount and defeasance amortization</td>
<td>-</td>
<td>22</td>
<td>800</td>
</tr>
<tr>
<td>Total expenses</td>
<td>236,566</td>
<td>296,872</td>
<td>334,607</td>
</tr>
<tr>
<td>Contributed capital</td>
<td>792</td>
<td>190</td>
<td>713</td>
</tr>
<tr>
<td>Changes in net position</td>
<td>$8,404</td>
<td>$(11,948)</td>
<td>$(31,514)</td>
</tr>
</tbody>
</table>
### STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(in thousands)

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>Budget September 2016</th>
<th>Actual September 2016</th>
<th>Actual September 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales of electric energy</td>
<td>$ 744,736</td>
<td>$ 884,280</td>
<td>$ 911,744</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>744,736</td>
<td>884,280</td>
<td>911,744</td>
</tr>
<tr>
<td>Other income</td>
<td>(5,690)</td>
<td>(5,932)</td>
<td>1,840</td>
</tr>
<tr>
<td>Total revenues</td>
<td>739,046</td>
<td>878,348</td>
<td>913,584</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel cost</td>
<td>170,269</td>
<td>324,239</td>
<td>386,237</td>
</tr>
<tr>
<td>Purchased power</td>
<td>205,404</td>
<td>177,054</td>
<td>183,354</td>
</tr>
<tr>
<td>Other production</td>
<td>10,594</td>
<td>13,526</td>
<td>15,170</td>
</tr>
<tr>
<td>Transmission and distribution</td>
<td>32,935</td>
<td>36,218</td>
<td>39,191</td>
</tr>
<tr>
<td>Maintenance</td>
<td>42,892</td>
<td>41,543</td>
<td>44,236</td>
</tr>
<tr>
<td>Customer accounting and collection</td>
<td>25,026</td>
<td>23,862</td>
<td>24,397</td>
</tr>
<tr>
<td>Administrative and general</td>
<td>45,151</td>
<td>49,936</td>
<td>45,726</td>
</tr>
<tr>
<td>Subtotal expenses by function</td>
<td>532,271</td>
<td>666,378</td>
<td>738,311</td>
</tr>
<tr>
<td>Other post - employment benefits</td>
<td>-</td>
<td>-</td>
<td>1,959</td>
</tr>
<tr>
<td>Depreciation</td>
<td>89,225</td>
<td>92,089</td>
<td>91,773</td>
</tr>
<tr>
<td>Interest on bonds, capital improvement notes, general obligation notes, less allowance for funds used during construction</td>
<td>35,575</td>
<td>120,957</td>
<td>113,390</td>
</tr>
<tr>
<td>Contribution to municipalities</td>
<td>13,127</td>
<td>11,697</td>
<td>48,838</td>
</tr>
<tr>
<td>Other appropriations</td>
<td>43,765</td>
<td>35,266</td>
<td>7,141</td>
</tr>
<tr>
<td>Bond discount and defeasance amortization</td>
<td>-</td>
<td>66</td>
<td>2,401</td>
</tr>
<tr>
<td>Total expenses</td>
<td>713,963</td>
<td>926,453</td>
<td>1,003,813</td>
</tr>
<tr>
<td>Contributed capital</td>
<td>2,375</td>
<td>1,180</td>
<td>1,837</td>
</tr>
<tr>
<td>Changes in net position</td>
<td>$ 27,458</td>
<td>$(46,925)</td>
<td>$(88,392)</td>
</tr>
</tbody>
</table>
# Statements of Revenues and Expenses for Revenue Fund

**PUERTO RICO ELECTRIC POWER AUTHORITY**

**Statements of Revenues and Expenses for Revenue Fund Purposes Per Trust Agreement**

*(in thousands)*

<table>
<thead>
<tr>
<th>MONTH</th>
<th>Budget September 2016</th>
<th>Actual September 2016</th>
<th>Actual September 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales of electric energy (Exhibit D)</td>
<td>$246,075</td>
<td>$287,204</td>
<td>$300,920</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>246,075</td>
<td>287,204</td>
<td>300,920</td>
</tr>
<tr>
<td>Other income</td>
<td>(1,897)</td>
<td>(2,470)</td>
<td>1,460</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>244,178</td>
<td>284,734</td>
<td>302,380</td>
</tr>
<tr>
<td>Less: 1974 construction fund investment income and gain on sale of properties</td>
<td>83</td>
<td>55</td>
<td>111</td>
</tr>
<tr>
<td><strong>Revenues - net</strong></td>
<td>244,095</td>
<td>284,679</td>
<td>302,269</td>
</tr>
<tr>
<td><strong>Current expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel cost</td>
<td>60,753</td>
<td>100,455</td>
<td>132,555</td>
</tr>
<tr>
<td>Purchased power</td>
<td>63,000</td>
<td>57,824</td>
<td>58,234</td>
</tr>
<tr>
<td>Other production</td>
<td>3,531</td>
<td>4,319</td>
<td>5,262</td>
</tr>
<tr>
<td>Transmission and distribution</td>
<td>10,978</td>
<td>11,877</td>
<td>13,531</td>
</tr>
<tr>
<td>Maintenance</td>
<td>14,298</td>
<td>15,052</td>
<td>16,036</td>
</tr>
<tr>
<td>Customer accounting and collection</td>
<td>8,342</td>
<td>8,182</td>
<td>7,779</td>
</tr>
<tr>
<td>Administrative and general</td>
<td>15,050</td>
<td>15,932</td>
<td>13,783</td>
</tr>
<tr>
<td><strong>Total current expenses</strong></td>
<td>175,952</td>
<td>213,641</td>
<td>247,180</td>
</tr>
<tr>
<td><strong>Net revenues (as defined)</strong></td>
<td>68,143</td>
<td>71,038</td>
<td>55,089</td>
</tr>
<tr>
<td><strong>Contractual obligations:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sinking fund appropriations - Interest on power revenue bonds (1)</td>
<td>8,552</td>
<td>35,888</td>
<td>31,214</td>
</tr>
<tr>
<td>Int on Pwr. Rev. Fund - CR Bal Serie RR Bond redemption account (1)</td>
<td>9,139</td>
<td>19,780</td>
<td>28,707</td>
</tr>
<tr>
<td>Rate Stabilization Account</td>
<td>-</td>
<td>-</td>
<td>4,285</td>
</tr>
<tr>
<td>Interest on notes</td>
<td>3,306</td>
<td>4,335</td>
<td>4,335</td>
</tr>
<tr>
<td>Capital Improvements fund</td>
<td>28,132</td>
<td>-</td>
<td>(30,744)</td>
</tr>
<tr>
<td><strong>Total contractual obligations</strong></td>
<td>49,129</td>
<td>60,003</td>
<td>37,797</td>
</tr>
<tr>
<td><strong>Balance</strong></td>
<td>19,014</td>
<td>11,035</td>
<td>17,292</td>
</tr>
<tr>
<td><strong>Provision for Contribution in Lieu of Taxes and other appropriations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution to municipalities</td>
<td>4,479</td>
<td>(648)</td>
<td>14,913</td>
</tr>
<tr>
<td>Other</td>
<td>14,535</td>
<td>11,683</td>
<td>2,379</td>
</tr>
<tr>
<td><strong>Total provision for contribution and other</strong></td>
<td>19,014</td>
<td>11,035</td>
<td>17,292</td>
</tr>
<tr>
<td><strong>Remainder:</strong></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

**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)

<table>
<thead>
<tr>
<th>Fiscal Year - To Date</th>
<th>Twelve Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget</strong></td>
<td><strong>Actual</strong></td>
</tr>
</tbody>
</table>

### Revenues:

- **Sales of electric energy (Exhibit D)**: $744,776 | $884,280 | $911,744 | $2,979,553 | $3,185,411 | $3,271,669
- **Total operating revenues**: $744,776 | $884,280 | $911,744 | $2,979,553 | $3,185,411 | $3,271,669
- **Other income**: (3,609) | (5,932) | 1,840 | (22,759) | 16,311 | (7,252)
- **Total revenues**: 739,067 | 878,348 | 913,584 | 2,956,794 | 3,201,092 | 3,764,317
- **Less: 1974 construction fund investment income and gain on sale of properties**: 252 | 196 | 318 | 1,007 | 715 | 1,273
- **Revenues - net**: 738,815 | 878,152 | 913,266 | 2,946,687 | 3,200,377 | 3,763,044

### Current expenses:

- **Fuel cost**: 170,269 | 324,239 | 386,237 | 647,482 | 1,148,509 | 1,660,198
- **Purchased power**: 205,404 | 177,054 | 183,354 | 828,993 | 675,932 | 734,899
- **Other production**: 10,594 | 13,526 | 15,170 | 42,376 | 55,925 | 59,797
- **Transmission and distribution**: 32,935 | 36,218 | 39,191 | 131,741 | 145,379 | 151,257
- **Maintenance**: 42,892 | 41,543 | 44,236 | 170,571 | 159,147 | 171,644
- **Customer accounting and collection**: 25,026 | 23,862 | 24,397 | 100,103 | 92,803 | 100,310
- **Administrative and general**: 45,151 | 49,936 | 45,726 | 180,604 | 205,156 | 297,527
- **Total current expenses**: 532,271 | 666,378 | 738,311 | 2,102,270 | 2,482,821 | 3,103,632

### Net revenues (as defined):

206,523 | 211,774 | 174,955 | 844,646 | 718,271 | 657,412

### Contractual obligations:

- **Sinking fund appropriations - Interest on power revenue bonds (1)**: 25,656 | 107,663 | 92,059 | 102,526 | 407,983 | 366,028
- **Bond redemption account (1)**: 27,417 | 44,250 | 65,046 | 109,569 | 227,417 | 226,854
- **Reserve Account Fund (1)**: - | - | - | - | - | (339,127)
- **Rate Stabilization Account**: - | - | - | - | - | 54,261
- **Interest on notes**: 9,919 | 13,294 | 14,021 | 39,565 | 52,853 | 53,928
- **Capital Improvements fund**: 86,640 | 828 | 65,901 | 366,787 | 66,728 | (106,261)
- **Total contractual obligations**: 149,632 | 106,035 | 118,976 | 618,749 | 742,182 | 255,718

### Balance:

56,891 | 45,739 | 55,979 | 225,897 | (23,911) | 401,694

### Provision for Contribution in Lieu of Taxes and other appropriations:

- **Contribution to municipalities**: 13,127 | 10,473 | 48,818 | 51,784 | (98,469) | 361,400
- **Other**: 43,764 | 35,266 | 7,141 | 174,113 | 74,729 | 40,204
- **Total provision for contribution and other**: 56,891 | 45,739 | 55,979 | 225,897 | (23,911) | 401,694

### Remainder:

$ | $ | $ | $ | $ | $
# NET POSITION
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>September 2016</th>
<th>June 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in utility plant, net related debt</td>
<td>$(929,111)</td>
<td>$(686,519)</td>
</tr>
<tr>
<td>Restricted for capital activity and debt service</td>
<td>$(565,868)</td>
<td>$(633,700)</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$(2,335,245)</td>
<td>$(2,463,080)</td>
</tr>
<tr>
<td>Total net position</td>
<td>$(3,830,224)</td>
<td>$(3,783,299)</td>
</tr>
</tbody>
</table>
### ACCOUNTS RECEIVABLE

(in thousands)

<table>
<thead>
<tr>
<th>Electric and related services:</th>
<th>September 2016</th>
<th>June 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>General clients</td>
<td>$ 832,748</td>
<td>$ 829,406</td>
</tr>
<tr>
<td>Recoveries under fuel adjustment and purchase</td>
<td></td>
<td></td>
</tr>
<tr>
<td>power clause under or (over) billed</td>
<td>(966)</td>
<td>(14,191)</td>
</tr>
<tr>
<td>Unbilled services</td>
<td>181,684</td>
<td>167,574</td>
</tr>
<tr>
<td>Allowance for uncollectible</td>
<td></td>
<td></td>
</tr>
<tr>
<td>accounts</td>
<td>(481,050)</td>
<td>(493,252)</td>
</tr>
<tr>
<td>Total General Clients</td>
<td>532,416</td>
<td>489,537</td>
</tr>
<tr>
<td>Government, including current and non current</td>
<td>1,230,344 (1)</td>
<td>1,249,267</td>
</tr>
<tr>
<td>Claims Receivable from Insurance Companies &amp; Other</td>
<td>30,227</td>
<td>29,964</td>
</tr>
<tr>
<td>Advances to Irrigation Systems - net</td>
<td>8,129</td>
<td>9,095</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>2,050</td>
<td>2,052</td>
</tr>
<tr>
<td>Other</td>
<td>7,389</td>
<td>29,063</td>
</tr>
<tr>
<td>Total Accounts Receivable</td>
<td>$ 1,810,555</td>
<td>$ 1,808,978</td>
</tr>
<tr>
<td>Less: Government Account Receivable, non current portion</td>
<td>132,588</td>
<td>132,588</td>
</tr>
<tr>
<td>Total Accounts Receivable, current portion</td>
<td>$ 1,677,967</td>
<td>$ 1,676,390</td>
</tr>
</tbody>
</table>

# PREPAYMENTS AND OTHER

(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>September 2016</th>
<th>June 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims Outstanding Related to Property Damages</td>
<td>$ 353</td>
<td>$ 353</td>
</tr>
<tr>
<td>Prepayments and other</td>
<td>28,479</td>
<td>25,953</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 28,832</strong></td>
<td><strong>$ 26,306</strong></td>
</tr>
</tbody>
</table>
### ACCOUNTS PAYABLE AND ACCRUED LIABILITIES
(in thousands)

<table>
<thead>
<tr>
<th>Description</th>
<th>September 2016</th>
<th>June 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable - fuel oil and other</td>
<td>$462,721</td>
<td>$530,072</td>
</tr>
<tr>
<td>Accrued annual leave</td>
<td>49,596</td>
<td>50,302</td>
</tr>
<tr>
<td>Accrued sick leave</td>
<td>2,576</td>
<td>4,682</td>
</tr>
<tr>
<td>Accrued salaries and fringe benefits</td>
<td>4,968</td>
<td>3,867</td>
</tr>
<tr>
<td>Accrued Contribution in Lieu of Taxes</td>
<td>1,014,164</td>
<td>977,388</td>
</tr>
<tr>
<td>Accrued Actuarial Retirement</td>
<td>2,193</td>
<td>2,193</td>
</tr>
<tr>
<td>Reserve for injuries and damages</td>
<td>5,141</td>
<td>4,557</td>
</tr>
<tr>
<td>Accrued Contributions Federal Social Security</td>
<td>845</td>
<td>-</td>
</tr>
<tr>
<td>Income tax withheld at source</td>
<td>470</td>
<td>-</td>
</tr>
<tr>
<td>Health plan</td>
<td>1,295</td>
<td>1,797</td>
</tr>
<tr>
<td>Pension &amp; Benefits Deferred Employer Contribution</td>
<td>9,342</td>
<td>9,342</td>
</tr>
<tr>
<td>Other</td>
<td>9,684</td>
<td>7,255</td>
</tr>
<tr>
<td><strong>Sub total current liabilities</strong></td>
<td><strong>1,562,995</strong></td>
<td><strong>1,591,455</strong></td>
</tr>
<tr>
<td>Other current payables from restricted assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retention on Contract Work</td>
<td>5,847</td>
<td>5,672</td>
</tr>
<tr>
<td>Vouchered A/P construction</td>
<td>2,924</td>
<td>5,548</td>
</tr>
<tr>
<td>Contribution aid to construction</td>
<td>32,658</td>
<td>32,983</td>
</tr>
<tr>
<td><strong>Total other current payables from restricted assets</strong></td>
<td><strong>41,429</strong></td>
<td><strong>44,203</strong></td>
</tr>
<tr>
<td><strong>Total current Liabilities</strong></td>
<td><strong>1,604,424</strong></td>
<td><strong>1,635,658</strong></td>
</tr>
</tbody>
</table>

### NON-CURRENT LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>September 2016</th>
<th>June 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Pension Liability</td>
<td>1,704,640</td>
<td>1,704,640</td>
</tr>
<tr>
<td>Accrued sick leave</td>
<td>14,518</td>
<td>14,518</td>
</tr>
<tr>
<td>Accrued Unfunded OPEB</td>
<td>134,857</td>
<td>134,857</td>
</tr>
<tr>
<td><strong>Total non current liabilities</strong></td>
<td><strong>1,954,015</strong></td>
<td><strong>1,954,015</strong></td>
</tr>
</tbody>
</table>

**Total accounts payables and non current liabilities**

$3,558,439

$3,589,673

---

### Exhibit D

#### SALES OF ELECTRIC ENERGY

**SEPTEMBER 2016**

<table>
<thead>
<tr>
<th>Class of Service</th>
<th>Billed</th>
<th>Total</th>
<th>Billed</th>
<th>Unbilled</th>
<th>Adjustment*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>1,331,317</td>
<td>1,331,317</td>
<td>604,191</td>
<td>413,846</td>
<td>(426,061)</td>
<td>591,979</td>
</tr>
<tr>
<td>Commercial</td>
<td>123,605</td>
<td>123,605</td>
<td>724,209</td>
<td>482,023</td>
<td>(486,834)</td>
<td>719,351</td>
</tr>
<tr>
<td>Industrial</td>
<td>626</td>
<td>626</td>
<td>192,104</td>
<td>136,770</td>
<td>(125,786)</td>
<td>187,088</td>
</tr>
<tr>
<td>Public lighting</td>
<td>2,171</td>
<td>2,171</td>
<td>27,394</td>
<td>16,019</td>
<td>(11,972)</td>
<td>25,441</td>
</tr>
<tr>
<td>Other public authorities</td>
<td>2</td>
<td>2</td>
<td>2,948</td>
<td>1,671</td>
<td>(1,680)</td>
<td>2,939</td>
</tr>
<tr>
<td>Agricultural</td>
<td>1,190</td>
<td>1,190</td>
<td>2,583</td>
<td>1,473</td>
<td>(1,534)</td>
<td>2,522</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>1,458,911</strong></td>
<td><strong>1,458,911</strong></td>
<td><strong>1,553,423</strong></td>
<td><strong>1,039,804</strong></td>
<td><strong>(1,063,907)</strong></td>
<td><strong>1,529,320</strong></td>
</tr>
<tr>
<td>Fuel oil adjustment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchased power</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>1,458,911</strong></td>
<td><strong>1,458,911</strong></td>
<td><strong>1,553,423</strong></td>
<td><strong>1,039,804</strong></td>
<td><strong>(1,063,907)</strong></td>
<td><strong>1,529,320</strong></td>
</tr>
<tr>
<td>Uncovered fuel oil cost-net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncovered purchased power cost-net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,458,911</strong></td>
<td><strong>1,458,911</strong></td>
<td><strong>1,553,423</strong></td>
<td><strong>1,039,804</strong></td>
<td><strong>(1,063,907)</strong></td>
<td><strong>1,529,320</strong></td>
</tr>
</tbody>
</table>

#### FISCAL YEAR-TO-DATE

<table>
<thead>
<tr>
<th>Class of Service</th>
<th>Average Clients</th>
<th>kWh (thousands)</th>
<th>Revenue (thousand $)</th>
<th>Exchs. per Client</th>
<th>Cents per Kwh</th>
<th>Cents per Sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>1,332,549</td>
<td>1,812,398</td>
<td>114,239</td>
<td>1,560</td>
<td>6.20</td>
<td>7.37</td>
</tr>
<tr>
<td>Commercial</td>
<td>123,798</td>
<td>2,145,108</td>
<td>157,989</td>
<td>17,327</td>
<td>7.37</td>
<td>7.37</td>
</tr>
<tr>
<td>Industrial</td>
<td>629</td>
<td>584,346</td>
<td>31,598</td>
<td>929,008</td>
<td>5.41</td>
<td>18.91</td>
</tr>
<tr>
<td>Public lighting</td>
<td>2,179</td>
<td>82,051</td>
<td>15,522</td>
<td>37,655</td>
<td>18.91</td>
<td>18.91</td>
</tr>
<tr>
<td>Other public authorities</td>
<td>2</td>
<td>9,040</td>
<td>473</td>
<td>4,520,000</td>
<td>5.23</td>
<td>18.91</td>
</tr>
<tr>
<td>Agricultural</td>
<td>1,193</td>
<td>6,959</td>
<td>499</td>
<td>5,833</td>
<td>7.17</td>
<td>7.17</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>1,460,750</strong></td>
<td><strong>4,640,102</strong></td>
<td><strong>320,319</strong></td>
<td><strong>3,177</strong></td>
<td><strong>6.00</strong></td>
<td><strong>18.77</strong></td>
</tr>
<tr>
<td>Fuel oil adjustment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchased Power</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>1,460,750</strong></td>
<td><strong>4,640,102</strong></td>
<td><strong>871,056</strong></td>
<td><strong>3,177</strong></td>
<td><strong>18.77</strong></td>
<td><strong>18.77</strong></td>
</tr>
<tr>
<td>Uncovered fuel oil cost-net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncovered purchased Power cost-net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,460,750</strong></td>
<td><strong>4,640,102</strong></td>
<td><strong>884,280</strong></td>
<td><strong>3,177</strong></td>
<td><strong>19.05</strong></td>
<td><strong>19.05</strong></td>
</tr>
</tbody>
</table>

*Unbilled previous month.*
<table>
<thead>
<tr>
<th>Class of Service</th>
<th>Billed</th>
<th>Unbilled</th>
<th>Adjustment*</th>
<th>Total</th>
<th>Kwhs. per Client</th>
<th>Cents per Kwh. Sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>41,039</td>
<td>17,225</td>
<td>(17,714)</td>
<td>40,549</td>
<td>445</td>
<td>6.85</td>
</tr>
<tr>
<td>Commercial</td>
<td>53,402</td>
<td>30,976</td>
<td>(31,311)</td>
<td>53,067</td>
<td>5,820</td>
<td>7.38</td>
</tr>
<tr>
<td>Industrial</td>
<td>11,294</td>
<td>5,839</td>
<td>(6,142)</td>
<td>10,991</td>
<td>298,862</td>
<td>5.87</td>
</tr>
<tr>
<td>Public lighting</td>
<td>5,273</td>
<td>1,617</td>
<td>(2,916)</td>
<td>4,854</td>
<td>11,319</td>
<td>19.16</td>
</tr>
<tr>
<td>Other public authorities</td>
<td>168</td>
<td>73</td>
<td>(73)</td>
<td>168</td>
<td>1,469,500</td>
<td>5.73</td>
</tr>
<tr>
<td>Agricultural</td>
<td>194</td>
<td>80</td>
<td>(83)</td>
<td>191</td>
<td>2,119</td>
<td>7.55</td>
</tr>
<tr>
<td></td>
<td>111,370</td>
<td>55,810</td>
<td>(57,330)</td>
<td>109,840</td>
<td>1,018</td>
<td>7.18</td>
</tr>
<tr>
<td>Fuel oil adjustment</td>
<td>133,591</td>
<td>78,375</td>
<td>(76,306)</td>
<td>135,600</td>
<td>8.41</td>
<td></td>
</tr>
<tr>
<td>Purchased power</td>
<td>65,066</td>
<td>47,298</td>
<td>(48,808)</td>
<td>64,457</td>
<td></td>
<td>4.58</td>
</tr>
<tr>
<td></td>
<td>310,927</td>
<td>181,683</td>
<td>(182,455)</td>
<td>310,157</td>
<td>1,018</td>
<td>20.28</td>
</tr>
<tr>
<td>Unrecovered fuel oil contract</td>
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<td></td>
<td>(22,567)</td>
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</tr>
<tr>
<td>Unrecovered purchased power contract</td>
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<td></td>
<td>(386)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>310,927</td>
<td>181,683</td>
<td>(182,455)</td>
<td>287,204</td>
<td>1,048</td>
<td>18.78</td>
</tr>
</tbody>
</table>