

**COMMONWEALTH OF PUERTO RICO
LA FORTALEZA
SAN JUAN, PUERTO RICO**

Administrative Bulletin Num. OE-2016-017

EXECUTIVE ORDER - CERTIFICATION ISSUED BY THE INTERIM GOVERNOR OF THE COMMONWEALTH OF PUERTO RICO, HON. VÍCTOR A. SUÁREZ MELÉNDEZ, PURSUANT TO SECTION 103 OF ACT NO. 21-2016, KNOWN AS THE "PUERTO RICO EMERGENCY MORATORIUM AND REHABILITATION ACT," TO EXCLUDE CERTAIN DEBT INSTRUMENTS OF PUERTO RICO ELECTRIC POWER AUTHORITY FROM THE COVERAGE OF SAID ACT.

WHEREAS: On the sixth day of April, 2016, I signed into law Act 21-2016, known as the "Puerto Rico Emergency Moratorium and Rehabilitation Act" (the "Act"). Section 103 of the Act authorizes the Governor of the Commonwealth of Puerto Rico (the "Governor"), among other things, to exclude certain debt instruments, as defined in the Act, from its coverage.

WHEREAS: Puerto Rico Electric Power Authority (the "Authority") has submitted a request to the office of the Governor that its Power Revenue Bonds, Series 2016A and Series 2016B (collectively, the "2016 Bonds") being issued pursuant to that certain Bond Purchase Agreement by and among the Authority and Assured Guaranty Corp., Assured Guaranty Municipal Corp., National Public Finance Guarantee Corporation, and certain members of the Ad Hoc Group of Bondholders set forth therein, dated as of January 27, 2016, as amended, be excluded from the Act's coverage.

WHEREAS: The Authority has advised the Governor that (i) the 2016 Bonds are being issued in accordance with a restructuring support agreement (as the same may be amended, supplemented or reinstated, the "Restructuring Support Agreement") that the Authority has executed with certain of its creditors, including those mentioned above as parties to said Bond Purchase Agreement in connection with the restructuring of certain of the Authority's outstanding obligations and (ii) the proceeds of the 2016 Bonds will be used to improve the Authority's liquidity to cover required electric system improvements.

WHEREAS: The Authority has submitted a request that the Governor irrevocably certify that a state of emergency as contemplated by the Act with respect to the Authority after the initial issuance of any securitization bonds contemplated by the Restructuring Support Agreement will not be declared, but will reserve the right to declare a state of emergency with respect to the Authority prior to such issuance if the (i) Restructuring Support Agreement is terminated, or (ii) any holder or beneficial owner of a debt instrument issued by the Authority has commenced an action to enforce any right or remedy against the Authority under such debt instrument.

WHEREAS: The Authority has submitted a request that the Governor irrevocably certify that any obligations of the Authority arising under any fuel supply agreement or related agreement are not “enumerated obligations” for purposes of the Act and such obligation shall not be declared to be “covered obligations” under the Act.

WHEREAS: The exemption provided will assist the Authority in issuing the 2016 Bonds and financing its ordinary course operations and capital improvements in compliance with Commonwealth and federal environmental statutes.

WHEREAS: This exemption is necessary to maintain the reliability of electric service, to accomplish the purposes of the Act and to foster ongoing voluntary negotiations and agreements reached between the Authority and the above-mentioned creditors.

WHEREFORE: I, VÍCTOR A. SUÁREZ MELÉNDEZ, Interim Governor of the Commonwealth of Puerto Rico, by virtue of the inherent powers of my position and the authority vested in me by the Constitution and the laws of the Commonwealth, do hereby:

FIRST: Irrevocably order that the 2016 Bonds are not, and will never be, an “interest obligation”, a “principal obligation” or an “enumerated obligation” for purposes of the Act; and

SECOND: Irrevocably certify, effective at the time of each issuance of the 2016 Bonds, that the 2016 Bonds are, and will always be, excluded from the definition of “covered obligation” as defined in and for purposes of the Act;

THIRD: Irrevocably certify that I will not declare a state of emergency as contemplated by the Act with respect to the Authority after the initial issuance of any securitization bonds contemplated by the Restructuring Support Agreement, but reserve the right to declare a state of emergency with respect to the Authority prior to such issuance if the (i) Restructuring Support Agreement is terminated, or (ii) any holder or beneficial owner of a debt instrument issued by the Authority has commenced an action to enforce any right or remedy against the Authority under such debt instrument; and

FOURTH: Irrevocably certify that I will not declare that any obligations of the Authority arising under any fuel supply agreement or related agreement are an “enumerated obligation” for purposes of the Act and such obligations will not be declared to be a “covered obligation” under the Act.

IN TESTIMONY BY WHICH, I issue this order and certification under my signature and I stamp on it the Great Seal of the Commonwealth of Puerto Rico, in the city of San Juan, today, the 12 day of May, 2016.



VÍCTOR A. SUÁREZ-MELÉNDEZ
INTERIM GOVERNOR

Enacted pursuant to applicable law, on May 12, 2016.

ROLANDO J. CARRIÓN TORRES
INTERIM SECRETARY OF STATE