



**COMMONWEALTH OF PUERTO RICO
PUBLIC SERVICE COMMISSION**

PUBLIC NOTICE

**AMENDMENT OF REGULATION NUM. 7160, JUNE 6, 2006, KNOWN AS
“REGULATION FOR THE INDUSTRY OF LIQUEFIED GAS, NATURAL GAS, AND
OTHER HAZARDOUS PRODUCTS CONVEYED THROUGH PIPELINES,” FOR THE
ESTABLISHMENT OF JUST AND REASONABLE PROFIT MARGINS FOR THE
ENTIRE LIQUEFIED PETROLEUM GAS DISTRIBUTION CHAIN, REGULATION NUM.
7633, DECEMBER 16, 2008**

The Public Service Commission, in accordance with the Law Number 109, June 28, 1962, as amended, better known as the Puerto Rico Public Service Law, enables this body to regulate all that which concerns public services in Puerto Rico.

In an Ordinary Session held on December 9, 2008, this Commission agreed to initiate the process of adopting the “Amendment of the Regulation for the Industry of Liquefied Gas, Natural Gas, and Other Hazardous Products conveyed through Pipelines” Regulation Num. 7160, June 6, 2006, for the establishment of just and reasonable profit margins for the entire liquefied petroleum gas distribution chain” in accordance with the legal dispositions cited earlier in the Uniform Administrative Procedures Law, Law Number 170, August 12, 1988, as amended.

In accordance with the Uniform Administrative Procedures Law, *supra*, Section 2133, with this amendment, an Emergency Regulation was approved. This regulation was filed on December 16, 2008, in the State Department, and in compliance with the certification emitted by the Honorable Governor, Aníbal Acevedo Vilá, went into effect on December 16, 2008 as Regulation Num. 7633. The purpose of the amendment to Regulation Num. 7160, *supra*, is to adopt a speedy, innovative, and practical mechanism that permits the Public Service Commission to establish just and reasonable profit margins for the entire liquefied petroleum gas distribution chain. It is necessary for the Public Service Commission to adopt this mechanism to be able to adequately deal with the volatility and fluctuations in the price of liquefied petroleum gas in international markets which dictate to a great extent the price of liquefied petroleum gas in Puerto Rico. The implementation and application of this mechanism to the aforementioned public service enterprises will attempt to prevent that every time the price of liquefied petroleum gas rises or falls the Public Service Commission as well as the public service enterprises are subject to the adjudicative processes and/or the regulations that can turn out to be long, costly and onerous.

To this end Article 5 of Regulation Num. 7160, *supra*, is amended to add the definition of the terms “Service” and “Rate.” Article 6 is also amended to include Section IV for the purpose of expressing its intention; the description of the mechanism to be used to determine the just and reasonable rate; the elements to be considered in the calculation of the rate and source of the data; profit margin for each sector of the petroleum liquefied gas industry, established in cents per gallon; other factors to be considered in determining the rate applied to the municipalities of Vieques and Culebra; business records; request for reports; and the establishment of applicable prohibitions and penalties. In additional

appendix is include entitled Tables I, II, III, and IV to establish just and reasonable profit margins for the entire liquefied petroleum gas distribution chain.

This Regulation will apply to all gas enterprises all the distribution chain which, as defined in Article 19 of Regulation Num. 7160, *supra*, who are dedicated to the sale of liquefied petroleum gas for residential, commercial, or industrial use, regardless of whether they serve or sell their product to a limited number of persons, in other words, to the general public and/or to wholesale merchants. The liquefied petroleum gas distribution chain includes the following: importers, wholesale merchants, bulk distributors, and home delivery services, as these are defined in Article 5, Sections 15, 16, 27, and 31 of Regulation Num. 7160, *supra*. These, as well as the general public who are interested in deposing in the public hearings, should apply for a turn, in writing, in the Office of the Secretary, at least five (5) days before the corresponding hearing, and submit their written proposition at least forty-eight (48) hours in advance. The participants will be able to appear accompanied by lawyers, but they will not be required to be thus represented.

In like manner, this Commission will receive written comments in relation to the regulation during a period of thirty (30) days from the day this Notice is published. They may be sent to the following address: PO Box 190870, San Juan, Puerto Rico 00919-0870, Attn: Héctor Torres; his e-mail address at htorres@cdp.gobierno.pr; or personally in the office of the Secretary of the Commission at Avenida Luis Muñoz Rivera #50 Esquina Arterial B, Floor 1, Hato Rey, Puerto Rico, from 7:30 a.m. to 4:00 p.m..

Copy of the Regulation may be obtained at the Office of the Secretary of the Public Service Commission, located in the central office of this Agency from Monday through Friday, from 7:30 a.m. to 11:30 a.m. and from 12:30p.m. to 4:00 p.m. The hearings will be held on _____, 2009, at 9:00 a.m. in Sala A de Vistas of the Public Service Commission, located at Avenida Luis Muñoz Rivera #50 Esquina Arterial B, Floor 1, Hato Rey, Puerto Rico.

A copy of this Regulation as well as the Notice have been published on the Internet at <http://www.csp.gobierno.pr/>

ROBERTO MALDONADO VÉLEZ
PRESIDENT

YESENIA NIEVES OROZCO
SECRETARY