

**Statement of Ranking Member Frank Pallone, Jr.
House Energy and Commerce Committee
Subcommittee on Oversight and Investigations
Hearing on “Update on the Restoration of Puerto Rico’s Electric
Infrastructure”**

April 11, 2018

Mr. Chairman, it is time we begin to on finding a common-sense solution for creating a 21st century electric grid for Puerto Rico.

I witnessed the unprecedented destruction of the 2017 hurricane season, traveling to the U.S. Virgin Islands and Puerto Rico with Chairman Walden, Ms. DeGette, and other members of this Committee.

We saw the massive devastation to all aspects of life on the islands, including widespread damage to the electric grid which, in the immediate aftermath of the storms, brought to a standstill any semblance of normal life or commerce on the island.

Responding to the unprecedented level of devastation caused by these storms would have been beyond the capacity of any state, territorial, or local government. Quick, decisive federal assistance and leadership was required to address immediate response needs.

Instead, the people of Puerto Rico received a visit where the President tossed paper towels into the crowd and sent tweets that suggested a lack of commitment to the response effort.

The Trump Administration can and should be doing more to ensure that those who remain without power in Puerto Rico – over six months after Hurricanes Irma and Maria made landfall – have their power restored as soon as possible.

Additionally, I am concerned that questionable contracts and contracting practices may have delayed or undermined the response effort.

While restoring power quickly is the most urgent concern, significant improvements to Puerto Rico's electrical infrastructure will be needed to build a resilient and modernized grid in the wake of Hurricanes Irma and Maria. Replacing the old grid as it stood before the storms will cost taxpayers more money, and do nothing to make electricity in Puerto Rico more reliable or affordable. There will be more major storms in the future, and this old grid is simply not up to the task of withstanding those storms.

While many experts agree on the technical strategies for building a more reliable and resilient grid, significant uncertainty exists as to how to implement the needed improvements given the financial and management problems of Puerto Rico's electric utility, PREPA.

I have serious concerns not only about how PREPA has overseen the effort to restore power in Puerto Rico, but also regarding how

PREPA has managed – or more accurately, mismanaged – the grid in Puerto Rico over the years.

Even before last year's hurricanes, PREPA was \$9 billion in debt, the electric grid was outdated, and customers in Puerto Rico paid some of the highest electricity prices in the country.

As we consider ideas for strengthening Puerto Rico's grid, we must contemplate alternatives to PREPA for overseeing the rebuilding and operation of the grid. All ideas, from direct privatization to creation of a new, federal power marketing administration – and all proposals in between – should be considered.

Whatever road we go down, building a grid for the 21st century in Puerto Rico will require collaboration with the Puerto Rican government and the people, as well as a sustained federal commitment that extends beyond the completion of current power restoration efforts.

I look forward to hearing from our witnesses today about strategies for creating a truly modernized grid and what will be needed to implement these ideas. Thank you.