Written Statement
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Authorized Representative of the Governor
Central Office for Recovery, Reconstruction, and Resilience (COR3)
Government of Puerto Rico
House Committee on Natural Resources
Hearing on "Puerto Rico's Post-Disaster Reconstruction & Power Grid Development"
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1324 Longworth House Office Building

Chairman Grijalva, Ranking Member Westerman, and Members of the Committee:

Thank you for the opportunity to present on behalf of the American Citizens of Puerto Rico an update of our island's reconstruction and power grid development post-disaster. In the 5 years following the devastation of Hurricanes Irma and Maria, we have made significant progress towards building back our island despite numerous subsequent disasters. This progress is, in part, the result of the tremendous and often bipartisan support we have received from this Committee and Congress more broadly. Even though Hurricane Fiona caused another recent devastating blow to the power grid, as well as other critical infrastructure such as housing, roads and bridges, the Government of Puerto Rico, in conjunction with the Federal Government, is much better positioned today to respond and assist in this post-disaster reconstruction then it was 5 years ago. The current primary focus of the Government of Puerto Rico continues to be the advancement of a reliable and efficient power grid as fast as possible. As I will detail more below, the support of the Federal Government has been critical to the immediate response and relief, and we look forward to a continued close relationship with the Federal Emergency Management Agency and the Department of Energy to advance clean and affordable energy to Puerto Rico.

Pre-Hurricanes Irma and Maria

As has been well documented, before Hurricanes Irma and Maria made landfall on the island, Puerto Rico was already in the middle of a financial crisis. In the prior decade, the Government of Puerto Rico had amassed unsustainable levels of debt, to a point where credit rating agencies implemented a series of credit rating downgrades for Puerto Rico-Related Bonds at various points between 2012 and 2014, with most of those bonds reaching "junk" status between February and June of 2014. This caused the Government of Puerto Rico and its entities to lose access to capital markets which strained Puerto Rico's liquidity capabilities.

On June 30, 2016, President Barack Obama signed into law the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA"), which established a financial oversight board, a process for restructuring debt, and expedited procedures for approving critical infrastructure projects in order to combat the debt crisis. Through PROMESA, the US Congress established the Financial Oversight and Management Board of Puerto Rico ("FOMB") to help Puerto Rico achieve fiscal responsibility with pro-growth fiscal reforms and renew access to capital markets. Essentially, FOMB represented the Puerto Rico Government entities having debt in the debt restructuring process, but also presented an additional bureaucratic layer for execution of the Government's responsibilities.

In addition to the financial crisis, Puerto Rico was also suffering from an infrastructure crisis, which made the island vulnerable to natural hazards. Puerto Rico's energy grid, roads, bridges, dams, ports, hospitals, water treatment plants and more had been decaying for years mainly due to deferred maintenance. Moreover, the Puerto Rico Electric Power Authority ("PREPA") relied too heavily on expensive oil and was plagued by aging infrastructure dating back to the 1960s. Additionally, buildings and infrastructure, including residential septic tanks,

were commonly constructed without permits and thus were not in compliance with building codes. Construction was allowed to occur in areas that are known to be hazardous, such as areas prone to flooding and landslides. Similarly, unmetered water connections and inconsistent electricity metering were common, and laws and regulations governing these activities were not rigorously enforced.

In the middle of a financial crisis, Puerto Rico was also in desperate need of transforming its energy grid, modernizing the telecommunications system, rebuilding its water system, strengthening maritime, surface and air transportations, as well as repairing and rebuilding residential housing, without practically any economic and financial means to achieve it.

Impact of Hurricanes Irma and Maria to Puerto Rico's Fragile Power Infrastructure

Hurricanes Irma and María dealt a devastating blow to Puerto Rico, resulting in the largest and most complex disaster response and recovery effort in U.S. history. Hurricane Irma skirted the northern coast of the Island from September 6-7, 2017 as a Category 5 storm, causing extreme flooding, regional power and water outages, and other significant impacts. Before response operations had even concluded, however, an even more devastating Hurricane María slammed into Puerto Rico on September 20, making a direct strike as a strong Category 4 storm and causing widespread devastation and destruction the likes of which the island had never seen. María represented a "worst case scenario" for Puerto Rico, tracking east-to-west across the island and leaving no one and no thing untouched. Within a matter of hours, 100% of Puerto Rico's population, economy, critical infrastructure, social service network, healthcare system, and even the government became casualties of the storm. Damage to the electrical grid—including downed power lines, transmission lines, and poles—was severe. All power was lost across the island as a

direct result of the catastrophic failure of PREPA's transmission and distribution infrastructure. This produced a cascading effect that impacted critical infrastructure and services that relied on power to operate (such as airports, seaports, hospitals, water systems, communications networks, hotels, traffic and streetlights, etc.). With much of Puerto Rico's power grid offline, wastewater treatment plants were out of service. Some sewage plants were upstream from the drinking water supply, so their failure could have increased the risk of contamination of drinking water.

Under the National Response Framework, the Department of Homeland Security ("DHS") is the federal department with primary responsibility for coordinating disaster response, and within DHS, the Federal Emergency Management Agency ("FEMA") has lead responsibility. The Administrator of FEMA serves as the principal adviser to the President and the Secretary of Homeland Security regarding emergency management. Due to Hurricane Irma's damages, on September 10, 2017, President Donald Trump issued a major disaster declaration for Puerto Rico (DR-4336). Later, after Hurricane María left island wide devastation, a second major disaster declaration was issued on September 20, 2017 (DR-4339), and FEMA extended eligibility for Public Assistance to all 78 of Puerto Rico's municipalities. The major disaster declarations triggered a variety of federal response and recovery programs for Puerto Rico government and nongovernmental entities, households, and individuals, including assistance through the Public Assistance program.

Emergency Response for Power Restoration after Hurricane Maria

To attend to the power restoration of the island Puerto Rico entered into immediate emergency response work. PREPA, the public entity responsible for Puerto Rico's power grid, brought on third-party contractors in mid-October 2017 for power restoration services. These contractors were responsible for mobilizing its own and subcontracted labor forces and equipment

(both heavy and small) from the continental United States (CONUS) to the Island. In addition, the United States Army Corps of Engineers (USACE), acting under a mission assignment from FEMA, engaged contractors to perform power restoration services, with assignment of line segments coordinated by a Unified Command Group (UCG) consisting of FEMA, PREPA, USACE, and the Puerto Rico Emergency Management Agency. In order to fund all this work, FEMA obligated various projects under Categories A and B of the Public Assistance program.

In anticipation of the need for a centralized entity to lead the coordination of the response, long-term recovery and, reconstruction planning and execution process for the Government of Puerto Rico, the then Governor of Puerto Rico, Hon. Ricardo Rosselló, issued Executive Order 2017-65 (as amended by Executive Order 2017-69). These executive orders created the Central Recovery & Reconstruction Office ("COR3"), to act as the lead agency within the Government of Puerto Rico in the coordination, development, and execution of long-term recovery and reconstruction efforts.

Due to the vast devastation, the response effort took over 3 years, making it impossible to shift into the reconstruction phase. From 2017-2020, FEMA, COR3 and PREPA worked together to agree on and obligate emergency projects geared toward electrical pole replacement and debris removal, among others. During this time span no permanent work projects were obligated, therefore, the much need reconstruction of our outdated electrical grid had not even begun.

Transition to Reconstruction Phase

As mentioned, Puerto Rico already was going through its share of challenges before the storms, the unprecedented devastation presented a new set of challenges that would muddle an already complicated process under the Public Assistance program. Federal grant award regulations

allow FEMA to impose additional specific grant award conditions under certain circumstances, such as to mitigate risk and ensure fiscal accountability of the recipient or subrecipient. In normal circumstances under the Public Assistance program, once FEMA obligates funds, the recipient can expend funds as necessary. However, in November 2017, FEMA instituted a manual reimbursement process for subrecipients in Puerto Rico for federal funds, including Public Assistance funds, to mitigate fiduciary risk and decrease the risk of misuse of funds. In addition, the Public Assistance program is a reimbursement program which requires the recipient and subrecipients to have enough liquidity to expend funds, something Puerto Rico completely lacked.

To make matter worse, Puerto Rico insurance companies received $8.5 billion in insurance claims. On average, customers received about 60 percent of the amounts they submitted on their claims. Nearly 18 months after the hurricane, there were still about 11,000 unpaid claims. As part of its Public Assistance program, FEMA must ensure that the assistance provided does not duplicate assistance from another source, including insurance. This exacerbated Puerto Rico's ability to quicken its recovery efforts.

Moreover, in 2019 FEMA introduced a new Public Assistance delivery model (the "National Delivery Model"). While, in the broadest sense, Puerto Rico supported the implementation of the National Delivery Model, there were concerns that the model had never before been used on a disaster where Section 428 alternative procedures[1] governed nearly all of the disaster grant funding. Additionally, because it was different from the delivery model Puerto Rico had been using since September 2017, it inserted another change in procedures, which raised

[1] Under Stafford Act § 428, Public Assistance Alternative Procedures, FEMA may award fixed cost grants for large permanent work projects, rather than on an actual cost basis. See Public Assistance Alternative Procedures (Section 428) Guide for Permanent Work, FEMA-4339-DR-PR (Feb. 10, 2020),

concerns over impacts to the already glacial pace of recovery on the island. However, we adapted and continued the recovery as directed.

In mid-2019, in an effort to expedite the permanent work process, especially for Puerto Rico's electrical grid, FEMA implemented for the first time, its FEMA Accelerated Award Strategy ("FAASt"), under which it uses a Statistical Sampling Methodology to arrive at fixed cost estimates for groups of critical infrastructure projects, rather than requiring inspections and cost estimating for each individual project. While this allowed FEMA to expedite obligation, it amounted to a master recovery budget for each FAASt subrecipient, it did not however, authorize any related construction. Still all projects had to go through normal and traditional obligation steps through the FEMA National Delivery Model by submitting Scopes of Work with enough engineering and design data to allow FEMA to conduct an Environmental and Historic Preservation review, as well as potentially approving additional dollars to finance hazard mitigation measures under Section 406 of the Stafford Act. Once the Scope of Work is obligated by FEMA, the project is authorized for construction.

To make matters worse, Puerto Rico suffered two additional major disasters—major earthquakes that shocked the Island beginning in late 2019 and lasting over six months and the COVID-19 Pandemic.

Despite these challenges, with the help of the Federal Government, Puerto Rico worked diligently to pull itself out of the literal and figurative darkness that the 2017 Hurricanes had cast over the Island. By the end of 2020, FEMA had obligated over $1.8 billion in emergency work projects (Category B) for power restoration. However, during this time, permanent work projects were slow to develop. Through 2020, no PREPA permanent work projects were obligated by

FEMA, however through FAASt, $9.5 billion had now been approved and today $1.6 billion has been drawn down and disbursed for the power grid for emergency work, $184 million for permanent work and $40 million for management costs.[2] The FAASt obligations were a major turning point as it moved the Island out of response and into recovery.

COR3's Strategic Plan for Recovery 2021-2022

With the majority of emergency work completed for Hurricanes Maria and Irma, Puerto Rico's disaster response transitioned to long-term recovery, with its primary focus on the formulation and execution of permanent work projects.

By its nature, long-term infrastructure recovery is a slower process, as it requires the development of the design and engineering of projects, obtention of environmental approvals and permits, procurement of construction contracts, and ultimately construction. All indications, however, show significant momentum since 2021. Under FAASt, FEMA, COR3 and PREPA and LUMA Energy have worked together to develop Scopes of Work, get them submitted to FEMA for proper evaluation and approval, and advance shovel on the ground projects. Construction projects are being completed in accordance with applicable codes, standards and industry best practices, and in the majority of the cases, with added measures to mitigate hazards and built additional resilience. Notably, the projects that are and will be executed under FAASt by PREPA will be compatible for renewable energy integration to ensure sustainability and resiliency in future disasters.

Efforts to Increase Support of Recovery by Providing Access to Necessary Capital

As discussed earlier, a major obstacle to recovery in Puerto Rico has been access to working capital to the cash flow needs of our subrecipients, especially for large infrastructure and

[2] See Attachment 1, Project Status of the Puerto Rico Electric Power Authority.

construction projects, since FEMA disaster recovery programs are based on a reimbursement model pursuant to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR § 200, as adopted by the Department of Homeland Security at 2 CFR § 3002. As we transition to the recovery phase where these projects are an even greater focus, a successful plan to address these issues is of the utmost importance. Puerto Rico has therefore developed and is now working to implement several strategies to provide the necessary support for these projects.

The most critical strategy developed and implemented by COR3, in consultation and approval by FEMA, is the Working Capital Advance Program (WCA). This program was implemented specifically to provide a mechanism to advance the federal share of funds reimbursed for permanent work projects under FEMA's Public Assistance program and HMGP projects for incurred damages as a result of Hurricane María. It also applies to the 2020 Earthquake disaster, and will eventually apply to large permanent work projects under Hurricane Fiona disaster.

The program was introduced officially through published revision to COR3's guidance document, the Disaster Recovery Federal Funds Management Guide (DRFFMG), in the form of a new Chapter 7, Payment and Cash Management Policy. The WCA was launched in June 2022, after receiving formal approval from FEMA in May 2022, and is already demonstrating significant support for the recovery effort. As such, in just 5 months, COR3 has successfully disbursed over $519M which have impacted 377 permanent work projects across all permanent work categories (C thru G) of FEMA's Public Assistance program, including municipalities, multiple state agencies and public corporations, and equally important, PREPA and LUMA Energy to support generation, transmission and distribution reconstruction projects.

The WCA Program is currently available for all Puerto Rico subrecipients. Subrecipients who request a WCA in compliance with the policy requirements are eligible to receive an initial payment equal to 25% of the obligated federal share of the associated project. Recently, COR3 added a second stage to the WCA Program that allows a second disbursement of 25% after the first 25% is fully validated, which will correspond to a 50% total advance. To date, COR3 has approved WCAs for approximately $180 million for PREPA/LUMA alone. This has been critical in PREPA/LUMA's ability to move forward with the permanent projects needed for reliable power, since the 25% WCA is leveraging over $700 million in projects, from purchasing equipment and materials, repairs to existing power generation units, to replacement of poles, streetlights, switchyards and substations.

Approval Process for PREPA Permanent Work Projects

Although COR3 and FEMA have taken proper steps to accelerate the reconstruction phase of the disasters, including the FAASt initiative, as mentioned beforehand, this only created a mechanism to agree on a universal budget for all permanent work projects. PREPA and LUMA, entity in charge of operating, maintaining and modernizing Puerto Rico's transmission and distribution infrastructure, still have to comply with FEMA's funding obligation as well as local approval process. Currently it's an 8-step process under FEMA's National Delivery Model that currently takes an average of 67 days to complete.

The process begins with PREPA/LUMA submitting a scope of work to the Puerto Rico Energy Board ("PREB"). Once approved by PREB the project is submitted to COR3 for any possible alternate or improved project evaluation and subsequent approval by PREPA/LUMA. The agreed upon project is then submitted to FEMA, where it would go through their regular approval process by its Consolidated Resource Center ("CRC") for CRC for Environmental and Historic

Preservation ("EHP"), cost and Section 406 review. After approval from COR3, the project is resent to the CRC for additional review. Subsequently, the project is resubmitted to PREPA/LUMA for approval. After final approval by COR3, the project is sent for review to the US Office of Legislative Affairs for review and obligation. It is evident that even implementing FAASt, the approval process is lengthy and time consuming. However, COR3 is working closely with all parties involved in the approval process to make sure it flows as expeditiously as possible.

Notwithstanding, COR3, FEMA and PREPA/LUMA have been able to obligate more permanent projects in the past 2 years than the prior 3 years combined. Pursuant to the FAASt program, FEMA and PREPA are formulating projects under the FAASt program approval of $9.5 billion. Until a project is formulated and submitted to through the PW obligation process, neither PREPA nor COR3 have access to the funds. To date, PREPA has submitted over $2 billion dollars in projects which are under FEMA's consideration and approval. In addition, FEMA has already approved 51 projects, of which 2 are global Project Worksheets, 11 for generation and 38 for transmission and distribution projects. To date, 35 projects for both generation and transmission/distribution are under construction. Additionally, PREPA/LUMA have submitted 41 detailed Scopes of Work which are currently under review by FEMA. COR3 forecast that before the end of 2022, the total amount of projects approved by FEMA would reach at least 100, setting the stage for 2023 as the year that Puerto Rico would finally experience the much anticipated construction activities to rebuild the electrical grid system.

Energy Projects under Stafford Act Section 404 Hazard Mitigation Grants Program (HMGP)

In addition to the reconstruction projects currently been implemented under the FAASt program, Puerto Rico's electric power infrastructure will greatly benefit from unprecedented investments that will be sought through FEMA's 404 hazard mitigation grants program, also

administered by COR3. The planned investments will cover a wide range of assets and technologies, from peaking units and dams to ocean energy, solar and hydro power, to batteries and micro-grids.

To date, FEMA has approved 4 projects: the replacement of existing peaking units, which are used to manage power reserves and address power load peaks, a power generation project for the north region of Puerto Rico, an early warning system for PREPA's dams, and the retrofit of the Patillas dam. For the first, recently the PREB issued a resolution approving replacing 11 peaking units island-wide, including the purchase of 4 new back-start units. The remaining 7 units will be replaced with new systems with built-in capacity to use green hydrogen as an alternate fuel. PREPA estimates that will be implementing the replacement of the 11 units in a period of 24 to 36 months. For north generation project, PREPA and COR3 are collaborating with FEMA to develop and submit a new application package for power storage/battery system. In terms of the dam-related projects, PREPA is making significant progress advancing the planning, engineering and permitting phases of each project. Construction is estimated to begin between 2023 and 2024. Between the 4 projects, it is estimated that a total of $1.4 B would be invested via FEMA's 404 HMG program.

On the other hand, COR3 has successfully submitted an additional 5 application packages for FEMA's review and approval that are targeted to reduce Puerto Rico's reliance on fossil fuel and to diversify the Island's energy generation portfolio through renewable energy projects, while mitigating future hazards that causes loss of power after a major disaster. If approved by FEMA, about $1.1 B would be used to implement the following projects: a new micro-grid for Vieques and Culebra municipal-islands, new submarine cables also for Vieques and Culebra, the retrofit of

PREPA's existing hydropower fleet, a new solar power system for the Guajataca dam, and the very first ocean thermal energy conversion project in Puerto Rico, the Caribbean and the Americas.

Greater Flexibilities for Cash Management and Reimbursement Processes

COR3 is also encouraged by the continuing close collaboration with FEMA regarding COR3's administration of the Public Assistance program and implementation of payment processes for subrecipients. When the manual drawdown process was lifted Puerto Rico in 2019, FEMA imposed multiple new conditions and requirements on Puerto Rico's recovery efforts and specifically regarding payment process implemented by COR3 (the "2019 Agreement"). In April 2021, Puerto Rico sought termination of the 2019 Agreement, as COR3 had successfully met all the federal terms and conditions for two years. Puerto Rico believed it was time to end these special restrictions and allow Puerto Rico to receive equal treatment to the other jurisdictions serving as recipients across the Continental United States. Puerto Rico's request was approved on September 22, 2021. The elimination of these additional restrictions allowed Puerto Rico the necessary flexibility to expedite the processing of reimbursement requests and the disbursements of federal funds to subrecipients.

The elimination of the 2019 Agreement has also created flexibilities that have been incorporated into the COR3 Cash Management Policies, transforming the processes around reimbursements and advances. Under the new reimbursement policy, disbursements for reconstruction projects are being expedited, significantly reducing the average number of days from 240 to 60 days. Similarly, new processes around requests for advances for immediate expenses are currently being processed in an average of 21 days rather than 150 days, as was before. These changes, coupled with the WCA program, enable much greater support of

permanent work projects and help provide the resources necessary for all projects to progress more efficiently.

Another positive step in our recovery is the significant progress toward usage of Community Development Block Grant-Disaster Recovery ("CDBG-DR") grant funds for the non-federal cost share on approved FEMA projects. On January 3, 2020, a Memorandum of Understanding ("MOU") was signed by FEMA and HUD to work together to facilitate Puerto Rico's recovery and mitigation activities. This collaboration includes joint-guidance on the flexible application of CDBG-DR grants as resources for the cost share for FEMA-funded projects. Since then, the Puerto Rico Department of Housing ("PRDOH"), the administrators of CDBG-DR funds allocated to Puerto Rico, and COR3 have continued to coordinate on the design, development, and implementation of the FEMA PA Flexible Match Methodology Guidelines ("Guidelines") as published on October 14, 2020. COR3 and PRDOH have also submitted a joint petition to FEMA discussing the implementation procedure of the Disaster Flexible Match ("DFM") approach. The DFM proposes a funding strategy for the FEMA Public Assistance program that eliminates the need for eligible applicants to comply with CDBG-DR requirements under each individual project to receive its non-federal share, but rather applying for match payments based on the total cost share corresponding to selected FEMA projects for a specific disaster, thereby reducing additional administrative burdens to the recipient and the participating subrecipients/applicants. Leveraged together, COR3's FEMA Public Assistance and PRDOH's CDBG-DR programs ensure that subrecipients receive the greatest, and most efficient benefit from federal recovery funding while rebuilding in smarter, more resilient ways. Recently, FEMA, at COR3's request, is assessing the implementation of a DFM approach for the FAASt program, a major step in the right direction to continue streamlining Puerto Rico's reconstruction processes

and eliminating unnecessary administrative burden that will allow projects and related funding advance in a more efficient and cost-effective manner.

Hurricane Fiona

On September 18, 2022, Hurricane Fiona made landfall in southwest Puerto Rico bringing heavy rains and 90 mile per hour sustained winds impacting power and infrastructure across the island. The 30+ inches of rain that fell caused devastating flooding that damaged homes and washed out newly constructed roads and bridges. The winds also caused severe damaged to the power grid, causing an island-wide blackout and left much of the island without power and water for weeks.

Hurricane Fiona not only exacerbated the prior disaster damage to the power grid, but also caused new damage. Despite the fact that Hurricane Fiona was a much smaller storm, it caused a cascading effect that is compounding the difficulty of the recovery from the multiple disasters that Puerto Rico has endured within the last five years.

To meet this unique situation, the Government of Puerto Rico is working with its federal recovery partners to discuss innovative ideas that will allow for an efficient and cost effective approach. As we did after Hurricanes Maria and Irma, we are working closely with FEMA and other federal partners to ensure close collaboration regarding COR3's administration of the Public Assistance program and implementation of payment processes for PREPA and other subrecipients. The leadership of Puerto Rico and the Federal government are currently in the process of developing a coordinated plan that includes specialized policies that benefit a resilient grid reconstruction providing a long-term solution to Puerto Rico's power needs.

Simultaneously, on October 12th, 2022, Governor Pierluisi requested direct federal assistance (DFA) to FEMA under Fiona disaster to assess and implement short-term, feasible solutions that will result in stabilizing our power grid. The request was accepted by FEMA and for the past weeks, the Government of Puerto Rico has been supporting FEMA and its federal partners (DOE, USACE and EPA) in fulfilling the objectives of the DFA. The overarching goal is to achieve short-term stabilization while PREPA/LUMA, with the support from COR3 and FEMA, continues to advance shovel on the ground permanent work and resilient projects under the FAASt and 404 HMG programs.

Lessons Learned and Opportunities to Support Recovery

It has been a difficult journey, but Puerto Rico is on the road to recovery and resilience. As we reflect on the last five years, there have been lessons learned. We know that complicated bureaucratic processes and repeated rule changes slow the process, and that sometimes new ideas intended to move things forward cannot realize those goals, as long as they are required to be implemented under existing rules. We appreciate FEMA's recent efforts to simplify its Public Assistance process and look forward to additional steps it may take to reduce the burden on applicants going forward. Although 2022 appears to be a major milestone in Puerto Rico's recovery, there is much ground to be made up after years of delays. Even so, we remain exceptionally hopeful for the future, and we look forward to continuing to build and nurture the collaborative relationship that we now we feel we have with our federal partners.

Additional Support of, and Flexibilities for, Capped Grants

One of the lessons learned so far is that attempts to expedite funding and simplify processes are only as effective as the framework in which they are implemented. Two examples of this are FEMA's Public Assistance Alternative Procedures Program under Stafford Act § 428 and FAASt.

The DHS-Office of Inspector General ("OIG") released a Report in July 2022 outlining its assessment of FEMA's Public Assistance Alternative Procedures Program (PAAP).[3] In comparing obligation times for over fifteen thousand large projects, the OIG determined that FEMA took, on average, more than twice as long to obligate funds for the PAAP projects (845 days) as compared to standard Section 406 projects (411 days). The OIG further found that FEMA's funding obligation times increased significantly for projects in Puerto Rico and the U.S. Virgin Islands.

Similarly, while significant funds have been obligated for Puerto Rico's critical infrastructure under FAASt, this obligation has effectively established project budgets without expedited project execution. As aforementioned, each project must still work its way through FEMA's lengthy Public Assistance process before obligated funding can be disbursed.

While §428 and FAASt were well intended their effectiveness is limited by the complicated framework under which they must be implemented.

Additionally, although authorization and support for the WCA has been helpful and effective, unfortunately it came late in the process. There is no doubt that Puerto Rico would have been in a much better place if advances for permanent projects could be approved like they were

[3] OIG Audit Report OIG-22-51, *Assessment of FEMA's Public Assistance Alternative Procedures Program* (July 13, 2022), available as of Sept. 12, 2022 at https://www.oig.dhs.gov/sites/default/files/assets/2022-07/OIG-22-51-July22.pdf

in Louisiana for Hurricane Katrina. Deficiencies under this disaster affected Puerto Rico as we were denied these benefits which would have accelerated the commencement of reconstruction of bridges, roads, schools, hospitals, electric grid, wastewater treatment plants, among many others. We believe past FEMA experiences should not be in detriment of current recoveries.

Changes to Robert T. Stafford Disaster Relief and Emergency Assistance Act

Governor Pedro Pierluisi is in the process of submitting several requests to Congress geared toward aiding and facilitating administrative efficiency in the recovery of Hurricanes Maria and Fiona. Many of these requests could be achieved by amending the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 *et seq*.) to authorize FEMA to consolidate both disasters into a single award under DR-4339-PR for the administration of federal assistance. **We ask** Congress to support our request as this will not only ensure a sound approach to the recovery process but also help lessen the administrative burden for both Puerto Rico and FEMA and reduce the amount of funds required to manage these disasters separately.

Support 100% Federal Cost Share

Governor Pierluisi has also requested that a 100% Federal Cost Share be extended for all consolidated María (DR-4339-PR) and Fiona (DR-4671-PR) permanent work projects. Since 2017, Puerto Rico has endured four (4) major disasters which have further exacerbated its subrecipients disaster management capabilities. This has proven to be an intense and difficult process considering the island's dire economic situation. **We ask** Congress to support our Governor's request to alleviate the financial strains the disaster recovery process requires.

Nonetheless, if our aforementioned request is not granted, it is imperative to at least authorize 100% Federal Cost Share for all permanent work projects related to repairing its power

grid. Increasing the cost share for permanent work to 100% Federal funding will undoubtedly expedite the rebuilding of the power grid while alleviating the financial burden on Puerto Rico.

Amendment to the 2018 Bipartisan Budget Act

We further ask Congress to amend the 2018 Bipartisan Budget Act, specifically section 20601 to include Hurricane Fiona and expand the definition of "critical facility" to include our Island's transportation services which comprise, among other things, of roads, bridges, and highways, all of which have been devastated by Hurricanes María and Fiona. Puerto Rico's transportation system is, in many cases, comprised of a single entry and exit route, which makes its recovery critical for the United States citizens that reside here.

Appreciation for Additional Time Extension Requests

Due to the limitations of wide-scale construction on an island, time extensions for permanent work project period of performance were requested for the remaining permanent recovery work to be completed. On September 26, 2022, FEMA approved a blanket extension for 6 months. Puerto Rico appreciates the support from the Federal Government in granting our request.

Conclusion

Our mission at COR3 as recipient of FEMA Public Assistance and HMGP funds, and our inherent responsibility over compliance and transparency of the federal funds flowing to subrecipients, is to provide all required technical assistance to the subrecipients of Puerto Rico in furtherance of the execution of the approved recovery and reconstruction projects, which will allow for a better, more resilient Puerto Rico. Effective completion of this work will support a much more stable electrical infrastructure system and create better economic opportunities for our

citizens, all of which are goals that we are confident are shared by FEMA, this Congress, and the rest of the federal government.

On behalf of the entire COR3 team, we thank Congress and the U.S. Government for its continued support towards a better life for everyone in Puerto Rico. Puerto Rico appreciates the attention and focus Congress is bringing to these important issues we look forward to working with Congress to evaluate and address the lessons we have learned, and continue to learn, from these unprecedented events.