

**Written testimony of La Ruta de la Verdad collective before the
Committee on Natural Resources Office of Insular Affairs
November 17, 2022**

My name is Lorraine Liriano, and I speak on behalf of “La Ruta de la Verdad” and “Mujeres Contra LUMA”, the Route of Truth and Women Against LUMA respectively, both coalitions being composed of multi-sectorial groups of citizens, workers, professionals, and social justice advocates. Today, marks two months after Puerto Rican residents and businesses were again subjected to the suffering of another island-wide blackout for more than a week, after the landfall of category 1 hurricane Fiona. A type of storm that the Puerto Rican electric power grid used to swiftly recover from before the privatization of its power transmission and distribution grid; yet for many people, it meant weeks without access to electric power and water. Local news outlets even reported a preliminary toll of 33 deaths associated to the storm and its aftermath, with some directly linked to the lack of access to electricity.

As this Committee is already aware, on June 1st, 2021, with the endorsement and/or instruction of the bipartisan-approved Congressionally imposed Financial Oversight and Management Board, the government of the Commonwealth of Puerto Rico took the island’s residents and commerce hostage by allowing the private concessionaire LUMA Energy to take over the operation and maintenance of Puerto Rico’s electric power transmission and distribution grid. Said grid was previously operated by the Puerto Rico Electric Power Authority (PREPA). With this action, over 3,000 of PREPA’s technical specialists and non-technical personnel were displaced from their posts, and sent to work in other agencies in positions that had no relation to their field of work and training, sacrificing their long years of expertise while the private concessionaire operated the electric power transmission and distribution system

with a severely reduced and possibly contract-breaking number of lesser experienced personnel.

The concessionaire's limited number of personnel, who also lack the technical expertise to adequately maintain the local power grid, has been clearly associated with the abnormal increase in island-wide blackouts due to substation explosions and poorly maintained power lines, hindering commercial activity and leaving thousands of residents without access to life-ensuring electric power. In a little more than a year, amidst various public hearings where LUMA Energy has offered no reasonable accountability, there have been numerous explosions and major outages due to inadequate grid management, such as:

- June 10, 2021: Monacillos Substation – Island-wide blackout
- April 6, 2022: Costa Sur Switchyard - Island-wide blackout
- May 18, 2022: Humacao Substation - 12,000 clients without electric service
- July 12, 2022: Jayuya Substation - 15,000 clients without electric service
- July 12, 2022: Santa Isabel Substation - 6,000 clients without electric service
- August 2, 2022: Barrio Obrero, Santurce Substation - 3,000 clients without electric service
- August 17, 2022: Fajardo Substation - 4,000 clients without electric service
- September 2, 2022: Corozal Substation - 6,875 clients without electric service
- November 14, 2022: 230 kW Transmission Line #50900 which runs from Aguas Buenas to Bayamón - 175,972 clients left without electric service, yet LUMA Energy's official spokesperson publicly admitted not knowing the cause

The private concessionaire's reduced workforce and deficient expertise have also had a direct impact on Puerto Rico's electric power grid's reliability and resilience indexes without having faced any major weather-related phenomenon, according to LUMA Energy's own

Written testimony of La Ruta de la Verdad and Mujeres Contra LUMA before the US Committee on Natural Resources Office of Insular Affairs

quarterly reports to the Puerto Rico Energy Bureau. Said reports show that the total amount of hours without electric service and the average hours of interruption per client worsened in the period that LUMA Energy took over from June 2021 to May 2022, in comparison to PREPA's performance metrics in 2020, having faced tropical storms Isaiah and Laura in said year (See Figures 1 and 2).

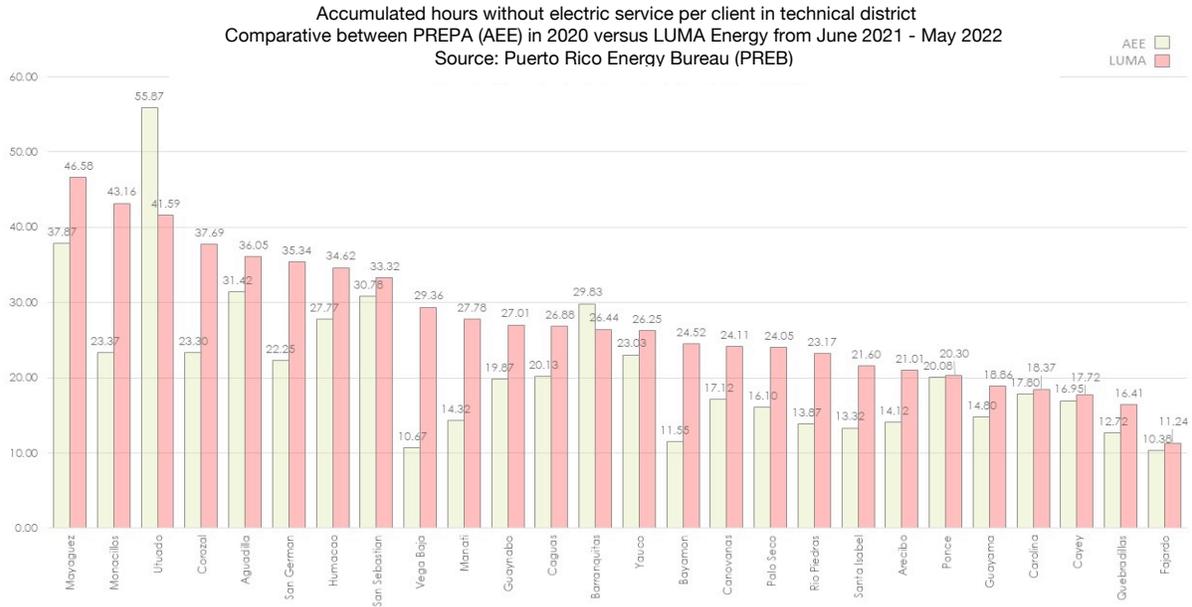


Figure 1 - Year-long accumulated hours without electric service per client in technical district

Written testimony of La Ruta de la Verdad and Mujeres Contra LUMA before the US Committee on Natural Resources Office of Insular Affairs

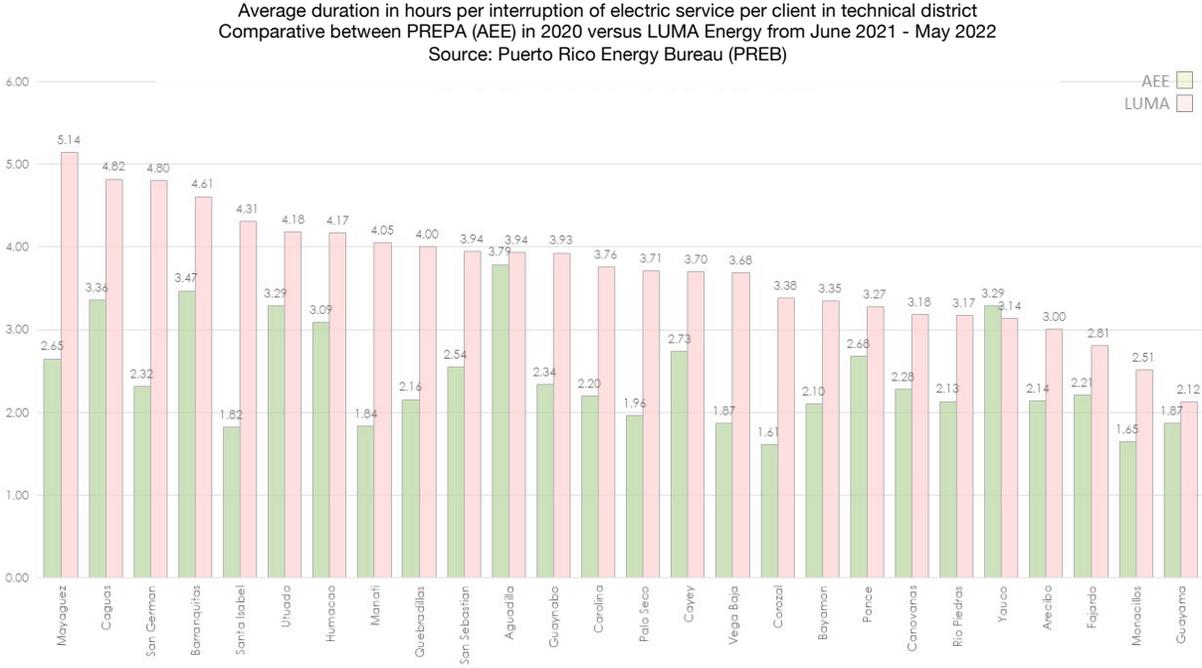


Figure 2 - Average duration in hours per interruption of electric service per client in technical district

The amount of hours of lost electric service that over 1.4 million clients have had to endure due to LUMA Energy’s unreliable operation and maintenance of Puerto Rico’s electric power grid, has led to millions of dollars in added costs of opportunities that Puerto Rican families and businesses have had to suffer in order to compensate for the absence of utility-supplied electric power. This includes having to replace other utilities and services such as water access, refrigeration, telecommunications, amongst others, that depend on the availability of said power. These costs have been absent from the public debate and must be addressed along with what is publicly known about LUMA Energy’s contract, apart from other collateral costs such as school and higher education class suspensions, accidents, and loss of human life, directly linked to the lack of reliable electric service.

Said contract, in and of itself has been publicly critiqued because it lacks value for the people of Puerto Rico, and instead unilaterally favors LUMA Energy. For example, in 2020, the

concessionaire was to be paid \$160 million to set up their base of operations and prepare for the takeover on June 1st, 2021. The first year of the contract was deemed for \$70 million, which would be in force when PREPA's debt was restructured. Yet LUMA Energy has been functioning under a supplementary contract of \$115 million that does not require it to invest in optimizing the electric power grid, but instead public funds are assigned for it to operate. So far, LUMA has issued \$210 million in contracts for vegetation control in line maintenance for the next 3 years; hired subsidiaries of its matrix company Quanta Services for electrical insulation testing of personal protection equipment and service vehicles, amongst other services. It has increased the electric tariff seven times, elevating the costs of electric power from \$0.19 to \$0.34 kWh. In the end, the Puerto Rican people now pay for a poorer, unstable, and exceedingly unreliable electric service at a higher rate.

The rise in electric service interruptions, coupled with the recurrent electric tariff hikes, have forced many Puerto Rican residents to consider financing renewable energy systems, where levelized costs of electricity (LCOE) for low-to-average residential consumers are considerably higher than utility-supplied electric service, if said service is reliable. In other words, the result is having the already economically burdened residents and businesses of Puerto Rico paying more money to have access to electric power, and in many cases through 20-year binding contracts with companies that no longer exist or simply file for bankruptcy and cease giving service.

Puerto Rican residents and businesses should not be burdened, taken hostage nor coerced into migration or debt by the local and federal governments, with their faulty electrical utility privatization schemes and dubious implementations, that ultimately benefit a few over the many. With plans to include privatizing our electric power generation, which compromises 68% of the water that is serviced to the Puerto Rican people along with any effects on local agriculture, it will in turn affect transportation, as it shifts towards electric vehicle deployment,

and the repercussions will further spiral towards a completely polarized economy that is detrimental for low-to-medium income communities. The lessons learned after the tragic aftermath of hurricane Maria, that estimated over three thousand deaths in 2017, and the hundreds of Texas residents that perished earlier this year, should be enough proof for the necessity of Congress to shift perspectives on whether access to life-sustaining electric power should be treated as a human right and not as a commodity to be traded.

Economic austerity measures to pay back outstanding municipal bond debt should also not be taken as an excuse to further impoverish Puerto Rican residents and businesses. We remind Congress that the privatization of Puerto Rico's electric power grid, amongst other publicly funded assets, is being done at the behest of its Congressionally imposed Financial Oversight and Management Board. A fiscal control board that was imposed on Puerto Rican residents and businesses to lessen the impact that Congressional intervention could have over US-wide municipal bond market and alleviate speculation that Congress could at any time "change the rules mid-stream", to quote Louisiana's House Representative Fleming's statement at the Congressional hearings drafting PROMESA. Said philosophy of not changing the rules midstream was not considered when collective bargaining agreements were broken on June 1st, 2021, for example. Nor was the congressionally imposed phasing out of the 936-tax code considered a reason for Puerto Rican finances to spiral into default, as the income tax revenue that guaranteed municipal bond payments diminished with the subsequent exit of U.S. companies.

We feel that if Congress truly wishes to improve the lives of Puerto Rican residents, it should backtrack by reinstating the displaced PREPA workers and restrain from any further attempts on privatizing the electric power grid, proposed by its Financial Oversight and Management Board and/or any other local or federal entity. Instead, we offer Congress to focus its attention to the Queremos Sol (We Want Sun) proposal, which is a technically and

Written testimony of La Ruta de la Verdad and Mujeres Contra LUMA before the
US Committee on Natural Resources Office of Insular Affairs

economically feasible proposal that would grant true resilient and sustainable access to life-
ensuring electric power for all Puerto Ricans and not just those who can pay for it. The
Queremos Sol proposal can be found in the following web address
<https://www.queremossolpr.com/project-4>.

Respectfully submitted,

Lorraine Liriano

Spokesperson

Ruta de la Verdad & Mujeres Contra LUMA