



Questions from Democratic Committee Members

Questions from Rep. Leger Fernandez for the Hon. Pedro Pierluisi, Governor of Puerto Rico

- 1. What would you recommend Congress do to improve the Robert T. Stafford Disaster Relief and Emergency Assistance Act, or other relevant statutes, to enhance FEMA's and the federal government's response, more broadly, to the disasters Puerto Rico experienced, as well as future disasters?**

Based on our experience, and the experiences shared with us of other States, we recommend five improvements to the Stafford Act that will enhance the Federal government's response capabilities to not only Puerto Rico, but other States and Territories faced with catastrophic damage:

A. Natural Disaster Consolidation:

First, we are asking Congress to support our request that FEMA consolidate the disaster declarations for Hurricane María (DR-4339-PR) and Hurricane Fiona (DR-4671-PR) into DR-4339-PR with respect to the administration of federal assistance. FEMA has the authority to make such adjustments independently pursuant to Stafford Act § 5172(e)(1)(A)(i). Consolidating disasters reduces administrative burdens associated with allocating costs and damage to each disaster, which can be particularly difficult in Puerto Rico where work required as a result of Hurricanes Irma and María was not complete when Hurricane Fiona hit the Island, in some cases damaging the same facilities. Consolidation is also beneficial to FEMA, reducing the need for separate resources devoted to each disaster. It also benefits Puerto Rico as a Recipient of federal funding, currently managing disaster grants for not only Hurricanes Irma and María, but also other major disaster such as the 2020 Earthquakes and COVID-19.

Consolidation is not unprecedented. FEMA previously consolidated close-in-time disasters, such as Hurricanes Irma and María in Puerto Rico, Hurricanes Delta and Zeta in Louisiana, and Hurricanes Laura and Sally in Alabama and Florida. These storms occurred within weeks of each other, and FEMA concluded it had the authority to make such adjustments independently pursuant to Stafford Act § 5172(e)(1)(A)(i). Due to the lapse of time between Hurricanes María and Fiona, however, FEMA has been hesitant to consolidate them and has advised that congressional action is needed to allow the consolidation.



Stafford Act § 5172(e)(1)(A)(i) requires FEMA to estimate the eligible cost of repairing or replacing a facility “on the basis of the design of the facility as the facility existed immediately before the major disaster.” This has been the basis for FEMA’s consolidation of close-in-time disasters, because when events occur in rapid succession, it is often difficult, if not impossible, to identify the pre-disaster condition of the facility. While Hurricanes María and Fiona were about five years apart (almost to the day), when Hurricane Fiona hit, many facilities had not been fully repaired or replaced following Hurricane María. Therefore, limiting FEMA assistance based on the pre-disaster condition of a facility for Hurricane Fiona is likely to be restrictive. Even where the post-María, pre-Fiona condition of the facility is well documented, having several grant projects spanning multiple disasters for repairs to or replacement of a single facility is likely to lead to duplicative costs and efforts. For instance, documenting repairs to the power grid funded by the Hurricane María disaster versus separately distinguishing and documenting repairs to the power grid funded by the Hurricane Fiona disaster creates unnecessary bureaucracy, adds no value, and leads to the same result with twice the effort.

For an effective consolidation of the disasters, Stafford Act § 428, Public Assistance Program Alternative Procedures (PAAP) (42 U.S.C. § 5189f) will need to be amended to allow obligated projects, with agreed fixed cost estimates, to be versioned to include damages caused by Hurricane Fiona. In addition, we reiterate our request that § 428 PAAP obligated projects under Hurricane María (DR-4339-PR), be amended to allow versions to accommodate any impacts due to inflation, construction material cost increases, and labor shortages, among others.

B. Support 100% Federal Cost Share:

We request that 100% federal cost share be provided for all Hurricane María (DR-4339-PR) and Hurricane Fiona (DR-4671-PR) permanent work (Categories C-G) projects. Providing 100% federal cost share for all permanent work projects for both disasters, especially for work relating to the repair of Puerto Rico’s electrical grid, is crucial for the Island’s recovery.

Increasing the cost share for Public Assistance permanent work to 100% federal funding will help expedite the rebuilding of the electrical grid without imposing an additional financial burden on Puerto Rico. On May 26, 2021, COR3 made a request to FEMA for a cost share adjustment of 100% for the Hurricane María major disaster declaration (DR-4339-PR). FEMA denied the request on November 23, 2021, asserting that the regulation at 44 C.F.R. § 206.47 did not provide for making a recommendation to the President to increase the cost share for Public Assistance permanent work to 100% federal funding.



Providing 100% federal cost share is not unprecedented. When Hurricane Katrina impacted several states in late August 2005, the state of Louisiana was granted a 100% federal cost share for permanent work through legislation. Thus, Congress has the authority to enact specific legislation to remedy the situation and allow increasing the federal cost share for all Hurricane María (DR-4339-PR) and Hurricane Fiona (DR-4671-PR) permanent work (Categories C-G) projects.

C. Roads, bridges, and highways:

The *Bipartisan Budget Act* (Pub. L. No. 115-123, § 20601, 132 Stat. 64) (“BBA”) and Stafford Act § 406 should be amended to extend their applicability to Hurricane Fiona and to include as critical services Puerto Rico’s transportation services, which comprise, among other things, ports, roads, bridges, and highways, all of which have been devastated by Hurricanes María and Fiona. This will allow FEMA to provide assistance pursuant to Stafford Act § 428 to restore disaster-damaged facilities that provide critical services to an industry standard.

D. Disaster Flexible Match:

We would like to reiterate our previous request to allow the implementation of FEMA’s Disaster Flexible Match (DFM) Program to alleviate administrative burden and avoid the projected grant deadline-related challenges of its Public Assistance Program (PA). Like the global match process for FEMA’s Hazard Mitigation Grant Program, the DFM Program for the PA program will allow the non-federal cost share to be based on a percentage of a disaster’s overall obligation instead of on a per project basis.

E. Clarify Stafford Act § 705(c)

Stafford Act § 705(c) prohibits FEMA’s recoupment of obligated funds where certain conditions have been met: (1) the payment was authorized by an approved agreement specifying the costs (i.e., the obligated Project Worksheet); (2) the costs were reasonable; and (3) the purpose of the grant was accomplished. FEMA has issued a policy that greatly undermines the protection afforded by Congress in enacting Stafford Act § 705(c), which was intended to prevent FEMA’s recoupment of funds, often as a result of FEMA realizing its own errors, after recipients and subrecipients have received and spent the money. FEMA’s policy significantly limits application of § 705(c) by, e.g., requiring a subrecipient demonstrate compliance with all post-award terms and conditions (i.e., procurement requirements, insurance requirements, etc.) in order for FEMA to consider “the purpose of the grant” accomplished. This policy allows FEMA to claw back



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funding where the scope of work is complete, based on a finding of noncompliance that bears no relation to the “purpose of the grant”—e.g., to repair a building. The Policy also specifies that it may make “project cost adjustments” prior to determining whether § 705(c) applies, even though such adjustments are precisely what § 705(c) prohibits.

The effects of FEMA’s policy are being felt all over the United States, but particularly in Puerto Rico – where recoupments are debilitating on the Territory’s ability to recover financially. For example, FEMA has recently deobligated millions in power restoration costs paid by Puerto Rico Electric Power Authority to utilities providing emergency restoration services under a mutual aid-type agreement. Such deobligations are prohibited by § 705(c), but FEMA’s own policy gutting the statute’s effectiveness leaves the agency undeterred from clawing back funds.

We request Congress to amend Stafford Act § 705(c) to make its intent clear to FEMA—the purpose of the grant is accomplished when the scope of work is complete, and FEMA cannot choose to apply § 705(c) only after it makes the recoupments that § 705(c) prohibits. We also ask that Congress extend § 705(c)’s prohibition to recoupments from private non-profit entities, which are similarly burdened by FEMA’s recoupments.



Questions from Republican Committee Members

Questions from Rep. Westerman for the Hon. Pedro Pierluisi, Governor of Puerto Rico

1. What were the challenges associated with working with FEMA on recovery after Hurricane Maria?

Aside from complicated bureaucratic processes and repeated rule changes, the major obstacle to recovery in Puerto Rico has been access to working capital in particular for large infrastructure and construction projects. FEMA's 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 C.F.R. Part 200, as adopted by the Department of Homeland Security at 2 C.F.R. Part 3002. At the time Hurricanes Irma and María made landfall on the island, Puerto Rico was in the middle of a financial crisis and lacked the necessary liquidity to expend funds.

Moreover, sometimes new ideas intended to move things forward hit speedbumps, because implementation needed to comply with existing rules. An example of this is the FEMA Accelerated Award Strategy ("FAASt"). FAASt 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 did not expedite performance of work. FAASt effectively amounted to a master recovery budget for each FAASt subrecipient without authorizing any related construction. This is because despite the expedited obligation of funds, all projects still had to go through each step of the FEMA National Delivery Model. For a project to be authorized for construction, scopes of work needed to be submitted 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 Stafford Act § 406. As implemented, the FAASt program as implemented did not accelerate recovery, but rather slowed it down.

2. Were those challenges resolved?

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



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permanent work projects under FEMA’s Public Assistance program and HMGP projects for damages incurred as a result of Hurricane María. 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.

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.

For example, now more than five years later, FEMA is still making eligibility determinations and processing administrative appeals for emergency work costs incurred in 2017 and 2018. 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). 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 § 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 FAAS_t, 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 FAAS_t 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, it came late in the process. There is no doubt that Puerto Rico would have been better positioned if advances for permanent projects could be approved like they were in Louisiana for Hurricane Katrina. Puerto Rico was denied these early benefits, which would have accelerated the commencement of reconstruction of bridges, roads, schools, hospitals, the electric grid, and wastewater treatment plants, among many others.



Even so, we remain exceptionally hopeful for the future, and we look forward to continuing to build and nurture the collaborative relationship that we feel we now have with our federal partners. We believe past FEMA experiences should not hold us back in the future.

3. What have been the challenges associated with working with FEMA on recovery after Hurricane Fiona?

Aside from the challenges stated in our answer to Question 1 from Rep. Westerman in which we are seeking Congressional assistance, because there are multiple other open major disasters, COR3 and Puerto Rico subrecipients find themselves working with different FEMA teams, who each have their own interpretation of the Public Assistance program and view of policy implementation. This makes managing the disasters unnecessarily difficult. We believe consolidating Hurricanes María and Fiona will go a long way to reducing this administrative burden.

4. Have those challenges been resolved?

No. That is why the Congressional assistance we request is so imperative.

5. What other policy changes can FEMA make to ensure obligated funds are spent well and spent quickly on all needed recovery projects?

We believe FEMA already has the authority to implement the following policy changes that would ensure funds are spent effectively on recovery:

- 1. Amendment to Stafford Act (Natural Disaster Consolidation):** to authorize FEMA to consolidate Hurricane María (DR-4339-PR) and Hurricane Fiona (DR-4671-PR) disasters into a single award under DR-4339-PR for the administration of federal assistance.
- 2. Support 100% Federal Cost Share:** we request that 100% federal cost share be provided for all Hurricane María (DR-4339-PR) and Hurricane Fiona (DR-4671-PR) permanent work (Categories C-G) projects.
- 3. Amendment to Stafford Act § 705(c):** to remove the unnecessary limitations within its current guidance on 705(c) protections and provide that the purpose of the grant is accomplished when the scope of work is complete.



4. **Amendment to the 2018 Bipartisan Budget Act and Stafford Act § 406:** to extend their applicability to Hurricane Fiona and to include as critical services Puerto Rico's transportation services, which comprise, among other things, ports, roads, bridges, and highways, all of which have been devastated by Hurricanes María and Fiona.
 5. **Disaster Flexible Match:** we request the allowance for the implementation of FEMA's Disaster Flexible Match (DFM) Program to alleviate the administrative burden and avoid the projected grant deadline-related challenges of its Public Assistance Program (PA).
 6. **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.
6. **After Hurricane Maria, how did the Government of Puerto Rico and its instrumentalities improve their systems to ensure recovery efforts get to the people who need it?**

In the 5 years following the devastation of Hurricanes Irma and María, COR3 has implemented numerous changes to its system to ensure a more transparent and streamlined recovery.

Our partnership with FEMA and other Federal agencies has grown tremendously as we have made major improvements and worked together to resolve early obstacles and lift restrictions that previously hindered progress. For example, the Government of Puerto requested, and FEMA agreed, to relieve Puerto Rico from a 2019 agreement that imposed conditions on the Island before requests for reimbursements could be approved. As discussed earlier, a major obstacle to recovery in Puerto Rico has been access to working capital to meet the cash flow needs of our subrecipients, especially for large infrastructure and construction projects, since FEMA disaster recovery programs are based on a reimbursement model. 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. One of these strategies is the WCA mentioned before.



In addition, COR3 has also worked to educate and support our subrecipients, to build capacity through training events over the last year and will continue these efforts. The training provided is based on a customized approach focused on project execution, grants management, procurement, maximization of eligible scope of work, project management, and compliance from project formulation to closeout.

Puerto Rico 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. FEMA has agreed to flexibilities in the management of the PA program 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 under development by municipalities, government agencies, and non-profit organizations are being expedited, significantly reducing the average number of days by over 75%. Similarly, new processes relating to requests for advances for immediate expenses are executed, on an average, more than 80% quicker than 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.

7. How have those systems worked post-Fiona?

By applying the lessons learned from Hurricane Maria, the success in COR3's systems has led to a faster start on recovery after Hurricane Fiona.

8. How can the Puerto Rican government and instrumentalities continue to improve their systems to make sure recovery assistance gets to the populations that need it quickly and with proper oversight?

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, environmental approvals and permits, procurement of construction contracts, and ultimately construction. All relevant indicators, however, show significant momentum since 2021.

Under FAASt, FEMA, COR3, and PREPA and LUMA Energy have worked together to develop Scopes of Work, submit them 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 build 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.

9. The Puerto Rican Government established a renewable energy generation goal of 100% by 2050. What is the status towards achieving that goal and how have ongoing recovery efforts impacted that goal? Has your administration considered shifting those goals to accommodate the ongoing multiple natural disaster recoveries?

The transformation of our electric system is certainly one of our highest priorities. The Puerto Rico Electric Power Authority is still in bankruptcy, saddled with over \$9 billion in bonded debt, and burdened with an antiquated infrastructure that was devastated by Hurricanes Irma and María, and for which emergency restoration work took over a year to repair. The Government of Puerto Rico is hard at work with the Oversight Board trying to restructure its debt to affordable levels. We are also committed to achieving our comprehensive and ambitious public policy to transform our existing power generation assets, moving away from fossil fuels towards renewable energy, and converting our fragile and integrated electric grid into a modern, resilient, and interdependent one that can serve Puerto Rican residents and businesses without blackouts.

By way of background, on June 20, 2018, the Government of Puerto Rico enacted the “Puerto Rico Electric Power System Transformation Act, Act No. 120-2018 (“Act 120”), with the stated goal of transforming Puerto Rico's energy system into a modern, sustainable, efficient, resilient, and cost-effective system.

On April 11, 2019, the Government of Puerto Rico then enacted Act 17-2019 (“Act 17”), further advancing our public policy, which mandates the delegation or transfer of the operation of the Puerto Rico Power Authority (“PREPA”) electric power generation, transmission and distribution, commercialization, and operation systems to the private sector through the execution of public-private partnership contracts (“P3 Contracts”), all to be done within certain specific milestones.

The first P3 Contract in connection with Puerto Rico's energy transformation was executed between PREPA, the P3 Authority, and LUMA Energy. LUMA is now in charge of the operation and management of the transmission and distribution assets of PREPA. LUMA also must lead the



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redesign and reconstruction of our electric grid to make it more modern, reliable, able to function interdependently with generation units to avoid island-wide outages, and able to provide for the interconnection of microgrids and renewable energy systems.

It is also important to recognize that the \$9.5 billion awarded by FEMA for the energy system reconstruction were approved in the later months of 2020. Since then, significant advances have been achieved.

While we recognize there have been delays, the path towards modernization has been set and we are committed to providing modern and reliable electric service to all on the island. The grid reconstruction by LUMA is underway, with hundreds of substations repaired, thousands of poles and streetlights replaced, and over 33,000 new solar customers connected.

Also, more than 389 FEMA funded projects have been approved by the Puerto Rico Energy Bureau, 90 projects are in the design phase, 43 projects are awaiting FEMA approval, 51 projects have already been approved by FEMA, and 40 projects are under construction.

Furthermore, work continues to safely integrate 1,000 MW of utility-scale renewable energy generation and 250 MW of energy storage into our system. Likewise, a second tranche of additional utility-scale renewable energy projects totaling 1000 MW with 500 MW of storage just finished the request for proposal process and proponents will be chosen soon by the Puerto Rico Energy Bureau.

In addition, the Puerto Rico Department of Housing is installing solar and battery systems on all homes rebuilt under its R3 program. It also has begun the process for the administration of \$1.3 billion in CDBG-DR funds for microgrids and energy storage systems for remote communities and first response agencies. The first of these projects will be built in our primary medical center, Centro Médico, for which proposals for its design and construction should be ready by the beginning of next year.

Further, the Department of Housing and the Green Energy Trust will use \$500 million in CDBG-MIT funds to assist low- and moderate-income households in acquiring renewable energy systems. With this allocation, we expect to have 25,000 additional solar systems and solar communities across our Island.



The Green Energy Trust will also pursue other funding venues, including but not limited to the Investment and Infrastructure Jobs Act and the Inflation Reduction Act, which can finance programs that promote the development of green energy projects.

However, given Hurricane Fiona's recent impact on Puerto Rico, which brought over thirty inches of rain to some municipalities, combined with additional historic rainfall during the months of September and October, our electric system has suffered additional damages, causing major power outages. Last month, I formally requested emergency assistance from FEMA to stabilize our power system by providing additional generation assets and accelerating work on our transmission and distribution grid.

In response, FEMA created the Puerto Rico Power System Stabilization Task Force, which includes the U.S. Department of Energy, the U.S. Army Corps of Engineers, and the Environmental Protection Agency (EPA), led by FEMA, which together with our administration's energy stakeholders developed a plan to stabilize our electric system to be able to provide reliable service to the residents of Puerto Rico, while we continue to carry our reconstruction projects.

FEMA has agreed to provide resources for this stabilization process that will include actions to assist Puerto Rico in increasing its power generation capacity and helping improve transmission and distribution of energy. The plan proposes to:

1. Install temporary generation through power barges and high-capacity portable generators.
 - a. FEMA has already identified available units and is arranging to hire and mobilize them to Puerto Rico.
2. Perform key short-term work in existing generation plants that allow for the reincorporation of units that are not operating at full capacity or are out of service.
3. Perform key short-term improvements on the electrical grid, such as repairing key substations and transformers, and replacing high-voltage breakers.

The work that FEMA and its federal partners will be doing will be coordinated with our local stakeholders so that it is done systematically. With this aid, Puerto Rico will be able to focus all efforts on advancing the transformation and modernization of its electric system while our people have a stable service.



10. Specifically on electricity restoration after Hurricanes Maria and Fiona, what did you see that was an improvement from how LUMA has recovered the grid in the past when PREPA had full control? Can you provide specifics about where LUMA's performance differed from PREPA's recovery actions after hurricane outages?

After a disaster such as Hurricane María, there are always lessons learned that are applied to avoid committing the same mistakes that occurred during previous disasters. Such was the case here. Before Hurricane María, Puerto Rico was fortunate enough to not have suffered from a major hurricane for many years. Since María, the Government of Puerto Rico has turned their attention to the preparedness of our system.

As to our energy grid, considering the vulnerable position that the power transmission and distribution system had before the storm events, and the devastating blow it took during the hurricanes, Puerto Rico embarked on a process to transform PREPA. The goal of the transformation continues to be to increase the resiliency and reliability of Puerto Rico's power system and maximize the use of modern and new technology to deliver a lower cost electric service to all customers in Puerto Rico. Since LUMA took over the T&D projects, PREPA has continued developing scopes of work and undertaken the required actions to conduct repairs, rehabilitation, mitigation, and permanent works in its generation system and water assets. These actions combined with the experience after Hurricane María, placed our grid in a stronger position than before the storm. Also, LUMA was able to count on quicker outside support since they had pre-positioned contracts for emergency work, which gave them the necessary resources to begin to deal with to the emergency before Hurricane Fiona left the island.

11. Please provide data and specifics that details how rooftop solar systems and other decentralized renewable energy resources will improve resiliency for your constituents, specifically 1) reports or data shows how the current decentralized energy systems that are currently in place are effective or not effective, 2) reports or data showing damage caused or not cause to rooftop solar systems after hurricanes or other storms and rain events, 3) other data or stories that provide evidence of effectiveness or ineffectiveness in increasing resiliency for Puerto Ricans.



On December 17, 2020, the U.S. Department of Energy’s National Renewable Energy Laboratory (NREL) issued a report titled “Puerto Rico Low-to-Moderate Income Rooftop PV and Solar Savings Potential”. The report analyzed the rooftop solar potential of low- to moderate- income (LMI) households across the island and estimated 510,100 low-to moderate-income structures suitable for solar rooftop installation across the island. Of these, the report estimated that approximately 75% are single-family (more suitable for solar installation) and 60% are owner-occupied (easier process for eligibility purposes – not an economic development activity). Therefore, an estimated 229,600 single-family structures occupied and owned by a low-to-moderate-income household are suitable for solar rooftop installation across the island.

Based on estimates from the Puerto Rico Department of Housing (PRDOH) there are 86,700 single-family structures occupied and owned by low- to moderate-income households suitable and eligible for photovoltaic system installation. Just looking at the municipalities most damaged by Hurricane Fiona and assuming everyone will be interested in a small \$30,000 solar rooftop photovoltaic installation, \$2.6 billion would be needed to meet this need.

Questions from Rep. Jenniffer Gonzalez-Colon (PR) for the Hon. Pedro Pierluisi, Governor of Puerto Rico

- 1. Governor Pierluisi, you are requesting that we in Congress amend the Stafford Act to authorize FEMA to consolidate the Hurricane Maria and Hurricane Fiona disasters into a single award for the administration of federal assistance. Can you elaborate on this proposal and why you believe such an amendment is necessary?**

As mentioned before, we are asking to consolidate the María (DR-4339-PR) and Fiona (DR-4671-PR) Hurricane disasters into a single award under DR-4339-PR for the administration of federal assistance. To do this, we believe there has to be an amendment to the Robert T. Stafford Disaster Relief and Emergency Assistance Act that would expressly authorize FEMA to combine the disasters by, among other things, provide assistance to replace, reconstruct, or restore an eligible damaged facility without regard to the pre-disaster condition of the facility if the facility or system was also damaged by Hurricane Maria under DR-4339-PR. It will also provide FEMA the ability to: (a) include costs to repair or reconstruct damages caused by Hurricane Fiona (DR-4671-PR) without reducing approved fixed cost estimates or approved projects for DR-4339-PR; (b) identify new damages caused by Hurricane Fiona for facilities and systems with an agreed-upon fixed cost estimate under section 428 or an approved project under section 406 for DR-4339-PR and



document them separately and add the costs to the DR-4339-PR fixed cost estimate; (c) apply a one-time increase of the total approved DR-4339-PR approved fixed cost estimates to adjust for inflation and supply chain cost increases since the date of the disaster; (d) revisit DR-4339-PR projects approved for repair under Stafford Act § 406, and calculate the combined cost to repair the facility or system after Hurricane Fiona, and if the adjustment exceeds 50% of the fair market value of the facility or system, declaring the facility or system eligible for replacement; (e) declare as eligible all reconstructions and demolition costs for facilities and systems where work had begun on or before September 18, 2022 that were DR-4339-PR projects and suffered additional damages from Hurricane Fiona; and (f) identify new damage and approve a single subgrant for the cost to repair or replace the facility from damages from DR-4339-PR and Hurricane Fiona where the facility had no approved project or fixed cost estimate as of November 1, 2022, and if the combined cost to repair the facility exceeds 50% of the fair market value of the facility on September 1, 2017, the facility is eligible for replacement.

This consolidation will, without a doubt, alleviate the administrative burden and funding necessary to manage the disasters separately, for the Government of Puerto Rico, the subrecipients and FEMA.

- 2. Specifically, does this extend to amending any appropriation that has been made in the past covering a specific disaster by name or by year and with a set deadline, to now encompass the others, or would this amendment rather have the goal of having a single administrative coordination structure to handle the different funds and applications? That is, would there still be Maria/Earthquake/Covid/Fiona-specific funds but all under one same coordinating office, or are they become all a single all-Puerto Rico all-disaster fund?**

What we are seeking is for the funding assigned and to be assigned for both María (DR-4339-PR) and Fiona (DR-4671-PR) be managed under a single disaster, María (DR-4339-PR). This will let Puerto Rico, through COR3, to manage both disasters under the same administrative and financial coordination structure that exists today for the Hurricane Maria disaster. The earthquake and COVID-19 disasters would not be consolidated and continue to be managed separately.



3. What are the most recent damage estimates for Hurricane Fiona and have these been shared with Congress and federal agencies with jurisdiction over disaster recovery? Some of the most significant damages have been sustained by our public infrastructure, mainly roads and bridges. Can you please share an estimate of funds that will be needed to cover these specific damages?

As you are aware, 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 damage 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. Even though 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. As of today, COR3 expects the damages to public infrastructure, including roads, bridges, highways and power grid, as well as other eligible infrastructure to amount to \$5B.

The Puerto Rico Department of Housing estimates an impact of 50% increase in housing needs when compared to Hurricane María. Extrapolating the R3 data generated with Hurricane María, PRDOH estimates it will receive approximately 5,300 applications for rehabilitation, reconstruction, and relocation assistance. Following R3 trends, rehabilitations, reconstructions, and relocations represent 38.3%, 29.5%, and 32.2%, respectively, of the awards issued. Projecting average cost data for each award, PRDOH estimates a rehabilitation, reconstruction, or relocation need due to Hurricane Fiona of \$872 million.

Regarding other housing assistance, similar to CDBG-DR funding for Hurricanes Irma and María, housing assistance due to Hurricane Fiona should be broader than just rehabilitation, reconstruction, or relocation. In the CDBG-DR Action Plan for Hurricanes Irma and María, PRDOH set 68% of the housing budget for rehabilitation, reconstruction, and relocation assistance, and 32% for other housing activities, such as homebuyer assistance, multi-family construction, and housing counseling services, among other CDBG-eligible housing activities. Following the same percent distribution as in the current CDBG-DR Action Plan, PRDOH requests an additional \$414 million for other housing assistance needs arising from Hurricane Fiona.



4. PREPA's current depleted fiscal situation prevents them from entering long-term contracts without approval from the Financial Oversight Board. In your view, does this affect implementation of a permanent rebuilding plan?

Currently, the FOMB contract approval process for PREPA contracts is taking an average of 10-12 days. This does not seem to delay the overall timeline of project commencement and completion.