



November 5, 2019

Honorable Raúl M. Grijalva, Chairman
Natural Resources Committee
U.S. House of Representatives
1511 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Chairman,

We begin our letter by thanking you for your high-level of attention and concern to the challenges Puerto Rico faces as we recover from two devastating hurricanes and a severe economic contraction over the past couple of decades. Congress has a major role to play in our recovery.

Like you, we continue to argue that economic growth is the ultimate solution for Puerto Rico's need for job creation and generation of tax revenues to provide essential services for the 3.2 million U.S. Citizens residing in Puerto Rico. We also note that the Private Sector Coalition of Puerto Rico is comprised of 30 leading businesses, trade and professional organizations which constitute up to 90 percent of our islands' \$103 billion local GDP and 75 percent of the local jobs.

The high cost of electricity and lack of reliability have been major factors in Puerto Rico's failure to be economically competitive. Unfortunately, the PREPA RSA being advocated by the Federal Oversight Management Board (FOMB) and its consultants will only make things worse by imposing massive new burdens on consumers and businesses of up to 10 cents/kilowatt hour ~~in~~ higher tariffs, plus unregulated and monopolistic costs to private energy generation.

We appreciate the leadership shown by you as well as Congresswoman Velazquez and Soto in joining in opposition to the RSA now being considered in the Federal Court overseen by Judge Swain. In fact, your public opposition as well as that of other respected Federal Officials speaks volumes about the failure of the FOMB and of PREPA's board of directors, to consider the RSA's economic impact on Puerto Rico let alone the impact on the pocketbook of the average consumer.

An independent analysis commissioned by the consumer representative on the PREPA Board and conducted by a respected economist noted that the PREPA RSA as designed and approved by the FOMB, does not advance the economic development of Puerto Rico. Instead, its implementation could result in the loss of over 170,000 jobs, a 22% decrease in our island's GNP, and create high inflationary pressures due to significant increases in electricity costs from higher rates of up to 30 cents/kilowatt hour.

We are disappointed that Puerto Rico's senior government officials; including both the Governor and some top legislative leaders have failed to work in opposition to the proposed PRESPA RSA and seek "economically intelligent" revisions to this agreement between PREPA and its creditors. We are very concerned as well as they allow current PREPA and FOMB efforts, to exclude private sector business leadership and NGO's representing legitimate consumer and investor interests, from participating in the PREPA and electrical system reorganization.

It's clear that Congressional oversight is needed immediately, and we urge you and your Committee to travel to Puerto Rico to conduct an oversight hearing on the proposed PREPA RSA and electrical system reorganization, as well as other energy issues which the FOMB, PREPA and other government entities have failed to properly address. PREPA, the FOMB and senior Government Policymakers must consider the direct and indirect impact of their decisions on the ability of the economy of Puerto Rico to not only absorb them but still achieve the economic growth needed to create new jobs and new tax revenues for essential government services and sustainable debt obligations.

The Private Sector Coalition partners on this vital issue with the respected Institute for Sustainable Economy for Puerto Rico (ICSE); a non-profit organization focused on education on key issues for the sustainable development of Puerto Rico. Together, we have repeatedly highlighted the weak governance and oversight of PREPA and the ongoing "electrical system transformation" and thus the need for a strong and independent regulator governing PREPA and the electrical system in testimony to Congress and our local legislature. It's clear that much more needs to be done to achieve affordable and reliable electric power to serve 3.2 million U.S. Citizens residing in Puerto Rico and provide for our island to be a vital and economically competitive environment for workers and business.

We welcome the opportunity to work you with you and your Committee to ensure proper oversight and transparency in the PREPA RSA process. This can only be ensured by the direct oversight and scrutiny by the Committee on Natural Resources in a hearing to be conducted by the Committee in Puerto Rico, where the consumer and business concerns and their solutions; are taken into consideration. Let's remember it's the consumers and business who are the ultimate ratepayers.

On behalf of the Puerto Rico Private Sector Coalition, we thank you for your interest and concern for the well-being of all U.S. Citizens residing in Puerto Rico. With best regards.

Respectfully,

**Board of Directors
Puerto Rico Private Sector Coalition**



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Cc: Resident Commissioner Gonzalez
Cong Velazquez
Cong Soto
Cong Bishop