



N A R U C
National Association of Regulatory Utility Commissioners

May 1, 2018

The Honorable Lisa Murkowski
Chairman
Senate Committee on Energy and Natural
Resources
304 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Maria Cantwell
Ranking Member
Senate Committee on Energy and Natural
Resources
304 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Greg Walden
Chairman
House Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Frank Pallone
Ranking Member
House Committee on Energy and Commerce
2471 Rayburn House Office Building
Washington, DC 20515

The Honorable Rob Bishop
Chairman
House Committee on Natural Resources
1324 Longworth House Office Building
Washington, DC 20515

The Honorable Raul Grijalva
Ranking Member
House Committee on Natural Resources
1329 Longworth House Office Building
Washington, DC 20515

RE: Puerto Rico Energy Commission

Dear Chairman Murkowski, Ranking Member Cantwell, Chairman Walden, Ranking Member Pallone, Chairman Bishop and Ranking Member Grijalva:

Since Hurricane Maria devastated the electricity supply infrastructure on Puerto Rico and the U.S. Virgin Islands, the focus of the federal government has correctly been on recovery and restoration. While this effort continues, Congress is also beginning to examine the operations and finances of the Puerto Rico Electric Power Authority (PREPA) and other local government agencies responsible for the electric supply sector on the island. As you look at the situation in an effort to propose reforms that may help to limit the damaging effects of the next “storm of the century,” Congress may wish to build upon institutions that already exist rather than reinventing them.

As you know the PREPA is a government-owned entity. Prior to 2014, the PREPA regulated itself without any other oversight. The Puerto Rico Energy Commission (PREC) was established in 2014 as a separate independent entity capable of regulating and providing oversight of the PREPA. While the Energy Commission was still in the process of developing the knowledge of the system it was tasked to regulate, it was already having a positive impact in overseeing the way PREPA operated and ensuring energy decisions reflect sound business practices and include ratepayer protections. It was also developing its own institutional knowledge of how to regulate a government-owned system when Hurricane Maria hit the island. In other words, the existing regulatory body did not have enough time to fully develop and implement many of the reforms needed for the PREPA to improve its operations, safety, resilience, and maintenance to potentially mitigate damage caused by Maria.

While it is always appropriate to consider further reforms that may involve the PREC, at the current time there is a general regulatory structure in place. In the long term, it is critical that Puerto Ricans have an independent regulator for the electricity sector. The PREC will need time and a large

measure of stability to develop the authority, structure, and regulations necessary for it to become a strong, effective, and independent regulator. However, this is an investment that will provide strong rewards. Having an independent and effective utility regulator in Puerto Rico is essential to having a healthy and robust electricity and energy system.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg R. White". The signature is fluid and cursive, with the first name "Greg" being more prominent.

Greg R. White
NARUC Executive Director

Cc: Secretary Rick Perry