



Greetings. My name is Ángel Figueroa-Jaramillo and I appear as President of the Union de Trabajadores de la Industria Eléctrica y Riego (UTIER) and I thank the Committee for the invitation.

UTIER represents 3,000 of the 6,000 workers that PREPA will lay off due to the Luma Energy Contract. But UTIER speaks, not only for the benefit of its members, but also for the 12,000 PREPA retirees and the people of Puerto Rico as a whole.

It is essential that this Committee knows that, we agree that PREPA needs to be transformed. But, handing over all current PREPA functions to a private operator **is not a transformation**. Luma Energy will do **everything PREPA already does** and charging an additional **\$125 million in public funds for it**. A **true transformation** requires investment and expert input. UTIER and other organizations have made proposals for a true transformation and have fallen on deaf ears. UTIER sponsors “Queremos Sol” (We Want Sun), which is a comprehensive proposal to transform PREPA. We have also proposed changes such as: (1) altering the composition of the Governing Board and the Energy Bureau, to increase transparency and consumer representation and limit the discretion that leads to contracting; (2) the implementation of an Independent Private Sector Inspector General (IPSIG), as a control to ensure compliance with existing laws and regulations without the need to appoint a trustee; and (3) most importantly, the reinvestment of funds in PREPA’s workforce, which has been severely depleted in recent years and lead to so many difficulties after Hurricane Maria. But apparently what the Government wants is to wash its hands of the deficiencies of those who have been appointed to manage PREPA and

not transform it, using the current CEO José Ortiz as an example who has done nothing for the real transformation.

The Contract with Luma Energy does not provide **any benefit** for the people of Puerto Rico. The payment of the Contract has already placed PREPA at a **\$125 million budgetary deficit**, as certified by the Financial Oversight and Management Board in the latest budget. There is **no doubt** that PREPA does not have the resources to pay that money, which is why the Oversight Board is requesting an administrative expense priority in the Title III for Luma Energy, which in turn will affect the retirement system and other creditors. The **only** way to pay this deficit will be by increasing the rates, which will affect the people of Puerto Rico and disproportionately harm the population living below the poverty level, especially those with annual incomes between \$0 and \$14,399. This population will have to dedicate between 36% and 42% of their income to pay their electricity bill.

Under the Contract, Luma Energy even has the deference that the plan of adjustment under the Title III of PREPA must be "reasonably acceptable to Luma Energy." Otherwise, Luma can terminate the Contract. The concession on Luma Energy to have veto power over the approval of the plan of adjustment will pressure the Oversight Board and the Title III Court to approve a plan that is not necessarily in the best interest of the people of Puerto Rico. The question to ask is why should Luma Energy have that kind of power?

Luma Energy will not be accountable to the people of Puerto Rico. It can terminate the Contract practically at any time with **only 120 days-notice** and leave Puerto Rico without an electric service operator. In addition, despite being a private entity, it will make public policy decisions and manage at its own discretion the **\$18 billion in federal funds** assigned to Puerto

Rico. In fact, Luma Energy has already started bragging about those federal funds in front of its investors and affiliates. The federal government should stop this.

Speaking about accountability, the locally registered corporation was created in January this year for the sole purpose of signing this Contract and was created as a Limited Liability Company to avoid responsibility. Furthermore, the Contract has an exemption from express liability for any damage that Luma Energy may cause to its ratepayers.

In summary, Luma Energy will take over PREPA's operations without investing a dime in PREPA or in Puerto Rico. It will charge a fee of \$125 million and manage \$18 billion in federal funds and will be able to award contracts to Quanta Services and ATCO, while PREPA pays for its transition and operations. It is not accountable to the people of Puerto Rico and it is not required to transform the electrical system. In fact, Luma Energy will likely keep PREPA's electric system as it is and will simply make some infrastructure improvements with FEMA funds. This is not a transformation; this is an incredible waste of public funds that does not serve the best interests of the people of Puerto Rico. In turn, it violates established public policies, intensifies the financial crisis and further impoverishes the population.

For your convenience, we submitted a detailed report with our review of this contract and legal arguments, as well as our proposals and over 1,000 pages of exhibits with relevant data for consideration by this Honorable Committee.

Thank you.