

# Governor creates committee to oversee LUMA-PREPA deal

By THE STAR STAFF

**G**ov. Pedro Pierluisi Urrutia issued an executive order Wednesday creating a steering committee that would oversee the contract between the Puerto Rico Electric Power Authority (PREPA) and LUMA Energy, the manager of the utility's transmission and distribution (T&D) system, but critics say the order is a delay tactic that politicizes the power utility.

A statement from La Fortaleza announcing the executive order said commonwealth Secretary of State Larry Seilhamer will head the steering committee. The other members will be Fiscal Agency and Financial Advisory Authority (AAFAF by its Spanish initials) Executive Director Omar Marrero, Public-Private Partnership Authority (P3A) Executive Director Fermín Fontanés, PREPA Executive Director Efran Paredes, Central Office for Recovery, Reconstruction and Resilience (COR3) Executive Director Manuel Laboy, Labor Secretary Carlos Rivera, and Housing Secretary William Rodríguez. Pierluisi said the steering committee will propose changes to the contract if needed.

The LUMA Energy contract, which was signed in June, has been criticized because it is not sustainable as PREPA may have to borrow over \$800 million from the commonwealth to carry it out. The contract allows LUMA Energy to keep ownership of all the repairs and capital projects made to PREPA's T&D facilities and to seek rate hikes. LUMA Energy can also ignore the workers' collective bargaining agreement and certain local laws that regulate the use of public funds, such as the Government Ethics Law.

Ángel Figueroa Jaramillo, president of PREPA's Electrical Industry and Irrigation Workers Union (UTIER by its Spanish acronym) criticized Pierluisi for breaking promises to amend the LUMA Energy contract.

"He said he was going to amend the contract," he said. "He did not say he was going to appoint a steering committee."

Figueroa Jaramillo described the executive order as much ado about nothing. The governor said the goal of the committee was to ensure that the contract does not result in higher electricity rates, to protect the rights of the utility's employees so there are no layoffs, and to maintain PREPA's retirement system.

The UTIER president said the Puerto Rico Energy Bureau is the entity in charge of evaluating rate hikes to ensure they do not hurt the pockets of consumers, so "Pierluisi does not have to worry about that."

The governor cannot force a private entity not to lay off workers, Figueroa Jaramillo said.

"All of the workers are being told that if they want to work for LUMA Energy, they have to resign as PREPA employees," he said.

Under the contract signed between LUMA Energy and the P3A, workers who do not wish to work for LUMA Energy will be sent to work at other PREPA units or to other agencies. The private manager, Figueroa Jaramillo said, does not recognize PREPA workers' rights under the collective bargaining agreement.

Regarding PREPA's retirement system, Figueroa Jaramillo said LUMA Energy informed workers this week that their retirement system is in the form of 401K accounts and is not the kind of pension system used by the operator. The information was confirmed by LUMA Energy officials.

PREPA governing board consumer representative Tomás Torres said the executive order was an attempt to politicize PREPA as it brings

agency heads into the decision-making process, as the government attempted to do in December with the failed Senate Bill 1693. That bill, filed by New Progressive Party Sen. Carmelo Ríos, called for changes to the composition of PREPA's board by adding the heads of the P3A, AAFAF and COR3.

"The steering committee has as designated members the heads of government entities and as in Senate Bill 1693, which sought to give absolute control of PREPA to partisan political entities, closes off all possibility of decisions from independent professionals in favor of consumers," Torres said. "This committee follows the same path [as Senate Bill 1693] because it does not have representatives from the consumer sector nor from the public interest or private sectors. While this committee will be presided over by the secretary of State, who has energy expertise, the designation of the members prohibits a balanced discussion in favor of consumers."

Wayne Stensby, CEO of LUMA Energy, said he was pleased with the governor's decision because the committee will help the firm improve the electrical system and turn it into a reliable one.