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Puerto Rico Utility Head Resigns After Slow Hurricane Maria Response

By REUTERS

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NEW YORK — The head of Puerto Rico's indebted utility has resigned following criticism of the slow restoration of power to the island after Hurricane Maria, the U.S. territory's governor said.

Ricardo Ramos, who was named head of the Puerto Rico Electric Power Authority (PREPA) in 2016, was also criticized over controversial contracts. His resignation was effective Friday, Governor Ricardo Rossello said in a statement.

Rossello recommended Justo Gonzalez as interim director, according to a separate statement. Gonzalez is currently director of power generation at PREPA, a role he took on in April 2017. Gonzalez previously was the company's planning and environmental protection director and operations manager of the Aguirre Steam Plant.

PREPA's board will meet later on Friday to discuss Rossello's recommendation to succeed Ramos, who was appointed by the governor.

Rossello said he supported a search within and outside Puerto Rico to fill the role permanently.

"I am hoping they do it as quickly as possible," said Jose Roman Morales, interim chairman of Puerto Rico's energy commission, which regulates PREPA.

Ramos was not immediately available for comment.

Maria knocked out power to all 3.4 million residents of Puerto Rico in late September, and only about half the island's power has been restored. The island has also experienced intermittent power interruptions to populated areas that had seen electricity restored over the past few weeks. (<http://tmsnr.rs/2jYDF9s>)

In a webcast update on restoration efforts, Ramos said that 50.5 percent of generation had been restored as of Friday, and additional lines have been repaired that have not yet been charged to provide electricity.

"The highest peak of generation that we have had is 50 percent. In this week, we had about three general blackouts in the island that kept San Juan in the dark for most of the week. That is totally unacceptable," said Tomas Torres, executive director of the nonprofit Institute for Competitiveness and Sustainable Economy for Puerto Rico.

It took a week before PREPA was able to assess the damages from the storm, which knocked out about 80 percent of its transmission capabilities.

Ramos was criticized for signing a \$300 million contract with a little-known Montana company, Whitefish Energy Holdings, to restore power, and because he did not request aid from U.S. utilities that is a normal procedure following storms.

A week after the storm, the Federal Emergency Management Agency put the U.S. Army Corps of Engineers in charge of restoring power, which is usually the responsibility of the local utility. The Corps has been working with several utilities, including PREPA.

On Oct. 31, the governor said early efforts had fallen short and finally turned to U.S. utilities for assistance, asking for hundreds of crews and vast fleets of trucks to repair the grid.

Transmission lines weaving through the mountainous center of the island were cut off by the hurricane, which hammered the island with winds up to 155 miles per hour (250 km per hour) when it made landfall on Sept. 20.

MANAGING DEBT

The uncertainty over who will lead the further reconstruction is compounded by Puerto Rico's bankruptcy - a financial quagmire whose solution is the subject of a massive battle for control between investors, politicians and federal appointees.

PREPA has been hampered by years of underinvestment and frequent turnover in management, and inefficient collections that forced it to go deeply into debt. The utility had incurred about \$9 billion in debt before declaring bankruptcy in July.

Regulators, including U.S. Congressional committees and the island's energy commission, are investigating PREPA's response and the contracts it awarded to Whitefish, along with a \$200 million deal with Cobra Acquisitions, a subsidiary of Mammoth Energy Services Inc.

Last month, the board overseeing Puerto Rico's finances appeared to put itself in the driver's seat of grid repairs, giving itself the power to review most government contracts, and announcing plans to appoint retired U.S. Air Force Colonel Noel Zamot - already a member of that board - as an outside manager at PREPA. Rossello blocked that appointment in court, however.

Jose Roman, interim head of the energy commission, PREPA's regulator, said it initially gave PREPA room to respond to the crisis. He later said it would get involved in investigating just what had happened after controversy surrounding the contracts popped up.

"There are qualified people at PREPA to serve as director, if they take the political component out of it," said Ángel Figueroa Jaramillo, president of UTIER, the union representing PREPA's workers. Complexities of Puerto Rico's grid make it difficult for an outsider to take on the role, but anything is possible, he said.

(For a graphic on 'Several companies restore electricity in Puerto Rico' click <http://tmsnr.rs/2z17irZ>)

(For a graphic on 'Power restoration after major U.S. hurricanes' click <http://tmsnr.rs/2jYDF9s>)

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