

**U.S. House of Representatives**  
**Committee on Natural Resources**  
**Washington, DC 20515**

**November 7, 2017**

**House Committee on Natural Resources Oversight Hearing**

***"Examining Challenges in Puerto Rico's Recovery and the Role of the Financial Oversight and Management Board"***

**Chairman Rob Bishop (R-UT)**

Good morning. This meeting is a continuation of oversight of hurricane-impacted territories of Puerto Rico and the U.S. Virgin Islands. In addition to today's hearing, next week we will hear from the Governors of Puerto Rico and the U.S. Virgin Islands. I understand that exigent circumstances on the Island remain, but it is disappointing that our full panel was unable to attend. The path forward demands transparent accountability and we look forward to hearing from the Puerto Rico Electric Power Authority in a public setting in the future.

Let me begin with thoughts and prayers for these communities, and offer thanks to emergency responders and everyone involved for their bravery during hardship. In both territories, the detestation is overwhelming.

Today, the Committee will examine recovery challenges in Puerto Rico and the role of the Financial Oversight and Management Board.

Hurricane Maria, although historic in its severity, exposed the tragic state of affairs that existed on the Island well before its landfall.

Decades of mismanagement led to a paralyzing debt burden. The Government and its municipalities, already constrained by the fiscal crisis, are now severely overwhelmed despite federal support.

Last year, Congress took a step forward to help Puerto Rico restructure and reform with the creation of a Federal Oversight Board under a law known as PROMESA that was signed into law on a bipartisan basis in July 2016.

Since their appointment, the Board has focused on governance reform, the formulation of fiscal plans and budgets for the territory and the facilitation of debt restructuring. With the recent devastation, however, the Board's work has become even more difficult and complicated.

For instance, the Puerto Rico Electric Power Authority, known as PREPA, was already bankrupt and severely mismanaged with a long history of inadequate maintenance and political cronyism.

Restoring the power grid is paramount to immediate emergency needs. Long-term energy transformation is equally important. Transparent accountability at PREPA, now and moving forward, is essential for both to succeed. The Board will play a critical role ensuring all parts of this puzzle align.

The Board's actions in this regard include the appointment of a Chief Transformation Officer of PREPA, Mr. Noel Zamot, and the implementation of a contract review policy in accordance with PROMESA. Both steps will add needed transparency, accountability and structure to the island's recovery.

While there is no question the Board provides a critical nexus for Congress and the Administration to carry out a coordinated recovery effort, there are concerns whether the tools the Board possesses can meet the challenge and ensure long-term success.

Transparent accountability at all levels is essential to a sustained recovery with the full support of Congress. With this imperative in my Committee, and strong cooperation between the Commonwealth, the Oversight Board and federal partners – including FEMA and USACE – we can achieve a viable path forward for Puerto Rico.

Ten days ago, a congressional delegation led by the House Majority and Minority Leader, visited both territories and Florida.

In Puerto Rico, residents are still suffering. The infrastructure is demolished in many areas. Communities remain isolated.

During our visit to the central mountainous region of Puerto Rico, we met with residents in the remote town of Utuado. A bridge connecting the main north-south road was entirely wiped out. The residents had built a pulley system overhanging the divide. Attaching a shopping cart to the line, the jerry-rigged contraption was their lifeline to food, water and supplies.

We all walked across the river and up the stairs. We spoke with residents. The conversations were fascinating. While homes are broken and lives have been lost, spirits are not.

In this context, the point today isn't to ascribe blame or browbeat or play politics. The goal isn't to shame for shame sake. The goal is to fix problems and help people. The problems in Puerto Rico are too serious for us to politicize or seek headlines. We owe these citizens more than that.

I thank our witnesses for appearing today and look forward to today's testimony.