



Hon. Pedro R. Pierluisi  
Statement As Prepared for Delivery  
Oversight Hearing of the House Subcommittee on Indian, Insular and Alaska Native Affairs  
“Oversight Hearing on Fiscal Year 2016 Budget Request for the Office of Insular Affairs”  
Assistant Secretary of the Interior (Insular Areas) Esther P. Kia’aina  
March 18, 2015

Good afternoon. I thank the Chairman and Ranking Member for calling this hearing today. I want to focus on the implementation plans at the Department of the Interior for the requirement from Congress that it study electricity rates in the territories and recommend ways each territory can improve performance of its energy infrastructure with the goal of reducing electricity rates. This study requirement was enacted into law this past December as part of the *Consolidated Appropriations Act for Fiscal Year 2015*.

I understand that the Department has been examining how best to satisfy the law’s requirements through the existing partnership between its Office of Insular Affairs and the Department of Energy’s National Renewable Energy Laboratory. I also understand that energy assessments, metrics, and strategies for increasing electricity generation from local renewable sources have been developed already through this partnership for certain territories. The scope of the new study requirement extends to Puerto Rico, and the requirement is based, in part, on original energy assessments for each territory, including Puerto Rico, that were produced in 1982 by the Department of Energy. Congress required those 1982 assessments to be updated by the Interior Department in 2005. However, the Department omitted Puerto Rico from that 2005 update. Therefore, I want to thank Assistant Secretary Kia’aina for the attention she has given already to

my concerns about Puerto Rico's inclusion in any future initiatives that the Department may take to comply with the new law, and for working with my office to evaluate opportunities to expand the existing partnership between the Department of the Interior and the National Renewable Energy Laboratory so that it includes Puerto Rico.

This effort is timely in that the Department of Energy established an MOU with the government of Puerto Rico a few months ago that is guiding discussion on the island toward achieving energy independence, economic competitiveness, and a cleaner environment. The electric utility in Puerto Rico—PREPA—is struggling financially and is facing significant challenges in complying with new federal regulations to control emissions. As local efforts continue toward a energy restructuring and transformation in Puerto Rico, there is room for greater technical, financial and policy expertise from the federal government. Also, a multi-sector leadership group of energy stakeholders that includes manufacturers, retailers, academics, engineers and accountants has formed in Puerto Rico. From my perspective, it is important that these stakeholders be given ample opportunity to help shape energy transformation in Puerto Rico and that they be able to provide input into the study and report that Interior is charged with preparing under the new law.

We eagerly await progress with this study and report as territory residents pay anywhere between twice and five times more for electricity than the national average. For example, Puerto Rico residents and businesses are paying 22 cents per kilowatt hour while the national average is 12 cents. I know that you are already working on this matter Assistant Secretary Kia'aina, and I would welcome any updates you might want to share with the Subcommittee today.