

**GOVERNMENT OF PUERTO RICO
PUERTO RICO ENERGY BUREAU**

IN RE: REVIEW OF THE PUERTO RICO
ELECTRIC POWER AUTHORITY
INTEGRATED RESOURCE PLAN

No. CEPR-AP-2018-0001

SUBJECT: Direct Testimony of Executive
Director and Chief Executive Officer José
Ortiz Vázquez

Direct Testimony of

JOSÉ ORTIZ VÁZQUEZ

Executive Director and Chief Executive Officer
Puerto Rico Electric Power Authority

February 12, 2019

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1 **I. INTRODUCTION**

2 **A. Witness Identification**

3 **Q. Please state your name, title, employer, and business address.**

4 A. My name is José Ortiz Vázquez. I am the Executive Director and Chief Executive
5 Officer of the Puerto Rico Electric Power Authority (“PREPA” or the “Authority”). My
6 business address is 1110 Ponce de Leon Avenue, San Juan, Puerto Rico 00907.

7 **Q. On whose behalf are you testifying before the Puerto Rico Energy Bureau in this**
8 **proceeding?**

9 A. I am testifying on behalf of PREPA.

10 **Q. Have you previously provided testimony before the Energy Bureau or its**
11 **predecessor, the Puerto Rico Energy Commission?**

12 A. I have not.

13 **B. Summary of Direct Testimony**

14 **Q. What are the purposes and subjects of your Direct Testimony?**

15 A. On behalf of PREPA, I am formally submitting and endorsing the Integrated Resource
16 Plan (“IRP”) which PREPA has filed in this docket, under the designation PREPA
17 Exhibit (“Ex.”) 1.0. I will briefly discuss the context in which the IRP filing has been
18 made. I summarize and support, at a high level, the Action Plan which has emerged from
19 the IRP process as PREPA’s Preferred Resource Plan. I also briefly summarize the
20 testimony of the other witnesses appearing on PREPA’s behalf. I will close by

21 requesting the Energy Bureau to approve the IRP and the Action Plan so that PREPA can
22 proceed with the critically important work of implementing that plan.

23 Q. **What are your conclusions and recommendations?**

24 A. On February 11, 2019, PREPA's Governing Board adopted a Resolution approving
25 PREPA's submission of the IRP, and its selection of the Action Plan as PREPA's
26 Preferred Resource Plan. That Resolution sets forth the grounds supporting the Board's
27 decision. A copy of the Resolution (No. 4676) is attached to my testimony. I conclude
28 and recommend that, on the basis of the IRP filing, the testimony of PREPA's witnesses,
29 and the PREPA Governing Board's Resolution, the Energy Bureau should accept the IRP
30 and approve the Action Plan.

31 Q. **Are there any exhibits attached to your testimony?**

32 A. Yes. My testimony includes the following attached exhibits:

- 33 • PREPA Ex. . 3.01 – my *curriculum vitae*
- 34 • PREPA Ex. 3.02 – PREPA Governing Board Resolution No. 4676 dated
35 February 11, 2019

36 C. **Qualifications and Professional Background**

37 Q. **What are your duties and responsibilities as Executive Director and Chief Executive
38 Officer of PREPA?**

39 A. As Executive Director and CEO of PREPA, I am responsible for seeing that electricity
40 customers in Puerto Rico have access to and actually receive electric service of the
41 highest quality at the lowest possible cost, and in amounts adapted to their needs. I have
42 been charged with the task of bringing about significant improvements in PREPA's

43 operations and to help to achieve the transformation envisioned by Governor Rosselló
44 Nevarez and codified into by law by the Puerto Rico Legislature in Act No. 120-2018.

45 Q. **Have you held other positions in the past that are relevant to your current work as**
46 **PREPA CEO?**

47 A. Yes, I have. I was the Chairman of PREPA's Governing Board from 2011 to 2013. In
48 this oversight role I became quite familiar with PREPA and the challenges it then faced,
49 and continues to face. I was the Executive Director of Infrastructure for the Puerto Rico
50 Aqueduct and Sewer Authority ("PRASA") from 2004 to 2007, and in that role, I
51 oversaw the development of PRASA's Capital Improvement Plan. From 2007 to 2013, I
52 was the Chief Executive Officer of PRASA. In that role I led efforts to improve
53 PRASA's credit rating and to negotiate three consent decrees with the U.S.
54 Environmental Protection Agency. I also served as Chairman of the Board of Directors
55 of the Puerto Rico Infrastructure Refinancing Authority from 2009 to 2012, as Chairman
56 of the ARRA Inter-Agency Committee from 2009-2013, as a member of the Board of the
57 Water Utility Council of the American Water Works Association from 2011 to 2013, and
58 as a Vice President for Strategic Development of Wyndham Worldwide from 2013 to
59 2018. My experience is described in more detail in PREPA Ex. 3.01.

60 Q. **Do you hold any professional licenses?**

61 A. Yes. I hold Puerto Rico Professional Engineer License # 9707.

62 Q. **What is your educational background?**

63 A. I was awarded a Bachelor's of Science degree in Electrical Engineering by the University
64 of Puerto Rico in 1984. I earned a Master's degree in Business Administration (Finance)
65 from the University of Turabo in 1991.

66 **II. THE INTEGRATED RESOURCE PLAN**

67 **Q. At a high level, what is the purpose of PREPA's IRP?**

68 A. The IRP (PREPA Ex. 1.0) was developed to comply with the requirements of the Energy
69 Bureau's Regulation No. 9021 and applicable Energy Bureau Resolutions, and to
70 implement the PREPA Governing Board's Vision for the Future of Power in Puerto Rico,
71 which was adopted on February 1, 2018. The Vision's contents are summarized in the
72 IRP main Report (PREPA Ex. 1.0), in Part 2, Exhibit 2-2.

73 Regulation No. 9021 states that an IRP is intended to serve as a "useful tool to
74 guarantee the orderly and integrated development of Puerto Rico's electric power system,
75 and to improve the system's reliability, resiliency, efficiency, and transparency, as well as
76 the provision of electric power services at reasonable prices." Reg. No. 9021, § 1.03.
77 The IRP PREPA has submitted has served as just such a tool, and in my view the Action
78 Plan that has emerged from it will promote the values of reliability, resiliency, efficiency
79 and transparency as Puerto Rico's electric system is transformed over the next few years.

80 I should note that, as Executive Director and Chief Executive Officer of PREPA, I
81 serve in a management capacity and provide oversight for PREPA's various activities. I
82 did not personally prepare the IRP, although I am familiar with it and with the results of
83 the IRP process, and specifically with PREPA's Preferred Resource Plan, the Action
84 Plan. The IRP was prepared by PREPA's consultants from Siemens Power Technologies

85 International (“Siemens”), working closely with PREPA personnel supported by advisors
 86 from Filsinger Energy Partners. These consultants and advisors ultimately are subject to
 87 supervision and direction by PREPA’s management, as reflected in the IRP itself and as
 88 described by PREPA witnesses Dr. Nelson Bacalao of Siemens and PREPA Assistant
 89 Division Chief, Planning and Research Division and Engineer Gregory Rivera Chico,
 90 PREPA Exs. 6.0 and 7.0.

91 **III. PREPA’S OTHER WITNESSES**

92 **Q. What other witnesses provide Direct Testimony regarding PREPA’s IRP?**

93 **A.** In addition to myself, the following witnesses provide Direct Testimony in support of
 94 PREPA’s IRP:

PREPA Ex. No.	Witness	Title	Subject of Testimony
Ex. 4.0	Todd Filsinger	Chief Financial Advisor, PREPA (Filsinger Energy Partners)	Chief Financial Advisor Filsinger explains the IRP, the Action Plan and the reasons PREPA proposes it as the Preferred Resource Plan.
Ex. 5.0	Matthew Lee	Consultant, Filsinger Energy Partners	Mr. Lee supports in more detail the Action Plan, describes its high level relationship to Scenarios considered in the IRP and explains the manner in which it incorporates elements of those Scenarios.
Ex. 6.0	Dr. Nelson Bacalao	Senior Consulting Manager, Siemens Power Technologies International	Dr. Bacalao supports the development (including the advance extensive stakeholder processes) and contents of the IRP, subject to the additional support provided by the other witnesses.
Ex. 7.0	Gregory Rivera-Chico	Assistant Division Chief, Planning and Research Division, PREPA	Mr. Rivera-Chico briefly discusses the “RFP” process used to select Siemens as the IRP consultant. He also supports data inputs provided by PREPA to Siemens that were used in the development of the IRP. He also generally addresses PREPA’s compliance with applicable PREB requirements, including PREPA’s posting of the public version of the IRP on its web site.

95 **IV. THE ACTION PLAN**

96 **Q. What is PREPA's Action Plan?**

97 A. PREPA's Action Plan is a plan describing in detail the actions PREPA plans to take in
98 the five year period from 2019 to 2024, assuming the Energy Bureau approves, to
99 transform Puerto Rico's electric system. This Plan describes an ambitious program of
100 investment and the restructuring of the system to better prepare Puerto Rico to withstand
101 and recover from future weather and service disruption events and to position the
102 Commonwealth to adapt smoothly and quickly to future changes in economic conditions
103 and electric power requirements. This is summarized in Part 10 of the IRP main Report.
104 I understand that the Energy Bureau's Regulation No. 9021 requires PREPA to identify
105 its Preferred Resource Plan and to propose to implement it through an Action Plan
106 following completion of the IRP process.

107 **Q. Regulation No. 9021 sets forth a variety of criteria that are to be used in selecting a**
108 **Preferred Resource Plan. Did PREPA apply these criteria in selecting the Action**
109 **Plan?**

110 A. Yes, it did. PREPA personnel have advised me that PREPA applied the Energy Bureau's
111 criteria in selecting its Preferred Resource Plan and making it the Action Plan. The
112 manner in which this was done, and the ways in which the Action Plan satisfies the
113 applicable criteria, are summarized in greater detail in Dr. Nelson Bacalao's Direct
114 Testimony (PREPA Ex. 6.0). The Action Plan is further supported by Mr. Todd
115 Filsinger's Direct Testimony (PREPA Ex. 4.0) and in some detail in his colleague
116 Matthew Lee's Direct Testimony (PREPA Ex. 5.0). PREPA's Governing Board has

117 considered the Action Plan and has concluded that, of the available options for directing
118 further investment in and development of Puerto Rico's electric utility system, the Action
119 Plan is the best plan for the people of Puerto Rico.

120 V. **CONCLUSION**


121 Q. **Do you have anything further to add at this time?**

122 A. No. This concludes my Direct Testimony.



ATTESTATION

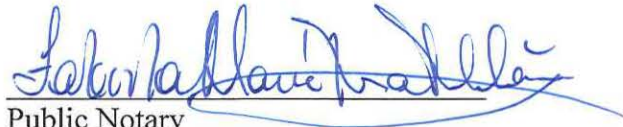
Affiant, José Ortiz Vázquez, being first duly sworn, states the following: The prepared Pre-Filed Direct Testimony and the information, documents and workpapers attached thereto and the portions of the IRP filing I am sponsoring constitute the direct testimony of Affiant in the above-styled case. Affiant states that he would give the answers set forth in the Pre-Filed Direct Testimony if asked the questions propounded therein at the time of the filing. Affiant further states that, to the best of his knowledge, his statements made are true and correct.



José Ortiz Vázquez

Affidavit No. 113

Acknowledged and subscribed before me by José Ortiz Vázquez, of the personal circumstances above mentioned, in his capacity as Executive Director and Chief Executive Officer of the Puerto Rico Electric Power Authority, who is personally known to me or whom I have identified by means of his driver's license number Puerto Rico 1539160, in San Juan, Puerto Rico, this 13 day of February 2019.



Public Notary



**EXENTO PAGO ARANCEL
LEY 47
4 DE JUNIO DE 1982**