

NEPR

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Omar A. Ortiz-Acevedo, PE



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Chairman
Puerto Rico Energy Bureau
World Plaza Building
268 Muñoz Rivera Ave,
San Juan, P.R. 00918

Dear Mr. Edison Avilés-Deliz:

Not long ago, Puerto Rico was one land of many opportunities for a wider sector than it is today. For any entrepreneur either single or multinational incurring to do business in one place it is essential to study how to effectively grow that business in the existing environment. At least from my days as an Electrical Engineering Student in the University of Puerto Rico doing some credits in Economy of Puerto Rico, and other very interesting courses in Micro and Macro Economics, a constant single variable kept bubbling to the surface as a factor not only in Puerto Rico but worldwide, the cost of energy. This single variable on every company budget we analyzed took anywhere from 25%, to 40% to 65% and even more on those pie graphics which now 25 years later are still used as dash boards on the status of any business.

Furthermore, when taking into account that at least in Puerto Rico, PREPA was the only viable option at that time and by being aligned with a social mission, made our current PREPA positions an Engineering dream job, where you could develop a lifetime professional career while helping Puerto Rico grow into the next decades.

Nevertheless, we knew that our strategy and business model was not sustainable in the long term and needed to transform itself in order to serve its purpose. Administration after administration made plans to transform PREPA, with the known results that we have today.

To put this into context, it seems that shuffling of priorities occur almost every other day by trying to solve the fuel type dilemma (oil-gas-renewables balance act) while attending the Company finances under Title III and with the medic health plan and retirement plans needing

constant work arounds. For many of us, plans to attack our main problems, have looked great on paper, but have fallen short on execution. It's no secret that the company is heavily understaffed and cannot wait for its proclaimed transformation date to start implementing changes to make for a more dynamic and responsive entity to serve the people of Puerto Rico.

To achieve this goal, all procedures need to be put on the table. Mostly all of them are completely outdated to modern standards and were designed with a bureaucracy of 13 thousand plus employees (too many on desks and paperwork) and do not accommodate proper controls to propel the company into a straight forward way of thinking and acting upon.

Also, in my point of view, heavy interior conflicts emanating from salary disparity between higher management and the labor force keep middle management in a 10 year plus spiral of pay and benefit cuts. This keeps morale at an all-time low, execution and effectiveness as an afterthought when only a few with a partisan opinion state that everything is great and firing on all cylinders. The Industry, Commerce, residents and the media press of all sectors, seem to categorize PREPA's few steps as two steps too slow or even as nonexistent as the expected results are not accomplished in a timely manner.

PREPA CEO Jose Ortiz acknowledges the situation and started taking measures to try and stabilize its inside labor situation. While PREPA Engineers and technical force start fleeing in search of more stability and opportunities, we try to keep talent to remain marginally operational.

PREPA Linemen got a new salary deal and Operations Regional Directors got a well-deserved salary revision to remain competitive. Also two linemen school are almost complete to put some needed extra hands on the technical Districts. However, in order for these moves to have the impact in stability for PREPA, to traduce into a betterment of services and to orchestrate the type of strategy needed to be transformed, there's much still to be done. An evaluation method on performance including a comprehensive wages and salary adjustment to key positions like District Engineers and Line Supervisors is ineludible. The investment intertwined between these evaluations and the salary adjustment is fundamental to focus all efforts on reconstructing the energy sector going forward, but need attention right now.

The Transmission and Distribution concession is on the works, but we need to keep the current limited human resources with experience in place to manage the work load aftermath of the recent natural disaster events Puerto Rico. Recent internal and third party reports conclude that action is needed now to implement an evaluation system that reaps the most out of our labor force, boost morale amongst middle management and stabilize the chain of command. Also, the Christmas bonus should be replaced with a bonus that at least considers reciprocating effort and effectiveness towards achieving goals.

Edison Avilés-Deliz, PE, Esq.

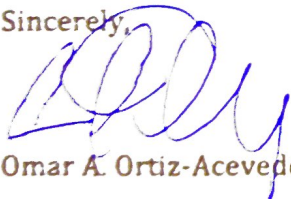
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As a District Engineer for PREPA, with only six fellow supervisors we have very limited resources to work with and extremely limited options to even stabilize daily operations in a non-sustainable work environment in the mid to long term window. For example, in the San German District, the biggest geographic wise and in number clients in the Mayaguez Region serves over 72,000 clients. Also, current demographic data indicates that San German District serves 4 of the 10 top municipalities in Puerto Rico with people of 65 years and older. Other cases can be sustained for other Districts, which also need attention from every available board and stakeholders.

All in all, engineers like myself and our fellow remaining supervisors want to stay the course and invest our knowledge and experience in Puerto Rico. We feel it's of paramount importance for PREPA, PIR Board of Directors, PROMESA Board of Directors and the public in general to insert this matter into all discussions going forward. After reading about your academic background in international relations while being a fellow CIAPR Engineer and a former CIAPR President, gives hope on the type of approach to our current situation. Paired with proper response from the energy sector and strong regulation and legislation and adding our desire and drive to serve Puerto Rico in the years to come, I believe that we can make a difference. We are looking forward to your response.

Sincerely,



Omar A. Ortiz-Acevedo, P.E.