

In ideal circumstances, the Commission would ask for comments on procedures to ensure prudent, least-cost contracting, then craft requirements that align with PREPA's practical abilities. The present emergency does not allow for taking extra time with such procedures. Accordingly, this Order goes into effect immediately. The Commission does, however, invite PREPA to suggest alternative means of accomplishing the same objectives as the ones furthered through this Order.

I. BACKGROUND

a. PREPA's History of Imprudent Procurement and Contracting

On October 17, 2017, PREPA signed a contract with Whitefish Energy Holdings, LLC ("Whitefish") for the provision of certain services related to the restoration and recovery of PREPA's electric grid. Less than two weeks later, amid a myriad of controversies, PREPA announced its intention to cancel the Whitefish contract on October 29, 2017.³ In the 12-day period in between, PREPA incurred at least \$20.7 million of costs associated with this contract.⁴ PREPA entered into the Whitefish contract without notifying or seeking prior approval from the Commission.

Whitefish is not the only instance in which PREPA's actions with regards to the procurement, contracting and management of contracted services have shown to lack the level of discipline and scrutiny expected from a public utility and required by Act 57-2014.⁵ Throughout many of its proceedings, the Commission or its consultants have raised concerns regarding the terms and conditions agreed to by PREPA when entering into contracts (and whether such terms and conditions are in PREPA's and ratepayer's best interest), as well as the lack of performance metrics to ensure the quality of the work performed by the contractor. Examples include, but are not limited to, the quality of the products prepared by PREPA's contractors Siemens PTI and Navigant Consulting, Inc. (submitted as part of

on PREPA's Rates") and Part II of the Commission's Final Resolution addressing PREPA's Motion for Reconsideration, CEPR-AP-2015-0001, March 8, 2017 at pp. 14-34. *See also*, PREPA's Verified Motion for Reconsideration of Provisions of the Final Resolution and Order, filed January 30, 2017, and PREPA's Appeal to the Puerto Rico Court of Appeals challenging the legality of the Commission's determinations, Case No. KLRA2017-0444, consolidated with Case No. KLRA2017-0446. Of special concern is that PREPA's attempts at freeing itself from required oversight have been supported by both AAFAF and the FOMB. *See* Notice of Removal, Case No. 17-04780 (LTS), Adversary Case No. 17-00256 (Docket Entry No. 279).

³ While PREPA announced its intention to cancel the Whitefish contract on October 29, 2017, Whitefish would continue providing services until certain milestones were completed. As of the date of this Order, Whitefish continues to provide services to PREPA.

⁴ <http://cb.pr/whitefish-no-se-va-hasta-que-entregue-la-linea-de-aguirre-y-aguas-buenas/>. This amount is expected to increase, given, as noted before, that Whitefish would continue providing services to PREPA until the completion of certain milestones.

⁵ The Puerto Rico Energy Transformation and RELIEF Act, as amended.