

Puerto Rico Cancels Suspicious \$300 Million Contract with Montana Firm

written by GEG | October 30, 2017



Puerto Rico: Nearly 80% of the island is still without power due to Hurricane Maria. Whitefish Energy, the Montana company that received a \$300-million, no-bid contract to restore electricity, had only two employees prior to the contract. Accusations of kickbacks to Puerto Rican politicians appear to be the trigger for the cancellation. Even if this should put an end to fraud, it will cause further delay in restoring power. -GEG

Puerto Rico's lone power utility company canceled a \$300 million contract Sunday with a small energy company from Montana after the island's governor called the deal a distraction.

Whitefish Energy will be paid to complete ongoing work on two transmission lines in the hurricane-ravaged territory, Ricardo Ramos, executive director of the Puerto Rico Electric Power Authority (PREPA) **told reporters**. Puerto Rico's immediate needs after the hurricane called for quick action at the time, he said.

"The best thing that can happen is its cancellation," Ramos said. "But the investigations will continue."

PREPA's decision came shortly after Gov. Ricardo Rosselló called the contract a distraction that should be canceled. Neither the governor nor Ramos explained how the island's utility company planned on disentangling Whitefish from the contract.

"As a result of the information that has been revealed and the need to protect the public interest, as governor I am asking the power authority to cancel the Whitefish contract immediately," Rosselló **said at a press conference** Sunday morning. He is not the only government official criticizing the no-bid deal.

Lawmakers and critics in the electric power industry, Congress, and other agencies raised questions about whether Whitefish was well equipped to handle the fix. The company had only two employees before Hurricane Maria battered the island in September. Nearly 80 percent of the island is still without electricity.

The move to eliminate the contract and have Whitefish vacate the island could turn into a bigger nightmare than initially believed. Whitefish Energy now has about 325 people working on restringing transmission lines, clearing debris and erecting fallen poles – all of which could seriously delay restarting Puerto Rico's energy grid.

Rosselló is also calling for stricter scrutiny of PREPA's authority to reboot Puerto Rico's infrastructure. There should be a "special outside coordinator" to monitor the utility's purchases so we "can have more clarity in this process," he wrote in a tweet Sunday following the news conference.

The situation could give Congress more authority to govern Puerto Rico, a move that could roil native Puerto Ricans who feel the U.S. treats the island like a colony. Congress created an oversight board for Puerto Rico and is planning to ask a federal court this week for clear authority to examine contracts as small as \$10 million.

Puerto Rico has a history of doling out shady government contracts and questionable deals with various private entities.

The island's officials filed for bankruptcy in May and recently **closed nearly 200 schools** to save \$7 million, while simultaneously issuing 107 consulting contracts since January to questionable recipients.

Puerto Rico spent \$256 billion in federal funds from 1990 through 2009 but **only collected \$74 billion** in tax revenue. The U.S. territory is required to prioritize payments to creditors unless the funds go to essential services.

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