

Written Testimony of Governor Jenniffer González-Colón of Puerto Rico
Hearing to Examine the State of the U.S. Territories
U.S. Senate Committee on Energy and Natural Resources
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Chairman Lee, Ranking Member Heinrich, and Members of the Committee, thank you for the opportunity to discuss the significant progress we have achieved for Puerto Rico during the first eighteen months of my administration, as well as our ongoing work to address the most pressing challenges facing the island's 3.2 million Americans.

Upon taking office as Governor on January 2, 2025, I made a commitment to restore fiscal responsibility and enact pro-growth policies, accelerate the reconstruction of our energy grid and critical infrastructure, and solidify Puerto Rico's position as a key contributor to the United States' national and economic security. I am pleased to report that, on each of these fronts, we are delivering results.

Achieving Fiscal Discipline through Balanced Budgets, Spending Reductions, and Pro-Growth Policies

A decade ago, when Puerto Rico defaulted on its debts and Congress enacted the *Puerto Rico Oversight, Management, and Economic Stability Act* (PROMESA), talking about fiscal responsibility on the island sounded like a distant goal. Today, under my administration, fiscal responsibility is no longer an aspiration—it is a reality.

Last year, working with the Financial Oversight and Management Board (FOMB) created by PROMESA, I signed Puerto Rico's first certified balanced budget since that law's enactment in 2016. This year, for the first time in a decade, it was the Government of Puerto Rico that led the budget development process, rather than merely responding to the FOMB's directives. I recently submitted to the Puerto Rico Legislative Assembly a balanced, fiscally responsible budget proposal for next fiscal year developed in compliance with Modified Accrual Accounting Standards. Once approved and signed, it will become the island's second certified balanced budget—putting Puerto Rico well on track to meet PROMESA's requirement for four consecutive balanced budgets as a condition to terminate the FOMB.

But I am not just committed to developing and signing annual balanced budgets. My administration is also working to implement permanent, structural safeguards to ensure long-term fiscal stability for Puerto Rico and avoid the mistakes of the past. This includes legislation to (1) establish a Budget Stabilization Fund, financed and benchmarked at state rainy-day fund standards to help us build reserves; (2) create, for the first time, a dedicated Capital Fund to finance infrastructure projects, a standard practice in other States that Puerto Rico has lacked; and (3) adopt and maintain a transparent Five-Year Financial Plan that aligns revenues with expenditures. I have been working closely with the Puerto Rico Legislative Assembly and expect these measures to be passed and sent to my desk for my signature in the coming weeks.

I have similarly instructed our state agencies to adopt concrete measures to generate savings and be good stewards of taxpayer funds. Because of this commitment to fiscal discipline, during my

time in office, we have reduced government contract expenditures by more than \$900 million to date.

We are cutting red tape, tackling unnecessary bureaucracy to improve government efficiency and economic competitiveness in Puerto Rico. Since 2025, for instance, my administration has repealed 392 regulations across nineteen state agencies, eliminating over 13,000 pages of obsolete regulatory text. To improve the ease of doing business and provide certainty, we are also advancing comprehensive permitting reform.

Our commitment to fiscal discipline and advancing pro-growth policies is already creating the necessary conditions for real, sustained economic development in Puerto Rico—with total employment reaching 1.165 million in March 2026, the highest level since 2008.

Securing an Affordable, Reliable Energy Grid

Puerto Rico's long-term fiscal stability and economic competitiveness also depend on strengthening our infrastructure, after years of deferred maintenance and the impact of natural disasters. I came into office with a clear mandate to do just that: stabilize and rebuild our energy grid and accelerate the execution of long-delayed reconstruction and capital improvement projects.

When I was sworn in in January 2025, Puerto Rico was facing an 800-megawatt (MW) power generation shortfall. Projections indicated that we would have four times the number of blackouts during the summer. Working in close collaboration with President Trump's Administration—including our partners at the U.S. Department of Energy and the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA)—we leveraged flexibilities provided by the National Energy Emergency Declaration and local emergency authorities I issued to avoid this catastrophic scenario. In 2025 alone, we restored over 1,300 MW of generation and have not faced an islandwide blackout in over a year.

Support from our federal partners has been instrumental in advancing our efforts to secure an affordable, reliable energy grid for Puerto Rico's 3.2 million Americans. Below I will elaborate on some of the tangible results and success we have jointly achieved to date:

Section 202(c) Emergency Orders to Improve Grid Reliability in Puerto Rico

Energy Secretary Chris Wright issued and has renewed two emergency orders for Puerto Rico under Section 202(c) of the Federal Power Act—the first such orders issued in the nation during President Trump's second term. The first order directs the dispatch of units necessary to expand baseload generation for the island and maintain grid reliability, closing the gap in generation shortfall. This has provided us the necessary flexibilities to restore or repair over 1,600 MW of baseload generation between 2025 and 2026, reduce the frequency of manual load shedding events, and avoid islandwide blackouts.

The second order directs vegetation clearance activities along transmission lines, including to reestablish rights-of-way. Overgrown vegetation is one of the leading causes of outages in Puerto Rico. The Department of Energy estimates that full vegetation clearing of transmission rights-of-way on the island could lead to a total reduction of over 80 percent of adverse events, avoiding

1.76 million customer interruptions and over 1.2 billion customer minutes of interruption. FEMA has leveraged the flexibilities provided by the 202(c) emergency order to accelerate the obligation of projects to restore rights-of-way, and we are currently working to partner with the U.S. Army Corps of Engineers to conduct and expedite this work.

Puerto Rico Energy Resilience Fund Investments

Under the Department of Energy's Puerto Rico Energy Resilience Fund, we are investing \$368.7 million to carry out previously unfunded grid and generation improvements to strengthen reliability and service for all households across the island. Supported projects—the vast majority of which are scheduled to be completed on or before December 2026—include repairs to and rehabilitation of 1,224 MW across power plants, replacement of failed transformers, restoration of key transmission corridors, modernization of substations, and automation of distribution feeders, among others.

Accelerating FEMA Energy Reconstruction Projects

By working with FEMA and other federal partners and holding utility operators accountable, we have been able to accelerate the pace and execution of energy reconstruction projects in Puerto Rico funded under the FEMA Accelerated Award Strategy (FAASt) Program announced by President Trump in September 2020 to help rebuild the grid from the impact of Hurricane Maria. The number of FAASt energy projects under active construction on the island has increased by over 25 percent in the first eighteen months of my administration—from 246 in December 2024 to 309 projects currently under construction, valued at nearly \$3.4 billion. During this same period, federal funding obligations for FAASt energy projects have increased by over 26 percent and disbursements by over 47 percent.

Current FEMA-funded projects under construction include the installation of 430 MW of utility-scale battery energy storage systems with up to four hours of storage capacity designed to reduce load shedding events by up to 90 percent, as well as the installation of 244 MW of dual-fuel (liquefied natural gas and diesel) peaking units to provide reliable power during periods of high electricity demand or when existing baseload plants go offline due to maintenance or forced outages.

Conversions to Natural Gas to Reduce Energy Costs and Lower Emissions

Puerto Rico has historically faced among the highest electricity rates in the United States. Last year, for example, the island's average electricity price for all sectors ranked third highest in the nation, behind only Hawaii and California. As Governor, one of my top priorities is addressing this challenge and lowering energy bills for ratepayers in Puerto Rico, including by transitioning to reliable, affordable fuel sources like natural gas.

Our energy regulator, the Puerto Rico Energy Bureau, recently approved the conversion of multiple generation units across the island to operate on natural gas, instead of continuing to rely on expensive petroleum products as their primary fuel. We have been working closely with the U.S. Environmental Protection Agency (EPA) to conduct and finalize the necessary air permitting reviews and expect the fuel swaps to start before the end of the year.

The conversion to natural gas at our power plants is expected to generate approximately \$180 million in annual savings for families and businesses in Puerto Rico. It will also lower sulfur dioxide (SO₂) and other air pollutant emissions, supporting compliance with applicable environmental requirements, including the EPA's SO₂ National Ambient Air Quality Standards. Additionally, the use of a cleaner fuel is expected to decrease maintenance frequency and overhaul costs for the units, resulting in improved operational stability and extended equipment lifespans.

Transforming Puerto Rico's Energy Sector through Private Investments

Relying solely on federal funding and emergency authorities to modernize Puerto Rico's energy system is not a viable long-term strategy. That is why my administration began a competitive procurement process last year to add and build up to 3,000 MW of permanent, baseload generation through public-private partnerships, which would allow us to eventually replace our old, legacy power plant units. Proponent selections and awards should begin by the end of the summer.

We also recently secured approval of a contract to install and operate 400 MW of natural gas-fired temporary generation units following another competitive procurement process. This will provide us additional reserves to conduct maintenance on existing units and further minimize the risk of power outages in the future.

Accelerating Reconstruction Projects & Rebuilding our Critical Infrastructure

As previously mentioned, my administration is committed to accelerating Puerto Rico's recovery from previous natural disasters and finally rebuilding and strengthening our critical infrastructure. To achieve this, I have eliminated red tape and signed executive orders to streamline and establish a fast-track permitting process for federally funded projects—including waiving the need for duplicative local environmental reviews if a federal agency has already issued a determination.

We are already seeing positive results from these efforts. During the past eighteen months, the number of FEMA-funded permanent work projects in execution across Puerto Rico—from the design to the construction phases—has increased by over 37 percent, from 11,412 projects in December 2024 to 15,645 projects today. During this same period, the number of permanent work projects under active construction increased by over 27 percent, and the number of completed projects increased by more than 37 percent.

I want to specifically highlight our work to rebuild and modernize our water and wastewater infrastructure, which had unfortunately been neglected for years. For instance, the number of FEMA FAAS_t projects under construction by the Puerto Rico Aqueduct and Sewer Authority (PRASA) has increased by almost 30 percent during the past year and a half—from 108 projects in December 2024 to 140 projects currently under construction, valued at \$2.1 billion. When accounting for other funding sources, PRASA is currently investing over \$7 billion in capital improvements across Puerto Rico.

We are not just accelerating federally funded projects to rebuild our infrastructure. We are also ensuring federal resources are spent with accountability and for their intended use. My administration is taking proactive steps to prevent and combat fraud, waste, and abuse. This

includes agreements signed between the Puerto Rico Central Office for Recovery, Reconstruction and Resiliency, the Puerto Rico Department of Justice, the Puerto Rico Police, and the Puerto Rico Comptroller to share data, detect potential instances of fraud, and ensure FEMA reconstruction funds are spent responsibly. Under my administration, we are committed to being good stewards of federal taxpayer funds.

Bringing Manufacturing Back to American Soil & Securing our Nation's Supply Chains

Over the past year and a half, we have leveraged President Trump's tariffs and industrial policies to bring manufacturing back to the United States. After all, Made in Puerto Rico is Made in the U.S.A. The island—where over 44 percent of our Gross Domestic Product comes from manufacturing—has a proven history with the sector, a skilled workforce, and the necessary ecosystem to revitalize American industry. We are the nation's top producer and exporter of pharmaceuticals, with 120 Food and Drug Administration-approved manufacturing sites and twelve of the world's top twenty pharmaceutical companies having operations in Puerto Rico. We are also a key aerospace and defense manufacturing hub, with over 30 companies developing components across major U.S. aircraft platforms.

That is why in 2025 I signed an executive order establishing a Reshoring Task Force to pursue an aggressive strategy to further attract domestic and foreign manufacturing investments to Puerto Rico. I am proud to report that, to date, twenty-three manufacturing companies have announced plans to expand or establish operations on the island, committing to investing over \$2.6 billion and creating 5,700 new jobs. This includes biopharmaceutical companies like Eli Lilly, Amgen, and Taiwan-based PharmaEssentia, as well as defense and aerospace corporations such as Collins Aerospace.

These investments are not only supporting Puerto Rico's economic development, but they are also strengthening U.S. supply chains by reducing our dependence on foreign adversaries like Communist China for medical devices, pharmaceuticals, and other critical products.

Supporting our National Security in the Western Hemisphere

Puerto Rico is also uniquely positioned to advance our national security goals in the Western Hemisphere. We welcome the renewed attention to the region, which for too long seemed to be overlooked or neglected despite the increased presence of foreign adversaries and the threats posed by drug trafficking and transnational criminal organizations operating in the Caribbean.

Since late August 2025, the Department of War (DoW) has deployed assets and service members to Puerto Rico—including, until recently, the 22nd Marine Expeditionary Unit and now the 24th Marine Expeditionary Unit—in support of Operation Southern Spear. Former military bases on the island like Roosevelt Roads Naval Station have been partially reactivated, where DoW has invested in infrastructure upgrades for the benefit of both civilian and military activities.

U.S. military forces deployed to Puerto Rico have been essential to carry out operations against illicit drug traffickers in the Caribbean. We know firsthand the dangers posed by these criminal organizations and how they ravage American communities. Drug traffickers from Venezuela and Colombia have long exploited our strategic location as the southernmost maritime border of the

United States to smuggle their drugs into the nation, with estimates showing that between 70 to 80 percent of narcotics coming into the island are then moved to the mainland. In 2025 alone, federal and state law enforcement agencies seized over 92,000 pounds of drugs in and around Puerto Rico and the U.S. Virgin Islands. This in turn fuels violent crime, with over 50 percent of all homicides in Puerto Rico tied to the drug trade.

U.S. service members and assets in Puerto Rico also played a leading role facilitating the capture of Venezuelan dictator Nicolás Maduro under Operation Absolute Resolve—removing an indicted narco-trafficker whose brutal regime served as a base of operations for Communist China, Russia, and Iran.

I am proud that, over the past year, Puerto Rico has played such an important role supporting our national security, protecting the homeland from transnational criminal organizations and other malign actors operating in the Western Hemisphere. As Governor I remain committed to continue partnering with DoW and our federal law enforcement partners to keep Americans on the island and the mainland safe.

Supporting Medicaid and Medicare Services for Americans in Puerto Rico

Looking ahead, one of the most pressing challenges we face in Puerto Rico is securing additional support for our Medicaid program. Unlike the 50 States—where federal funding for Medicaid is open ended and the Federal Medical Assistance Percentage (FMAP) is determined annually based on per capita income—the island receives a capped allotment of funds and has a statutorily set FMAP of 55 percent. This different structure and funding limitation creates challenges, restricting long-term planning and preventing us from covering all mandatory Medicaid services.

In 2022, while serving in Congress, I helped negotiate and secure a bipartisan five-year agreement through September 30, 2027, to provide the necessary resources to support the 1.3 million Americans in Puerto Rico who rely on Medicaid services. It also temporarily increased the FMAP rate to 76 percent and provided additional funding if certain provider rates and integrity measures were met.

In Puerto Rico we made it a priority to fully comply with these congressionally mandated program integrity measures. We remain committed to preventing and combating fraud, waste, and abuse to ensure Medicaid funds support those who really need them. Among other actions, we have designated a Program Integrity Lead and a Contracting and Procurement Oversight Lead, tasked with ensuring compliance with federal procurement standards. We are implementing an Asset Verification System, allowing for the electronic review of assets of potential beneficiaries. And we have a Medicaid Fraud Control Unit within the Puerto Rico Department of Justice, which has been certified by the U.S. Department of Health and Human Services' (HHS) Office of the Inspector General since Fiscal Year 2019 and monitors payment accuracy through the Payment Error Measurement (PERM) Program. The PERM cycle completed in 2024 shows an error rate of 2.51 percent in Puerto Rico, well below the national rate of 5.09 percent.

As we approach 2027, I look forward to working with Congress, HHS, and the Centers for Medicare and Medicaid Services (CMS) to secure a new, long-term Medicaid funding agreement for Puerto Rico. Absent this, we will experience a dramatic, unsustainable drop in federal

assistance and return to the statutorily set 55 percent FMAP, threatening healthcare services on the island.

I also look forward to working with Congress to address significant challenges we face in Medicare Advantage (MA), which serves more than 670,000 seniors and over 96 percent of eligible Medicare beneficiaries in Puerto Rico—the highest MA enrollment rate in the nation. Despite paying the same Medicare payroll taxes as our fellow Americans in the States, Puerto Rico’s MA benchmark rates are approximately 41 percent below the national average because they are calculated using a shrinking pool of only 29,000 beneficiaries enrolled in traditional Medicare. The result is lower provider reimbursement, strained healthcare networks, and growing pressure on providers and patients to leave the island.

My administration is actively working with the Trump Administration on this issue, and I welcome the input and engagement of Members of Congress to raise the MA benchmarks for the island to ensure that, combined with a strong Medicaid program, we can provide the care and services providers and patients in Puerto Rico deserve.

Strengthening the Union

In Puerto Rico, we are taking concrete steps to balance our budgets and restore fiscal responsibility. We are finally rebuilding our grid and modernizing our critical infrastructure to support the delivery of essential services, spur long-term economic growth, and attract investment. We are playing a leading role revitalizing American manufacturing and industry, protecting the homeland, and safeguarding our interests in the Western Hemisphere.

As we approach the 250th anniversary of the signing of the Declaration of Independence, Puerto Rico stands ready to continue contributing to the nation and upholding our founding principles—this time as an equal, full-fledged member of the Union.

We have been part of the United States since 1898 and proud American citizens since 1917. During that time, we have been active participants in the nation’s history, including the over 235,000 Puerto Ricans who have served in the U.S. Armed Forces since World War I to defend American democracy and values.

Puerto Rico is ready to take the next step in our relationship with the United States. Since 2012, voters have chosen statehood in four plebiscites. As Governor, I look forward to working with Congress to respect that democratic mandate and secure equal rights, equal responsibilities, and equal representation for the 3.2 million American citizens who call Puerto Rico home.

Thank you.