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Debt Deal for Puerto Rico Power Company Could Hike Electricity Bills by Almost \$20 Per Month

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Electric meter. By. GETTY IMAGES

The latest plan to rid Puerto Rico's struggling power company of at least some of its staggering \$10 billion debt could hike consumer electricity bills by an average of almost \$20 per month.

A proposal filed on Thursday by the Financial Oversight and Management Board before a federal bankruptcy judge aims to restructure the debt and cut it almost in half, the Associated Press reports.

David Skeel, chair of the board, acknowledges that if approved, the plan would cause pain to consumers who are not responsible for the debt burden of the Electric Power Company (PREPA). Skeel also acknowledged that the plan calls for consumers already struggling with high bills and

unreliable service to pay even more for what is not at all guaranteed to be an improved experience with the newly privatized energy system in the territory.

But he attempted to soften the blow with an estimation that approximately 700,000 consumers, nearly half of all residential customers, would not pay any increase at all. That's because the additional charges will only be applied to those consuming more than 500kWh of electricity per month.

The plan proposes a new \$13 monthly connection fee for residential customers, plus additional charges based on power consumption. Commercial operations would pay anywhere from \$16.25 per month up to \$1800 in connection fees, depending on the size of the business.

Although Puerto Ricans may complain about being asked to shoulder the burden of relieving PREPA of its debts, Skeel says this latest proposal is the least painful out of all the options that have previously been discussed. The deal also has the backing of several major cohorts of the power company's creditors.

Puerto Rico Governor Pedro Pierluisi has expressed his belief that PREPA should bear the costs, but it is unclear how much leverage he has in effecting change when it comes to the proposed debt restructuring plan. The governor is also optimistic that [the privatization of Puerto Rico's power generation](#) will not result in skyrocketing prices.

In 2015, Puerto Rico announced that it could not service its debts, which amounted to over \$70 billion. In 2017, the territory filed for the largest municipal bankruptcy in U.S. history. Since then, Puerto Rico has been slowly working to whittle down the mountain of obligations, with PREPA's \$10 billion debt its final hurdle.