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The U.S. Department of Housing and Urban Development Office of Inspector General’s Review of The Status of Puerto Rico’s Electrical System Enhancement Efforts

WASHINGTON DC— The U.S. Department of Housing and Urban Development (HUD) Office of Inspector General (OIG) issued a report this week detailing the status of the Puerto Rico Department of Housing’s (PRDOH) Electrical Power System Enhancements and Improvements Programs.

In June 2021, HUD allocated nearly \$2 billion in Community Development Block Grant-Disaster Recovery (CDBG-DR) funds to enhance and improve electrical power systems in areas impacted by Hurricanes Irma and Maria.

PRDOH budgeted most of its \$1.93 billion disaster recovery funds for its two main electrical grid programs: (1) \$500 million for the Energy Grid Rehabilitation and Reconstruction Cost Share Program, and (2) \$1.3 billion for the Electrical Power Reliability and Resilience Program. PRDOH launched both electrical grid programs in 2023, and both programs are in their early implementation stages. As of July 12, 2024, PRDOH had spent less than 1 percent of its total budget for both programs – only \$179,761 of \$1.93 billion.

The report outlines actions PRDOH has taken to date, such as entering a Memorandum of Understanding with HUD, the Government of Puerto Rico, U.S. Department of Energy, and the U.S. Department of Homeland Security, and engaging in preliminary steps, including among other things, publishing program guidelines, developing project selection procedures, and executing subrecipient agreements. PRDOH has requested from HUD an extension to use grant funds for both programs until May 2033, which is nearly 5 years after the original August 2028 deadline and 15 years after Congress appropriated funds for Puerto Rico’s electrical grid needs.

“Almost seven years ago, Hurricanes Irma and Maria devastated Puerto Rico and its power grid. The unmet energy needs on the island are of critical importance, as are PRDOH’s programs to address them,” stated Inspector Rae Oliver Davis. “This report provides valuable transparency around the status of the programs and their progress, as well as an update on PRDOH’s use of the substantial HUD funding provided to enhance the island’s power grid.”

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