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August 20, 2015

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USDA/RUS

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RE: ENERGY ANSWERS ARECIBO LLC

Good afternoon. On behalf of the Puerto Rico's Mayors Association, which represents 47 of the 78 municipalities in Puerto Rico, we appreciate the opportunity to appear today before the Rural Utilities Service (RUS) of the US Department of Agriculture to present comments on the Environmental Impact Statement (EIS) draft prepared in support of the financial assistance request presented by Energy Answers Arecibo LLC's (Energy Answers) for a proposed Waste to Energy incinerator project in Arecibo, Puerto Rico.

The Association reserves its right and those of its members to submit detailed comments on the adequacy, completeness and sufficiency of the EIS draft that has been prepared for this project. However, the Association takes this opportunity to alert RUS on the critical absence of any information in the EIS draft that assesses the social and economic impacts on municipalities in Puerto Rico should this project advance pursuant to the contracts that have been executed by Energy Answers and the Puerto Rico Solid Waste Management Authority (SWMA) and which most likely support Energy Answers' financial model for loan payment.

The National Environmental Policy Act (NEPA) process that is been conducted by RUS, as a result of the financial assistance requested by Energy Answers, is intended to evaluate the project's potential effects on all environmental resources, including socio-economic factors affecting the human environment. NEPA further requires that when a federal agency is considering taking a federal action (in this case, whether or not

to provide financial assistance) it must identify and assess the reasonable alternatives to that action that would avoid or minimize adverse environmental effects. In addition, NEPA requires federal agencies to examine the effect on not taking any action at all, that is, the No-action alternative. Consequently, these socio-economic factors must be evaluated in determining whether this proposed federal financing of the waste incinerator project should be considered reasonable pursuant to a informed choice among alternatives.

It is the Association's position that the EIS draft for the Energy Answers project does not contain essential and critical information on the foreseeable significant and damaging socio-economic impacts on the affected municipalities' operational budgets and public services due to increases in waste transportation and tipping costs associated with hauling municipal waste to Arecibo to feed the incinerator. No information is presented on these matters in the EIS draft in order to enable to predict, with reasonable certainty, the socio-economic impacts on the affected municipalities. Neither the EIS draft properly evaluates the noted steady improvements in landfill operations, waste reduction, minimization and recycling efforts, that should be viewed objectively under the category of No Action alternative.

RUS' objectivity would be compromised for lack of an in depth evaluation of these serious socio-economic impacts on municipalities. Absent this critical socio-economic evaluation in the EIS draft, the agency should deny Energy Answers' financial assistance request for lack of objective pertinent information and transparency that would enable proper evaluation of the socio-economic impacts on the affected municipalities which are called to support with their municipal wastes and public funds the financial model presented by Energy Answers to RUS in support of financial capacity for loan payment.

Financial assistance to Energy Answers should be denied by RUS in absence of sound and credible information to draw conclusions on the economic feasibility of the project, particularly when the municipalities of Puerto Rico, with their respective wastes and tipping fees, are not willing partners in this project and will not support with their municipal funds Energy Answers' loan payment capacity.

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Please be also advised that the Association and/or some of its individual member municipalities intend to pursue legal action to contest the legality of the contracts executed between Energy Answers and the SWMA, in violation of the US Constitution's Commerce Clause and the Puerto Rico's Autonomous Municipalities Law, set forth by Public Law 81, August 30th, 1991, and of any future attempts to impose municipal waste flow control mechanisms to benefit private interests at the expense of the public. Please be certain that this undesirable incinerator project is destined to fail.

Cordially,

A handwritten signature in black ink, appearing to be 'R. Ortiz Velázquez', written in a cursive style.

Rolando Ortiz Velázquez
President
Puerto Rico's Mayors Association