



August 19, 2015

USDA/RUS  
1400 Independence Ave. SW.  
Room 2244-S, Stop 1571  
Washington, DC 20250-1571

**RE: Financing for Arecibo Waste to Energy Generation and Resource  
Recovery Facility Arecibo, Puerto Rico**

To whom it may concern:

Good afternoon. My name is Reinaldo Paniagua and I appear here today in my capacity as Executive Director of the Federation of Mayors of the Commonwealth of Puerto Rico. We shall commence by thanking USDA/RUS for this public meeting concerning a waste to energy incinerator that has generated significant opposition not only with the communities in Arecibo but throughout Puerto Rico. The Federation of Mayors (hereinafter, the Federation), representing 31 Municipalities in Puerto Rico, appreciates the opportunity to submit comments on the draft Environmental Impact Statement (EIS) prepared for Energy Answers Arecibo, LLC, under the federal EIS guidelines.. Additional comments may be submitted by the Federation and/or member municipalities on or before the announced written comment deadline once it concludes the proper examination of the entire EIS and its attachments.

That being said, the Federation wishes to express its deepest concern and dissatisfaction for the lack of information in the draft EIS on the financial model proposed by Energy Answers to guarantee loan payment and meet its financing obligations. . The draft EIS also is totally silent on the economic impacts on the affected municipalities' in the event these are required to provide their municipal wastes to Energy Answers for incineration, as set forth under the contracts executed between Energy Answers and the Puerto Rico Solid Waste Authority (SWMA) that the municipalities, as the entities responsible for waste collection and

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disposal in Puerto Rico, were not participants. The draft EIS does not provide any information concerning the anticipated increases in transportation costs and tipping fees and potential detrimental effects on the municipalities' operational budgets, thereby affecting essential services provided to the communities. In consideration of the above, the Federation respectfully requests that the draft EIS be revised to include these financial model and socio-economic impacts associated with the incineration project under consideration by RUS and that this process be held in abeyance until this essential information is provided for public review and a new hearing or comment period be afforded to allow proper participation by the public and the municipalities with the pertinent socio-economic information at hand.

Please also be cautioned that the entire process since its inception has suffered from a total absence for a rigorous and objective analysis on the economic prospect for the Municipalities that, pursuant to the abovementioned contracts that Energy Answers has sought from SWMA, are "bound" to provide their waste to feed the incinerator in total disregard and/or disruption of their own Municipal Solid Waste (MSW) management programs and contracts.

Also, please be aware the process involving Energy Answers' financial model has been conducted behind closed doors and without the participation of the entities lawfully responsible and most affected by its effects, the Commonwealth of Puerto Rico's 78 Municipalities. The entire economic model of this project is based on the erroneous assumption that the affected Municipalities will passively sit idle while their operational budgets and MSW resources get virtually obliterated. USDA/RUS and/or any other financial entity considering providing financial assistance to Energy Answers of Arecibo, LLC. can be certain that this shall not be so.

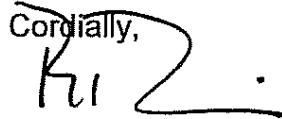
Please be advised that the Federation, in order to preserve the wide and explicit mandate for Municipal Autonomy vested upon our Municipalities by Public Law 81, August 30<sup>th</sup>, 1991 known as the Autonomous Municipalities Law, shall be advising and supporting all its members to pursue all courses of action, including but not limited to a judicial challenge of the contractual relationship between Energy Answers of Arecibo, LLC's and the Puerto Rico Solid Waste Management Authority (PRSWMA) and any unlawful attempt to enforce upon the Municipalities the same.

It's our position that the aforementioned contracts are void, null and unconstitutional. The PRSWMA lacks any authority to bind the economic resources of the Municipalities and control the flow of Municipal Solid Waste to favor a private interest.

Again, the Federation of Mayors appreciates this opportunity to express its preliminary comments on the draft EIS and request that the draft EIS be revised to

include essential information on the financial model presented by Energy Answers to RUS and the socio-economic impacts to municipalities and the communities in Puerto Rico resulting from such financial model

Cordially,

A handwritten signature in black ink, appearing to read 'R. Paniagua Latimer', with a stylized flourish at the end.

Reinaldo Paniagua Latimer  
Executive Director