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September 29, 2011

The Honorable Barack Obama  
President of the United States  
1600 Pennsylvania Avenue, N.W.  
Washington, DC 20500  
Sent via e-mail and U.S. Post

Dear President Obama:

I am writing to bring to your attention a situation that is very threatening to the people and the environment of Puerto Rico and to request your leadership on this important issue.

I am referring to the joint permit application SAJ 2010-028811P-EWG in Puerto Rico being evaluated by the Jacksonville district of the US Army Corps of Engineers (USACE). It concerns a massive pipeline project favored by Governor Luis Fortuño known as the Gasoducto or "Vía Verde" project. Many experts who have evaluated this serious situation believe the consideration of this joint permit application should have been stopped long ago, as the application is based on assumptions that have been very clearly shown to be in error.

During your recent visit to Puerto Rico, you spoke of the need to continue moving Puerto Rico "towards creating a clean energy economy." On March 11 of this year, your Task Force on Puerto Rico's Status issued a report calling for a reduction in Puerto Rico's dependence on fossil fuels and the development of alternative sources of energy. I agree with you on this and commend your efforts to promote safe, clean, and environmentally friendly energy solutions in the U.S. and Puerto Rico.

The project proposed by this application does not promote that goal. Unfortunately, the Governor is determined to build a 92 mile natural gas pipeline that would gravely impact hundreds of sensitive ecosystems, including the delicate Karst region that produces more than 25 percent of Puerto Rico's drinking water. Constructing the pipeline would threaten at least 32 endangered plant and animal species and would require cutting down at least 270,000 trees. In addition, respected environmentalists in Puerto Rico have concluded that this project could potentially place more than 200,000 people who would live in

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close proximity to the pipeline at risk. They have documented the hazards in a Risk Zone to lives and property due to seismicity, tsunamis, fires, floods, landslides and corrosion-caused accidents.

The two main assumptions of this project are that Puerto Rico faces an "energy emergency" and that there is a ready and effective means to supply gas to this huge pipeline. The proposed source of the gas was the EcoEléctrica LNG (liquefied natural gas) facility in Peñuelas, Puerto Rico.

While it is true that Puerto Rico faces a very serious problem of dependency on imported oil as the main fuel for electrical power generation, and the Puerto Rico Electrical Power Authority's (PREPA) electrical power distribution system is antiquated and inefficient, no "energy emergency" exists in Puerto Rico. There is a crisis regarding the inefficiency and mismanagement of the power company by PREPA's top executives. Miguel Cordero, its Executive Director has just submitted his resignation, effective September 30, 2011, amid a public scandal regarding his high salary, four \$40,000 "production bonuses" he received and more than \$2 million dollars in salary increases he distributed among the agency's 200 top executives.

The assumption that there is a ready source of natural gas is also false. EcoEléctrica, which owns the only LNG terminal in Puerto Rico, recently stated that it does not have the technical or physical ability to supply gas to PREPA's proposed pipeline. This unnecessary and dangerous pipeline project is estimated to cost in excess of \$500 million. While natural gas may arguably serve as a "bridge" fossil fuel, most people in Puerto Rico fail to see the need for this dangerous and costly pipeline.

In fact, two power plants that are located closest to the EcoEléctrica LNG facility on the south coast of Puerto Rico, currently supply 70 percent of Puerto Rico's electrical power. By PREPA's own admission, these plants could provide up to 100 percent of the island's electrical power supply and could consume all of the natural gas EcoEléctrica would be able to supply the pipeline in the foreseeable future.

Even without having secured the necessary permit from the United States Army Corps of Engineers (USACE) to build the pipeline, the government of Puerto Rico has already awarded more than \$27 million in no-bid contracts. Approximately \$9.6 million in pipeline design contracts were issued without a competitive bidding process to a self-described "childhood friend and skiing partner" of the Governor who has admitted to having no experience in the design of gas pipelines.

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Following the BP oil spill in the Gulf of Mexico in 2010, you spoke of the need to put an end to the "cozy relationships" between regulators and the industries they regulate. Your Administration took important steps to eliminate the conflicts of interest at the Department of Interior and increased oversight over the oil drilling industry in an effort to prevent future disasters. However, as USACE considers the permit application for this pipeline project, serious concerns have been publicly raised about the potential existence of similar "cozy relationships" between the applicant and its lobbyists and consultants and those reviewing and formally commenting on the application.

I respectfully request that USACE stops the evaluation process until your Administration has conducted a full administrative review of all federal agencies that have had any involvement in this process to ensure that your policy of transparency has been followed. I know that is your intention and I fear that has not been the case in this instance.

I also ask that if, after that review, your Administration is satisfied that all federal agencies involved in this process conducted themselves in accordance with all laws and regulations and in full accordance to your policies, you order USACE that it proceed to conduct an Environmental Impact Statement, including conducting extensive and inclusive public hearings on the proposal in Puerto Rico before considering approving this joint permit application.

I hope that you will give every possible consideration to my request. I believe you have spoken clearly about the need to develop alternative energy sources, to protect our environment and to conduct government business in an open and appropriate manner. I believe this project fails to reach those goals and I hope you will take action.

Thank you for your time and attention to this important request.

Sincerely,

A handwritten signature in black ink, appearing to read "Luis V. Gutierrez", with a stylized flourish at the end.

Luis V. Gutierrez  
Member of Congress