

Montana company with ties to Trump cashes in from Puerto Rico disaster

By Rafael Azul
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Five weeks after Hurricane María cut a path of destruction through Puerto Rico, millions of the island's residents are still without power and are facing the danger of spreading disease and more fatalities. Trump's response has only exacerbated the human suffering while behind the scenes various corporate vultures with close connections to the administration are preparing to cash in from the disaster.

On Tuesday, the *Washington Post* revealed that a small company located in US Secretary of Interior Ryan Zinke's hometown of Whitefish, Montana, had won a \$300 million contract to help restore the operations of the Puerto Rico Electric Power Authority (PREPA or Autoridad de Energía Eléctrica—AEE—in Spanish).

When the contract was signed the tiny two-year-old company, Whitefish Energy, had only two permanent employees. The company's Puerto Rican labor force now consists of 280 workers recruited under contingent contracts.

The deal with the largely inexperienced company is the biggest to date and is a damning exposure of the Trump administration, which promised to “empty the swamp” of bribe-taking and corrupt Washington officials.

Susan Tierney, a former Energy Department official, described as “odd” the selection of Whitefish Energy. “The fact that there are so many utilities with experience in this and a huge track record of helping each other out, it is at least odd why [AEE] would go to Whitefish,” Tierney said, “I'm scratching my head wondering how it all adds up.”

Zinke responded to the *Post* article by admitting that he and Whitefish Director Andy Techmanski know each other but insisting that he had nothing to do with Whitefish Energy getting the contract Puerto Rico's

public electrical utility.

NBC Montana, however, reported that Techmanski reached out to the Department of the Interior to seek its help in “[freeing] up more resources.”

“Once the company got the go-ahead from PREPA on Sept. 26 to begin work, company executives did reach out to contacts in case they could help expedite getting qualified linesmen to the island,” Chris Chiames, spokesperson for Whitefish Energy, told the *Post*.

A spokesperson for Zinke's office explained that nothing came of the request. “The secretary always politely listens when citizens and the small business community approach him with concerns and ideas,” the Interior Department said. “Neither the secretary nor anyone in his office have taken any meetings or action on behalf of this company.”

According to the *Daily Beast* Joe Colonna, the owner of HBC Investments, the private equity firm that funds Whitefish Energy, has close ties to the Republican Party and he and his wife both contributed to the Trump campaign. According to Federal Election Commission data, Colonna contributed \$20,000 to the Trump Victory PAC during the general election, \$2,700 to Trump's primary election campaign (then the maximum amount permitted), \$2,700 to Trump's general election campaign (also the maximum), and a total of \$30,700 to the Republican National Committee in 2016 alone.

The *Daily Beast* continued, “Colonna's wife, Kimberly, is no stranger to Republican politics either; shortly after Trump's victory, she gave \$33,400 to the Republican National Committee, the maximum contribution permitted for party committees in 2016.”

Ricardo Ramos, PREPA's executive director, said the government gave the \$300 million contract to

Whitefish and a separate \$200 million deal to Oklahoma-based Cobra Acquisitions after evaluating up to six companies for the job. Ramos said that Whitefish was chosen because it did not ask for a \$25 million down payment, like other companies had, which the bankrupt utility could not afford.

Ramos declined to say why PREPA failed to active mutual aid agreements with the American Public Power Association, a recognized US entity that provides linemen and other repair and maintenance workers during electrical infrastructure emergencies.

In contrast, the state of Florida was able to begin requesting assistance from the state's mutual aid agency, the Emergency Mutual Aid Compact, six days before Irma made landfall and blacked out 60 percent of the Florida's 6.7 million households. It took 10 days to fully restore that state's power grid, while nearly 80 percent of Puerto Rico remains in darkness.

Ramos claims the mutual aid agreement would have required him to negotiate over expenses. "The Authority does not have the liquidity to cover all of the expenses," said Ramos. "I have to pay them and then ask for a refund. It's a cash flow problem." Regardless, some mainland public utilities have offered help, including the New York Electric Authority, which has sent in work crews to the island.

PREPA has long been a target for privatization and has faced years of cost-cutting, including the layoff of hundreds of linemen who conducted repairs and maintained power lines that stretch across mountainous and remote rural areas. This economic sabotage is why the electrical system was vulnerable to powerful hurricane winds and is the chief reason why it will take months to restore power.

Whitefish is not the only corporation looking to make a bundle from the human suffering on the island. This week a group of investors that hold over \$3.3 billion of Puerto Rico's estimated \$70 billion in debt, including in Aurelius Capital Management, Stone Lion Capital and Monarch Alternative Capital, have made clear that they expect a share of all federal funds allocated to Puerto Rico for hurricane relief. They have declared they will fight in court to get money earmarked for survivors, based on the argument that these funds are merely replacing money Puerto Rico already spent on other expenses, in lieu of paying off their Wall Street creditors.

Billionaires Elon Musk, the CEO of Tesla, and Virgin Group founder Richard Branson are also making a bid to restore the electricity grid and other giant corporations like Google and Amazon are already active on the island. As *Vox* noted, "Companies like Tesla, Duracell, and German energy storage firm Sonnen are already sending battery and solar supplies to Puerto Rico, building a toe-hold in what may be a lucrative rebuilding project."

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