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## Puerto Rico Board Boosts 30-Year Debt Payment Forecast.

**U.S. territory's financial overseers project 54% more available for creditors through 2049 compared with previous estimate**

Puerto Rico's financial overseers approved a 30-year fiscal framework that boosts the amount potentially available to repay debt by 54% while extending their supervisory powers for the first time over the U.S. territory's 78 municipalities.

The oversight board steering Puerto Rico's financial restructuring certified a fiscal plan Thursday that includes a $19.7 billion primary surplus through 2049, an increase over last year's $12.8 billion forecast. The surplus projection is closely watched by Puerto Rico's bondholders as an indicator of how much cash is available to repay them through court-approved debt restructuring plans.

Despite a rise in the long-term projected surplus, the five-year estimate fell to $13.7 billion from $17.9 billion, reflecting a slower rollout of disaster relief spending following the 2017 hurricane season.

Roughly $5.4 billion of the projected surplus will only be available if lawmakers allow the central government to access cash generated by a workers' compensation fund and other public corporations, said Natalie Jaresko, the board's executive director.

The projections also depend on the island government strengthening work requirements, easing business regulations and streamlining permitting rules, she said.

The new fiscal plan builds on a previous version certified in October that raised expectations for disaster relief funding surrounding the devastating 2017 hurricane season and the resulting economic stimulus.

The board Friday reaffirmed that it expected Puerto Rico to receive $83 billion over time in disaster relief from federal dollars and insurance proceeds, including $49 billion from the Federal Emergency Management Agency.

The fiscal plan was the board's first since federal appeals court judges threw its authority into doubt by ruling that its members must be nominated by the president and confirmed by the Senate. The White House last week said President Trump would put the board's current members up for a Senate vote. The appeals court has set a July 15 deadline for them to win confirmation or lose their authority to act.

Puerto Rico's general-obligation bonds, maturing in 2035, held steady Thursday at 49.5 cents on the dollar, according to Municipal Securities Rulemaking Board data.

But population decline projections included in the fiscal plan worsened after fertility data and macroeconomic forecasts painted a gloomier picture of Puerto Rico's future demographics.

An aging population, low birthrates and persistent migration to the mainland U.S. has sapped Puerto

Rico's tax base for the past decade and was exacerbated by the destruction of 2017's Hurricane Maria, which leveled the island's power grid and displaced thousands.

The board now projects that by 2049, 32% fewer people will live in Puerto Rico, an additional 8% decline compared with last year's population estimates. Despite estimating a surplus overall in the 30-year fiscal plan, the board projected that Puerto Rico would run primary deficits starting in 2038 as the disaster relief stimulus fades.

Puerto Rico's 78 municipalities were brought under the supervision of the board, which will require 10 of them to submit fiscal plans and budgets under a pilot program.

In a nod to the difficulties of overhauling Puerto Rico's state-run electricity system, the board also delayed by a year the economic impact from privatizing the power generation and transmission businesses. Private bidders are evaluating the power system with an eye toward making takeover proposals, Ms. Jaresko said.

Creditors of Puerto Rico's electric utility reached a proposed settlement last week for $9 billion in power revenue debt, an important milestone in ending the public monopoly over electricity. The deal requires court approval to become effective.

Yet the board is far from an agreement from investors who own $28 billion in core government debt and filed lawsuits last week seeking to have $9 billion in general obligations zeroed out, a move with little precedent in municipal debt restructurings.

**The Wall Street Journal**

By Andrew Scurria

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