



GOVERNMENT OF PUERTO RICO
Puerto Rico Public-Private Partnerships Authority



ADDENDUM NO. 3 TO REQUEST FOR PROPOSALS

Puerto Rico Electric Power
Transmission and Distribution System
RFP 2019-2

Issued by the Puerto Rico Public-Private Partnerships Authority

Date Initial RFP Issued: February 1, 2019

Date of Addendum: June 14, 2019

PRIVILEGED AND CONFIDENTIAL



GOVERNMENT OF PUERTO RICO
Puerto Rico Public-Private Partnerships Authority



This page has been intentionally left blank.



This confidential Request for Proposals is prepared for informational purposes only. It is being delivered to a limited number of Qualified Respondents who may be interested in pursuing a potential transaction as further described herein. This Request for Proposals does not purport to be all-inclusive or to contain all the information that a Qualified Respondent may desire in investigating the potential transaction. By accepting this Request for Proposals, the recipient agrees (i) to keep confidential the information contained herein or made available in connection with any further exploration of the potential transaction and (ii) that such information will only be used for the purposes set forth herein. No express or implied warranty is given by the Puerto Rico Public-Private Partnerships Authority or any other agency or instrumentality of the Government of Puerto Rico as to the accuracy or completeness of the information contained herein or otherwise made available in connection with the Project.





Addendum No. 3

This Addendum No. 3 shall be part of the Request for Proposals for Puerto Rico Electric Power Transmission and Distribution System (the “RFP”) issued by the Puerto Rico Public-Private Partnerships Authority on February 1, 2019. Capitalized terms not defined herein shall have the meaning set forth in the RFP.

The purpose of this Addendum No. 3 is to update certain terms set forth in the RFP. Other than as specified herein, in Addendum No. 1 to the RFP, issued on April 17, 2019, and in Addendum No. 2 to the RFP, issued on May 24, 2019, there are no other changes to the RFP and the remainder of the RFP should be construed in accordance with its terms, subject to publication of any additional addenda.

Global Amendment:

This RFP and all ancillary documents are hereby amended in their entirety so that any reference to the Proposal (including to the Best and Final Proposal) shall be construed to refer and relate to the Binding Proposal.

Section 1.3 of the RFP is hereby deleted in its entirety and replaced with the following:

1.3 Key Milestones

The following timeline summarizes certain key milestones in the RFP Process (as defined below), which are described in more detail in Section 3 (*Description of RFP Process*) of this RFP:

Milestones	Target Dates
Period for due diligence and Q&A process	February through September 2019
Distribution of draft of O&M Agreement and Financing Term Sheet	May 24, 2019
Distribution of requirements for Binding Proposals	June 14, 2019
Qualified Respondents provide comments to draft of O&M Agreement and Financing Term Sheet	June 14, 2019
O&M Agreement discussions with Qualified Respondents	Late June / early July 2019
Distribution of revised draft of O&M Agreement	Expected early August 2019
Distribution of definitive submission instructions and evaluation criteria for Binding Proposals	Expected early August 2019
Qualified Respondents provide comments to revised draft of O&M Agreement	Expected end of August 2019
Distribution of final form of O&M Agreement	Expected mid-September 2019
Binding Proposal submission deadline	Expected mid-October 2019
Notification of Selected Proponent to enter into O&M Agreement	Expected end of October 2019

The timeline of RFP key milestones provided above is included for illustrative purposes only. Target dates and deadlines are subject to modification. Additional information regarding key dates and deadlines will be provided through the issuance of addenda to this RFP.



As indicated in Section 4.4 (*Addenda to RFP*) of this RFP, each Qualified Respondent is responsible for periodically reviewing the PowerAdvocate© website for regular updates to the RFP timeline and other important information.

Section 3.6 of the RFP is hereby deleted in its entirety and replaced with the following:

3.6 Evaluation of Binding Proposals

The Partnership Committee will evaluate a Qualified Respondent based on the Binding Proposal it submits. The requirements for the Binding Proposals are described in more detail in Section 4.1 (*Binding Proposal Requirements*) to the RFP.

Binding Proposals will be evaluated pursuant to Act 120, Act 29 and the evaluation criteria to be set forth in subsequent addenda to this RFP. . Following the completion of the evaluation of Binding Proposals, the Partnership Committee will determine which Qualified Respondent is the Selected Proponent and notify the Selected Proponent of its decision.

The Partnership Committee and the Authority reserve the right to request clarifications or information from and conduct evaluation interviews with Qualified Respondents in the event the Binding Proposals require additional clarifications or explanations. The Partnership Committee reserves the right, in its sole and absolute discretion, to disregard or waive minor informalities, irregularities, omissions, nonconformities, discrepancies and apparent clerical mistakes.

Section 4.1 of the RFP is hereby deleted in its entirety and replaced with the following:

4.1 Binding Proposal Requirements

Each Binding Proposal, including the submittal forms set forth in this RFP (the “**Binding Proposal Forms**”), must be submitted in English and must include the following components, divided into sections as follows:

- Transmittal Letter
- Executive Summary
- Confirmation of Acceptance of O&M Agreement
- Approach to O&M Services
- Front-End Transition Plan
- Operator Recruitment and Staffing Plan
- Confirmation of Acceptance of Performance Metrics
- Compensation Proposal
- Debt Financing Plan
- Other Required Forms and Certifications



Qualified Respondents should not submit promotional materials as part of their Binding Proposals and are strongly encouraged not to submit information that is not required by this RFP. The Partnership Committee invites Qualified Respondents to provide as much relevant and responsive information as possible and as indicated throughout this RFP. In doing so, the Partnership Committee will appreciate a Qualified Respondent's efforts to submit a responsive Binding Proposal that is as succinct and clear as possible, without impacting the amount of details and information relevant to each required component, and demonstrative of the Qualified Respondent's knowledge, approach and strategy. Non-written, audiovisual materials will not be accepted.

4.1.1 Transmittal Letter

Each Binding Proposal must include a transmittal letter in the form included in Binding Proposal Form 1.1 (*Transmittal Letter*), with any related documentation attached thereto. This transmittal letter must be signed in blue ink by an authorized representative of the Qualified Respondent.

4.1.2 Executive Summary

Each Binding Proposal must include an executive summary that outlines, at a minimum, the Qualified Respondent's understanding of the Project, a summary of the proposed scope of work, the key qualifications and distinguishing features of the Qualified Respondent and a summary of the compensation proposal.

This requirement is to be satisfied by completing and submitting Binding Proposal Form 1.2 (*Executive Summary*), with the Qualified Respondent's executive summary attached thereto.

4.1.3 Confirmation of Acceptance of O&M Agreement

Each Binding Proposal must include a written statement confirming that (i) the Qualified Respondent accepts the final form of the O&M Agreement, save for immaterial amendments to incorporate party names, details and execution mechanics, and (ii) there are no further approvals required or conditions precedent to Qualified Respondent's execution of the O&M Agreement.

This requirement is to be satisfied by completing and submitting Binding Proposal Form 1.3 (*Confirmation and Acceptance of O&M Agreement*), with any related documentation attached thereto.

4.1.4 Approach to O&M Services

Each Binding Proposal must include a detailed plan describing the Qualified Respondent's approach to performing the O&M Services (as defined in the O&M Agreement) in a manner that results in the performance requirements and Project objectives set forth in the O&M Agreement and this RFP being met or exceeded. This component of each Binding Proposal should highlight which approaches would distinguish the Qualified Respondent in achieving such performance requirements and Project objectives.

In satisfying this requirement, each Qualified Respondent is encouraged to provide details with respect to any topics that it views as relevant to its approach to performing the O&M Services. However, Qualified Respondents should, at a minimum, provide details with respect to the items set forth in Binding Proposal Form 1.4 (*Approach to O&M Services*).

This requirement is to be satisfied by completing and submitting Binding Proposal Form 1.4 (*Approach to O&M Services*), with the Qualified Respondent's approach to the O&M Services attached thereto.



4.1.5 Front-End Transition Plan

Each Binding Proposal must include a detailed plan describing the Qualified Respondent's approach to the transition and handover of services and other rights and responsibilities with respect to the Project during the period prior to the assumption of operational control of the T&D System by the Selected Proponent (the "**Front-End Transition Plan**"). The Front-End Transition Plan should cover the period commencing immediately upon the execution of the O&M Agreement and ending no later than the Service Commencement Date (as defined in the O&M Agreement).

This component of each Binding Proposal is to include, at a minimum, the following:

- key milestones to be achieved during the transition period;
- scope of work required to achieve the identified key milestones;
- timeline to achieve the identified key milestones, including the Service Commencement Date; and
- conditions necessary to begin operational services, including a checklist of items to be completed in order to assume operational control.

In satisfying this requirement, each Qualified Respondent is encouraged to provide details with respect to any topics that it views as relevant to its Front-End Transition Plan. However, Qualified Respondents should, at a minimum, provide details with respect to the topics outlined in Binding Proposal Form 1.5 (*Front-End Transition Plan*).

This requirement is to be satisfied by completing and submitting to Binding Proposal Form 1.5 (*Front-End Transition Plan*), with the Qualified Respondent's Front-End Transition Plan attached thereto.

4.1.6 Operator Recruitment and Staffing Plan

Each Binding Proposal must include a detailed description of the Qualified Respondent's approach to staffing, training employees and subcontracting, among other things (the "**Operator Recruitment and Staffing Plan**"). This component of each Binding Proposal should include an organizational chart generally outlining the Qualified Respondent's proposed organizational structure.

In satisfying this requirement, each Qualified Respondent is encouraged to provide details with respect to any topics that it views as relevant to its Operator Recruitment and Staffing Plan. However, Qualified Respondent should, at a minimum, provide details with respect to the items set forth in Binding Proposal Form 1.6 (*Operator Recruitment and Staffing Plan*).

This requirement is to be satisfied by completing and submitting Binding Proposal Form 1.6 (*Operator Recruitment and Staffing Plan*), with the Qualified Respondent's Operator Employment Recruitment and Staffing Plan attached thereto.

4.1.7 Confirmation of Acceptance of Performance Metrics

Each Binding Proposal must include a written statement that, at a minimum, confirms the following:

- the Qualified Respondent acknowledges and accepts the customer service, technical and operational, and financial performance metrics to be set forth in subsequent addenda to this RFP (the "**Performance Metrics**");
- the Qualified Respondent is able and committed to meet the Performance Metrics; and



- the Incentive Fee (as defined in the O&M Agreement) will be based on the Selected Proponent's ability to timely exceed the Performance Metrics, and the Selected Proponent may be subject to penalties under the O&M Agreement if it fails to meet the Performance Metrics.

This requirement is to be satisfied by completing and submitting Binding Proposal Form 1.7 (*Confirmation of Acceptance of Performance Metrics*).

4.1.8 Compensation Proposal

Each Binding Proposal must include a proposed amount for the Selected Proponent's Service Fee (as defined in the O&M Agreement), including the breakdown between the Fixed Fee (as defined in the O&M Agreement) and the maximum possible Incentive Fee (as defined in the O&M Agreement).

This requirement is to be satisfied by completing and submitting Binding Proposal Form 1.8 (*Compensation Proposal*).

4.1.9 Debt Financing Plan

Each Binding Proposal must include a final markup of the revised draft of the Financing Term Sheet that will be provided to Qualified Respondents in subsequent addenda to this RFP.

This component of each Binding Proposal should only include the Qualified Respondent's material, substantive comments to the revised Financing Term Sheet in the form of a markup using black-lining to indicate the proposed modification with explanatory footnotes where appropriate.

This requirement is to be satisfied by completing and submitting Binding Proposal Form 1.9 (*Debt Financing Plan*), with the Qualified Respondent's markup of the revised Financing Term Sheet attached thereto.

4.1.10 Other Required Forms and Certifications

Each Binding Proposal must include the Bid Security (as defined below) and required certifications described in more detail below. This requirement is to be satisfied by completing and submitting Binding Proposal Form 1.10 (*Other Required Forms and Certifications*), with any related documentation attached thereto.

Bid Security Requirement

Each Binding Proposal must include a security to secure the Qualified Respondent's commitment to execute the O&M Agreement if it is the Selected Proponent (the "**Bid Security**"). The Bid Security must be in the form of one or more letters of credit with a term effective for at least one (1) year and must be renewed periodically through the Service Commencement Date and substantially from and after the Binding Proposal submission deadline, in an aggregate amount to be provided in subsequent addenda to this RFP and substantially in the form set out in Binding Proposal Form 1.10 (*Other Required Forms and Certifications*) (or otherwise in form and content reasonably acceptable to the Partnership Committee prior to submission of such letter(s) of credit). The Bid Security will be held by the Authority for the sole purposes described below.

If, after receipt of Binding Proposals from the Qualified Respondents, (i) the Partnership Committee accepts a Binding Proposal and notifies the Selected Proponent of its decision, (ii) the conditions precedent to the Effective Date (as defined in the O&M Agreement) are satisfied and the Administrator (as defined in the O&M Agreement) gives written notice to the Selected Proponent to execute the O&M Agreement and (iii) the Selected Proponent does not execute the O&M Agreement within five (5) Business Days of receiving such notice, then the Authority will be entitled to (A) draw immediately, without notice to the Selected Proponent, the full amount of the Bid Security upon presentation of a sight draft and a certificate confirming



that the Authority has the right to draw under the Bid Security in the amount of such sight draft, and (B) retain all of the proceeds of the Bid Security as the sole remedy or right of the Authority against such Selected Proponent hereunder.

In addition, if, after receipt of Binding Proposals from the Qualified Respondents, (i) the Selected Proponent and PREPA execute the O&M Agreement and (ii) the Service Commencement Date does not occur on or before the Target Service Commencement Date (as defined in the O&M Agreement) for reasons attributable to the Selected Proponent, then the Authority will be entitled to (A) draw on immediately, or after such date (in one or multiple draws), without notice to the Selected Proponents, all or any portion of the Bid Security upon presentation of a sight draft and a certificate confirming that the Authority has the right to draw under the Bid Security in the amount of such sight draft, and (B) retain all or any portion of the proceeds of the Bid Security and apply them towards any liquidated or other damages that may be payable under the O&M Agreement.

The Bid Security must be from a non-affiliated financial institution chartered by the United States of America federal government, a State government, or a foreign bank with a branch in the United States of America. The non-affiliated financial institution must also be subject to the regulations of either the Board of Governors of the Federal Reserve or the Federal Deposit Insurance Corporation. A Binding Proposal that includes modifications to Binding Proposal Form 1.10 (*Other Required Forms and Certifications*) that have not been pre-approved by the Partnership Committee may be considered non-responsive.

Certification Requirements

Each Binding Proposal must include any certifications required by applicable law, including, without limitation, those required by Act 29, Act 120, any regulations issued under Act 120, any federal funding requirements and PROMESA. In addition to the Bid Security requirement and as described in more detail in Binding Proposal Form 1.10 (*Other Required Forms and Certifications*), this component of each Binding Proposal is to include the certifications included in **Annex B** (*Federal Funding Certifications and Conditions*) and **Annex C** (*Form of Respondent Certification*) of the RFP.

Section 4.2 of the RFP is hereby deleted in its entirety and replaced with the following:

4.2 Indicative Evaluation Criteria

Act 29 and Act 120 require the Partnership Committee to take into account certain factors in evaluating responses to the RFP. The Partnership Committee will review and evaluate Proposals based on the definitive evaluation criteria developed by the Authority and the Partnership Committee to meet the objectives of the Project, including those set forth in Act 120, Act 29 and Section 2 (*Key Transformation Objectives*) of the CIM, and provided to Qualified Respondents in subsequent addenda to this RFP. Qualified Respondents will be given sufficient time to respond to the definitive evaluation criteria.

The definitive evaluation criteria are expected to be based on the indicative evaluation criteria set forth below:

#	Component	Pass/Fail or Scored
1.	Transmittal Letter <ul style="list-style-type: none"> ○ To be submitted in accordance with the requirements described in Section 4.1.1 of the RFP. 	Pass/Fail



#	Component	Pass/Fail or Scored
2.	Executive Summary <ul style="list-style-type: none">To be submitted in accordance with the requirements described in Section 4.1.2 of the RFP.	Pass/Fail
3.	Confirmation of Acceptance of O&M Agreement <ul style="list-style-type: none">Qualified Respondent must accept the final form of the O&M Agreement shared by the Authority with each Qualified Respondent, save for immaterial amendments to incorporate party names, details and execution mechanics.	Pass/Fail
4.	Approach to O&M Services <ul style="list-style-type: none">Component must, at a minimum, address the topics set forth in Binding Proposal Form 1.4 (<i>Approach to O&M Services</i>).Score is expected to be based on the thoroughness and viability of the Qualified Respondent's proposed approach to providing the O&M Services, the experience and credentials of its proposed management team, its experience in procuring and utilizing federal funding and its ability to optimize the availability of federal funds for capital investments, among other things.	Scored
5.	Front-End Transition Plan <ul style="list-style-type: none">Component must, at a minimum, address the topics set forth in Binding Proposal Form 1.5 (<i>Front-End Transition Plan</i>).Score is expected to be based on the thoroughness of the Front-End Transition Plan and the timeline to achieve the identified key milestones, including the Service Commencement Date, among other things.	Scored
6.	Operator Recruitment and Staffing Plan <ul style="list-style-type: none">Component must, at a minimum, address the topics set forth in Binding Proposal Form 1.6 (<i>Operator Recruitment and Staffing Plan</i>).Score is expected to be based on the training to be provided to employees, optimization of workforce management and consistency with the objectives of the Project and Act 120, among other things.	Scored
7.	Confirmation of Acceptance of Performance Metrics <ul style="list-style-type: none">A Qualified Respondent must, at a minimum, accept and commit to meet the Performance Metrics, as described in Section 4.1.7 of the RFP.	Pass/Fail
8.	Compensation Proposal <ul style="list-style-type: none">To be submitted in accordance with the requirements described in Section 4.1.8 of the RFP.Score is expected to be based on the sum of (i) the net present value of the proposed annual Fixed Fee discounted at 6% and (ii) the net present value of the maximum possible annual Incentive Fee discounted at 10%.	Scored



#	Component	Pass/Fail or Scored
9.	<i>Debt Financing Plan</i> <ul style="list-style-type: none"><li data-bbox="313 352 1125 415">○ To be submitted in accordance with the requirements described in Section 4.1.8 of the RFP.<li data-bbox="313 432 1125 495">○ Score is expected to be based on the amount, tenor and terms of the Qualified Respondent's proposed debt financing.	<i>Scored</i>
10.	<i>Other Required Forms and Certifications</i> <ul style="list-style-type: none"><li data-bbox="313 558 1125 621">○ To be submitted in accordance with the requirements described in Section 4.1.10 of the RFP.	<i>Pass/Fail</i>

Each Qualified Respondent is required to inform the Authority of the occurrence of any material changes to the information submitted with respect to the Qualified Respondent and/or any Team Member in connection with the RFQ Process or the RFP Process, as applicable. If there have been any material changes to the submitted information, the Qualified Respondent must provide details of such changes in accordance with any requirements the Authority may impose at that time.

These indicative evaluation criteria are subject in all respects to the definitive evaluation criteria to be provided in subsequent addenda to this RFP. The Authority and the Partnership Committee may consider any other criterion that, in their sole and absolute discretion, they determine to be appropriate or necessary to award the O&M Agreement pursuant to Act 29 and Act 120.



The RFP is hereby amended to insert after Annex E the following new Binding Proposal Forms:

BINDING PROPOSAL FORMS:

- Binding Proposal Form 1.1 – Transmittal Letter
- Binding Proposal Form 1.2 – Executive Summary
- Binding Proposal Form 1.3 – Confirmation of Acceptance of O&M Agreement
- Binding Proposal Form 1.4 – Approach to O&M Services
- Binding Proposal Form 1.5 – Front-End Transition Plan
- Binding Proposal Form 1.6 – Operator Recruitment and Staffing Plan
- Binding Proposal Form 1.7 – Confirmation of Acceptance of Performance Metrics
- Binding Proposal Form 1.8 – Compensation Proposal
- Binding Proposal Form 1.9 – Debt Financing Plan
- Binding Proposal Form 1.10 – Other Required Forms and Certifications



Binding Proposal Form 1.1

TRANSMITTAL LETTER

(To be typed on Qualified Respondent’s Letterhead)

[Date]

Partnership Committee Representative
Request for Proposals –
Puerto Rico Electric Power
Transmission and Distribution System

Dear Partnership Committee Representative:

_____ (the “**Qualified Respondent**”) hereby submits its Binding Proposal in response to the Request for Proposals for the Puerto Rico Electric Power Transmission and Distribution System (as amended, the “**RFP**”) issued in final form by the Puerto Rico Public-Private Partnership Authority on February 1, 2019 as amended and supplemented.

Capitalized terms not defined herein shall have the meaning set forth in the RFP or the final form of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (the “**O&M Agreement**”). If there is a term defined in both, and their definitions conflict, the definition in the O&M Agreement shall prevail.

As a duly authorized representative of the Qualified Respondent, I hereby certify, represent and warrant, on behalf of the Qualified Respondent team, as follows in connection with the Binding Proposal:

1. The Qualified Respondent acknowledges receipt of the RFP and the following addenda:

<u>No.</u>	<u>Date</u>
_____	_____
_____	_____
_____	_____

2. The submittal of the Binding Proposal has been duly authorized by, and in all respects is binding upon, the Qualified Respondent. **Attachment 1** (*Certificate of Authorization*) to this Transmittal Letter is a certificate of authorization that evidences my authority to submit the Binding Proposal and bind the Qualified Respondent.



3. All information and statements contained in the Binding Proposal are current, correct and complete, and are made with full knowledge that the Partnership Committee will rely on such information and statements in selecting the Selected Proponent and executing the O&M Agreement.
4. The Qualified Respondent certifies under penalties of perjury that the Binding Proposal has been prepared and is submitted in good faith without collusion, fraud or any other action with any other person taken in restraint of free and open competition for the services contemplated by the RFP. As used in this Transmittal Letter, the word “person” shall mean any natural person, business, partnership, corporation, union, committee, club, or other organization, entity, or group of individuals.
5. Neither the Qualified Respondent nor any Qualified Respondent team member is currently suspended or debarred from doing business with any entity of the Government of Puerto Rico.
6. The Qualified Respondent has reviewed all of the engagements and pending engagements of the Qualified Respondent, and no potential exists for any conflict of interest or unfair advantage.
7. No person or selling agency has been employed or retained to solicit the award of the O&M Agreement under an arrangement for a commission, percentage, brokerage or contingency fee or on any other success fee basis, except bona fide employees of the Qualified Respondent. The Qualified Respondent has inspected the facilities (i.e., commercial offices, central office, energy center(s), transmission centers, substations, etc.) and carefully examined all documents constituting the RFP and the addenda thereto and, being familiar with the work and the conditions affecting the work contemplated by the RFP and such addenda, offers to furnish all labor, materials, supplies, equipment, facilities and services which are necessary, proper or incidental to carry out such work as required by and in strict accordance with the RFP and the Binding Proposal.

Signature Pages Follow



QUALIFIED RESPONDENT

Company Name

Name of Qualified Respondent's
Authorized Official

Title

Signature of Qualified Respondent's
Authorized Official

Date

(Notary Public)

[State/Province] of _____

County of _____

On this _____ day of _____, 2019, before me appeared _____,
personally known to me to be the person described in and who executed this _____
and acknowledged that [she/he] signed the same freely and voluntarily for the uses and purposes
therein described.

In witness, thereof, I have hereunto set my hand and affixed my official seal the day and year last
written above.

(seal)

Notary Public in and for the [State/Province] of _____

(Name printed)

Residing at _____

My commission expires _____



ATTACHMENT 1 TO BINDING PROPOSAL TRANSMITTAL LETTER

CERTIFICATE OF AUTHORIZATION*

I, _____, a resident of _____ in _____, DO HEREBY CERTIFY that I am the Clerk/Secretary of _____, a corporation duly organized and existing under and by virtue of the laws of _____; that I have custody of the records of the corporation; and that as of the date of this certification, _____ holds the title of _____ of the corporation, and is authorized to execute and deliver in the name and on behalf of the corporation the Binding Proposal submitted by the corporation in response to the Request for Proposals for the Puerto Rico Electric Power Transmission and Distribution System issued in final form by the Puerto Rico Public-Private Partnership Authority on February 1, 2019 as amended; and all documents, letters, certificates and other instruments which have been executed by such officer on behalf of the corporation in connection therewith.

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the corporate seal of the corporation this _____ day of _____, 2019.

(Affix Seal Here)

Clerk/Secretary

* Note: Separate certifications shall be submitted if more than one corporate officer has executed documents as part of the Binding Proposal. Qualified Respondents shall make appropriate conforming modifications to this Certificate in the event that the signatory's address is outside of the United States.



Binding Proposal Form 1.2

EXECUTIVE SUMMARY

_____ (the Qualified Respondent) hereby acknowledges and affirms that the attached documentation (i) constitutes its full and complete submission for Binding Proposal Form 1.2 and (ii) meets the requirements described in Section 4.1.2 (*Executive Summary*) of the RFP.

Capitalized terms not defined herein shall have the meaning set forth in the Request for Proposals for Puerto Rico Electric Power Transmission and Distribution System issued by the Puerto Rico Public-Private Partnerships Authority on February 1, 2019 (as amended, the “**RFP**”) or the final form of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (the “**O&M Agreement**”). If there is a term defined in both, and their definitions conflict, the definition in the O&M Agreement shall prevail.

QUALIFIED RESPONDENT

Company Name

Name of Qualified Respondent’s
Authorized Official

Title

Signature of Qualified Respondent’s
Authorized Official

Date



Binding Proposal Form 1.3

CONFIRMATION OF ACCEPTANCE OF O&M AGREEMENT

_____ (the Qualified Respondent) hereby acknowledges and affirms the following:

1. The Qualified Respondent's Binding Proposal is based on the final form of the O&M Agreement and the information contained in the Data Room as of the date of the Binding Proposal submission deadline.
2. The Qualified Respondent accepts and agrees to execute the final form of the O&M Agreement, save for the necessary conditions set forth below, immaterial amendments to incorporate party names, details and execution mechanics.

Capitalized terms not defined herein shall have the meaning set forth in the Request for Proposals for Puerto Rico Electric Power Transmission and Distribution System issued by the Puerto Rico Public-Private Partnerships Authority on February 1, 2019 (as amended, the "**RFP**") or the final form of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (the "**O&M Agreement**"). If there is a term defined in both, and their definitions conflict, the definition in the O&M Agreement shall prevail.

QUALIFIED RESPONDENT

Company Name

Name of Qualified Respondent's
Authorized Official

Title

Signature of Qualified Respondent's
Authorized Official

Date



Binding Proposal Form 1.4

APPROACH TO O&M SERVICES

_____ (the Qualified Respondent) hereby acknowledges and affirms that the attached documentation (i) constitutes its full and complete submission for Binding Proposal Form 1.4, (ii) meets the requirements described in Section 4.1.4 (*Approach to O&M Services*) of the RFP and (iii) addresses the following, at a minimum:

1. Proposed approach to the O&M Services including, at minimum, the following:
 - a. T&D Operations
 - b. Customer Service
 - c. Human Resources
 - d. Information Technology
 - e. Supply Procurement
 - f. Financial Management
 - g. Asset Management
 - h. Safety Management
2. Detailed plan outlining how the Qualified Respondent intends to meet Performance Metrics.
3. Experience and credentials of the Qualified Respondent's proposed management team.
4. Federal funding experience and plan.
5. Corporate culture and description of alignment with the Project objectives.
6. Commitment to the social welfare of the people and communities of Puerto Rico.
7. Commitment to use of local resources and approach to involve local entities.

Capitalized terms not defined herein shall have the meaning set forth in the Request for Proposals for Puerto Rico Electric Power Transmission and Distribution System issued by the Puerto Rico Public-Private Partnerships Authority on February 1, 2019 (as amended, the "**RFP**") or the final form of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (the "**O&M Agreement**"). If there is a term defined in both, and their definitions conflict, the definition in the O&M Agreement shall prevail.

Signature Pages Follow



QUALIFIED RESPONDENT

Company Name

Name of Qualified Respondent's
Authorized Official

Title

Signature of Qualified Respondent's
Authorized Official

Date



Binding Proposal Form 1.5

FRONT-END TRANSITION PLAN

_____ (the Qualified Respondent) hereby acknowledges and affirms that the attached documentation (i) constitutes its full and complete submission for Binding Proposal Form 1.5, (ii) meets the requirements described in Section 4.1.5 (*Front-End Transition Plan*) of the RFP and (iii) addresses the following topics, at a minimum:

1. Transition Management

- a. Plan for mobilizing the contemplated transition team
- b. Resumes and qualifications of contemplated transition team
- c. Development of a communications plan and management transition plan
- d. Development of criteria for commencement of operations
- e. Identification and analysis of gaps (assets, technology, processes, etc.) and a plan to address each
- f. Development of a checklist that the Administrator (as defined in the O&M Agreement) will use to determine when the transition (i.e., the take over of operations by the Operator (as defined in the O&M Agreement) may occur

2. T&D Services

- a. Development and implementation of an operation take-over plan for transmission and sub-transmission outside and inside of plant
- b. Development and implementation of an operation take-over plan for the electric distribution system
- c. Operational take-over plans should include but are not limited to the development and implementation of the following:
 - i. Transition plan for respective control center(s)
 - ii. Transition plan for operations and maintenance (O&M) activities
 - iii. Emergency response / disaster recovery / business continuity plans
 - iv. Fleet management plan
 - v. Asset management plan
 - vi. Workforce management plan (can be included in the human resources management plan)
 - vii. Safety management plan
 - viii. Engineering and asset management plan
- d. Updating operations manual and business continuity / disaster recovery plan
- e. Conducting environmental exposure assessment and establishing an environmental exposure management plan
- f. Forecasted budget for expected transition expenditures

3. Customer Service

- a. Evaluating customer service facilities and assets
- b. Evaluating and updating customer service policies and procedures



- c. Development of a meter reading plan
- d. Identification and analysis of gaps
- e. Development of a customer service transition plan
- f. Approach to acquisition and replacement of customer service assets
- g. Development and implementation of a service start and shut-off plan
- h. Development of a meter asset management plan
- i. Development and implementation of customer service technology

4. Information Technology (“IT”) / Operation Technology (“OT”) Systems

- a. Development of an IT / OT communication plan and acceptance criteria
- b. Identification and analysis of gaps
- c. Evaluating IT / OT applications and infrastructure
- d. Development of a cyber security and business continuity plan
- e. Development of an IT asset management program
- f. Development of an IT / OT transition plan and schedule

5. Financial Management

- a. Approach to budgeting and reporting over the transition period
- b. Approach to formalizing change control processes
- c. Identifying and evaluating business processes
- d. Establishing a financial accounting system and account structure
- e. Preparing Initial Budgets and other financial forecasts
- f. Establishing bank accounts
- g. Evaluating and updating the payroll and labor cost reporting systems

6. Recruiting and Staffing

- a. Proposed recruitment and staffing plan
- b. Development of employee pension and benefit plans
- c. Development of a labor relations plan
- d. Development of employee training programs
- e. Development of employee retention program
- f. Development of employment policies, procedures and handbooks
- g. Reviewing employment applications, conducting interviews and hiring staff
- h. Development of staff orientation and training programs

7. Asset Acquisition

- a. Evaluating existing procurement and subcontracting policies, procedures and systems
- b. Assuming responsibility for securing use of assets, facilities, IT / OT, etc.
- c. Assuming existing subcontracts

Capitalized terms not defined herein shall have the meaning set forth in the Request for Proposals for Puerto Rico Electric Power Transmission and Distribution System issued by the Puerto Rico Public-Private Partnerships Authority on February 1, 2019 (as amended, the “RFP”) or the final form of the Puerto Rico Transmission and Distribution System Operation and Maintenance



Agreement (the “**O&M Agreement**”). If there is a term defined in both, and their definitions conflict, the definition in the O&M Agreement shall prevail.

QUALIFIED RESPONDENT

Company Name

Name of Qualified Respondent’s
Authorized Official

Title

Signature of Qualified Respondent’s
Authorized Official

Date



Binding Proposal Form 1.6

OPERATOR RECRUITMENT AND STAFFING PLAN

_____ (the Qualified Respondent) hereby acknowledges and affirms that the attached documentation (i) constitutes its full and complete submission for Binding Proposal Form 1.6, (ii) meets the requirements described in Section 4.1.6 (*Operator Recruitment and Staffing Plan*) of the RFP and (iii) addresses the following, at a minimum:

1. Organizational chart outlining general organizational structure proposed, and clearly identifying any portions of the work that will be subcontracted.
2. Number of PREPA employees that Qualified Respondent commits to employ, and commitment to provide benefits to any such employees in excess of the requirements of Act 120, among other things.
3. Job classifications, descriptions (including documentation of responsibilities and duties), and necessary qualifications (i.e., education, licenses, skills, etc.), to the extent feasible at this point in the process.
4. Hiring plan to fill all personnel positions.
5. Description of pension and other benefits.
6. Description of the roles and responsibilities of off-site staff, if any, that will support in the performance of the services and a qualitative (expertise and experience) description of that assistance.
7. Training program for all staff, including (i) a description of the initial and ongoing training program for each major staff category and (ii) information on who will provide the training and the number of hours of training per year.
8. List of subcontractors, descriptions of activities each subcontractor will perform and a description of the strategy for managing subcontractors.

Capitalized terms not defined herein shall have the meaning set forth in the Request for Proposals for Puerto Rico Electric Power Transmission and Distribution System issued by the Puerto Rico Public-Private Partnerships Authority on February 1, 2019 (as amended, the “**RFP**”) or the final form of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (the “**O&M Agreement**”). If there is a term defined in both, and their definitions conflict, the definition in the O&M Agreement shall prevail.

Signature Pages Follow



QUALIFIED RESPONDENT

Company Name

Name of Qualified Respondent's
Authorized Official

Title

Signature of Qualified Respondent's
Authorized Official

Date



Binding Proposal Form 1.7

CONFIRMATION OF ACCEPTANCE OF PERFORMANCE METRICS

_____ (the Qualified Respondent) hereby acknowledges and affirms that the attached documentation (i) constitutes its full and complete submission for Binding Proposal Form 1.7, (ii) meets the requirements described in Section 4.1.7 (*Confirmation of Acceptance of Performance Metrics*) of the RFP and (iii) confirms the following, at a minimum:

1. the Qualified Respondent acknowledges and accepts the final form of the Performance Metrics;
2. the Qualified Respondent is able and committed to meet the Performance Metrics; and
3. the Incentive Fee will be based on the Selected Proponent’s ability to timely exceed the Performance Metrics, and the Selected Proponent may be subject to penalties if it fails to meet certain Performance Metrics.

Capitalized terms not defined herein shall have the meaning set forth in the Request for Proposals for Puerto Rico Electric Power Transmission and Distribution System issued by the Puerto Rico Public-Private Partnerships Authority on February 1, 2019 (as amended, the “**RFP**”) or the final form of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (the “**O&M Agreement**”). If there is a term defined in both, and their definitions conflict, the definition in the O&M Agreement shall prevail.

QUALIFIED RESPONDENT
Company Name

Name of Qualified Respondent’s
Authorized Official

Title

Signature of Qualified Respondent’s
Authorized Official

Date



Binding Proposal Form 1.8

COMPENSATION PROPOSAL

_____ (the Qualified Respondent) hereby acknowledges and affirms that the information included in the following table (i) constitutes its full and complete submission for Binding Proposal Form 1.8 and (ii) meets the requirements described in Section 4.1.8 (*Compensation Proposal*) of the RFP:

Contract Year	Fixed Fee	Maximum Possible Incentive Fee
1	\$[.]	\$[.]
2	\$[.]	\$[.]
3	\$[.]	\$[.]
4	\$[.]	\$[.]
5	\$[.]	\$[.]
6	\$[.]	\$[.]
7	\$[.]	\$[.]
8	\$[.]	\$[.]
9	\$[.]	\$[.]
10	\$[.]	\$[.]
11	\$[.]	\$[.]
12	\$[.]	\$[.]
13	\$[.]	\$[.]
14	\$[.]	\$[.]
15	\$[.]	\$[.]



Capitalized terms not defined herein shall have the meaning set forth in the Request for Proposals for Puerto Rico Electric Power Transmission and Distribution System issued by the Puerto Rico Public-Private Partnerships Authority on February 1, 2019 (as amended, the “**RFP**”) or the final form of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (the “**O&M Agreement**”). If there is a term defined in both, and their definitions conflict, the definition in the O&M Agreement shall prevail.

QUALIFIED RESPONDENT

Company Name

Name of Qualified Respondent’s
Authorized Official

Title

Signature of Qualified Respondent’s
Authorized Official

Date



Binding Proposal Form 1.9

DEBT FINANCING PLAN

_____ (the Qualified Respondent) hereby acknowledges and affirms that the attached documentation (i) constitutes its full and complete submission for Binding Proposal Form 1.9 and (ii) meets the requirements described in Section 4.1.9 (*Debt Financing Plan*) of the RFP.

Capitalized terms not defined herein shall have the meaning set forth in the Request for Proposals for Puerto Rico Electric Power Transmission and Distribution System issued by the Puerto Rico Public-Private Partnerships Authority on February 1, 2019 (as amended, the “**RFP**”) or the final form of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (the “**O&M Agreement**”). If there is a term defined in both, and their definitions conflict, the definition in the O&M Agreement shall prevail.

QUALIFIED RESPONDENT

Company Name

Name of Qualified Respondent’s
Authorized Official

Title

Signature of Qualified Respondent’s
Authorized Official

Date



Binding Proposal Form 1.10

OTHER REQUIRED FORMS AND CERTIFICATIONS

_____ (the Qualified Respondent) hereby acknowledges and affirms that the attached documentation (i) constitutes its full and complete submission for Binding Proposal Form 1.10, (ii) meets the requirements described in Section 4.1.10 (*Other Required Forms and Certifications*) of the RFP and (iii) includes the following:

1. The certifications included in **Annex B** (*Federal Funding Certifications and Conditions*) and **Annex C** (*Form of Respondent Certification*) of the RFP.
2. The form included as **Attachment 1** (*Letter of Credit Requirement*) to this Binding Proposal Form 1.10:

Capitalized terms not defined herein shall have the meaning set forth in the Request for Proposals for Puerto Rico Electric Power Transmission and Distribution System issued by the Puerto Rico Public-Private Partnerships Authority on February 1, 2019 (as amended, the “**RFP**”) or the final form of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (the “**O&M Agreement**”). If there is a term defined in both, and their definitions conflict, the definition in the O&M Agreement shall prevail.

QUALIFIED RESPONDENT

Company Name

Name of Qualified Respondent’s
Authorized Official

Title

Signature of Qualified Respondent’s
Authorized Official

Date



ATTACHMENT 1 TO OTHER REQUIRED FORMS AND CERTIFICATIONS

LETTER OF CREDIT REQUIREMENT

(To be typed on Financial Institution’s Letterhead)

FORM OF LETTER OF CREDIT

ISSUER: [•] *[Must be Member of the New York Clearing House Association]*

PLACE FOR PRESENTATION OF DRAFT IN PROGRESS: *[Name and Address of Bank/Branch— MUST be NEW YORK, NEW YORK Bank/Branch or SAN JUAN, PUERTO RICO Bank/Branch]*

APPLICANT: [•]

BENEFICIARY: PUERTO RICO ELECTRIC POWER AUTHORITY

LETTER OF CREDIT NUMBER: [•]

PLACE AND DATE OF ISSUE: [•]

AMOUNT: [•]

EXPIRATION DATE: [•]

Issuer hereby issues this Irrevocable Standby Letter of Credit (this “**Letter of Credit**”) in favor of Beneficiary in the amount of *[words]* United States Dollars (US\$*[numbers]*) (the “**Stated Amount**”). Funds under this Letter of Credit are available to Beneficiary upon Beneficiary’s presentation to Issuer of one or more sight drafts drawn on Issuer for a sum or sums in an aggregate amount not exceeding the Stated Amount. Any sight draft under this Letter of Credit shall identify this Letter of Credit by the name of Issuer and the Letter of Credit number, amount, and place and date of issue. Such sight draft shall be signed by *[an officer of Beneficiary]* or his designee and shall contain a statement that Beneficiary is entitled to make such draw or shall be accompanied by a signed statement of *[an officer of Beneficiary]* to the same effect.

This Letter of Credit shall be honored by Issuer if presented at *[NEW YORK, NEW YORK Bank/Branch or SAN JUAN, PUERTO RICO Bank/Branch—Name & Address]* on or before [•] (the “**Expiration Date**”). The obligations of Issuer hereunder are primary obligations to



Beneficiary and shall not be affected by the performance or non-performance by [*Name of Applicant*] under any agreement with Beneficiary or by any bankruptcy, insolvency or other similar proceeding initiated by or against [*Name of Applicant*]. [*Name of Applicant*] is not the beneficiary under this Letter of Credit and possesses no interest whatsoever in proceeds of any draw hereon. This Letter of Credit shall terminate on the earlier of (i) the close of business on the Expiration Date and (ii) the date on which Issuer has honored one or more draws in the full amount of the Stated Amount. This Letter of Credit may not be transferred by Beneficiary to any other person. Drawings by facsimile to facsimile number [•] are acceptable (each such drawing, a “**Fax Drawing**”), *provided, however*, that a Fax Drawing will not be effectively presented until Beneficiary confirms, by telephone, Issuer’s receipt of such Fax Drawing by calling Issuer at telephone number [•]. Issuer will acknowledge Beneficiary’s presentment by electronic mail to the electronic mail address provided to Issuer in the Fax Drawing.

This Letter of Credit shall expire at 5:00 p.m. AST on the Expiration Date, subject to automatic extension as hereinafter provided. Notwithstanding anything to the contrary contained herein, it shall be a condition to this Letter of Credit that it shall be deemed automatically extended, without amendment, for successive periods of one (1) year each from its current or any future expiration dates, but in any event not beyond [*insert date*] which shall be the final expiration date of this Letter of Credit, unless, at least sixty (60) days prior to the then current expiration date of this Letter of Credit, Beneficiary notifies [*Name of Applicant*] in writing by certified mail, return receipt requested, at the address provided above (or at such other address as [*Name of Applicant*] may specify by written notice to Beneficiary), that this Letter of Credit will not be extended beyond the current expiration date hereof; provided that Issuer’s obligation to make any payment hereunder in respect of a drawing request made prior to the expiry hereof shall continue until payment is made.

To the extent not inconsistent with the express provisions hereof, this Letter of Credit is subject to the rules of the *International Standby Practices ISP98* (“**ISP98**”), as interpreted under the laws of the State of New York, and shall, as to matters not governed by the ISP98, be governed and construed in accordance with the laws of the State of New York, without regard to principles of conflicts of law.¹

With respect to any suit, action or proceedings relating to this Letter of Credit (“**Proceedings**”), Issuer irrevocably: (i) submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York and (ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over Issuer.²

¹ **NOTE TO QUALIFIED RESPONDENTS:** If the Qualified Respondent sources this Letter of Credit from a bank incorporated in the Commonwealth of Puerto Rico, then the Qualified Respondent may replace this paragraph with the following: “To the extent not inconsistent with the express provisions hereof, (i) this Letter of Credit is subject to the rules of the *International Standby Practices ISP98* (“**ISP98**”), as interpreted under the laws of the Commonwealth of Puerto Rico and (ii) as to matters not governed by the ISP98, this Letter of Credit shall be governed and construed in accordance with the laws of the Commonwealth of Puerto Rico, without regard to principles of conflicts of law.”

² **NOTE TO QUALIFIED RESPONDENTS:** If the Qualified Respondent has elected pursuant to the immediately preceding footnote to include in this Letter of Credit the language set forth therein, then this paragraph shall be replaced by the following: “Issuer irrevocably: (i) submits to the exclusive jurisdiction of the Commonwealth Court of First Instance, San Juan Part, in the



ISSUER

Company Name

Name of Issuer's
Authorized Official

Title

Signature of Issuer's
Authorized Official

Date

Commonwealth of Puerto Rico; and (ii) waives any objection which Issuer may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over Issuer.”



GOVERNMENT OF PUERTO RICO
Puerto Rico Public-Private Partnerships Authority



END OF ADDENDUM