

Puerto Rico Electric Power Transmission and Distribution System P3 Project

Puerto Rico Electric Power Transmission and Distribution System
P3 RFQ Evaluation Worksheet

Respondent: PSEG

Overall Rating: 94.1%

Narrative: _____

Evaluation Scores

Excellent (9-10 pts): The Respondent has provided information relative to its qualifications which indicates a consistently outstanding level of quality. No weaknesses are identified.

Good (7-8 pts): The Respondent has presented information relative to its qualifications which is considered to meet the stated requirements. Minor weaknesses (if any) are identified and no correction is necessary.

Adequate (5-6 pts): The Respondent has presented information relative to its qualifications which is considered to meet the stated requirements. Minor weaknesses are identified and need to be corrected.

Deficient (3-4 pts): The Respondent has presented information relative to its qualifications which fails to fully meet the stated requirements. Major weaknesses are identified and need to be corrected.

Poor (0-2 pts): The Respondent has either presented information relative to its qualifications that contains significant weaknesses or the required information was not presented. Weaknesses are so major that a major revision to the SOQ would be necessary.

Puerto Rico Electric Power Transmission and Distribution System P3 Project

1. Compliance with Requirements of PPP Act and Act 120

Compliance with Requirements of PPP Act and Act 120			
Responsible Firm: [PMA]			
Pass / Fail for Section: <u>Pass</u> .			
Pass means that Respondent complied with the requirements listed below.			
Requirements	Yes/No	Pass/Fail	Comments
Respondent provides statement it shall be properly registered, or capable of being properly registered, to do business in Puerto Rico at the time of execution of the PPP Contract	Yes	Pass	
Respondent provides statement it shall comply with all applicable Puerto Rico and U.S. laws and/or requirements	Yes	Pass	
Each Respondent and Team Member completes unmarked version of Form of Respondent Certification (Appendix A of the RFQ) or provides a certification equivalent to that in Section 3, Part 1, 1.2 of the RFQ.	Yes	Pass	Note: Respondent made disclaimer that there might be employee of relevant local agencies with economic interest in Respondent, since it is a debt-open market company with potential local equity shares
Respondent provides executed Document Acknowledgement and Contact Information letter from the Respondent (executed by the contact person ("Respondent Representative") for all future communication between the Authority and the Respondent).	Yes	Pass	

Puerto Rico Electric Power Transmission and Distribution System P3 Project

2. Background & Team Information

Background & Team Information			
Responsible Firm: [Citi]			
Section Score (0-10): <u>9.6</u> % Weight 10%			
Requirements	Yes / No	Score	Comments
Respondent shall provide a description of the Respondent and all Team Members that identifies:			
<ul style="list-style-type: none"> Anticipated roles, functions and overview of business operations 	Yes	7	Operational overview provided. Anticipated roles and functions not provided until further stages of Project. However, information as to key leaders are provided.
<ul style="list-style-type: none"> Jurisdiction, form of entity organization, ownership structure and capitalization 	Yes	10	
<ul style="list-style-type: none"> Currently and formerly owned or controlled electric utility operating companies 	Yes	10	
<ul style="list-style-type: none"> Anticipated legal relationships (e.g. joint ventures, partnerships), and percentage of ownership interest 	N/A	N/A	Single Entity
<ul style="list-style-type: none"> Up to 5 individuals who will play an important role on behalf of the Respondent and Team Member(s) 	Yes	9	Exceeded limit of 5 individuals
<ul style="list-style-type: none"> Instances in which the Respondent and Team Member(s) have worked together 	N/A	N/A	Single Entity
<ul style="list-style-type: none"> Evidence of carrying out major infrastructure projects 	Yes	10	
<ul style="list-style-type: none"> Evidence and tenor of operations and management experience in electric T&D 	Yes	10	

Puerto Rico Electric Power Transmission and Distribution System P3 Project

Background & Team Information			
Responsible Firm: [Citi]			
Section Score (0-10): <u>9.6</u> % Weight 10%			
Requirements	Yes / No	Score	Comments
<ul style="list-style-type: none"> Experience administering FEMA and other federal disaster relief funding 	Yes	10	
Respondent may also provide resumes on specific Key Individuals.	Yes	10	
Respondent shall also submit a list of all technical, financial, legal, accounting, or other advisors that the Respondent or a Team Member has engaged.	Yes	10	
Respondent or at least one Team Member must demonstrate that its current or previous electric utility operations and management fulfills the following criteria: <ul style="list-style-type: none"> At least 250,000 customers Electric utility T&D rate base of at least \$2bn At least 1,000 employees 	Yes	10	
1.5 pages maximum			

Puerto Rico Electric Power Transmission and Distribution System P3 Project

3. Financial Capabilities

Financial Capabilities		
Responsible Firm: [Citi]		
Section Score (0-10): <u>9.3</u> % Weight 30%		
Requirements	Score	Comments
Respondent must demonstrate adequate financial wherewithal to fulfill the terms of the PPP Contract. Respondent or at least one Team Member must provide:		*Scores as per Citi's evaluation
<ul style="list-style-type: none"> Evidence of demonstrated tract record of earned ROE approximating regulatory authorized ROE 	9	
<ul style="list-style-type: none"> Evidence of experience with formal regulatory proceedings or similar rate justifications 	8	
<ul style="list-style-type: none"> Credit ratings (if any) 	10	
<ul style="list-style-type: none"> Copies of audited financial statements, Form 10-Ks, or similar annual reports for the past 2 years 	10	
Each Respondent must provide specific evidence demonstrating their ability to raise financing		
<ul style="list-style-type: none"> Capability of raising significant quantities of debt and equity in the current capital markets 	10	
<ul style="list-style-type: none"> The number and size of past relevant transactions 	9	
<ul style="list-style-type: none"> Specific experiences on past relevant transactions 	8	
<ul style="list-style-type: none"> Respondent or at least one Team must provide evidence of at least 5 debt or equity raises, each of at least \$100mm in proceeds 	10	

Puerto Rico Electric Power Transmission and Distribution System P3 Project

Financial Capabilities		
Responsible Firm: [Citi]		
Section Score (0-10): <u>9.3</u> % Weight 30%		
Requirements	Score	Comments
10 pages maximum		

Puerto Rico Electric Power Transmission and Distribution System P3 Project

4. Technical & Operational Capabilities

Technical & Operational Capabilities		
Responsible Firm: [Citi]		
Section Score (0-10): <u>9.4</u> % Weight <u>50%</u>		
Requirements	Score	Comments
<p>Respondent must demonstrate its technical and operational capabilities to fulfill the terms of the PPP Contract. At least 1 Team Member must provide:</p> <ul style="list-style-type: none"> For the past 5 years, operational metrics (SAIDI, SAIFI, CAIDI), and OSHA recordable events must be within acceptable industry standards for mainland U.S. electric utilities Track record of sustained customer satisfaction Experience with at least 3 large scale T&D projects, each with total investment of at least \$50mm Certification of no significant or sustained environmental violations Sustained history of reasonable customer rates 		
	10	Operational metrics and OSHA recordable events provided on pages 16-20.
	10	Provided J.D. Power statistics on customer satisfaction on pages 29-32.
	10	PSEG includes a list of 9 large-scale T&D projects with total investments of \$739 million, \$1.2 billion, \$125 million, among others (page 34-35).
	10	Statement regarding no significant or sustained environmental violations is included on page 41.
	7	Information on customer rates over time is not provided. However, PSEG states that the average customer bill has declined 30% since 2008 and that its electric rates are below the regional average (page 34).

Puerto Rico Electric Power Transmission and Distribution System P3 Project

Technical & Operational Capabilities		
Responsible Firm: [Citi]		
Section Score (0-10): <u>9.4</u> % Weight 50%		
Requirements	Score	Comments
Respondent and Team Member(s) should describe their degree of experience:		
<ul style="list-style-type: none"> Coordinating safe, reliable, and economic dispatch of electric utility systems, particularly those with significant reliance on renewable energy resources 	8	PSEG makes reference to the PJM Transmission Owner Transmission Operator Audit Program that found its operating procedures to be well organized. Details on renewable energy programs (Solar 4 All) are also included (pages 42-45).
<ul style="list-style-type: none"> Negotiating and executing power supply agreements, including tolling, take-or-pay or similar types of power supply agreements 	10	PSEG Enterprise Risk Management provides services to LIPA both under a utility operations services agreement and under power supply management and fuel management agreements (pages 54-55).
<ul style="list-style-type: none"> Operating electric utility T&D infrastructure on an island or other stranded location in both urban and rural settings and under challenging natural circumstances, such as mountainous regions and dense vegetation growth 	10	PSEG refers to its experience with PSEG Long Island, specifically during Superstorm Sandy. It highlights several improvements that were made to the T&D infrastructure after the storm (page 42).
<ul style="list-style-type: none"> Operating electric utility T&D infrastructure in a natural disaster-prone region, and experience with post-event restoration and electrification 	9	PSEG makes reference to its response during Superstorm Sandy (2012) and Hurricane Irene (2011) on pages 42-43.

Puerto Rico Electric Power Transmission and Distribution System P3 Project

Technical & Operational Capabilities		
Responsible Firm: [Citi]		
Section Score (0-10): <u>9.4</u> % Weight 50%		
Requirements	Score	Comments
<ul style="list-style-type: none"> System planning taking into account long-term customer demand projections to be met with electric supply, which may include integrated resource planning 	9	PSE&G's Asset Management forecasts and designs its system for future load by trending circuit and station loads as well as evaluating new services requests along with city/regional development plans (page 37).
<ul style="list-style-type: none"> Managing disaster recovery operations, federal disaster relief funding, and relationships with FEMA and other government entities 	10	PSEG makes reference to its response during Superstorm Sandy (2012) and Hurricane Irene (2011) regarding recovery operations. It also states that after Superstorm Sandy, LIPA became a sub-grantee of a Public Assistance Grant from FEMA. PSEG Long Island provides project management, design, construction and certain administration for LIPA's Hazard Mitigation grant (pages 43-44).
<ul style="list-style-type: none"> Operating electric utility T&D infrastructure that incorporates significant and expanding renewable project interconnection requests, generation capacity, distributed generation, advanced grid technology implementation, energy efficiency initiatives, energy storage, and microgrids (if any) 	10	PSEG states it has capabilities and opportunities around solar energy, energy efficiency, energy storage and microgrids. It makes reference to its "Solar 4 All" program which provides for the development of 158 MW of utility owned grid-connected solar systems. It also states it has invested over \$400 million in energy efficiency and demand response programs over the past 10 years (pages

Puerto Rico Electric Power Transmission and Distribution System P3 Project

Technical & Operational Capabilities		
Responsible Firm: [Citi]		
Section Score (0-10): <u>9.4</u> % Weight 50%		
Requirements	Score	Comments
50 pages maximum	40 pages	44-45).

5. Safety Performance

Safety Performance		
Responsible Firm: [Citi]		
Section Score (0-10): <u>9.5</u> % Weight 10%		
Requirements	Score	Comments
Respondent and Team Member(s) must demonstrate (a) their ability to address and resolve safety issues, and (b) their knowledge of safety strategies and methodologies.	9	On page 57, PSEG provided historical T1CR from 2013 – 2017 showing a declining rate. Recent years have been in the top quartile of U.S. utility benchmarks. On pages 57 – 60, PSEG highlighted specific components of its health and safety program.

Puerto Rico Electric Power Transmission and Distribution System P3 Project

Safety Performance		
Responsible Firm: [Citi]		
Section Score (0-10): <u>9.5</u> % Weight 10%		
Requirements	Score	Comments
Respondent and Team Member(s) must submit copies of the Occupational Safety and Health Administration 300 forms for the past 3 years, only as related to electric utility operations. If not applicable, Respondent and Team Member(s) must present a document explaining the reasons for not submitting the form.	10	PSEG provided OSHA Form 300s for 2016 – 2018.

Puerto Rico Electric Power Transmission and Distribution System P3 Project

6. SOQ Requirements and Procedures

SOQ Requirements			
Responsible Firm: [Citi]			
Pass / Fail for Section: <u>Pass</u>			
A Pass means that Respondent complied with all of the requirements below.			
Requirements	Yes/No	Pass/Fail	Comments
Respondents shall comply with the SOQ format requirements:			
• SOQ must be prepared in English	Yes	Pass	Response prepared in English.
• Cover page (to include identification of all management Team Members)	Yes	Pass	Included
• Cover Letter (two pages maximum)	Yes	Pass	Included
• Table of Contents	Yes	Pass	Included
• Executive Summary (two pages maximum)	Yes	Pass	Two pages
Respondent must submit one originally executed SOQ with signatures in blue ink and marked as "Original", and four copies along with one copy in portable document format (PDF) on a CD or USB flash drive.	Yes	Pass	
A physical copy of the original SOQ must be delivered no later than the Submission Deadline, December 5, 2018 at 5:00pm AST.	Yes	Pass	
Each Respondent must declare, and agree to be under an obligation to declare, that it does not have knowledge of or the ability to avail itself of confidential information of the Government, PREPA or the Authority relevant to the Project, except to the extent it has been expressly authorized by the Government, PREPA, or the Authority	Yes	Pass	On page 66, PSEG further certify that Respondent shall not, other than as permitted in the RFQ, attempt to communicate in relation to the RFQ, directly or indirectly, with any representative of the Authority,

Puerto Rico Electric Power Transmission and Distribution System P3 Project

SOQ Requirements			
Responsible Firm: [Citi]			
Pass / Fail for Section: <u>Pass</u>			
A Pass means that Respondent complied with all of the requirements below.			
Requirements	Yes/No	Pass/Fail	Comments
			PREPA, the PPP Committee, AAFAF, the Energy Bureau, the Government, the FOMB or any public agency of Puerto Rico.