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January 7, 2022

Mr. RJ Arsenault  
Puerto Rico Public Private Partnerships Authority (P3)  
(Via Power Advocate)

Re: NAES Response to Bid Clarification Questions  
Puerto Rico Electric Power Authority Thermal Generation Facilities RFP 2021-1

Mr. Arsenault:

NAES Corporation (NAES) is pleased to provide responses to the Puerto Rico Electric Power Authority (PREPA) post bid clarification questions for the management, operations, maintenance, asset management and decommissioning, collectively referred to herein as "O&M services", for PREPA's Thermal Generation Facilities ("the Facilities").

Should you have any questions relative to the attached, please do not hesitate to contact me at 678-448-8547 or by email at [dana.petrin@naes.com](mailto:dana.petrin@naes.com). We thank you for your interest and look forward to continuing discussions.

We look forward to taking the next step in this process, establishing a foundation for a successful partnership, and working together for the benefit of PREPA and its customers.

Sincerely,

A handwritten signature in black ink, appearing to read "Dana Petrin", is written over a light blue horizontal line.

Dana Petrin  
Vice President, Commercial Management, NAES

Attachment

cc: Charlie Hoock, Senior Vice President, Power Services, NAES  
Pat Ombrellaro, Vice President, Sales Operations, NAES

## NAES Response to Bid Clarification Questions

**Question 1: Section 9.1.1(b).** What specific carveouts are you referring to on the Delayed Liquidated Damages.

**NAES Response:** Carve-outs would be for events or delays caused by others. For example, if NAES is not provided access to the facilities in a timely fashion, or PREPA does not review documents as required in the agreement.

**Question 2: Section 9.1.1(d).** Are the Operator annual and full-term indemnity caps the same [REDACTED] Per your rewritten section 19.3 a. of the OMA do the deductibles reset every year or are they one time? In addition, per 19.3 a. does [REDACTED] cap limit amounts spent over PREPA approved budgets? Are you assuming you will incorporate your fixed and max variable fees within the currently approved PREPA budgets for fiscal year 2022-24?

**NAES Response:** The [REDACTED] is an annual cap that resets each year but is subject to the Term cap of [REDACTED]. The Annual and Term caps apply to Bundle 1; caps for Bundles 2 and 3 are to be negotiated. Deductibles will reset every year. The [REDACTED] does not take into consideration the amounts spent over the PREPA approved budgets as this is contemplated in the Liquidated Damages provision. In addition, we envision that this cap will be adjusted in subsequent years as the fee goes down. Furthermore, we assume that our fees would be included in the approved PREPA budgets.

**Question 3: Section 9.1.1.** What is your proposed annual and full-term gross negligence caps per section 19.3 b.?

**NAES Response:** For clarity purposes the annual cap is [REDACTED] term cap, same as 19.3 b. In addition, the caps should be reduced as annual fees reduce as units/plants are decommissioned.

**Question 4: Section 9.1.2(a).** Is the [REDACTED] minimum Fixed Fee after year 6 in addition to all decommissioning fees being paid?

**NAES Response:** Yes, that is correct.

**Question 5: Section 9.1.2(c).** Does the [REDACTED] to the O&M fixed fee to calculate the decommissioning fee apply to each individual unit?

**NAES Response:** PREPA has proposed a per unit fee reduction table and to align with that NAES assumed a per unit fee calculation.

**Question 6: Section 9.1.2(d).** Your mobilization fee cap is [REDACTED] and your estimate including Note 3 is [REDACTED] Please confirm and what are your expected legal costs? Should third party costs of [REDACTED] also be added in [REDACTED]? What are the other reimbursable items mentioned, excluded from the [REDACTED] What are the [REDACTED] of NAES-PR costs for, are they spent during mobilization, if not when and for how long do they last? If during mobilization then are they in addition to the [REDACTED]

**NAES Response:** The [REDACTED] includes the [REDACTED] in the table, [REDACTED] in NAES PR Cost, and the [REDACTED] This is how we determined the [REDACTED] in NAES PR

cost that is laid out is an annual reimbursable cost we will be seeking to provide corporate overhead of the full time resources on the island.

**Question 7: Section 9.1.2(d).** PDF Page 134/770 or Proposal Page 130 & 131 - Clarify calculation for Mobilization Service Cost Estimate – Bundle One – Staffing Rate \* Expected Hours does not equal the Total Amount. [REDACTED] If it includes Other costs, please separate all tables between hourly costs and other costs (similar to how Travel is separated).

**NAES Response:** We have revised the hourly rates and working hours, as shown below, however the revised total mobilization cost, in each of bundles, are the same as those in the original proposal submitted on December 22, 2021.

**Section 9.2.1.d**

Mobilization Service Cost Estimate – Bundle One (2021 US\$)				
Employee Category	Fully Allocated hourly Rate	Expected Hours	Total	% of Fully Allocated Fees
<b>Project Management</b>				
Director, Fleet Services	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Operations Director, Oversight and Support	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Manager, Fleet Service	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Fleet Service Manager 1, Mobilization	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Fleet Service Manager 2, Mobilization	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Fleet Service Manager 3, Mobilization	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
		Travel	[REDACTED]	[REDACTED]
			[REDACTED]	[REDACTED]
<b>Staffing</b>				
Recruiter, Oversight & Management	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
HR Manager, Interviewing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Fitness for Duty (Complete physicals & drug screening)			[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]	[REDACTED]
			<b>Staffing Total</b>	[REDACTED]
<b>Safety</b>				
Safety Manager, Site Safety Assessment/Report	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Safety Manager, Safety on-site support	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Safety Manager, Safety Manual Development	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
		Travel	[REDACTED]	[REDACTED]
			<b>Safety Total</b>	[REDACTED]
<b>Environmental</b>				
Director, Review	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Environmental Manager, Environmental Assessment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]



Mobilization Service Cost Estimate – Bundle One (2021 US\$)				
Employee Category	Fully Allocated hourly Rate	Expected Hours	Total	% of Fully Allocated Fees
Sr. Environmental Specialist, Environmental Assessment	█	█	█	█
Environmental Specialist, Environmental Assessment	█	█	█	█
Sr. Environmental Specialist, On-Site Support	█	█	█	█
Travel			█	█
<b>Environmental Total</b>			█	█
<b>Programs and Procedures</b>				
Develop Safety Manual	█	█	█	█
Develop Administrative Manual	█	█	█	█
Develop Maintenance Policy Manual	█	█	█	█
Training Program Development and Execution	█	█	█	█
O&M Assessment	█	█	█	█
Spanish Translation	█	█	█	█
Develop Chemistry Manual	█	█	█	█
Develop Training Manual	█	█	█	█
Develop MI's	█	█	█	█
Travel			█	█
<b>Program and Procedure Total</b>			█	█
<b>CMMS</b>				
Project Engineer, Evaluate CMMS practices	█	█	█	█
Project Engineer, Implement Maximo	█	█	█	█
Maximo User Licensing Access (Estimate)			█	█
Travel			█	█
<b>CMMS Total</b>			█	█
<b>Engineering</b>				
Manager, Assessment and Employee Technical Training	█	█	█	█
<b>Engineering Total</b>			█	█
<b>Accounting &amp; Payroll</b>				
Accountant, Setup and Implementation	█	█	█	█
<b>Accounting Total</b>			█	█
<b>Information Services</b>				
Sr. IT Engineer, IT Assessment	█	█	█	█
Travel			█	█
<b>Information Technology Total</b>			█	█
<b>Mobilization Cost Estimate – Bundle 1</b>			█	█



**Section 9.2.2.d**

<b>Mobilization Service Cost Estimate – Bundle Two (2021 US\$)</b>				
<b>Employee Category</b>	<b>Fully Allocated hourly Rate</b>	<b>Expected Hours</b>	<b>Total</b>	<b>% of Fully Allocated Fees</b>
<b>Project Management</b>				
Director, Fleet Services	████	████	████	████
Operations Director, Oversight and Support	████	████	████	████
Manager, Fleet Service	████	████	████	████
Fleet Service Manager 1, Mobilization	████	████	████	████
Fleet Service Manager 2, Mobilization	████	████	████	████
Fleet Service Manager 3, Mobilization	████	████	████	████
		Travel	████	████
<b>Project Management Total</b>			████	████
<b>Staffing</b>				
Recruiter, Oversight & Management	████	████	████	████
HR Manager, Interviewing	████	████	████	████
Fitness for Duty (Complete physicals & drug screening)			████	████
		Travel	████	████
<b>Staffing Total</b>			████	████
<b>Safety</b>				
Safety Manager, Site Safety Assessment/Report	████	████	████	████
Safety Manager, Safety on-site support	████	████	████	████
Safety Manager, Safety Manual Development	████	████	████	████
		████	████	████
<b>Safety Total</b>			████	████
<b>Environmental</b>				
Director, Review	████	████	████	████
Environmental Manager, Environmental Assessment	████	████	████	████
Sr. Environmental Specialist, Environmental Assessment	████	████	████	████
Environmental Specialist, Environmental Assessment	████	████	████	████
Sr. Environmental Specialist, On-Site Support	████	████	████	████
		████	████	████
<b>Environmental Total</b>			████	████
<b>Programs and Procedures</b>				
Develop Safety Manual	████	████	████	████
Develop Administrative Manual	████	████	████	████
Develop Maintenance Policy Manual	████	████	████	████



Mobilization Service Cost Estimate – Bundle Two (2021 US\$)				
Employee Category	Fully Allocated hourly Rate	Expected Hours	Total	% of Fully Allocated Fees
Training Program Development and Execution	█	█	█	█
O&M Assessment	█	█	█	█
Spanish Translation	█	█	█	█
Develop Chemistry Manual	█	█	█	█
Develop Training Manual	█	█	█	█
Develop MI's	█	█	█	█
Travel			█	█
<b>Program and Procedure Total</b>			█	█
<b>CMMS</b>				
Project Engineer, Evaluate CMMS practices	█	█	█	█
Project Engineer, Implement Maximo	█	█	█	█
Maximo User Licensing Access (Estimate)			█	█
Travel			█	█
<b>CMMS Total</b>			█	█
<b>Engineering</b>				
Manager, Assessment and Employee Technical Training	█	█	█	█
<b>Engineering Total</b>			█	█
<b>Accounting &amp; Payroll</b>				
Accountant, Setup and Implementation	█	█	█	█
<b>Accounting Total</b>			█	█
<b>Information Services</b>				
Sr. IT Engineer, IT Assessment	█	█	█	█
Travel			█	█
<b>Information Technology Total</b>			█	█
<b>Mobilization Cost Estimate – Bundle 2</b>			█	█



**Section 9.3.2.d**

<b>Mobilization Service Cost Estimate – Bundle Three (2021 US\$)</b>				
<b>Employee Category</b>	<b>Fully Allocated hourly Rate</b>	<b>Expected Hours</b>	<b>Total</b>	<b>% of Fully Allocated Fees</b>
<b>Project Management</b>				
Director, Fleet Services	████	██	████	████
Operations Director, Oversight and Support	████	██	████	████
Manager, Fleet Service	████	██	████	████
Fleet Service Manager 1, Mobilization	████	██	████	████
Fleet Service Manager 2, Mobilization	████	██	████	████
Fleet Service Manager 3, Mobilization	████	██	████	████
		Travel	████	████
<b>Project Management Total</b>			████	████
<b>Staffing</b>				
Recruiter, Oversight & Management	████	██	████	████
HR Manager, Interviewing	████	██	████	████
Fitness for Duty (Complete physicals & drug screening)			████	████
		Travel	████	████
<b>Staffing Total</b>			████	████
<b>Safety</b>				
Safety Manager, Site Safety Assessment/Report	████	██	████	████
Safety Manager, Safety on-site support	████	██	████	████
Safety Manager, Safety Manual Development	████	██	████	████
		Travel	████	████
<b>Safety Total</b>			████	████
<b>Environmental</b>				
Director, Review	████	██	████	████
Environmental Manager, Environmental Assessment	████	██	████	████
Sr. Environmental Specialist, Environmental Assessment	████	██	████	████
Environmental Specialist, Environmental Assessment	████	██	████	████
Sr. Environmental Specialist, On-Site Support	████	██	████	████
		Travel	████	████
<b>Environmental Total</b>			████	████
<b>Programs and Procedures</b>				
Develop Safety Manual	████	██	████	████
Develop Administrative Manual	████	██	████	████
Develop Maintenance Policy Manual	████	██	████	████



Mobilization Service Cost Estimate – Bundle Three (2021 US\$)				
Employee Category	Fully Allocated hourly Rate	Expected Hours	Total	% of Fully Allocated Fees
Training Program Development and Execution	█	█	█	█
O&M Assessment	█	█	█	█
Spanish Translation	█	█	█	█
Develop Chemistry Manual	█	█	█	█
Develop Training Manual	█	█	█	█
Develop MI's	█	█	█	█
Travel			█	█
<b>Program and Procedure Total</b>			█	10.38%
<b>CMMS</b>				
Project Engineer, Evaluate CMMS practices	█	█	█	█
Project Engineer, Implement Maximo	█	█	█	█
Maximo User Licensing Access (Estimate)			█	█
Travel			█	█
<b>CMMS Total</b>			█	█
<b>Engineering</b>				
Manager, Assessment and Employee Technical Training	█	█	█	█
<b>Engineering Total</b>			█	█
<b>Accounting &amp; Payroll</b>				
Accountant, Setup and Implementation	█	█	█	█
<b>Accounting Total</b>			█	█
<b>Information Services</b>				
Sr. IT Engineer, IT Assessment	█	█	█	█
Travel			█	█
<b>Information Technology Total</b>			█	█
<b>Mobilization Cost Estimate – Bundle 3</b>			█	█



**Question 8: Section 9.1.2(e).** Should the Termination Fees include the same CPI escalation adjustment per year as the Fixed Fee?

**NAES Response:** Yes, CPI should apply to all fixed fees.

**Question 9: Section 9.1.2 (e).** Operator Guarantee - is this set at [REDACTED] (as written in words) or [REDACTED] (as written numerically)

**NAES Response:** This was an error and should state [REDACTED].

**Question 10: Section 9.1.2 (f).** Do you have specific language to propose on the Minimum Performance Threshold definitions? • 9.1.2 h. & i. The EAF performance metrics are based on overall performance of base-load plants and peaking units not individual. Based on that assumption should your incentive/penalty base-load targets be multiplied by four and the peaking unit targets by six?

**NAES Response:** Minimum performance threshold should be established based on historical operating data. Maybe something to the effect of "Minimum Performance Threshold shall be the historical average EAF of the Facilities over the last 3 operating years." This threshold should take into consideration our ability to obtain funding for maintenance and improvements. Thresholds are based and proposed on a plant basis so each plant would be subject to both incentives and LDs.

**Question 11: Section 9.1.2(m).** Is the [REDACTED] maximum incentive for decommissioning cost savings per plant or combined? What is your assumption on costs incurred in excess of the PREPA approved budget?

**NAES Response:** It is on a per plant basis based on the schedule for decommissioning, however in consideration that units might not be decommissioned at the same time we would need to track the overall cap. Cost incurred over the budget are at the risk of PREPA. We are willing to discuss a LD provision that takes this metric into consideration that takes into account a reasonable ban over the agreed upon budget.

**Question 12: Section 9.1.2(n).** Please confirm your max incentive payment for sections 9.1.2 g, h, i, j, k, l is [REDACTED] versus the gross total of [REDACTED]. For penalties/liquidated damages for the same sections confirm the cap is [REDACTED] versus the gross total of [REDACTED]?

**NAES Response:** The incentive cap [REDACTED] and penalty cap [REDACTED] are correct.

**Question 13: Section 9.1.2(o).** Your proposed penalty is a maximum of [REDACTED] per facility? How many facilities are you assuming or is it 10 based on 9.1.2 h.?

**NAES Response:** This is for discussion, but as NAES understood the RFP, as units are decommissioned the annual Fixed Fee would be reduced by the value in the table provided and the subsequent decommissioning fee would be equal to [REDACTED] of the reduction, so the penalty would be based upon this concept on a unit basis.

**Question 14:** Please provide NAES' view of the decommissioning schedule (decommission year of individual units outlined in Applicable Rate table) which was used when evaluating the various proposed fees you have submitted.

**NAES Response:** For discussion pending further clarification of the decommissioning schedule used in evaluation of proposed fees.