

**PUERTO RICO ELECTRIC POWER AUTHORITY**

**FIRST AMENDMENT**

**PROFESSIONAL SERVICES CONTRACT**

**2021-P00001<sup>A</sup>**

**APPEAR**

AS FIRST PARTY: The Puerto Rico Electric Power Authority (PREPA), a public corporation and government instrumentality of the Commonwealth of Puerto Rico, created by Act 83 of May 2, 1941, as amended (Act 83), represented in this act by its Executive Director, Efran Paredes Maisonet, of legal age, married and resident of Bayamón, Puerto Rico. -----

AS SECOND PARTY: Sargent & Lundy, L.L.C. (Consultant), a limited liability company organized and existing under the laws of the State of Illinois, United States of America; authorized to do business in Puerto Rico represented in this act by its Senior Vice President, Matthew R, Thibodeau, of legal age, married and a resident of the State of Illinois, U.S.A., authorized by virtue of the Power of Authority dated as of June 26, 2020. Both PREPA and Consultant are herein individually referred to as a "Party" and collectively referred to as the "Parties". -----

**WITNESSETH**

In consideration of the mutual covenants and agreements contained in this Amendment, hereinafter stated, the Parties agree themselves, their personal representatives, and successors as follows: -----

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**STATE**

WHEREAS: PREPA, by virtue of Act 83, has the authority to engage those professional, technical and consulting services necessary and convenient for its activities, programs, and operations. -----

WHEREAS: The appearing Parties executed Professional Services Contract 2021-P00001 (Contract) on July 3, 2020, to provide services related to technical support and advice in the engineering, planning and strategic project management areas. The Contract had a maximum amount of nine million dollars (\$9,000,000) through June 30, 2021. This Contract was authorized by PREPA's Governing Board through Resolution 4787 on May 29, 2019. -----

WHEREAS: As PREPA moves forward with its privatization, transformation and newly funded restoration efforts, it continues face a broad range of critical technical, financial, and contractual issues. -----

WHEREAS: On June 22, 2020, PREPA, the Puerto Rico Public-Private Partnership Authority and LUMA ENERGY, LLC entered into a Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("O&M Agreement") whereby LUMA shall carry out certain functions during its Front-End Transition Phase ("FET") in anticipation of its takeover of O&M responsibilities. Accordingly, in an effort to avoid duplication of efforts by both Consultant and LUMA, the Parties agree that the Contract shall be amended to eliminate Scope of Services items which LUMA may carry out during the FET and/or upon its assumption of O&M duties. -----

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WHEREAS: The Consultant will continue providing technical, financial and contract support to PREPA with its privatization and transformation efforts to meet its financial goals. The identified tasks are related to the scope of the Contract. However, the additional support requires additional working hours to perform the work with the urgency and expertise level needed. These additional working hours will cause the Contract to reach its 75% cumulative billing before January 31, 2021. -----

WHEREAS: For the abovementioned situation the Program Management, Restructuring and Fiscal Affairs Office (PMO), required an increase to the Contract Amount of three million five hundred thousand dollars (\$3,500,000). -----

WHEREAS: On December 16, 2020, PREPA's Governing Board, through Resolution 4857 authorized the amendment of the Contract to increase the Contract Amount by three million five hundred thousand dollars (\$3,500,000). -----

THEREFORE: In order to continue receiving the Consultant's services the Parties hereby agree to enter into this First Amendment under the following: -----

**TERMS AND CONDITIONS**

FIRST: The Parties agree to amend Article 1.1 to include the following table of specific Services that will be performed by the Consultant.-----

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Task / Service Description	Schedule	Additional Comments
<p><b>T&amp;D System Remaining Useful Life Report</b></p> <p>Prepare updated version of the Transmission and Distribution System Useful Life Assessment report.</p>	<p>Work will begin after the execution of the First Amendment and will be completed before June 1, 2021.</p>	<p>PREPA has requested for Sargent &amp; Lundy to update this report, to provide input to Nixon Peabody (who is preparing a tax opinion prior to the LUMA takeover of O&amp;M responsibilities). Under the O&amp;M Agreement, this is PREPA's (and P3A's) responsibility, not LUMA's, and it must be completed prior to Luma's service commencement.</p>
<p><b>Fuel Advisory Services and Support</b></p> <p>Support and manage the launch of a competitive process, in close coordination with PREPA, for the supply of <u>diesel</u> fuel for power generation.</p> <p>Support and manage the launch of a competitive process, in close coordination with PREPA, for the supply of <u>bunker</u> fuel for power generation.</p> <p>Provide other support for fuel activities, including developing/updating cost projections (bunker, natural gas, and diesel), reviewing market offering for fuels with varying specifications, reviewing fuel supplier's offers/requests for contract amendments, and developing fuel expense reduction plans, and natural gas PREPA demand forecasts and planning.</p>	<p>Work will begin after the execution of the First Amendment.</p> <p>Target date for fuel RFPs to be issued for diesel and bunker is April 2021.</p>	<p>Fuel procurement will remain with PREPA, even after the LUMA takeover of O&amp;M responsibilities.</p> <p>P              REPA and Consultant will keep LUMA informed, for informational purposes, during the regular weekly meetings between the three parties.</p>

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Task / Service Description	Schedule	Additional Comments
<p><b>Renewable Energy and Energy Storage RFP Support</b></p> <p>Consultant will continue to assist PREPA with the renewable energy and energy storage RFP, including responding to questions from potential bidders. This support may also include making revisions or updates to the RFP, including the technical exhibits to the RFP. Consultant will continue to assist PREPA preparing for the bid evaluation phase. Once the RFP response due date has passed, Consultant will assist PREPA with evaluations of the bids. This may also include PSSe modeling to evaluate interconnection aspects.</p> <p>Develop three versions of Operating Procedures and Testing Protocol Guidelines (for Solar PV, Wind Power, and BESS).</p> <p>Develop Minimum Technical requirements for Virtual Power Plants (MTRs-VPP).</p>	<p>Work is ongoing and will continue, as directed by PREPA. The planned schedule is summarized below.</p> <p>March thru May 2021: respond to questions from bidders and provide additional information and clarifications, as needed. Finalize bid evaluation methodology. Issue Operating Procedures and Testing Protocol Guidelines to interested bidders by mid-April so that they have this information during the RFP response window. Issue the MTRs-VPP by end of May.</p> <p>May thru June 2021: assist PREPA with bid evaluations.</p>	<p>It is anticipated that managing this RFP will remain with PREPA, even after the LUMA takeover of O&amp;M responsibilities.</p> <p>This will be discussed regularly by PREPA, LUMA, and Consultant, including during the regular weekly meetings between the three parties.</p>
<p><b>PPOA Services and Support</b></p> <p>Consultant will continue to provide support to PREPA on matters related to the EcoEléctrica PPOA and the Punta Lima Wind Farm PPOA. This includes support to implement and analyze the new monthly billing methods under the EcoEléctrica PPOA. This also includes certain cost estimates for the Punta Lima Wind Farm transmission line, to support ongoing commercial discussions on the Punta Lima Wind Farm PPOA.</p>	<p>Work will begin after the execution of the First Amendment and will continue, as directed by PREPA.</p>	<p>These are PREPA's responsibilities and will remain so, even after the LUMA takeover of O&amp;M responsibilities.</p> <p>PREPA and Consultant will keep LUMA informed, for informational purposes, during the regular weekly meetings between the three parties.</p>

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<p><b>Services and Support to PREPA to Respond to PREB Orders</b></p> <p>Sargent &amp; Lundy is supporting PREPA on preparing responses to several PREB orders, including the following:</p> <p>NEPR-MI-2021-0003: PREPA has requested for Sargent &amp; Lundy to perform studies, production cost modeling, and other related analysis to support PREPA's monthly reports due to PREB under this order. The next monthly report is due to PREB on March 15, 2021.</p> <p>IRP Order and Final Resolution: PREPA has requested for Sargent &amp; Lundy to support PREPA's upcoming report to PREB on the forecasted retirement of thermal resources, due on April 1, 2021.</p> <p>NEPR-MI-2020-0012 As part of the renewable energy procurement process, PREB has ordered PREPA to provide a detailed plan to address and solve any potential longer-term renewable energy penetration issues on or before April 1, 2021. PREPA has requested for Sargent &amp; Lundy to support PREPA's response to this order.</p>	<p>Work will begin after the execution of the First Amendment and will be completed before each due date per the orders.</p>	<p>These orders from PREB were directed to PREPA. All of the due dates are prior to the June 1, 2021 planned LUMA takeover of O&amp;M responsibilities.</p> <p>Since the topics are relevant to LUMA's responsibilities, this will be discussed regularly and coordinated by PREPA, LUMA, and Consultant.</p>
<p><b>Technical Loss Study</b></p> <p>Consultant will continue working on a Technical Energy Loss Reduction and Metering Program and Plan report, as directed by PREPA and LUMA.</p>	<p>Work will begin after the execution of the First Amendment and will continue, as directed by PREPA and LUMA.</p>	<p>This work will be discussed regularly and coordinated by PREPA, LUMA, and Consultant. LUMA has been evaluating non-technical losses and is also interested in evaluating and coordinating Consultant's work on technical losses.</p>

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Task / Service Description	Schedule	Additional Comments
<p><b>Power Generation Studies and Support</b></p> <p>Prepare an updated version of the "Renewable Energy Integration and New Combined Cycle Feasibility Study" to further evaluate generation plans and provided PREPA and LUMA with updated information reflecting the latest cost estimates and grid configuration. This will include PSSe modeling and production cost modeling, and possibly weak grid scenario modeling using EMTP.</p> <p>Consultant will provide advisory and technical consulting services to assist PREPA with improving the heat rates of Costa Sur units 5 and 6. Consultant will provide support to PREPA with repowering and retirement planning.</p>	<p>Work will begin after the execution of the First Amendment and will continue, as directed by PREPA and LUMA.</p> <p>Consultant's renewable energy integration draft report target issue timing is May 2021 and final report target timing in June 2021.</p>	<p>Power generation responsibility will remain with PREPA, even after the LUMA takeover of O&amp;M responsibilities.</p> <p>However, LUMA will have responsibility for system planning and to maintain Resource Adequacy after takeover.</p> <p>Therefore, this work, which impacts both PREPA and LUMA will be discussed regularly and coordinated by PREPA, LUMA, and Consultant.</p>
<p><b>Financial/Depreciation Support</b></p> <p>Consultant will provide support to PREPA with a FY2018 Impairment Loss Analysis. This will involve reviewing certain PREPA FY2018 expenses and summarizing findings in memos or reports.</p> <p>Other support will be provided as needed, such as Consultant updating previous depreciation reports and assisting PREPA with technical aspects of updating financial records.</p>	<p>Work will begin after the execution of the First Amendment and will continue, as directed by PREPA and LUMA.</p>	<p>This work will be discussed regularly and coordinated by PREPA, LUMA, and Consultant.</p>

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Task / Service Description	Schedule	Additional Comments
<p><b>10-Year Infrastructure Plan Support</b></p> <p>Consultant will continue to support the regular meetings and updates to PREPA's 10-Year Infrastructure Plan. PREPA must submit an updated plan to FEMA every 90 days; Consultant will support these updates. PREPA, LUMA, Consultant, and other advisors are part of this work.</p>	<p>Work will begin after the execution of the First Amendment and will continue, as directed by PREPA and LUMA.</p>	<p>PREPA, LUMA, Consultant, and other advisors are working together on this. After LUMA takeover of O&amp;M responsibilities, LUMA will take the lead on this (except for most power generation related matters).</p>
<p><b>Generation Concession Services</b></p> <p>Prepare independent engineering (IE) reports for peaker generation sites, to support the generation concession. Each report will include a technical description of the site and equipment, the equipment condition and configuration, historical operations summary, environmental assessment, and expected future site plans. An IE report will be prepared for Vega Baja, Jobos, Daguao, and Yabucoa. Consultant will hold regular meetings with PREPA to discuss updates on the progress of the work. Assist PREPA responding to questions from potential bidders.</p>	<p>Work will resume after the execution of the First Amendment and will continue, as directed by PREPA</p> <p>Visits to the four sites in April 2021</p> <p>Issue draft IE reports to PREPA in June 2021</p>	<p>The generation concession will remain with PREPA, even after the LUMA takeover of O&amp;M responsibilities.</p> <p>PREPA and Consultant will keep LUMA informed, for informational purposes, during the regular weekly meetings between the three parties.</p>

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Task / Service Description	Schedule	Additional Comments
<p><b>Demarcation Report</b></p> <p><b>Description</b></p> <p>Prepare a report that describes the demarcation between the T&amp;D system and the power generation system. This will involve Consultant's staff performing site visits to the power plants to take pictures and effectively document the current options for demarcation points and potential future changes.</p>	<p>Work will begin after the execution of the First Amendment and will be completed before June 1, 2021.</p>	<p>PREPA has requested for Sargent &amp; Lundy to prepare this report. Under the O&amp;M Agreement, this is PREPA's responsibility, not LUMA's, and it must be completed prior to LUMA's service commencement.</p>

SECOND: The Parties agree to amend Article 1.2 to include the following additional language: -----

After the execution of this First Amendment, PREPA and Consultant are required to coordinate Consultant's services with LUMA. For the remainder of the Contract term, the Consultant and PREPA will include a representative of LUMA in all weekly meetings. PREPA's Executive Director representative will prepare and certify the minutes of the weekly meetings and will deliver copies of such minutes to FOMB within 5 days of the weekly meeting. For clarification, PREPA and Consultant typically hold one meeting per week to review the overall status of all of the Consultant's work for PREPA. -----

THIRD: The Parties agree to amend the Article 7, Payment, to increase the Contract Amount by three million dollars (\$3,000,000). The Parties recognize that the total Contract Amount for Fiscal Year 2020-2021 will be twelve million dollars (\$12,000,000). The remaining language of Article 7, as amended, shall remain unaltered and fully enforceable. -----

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All payments performed under this Amendment will be charged to PREPA's budget account number 01-4019-92319-556-673. -----

FOURTH: As for the original Contract, Consultant will continue to comply with all applicable State Law, Regulations or Executive Orders that regulate the contracting process and requirements of the Commonwealth of Puerto Rico. Particularly, Act 237-2004, as amended, which establishes uniform contracting requirements for professional services. -----

Consultant shall provide, within fifteen (15) business days of the execution date of this First Amendment, the following documents: -----

1. Certificate issued by the Treasury Department of Puerto Rico which indicates that Consultant does not owe taxes to the Commonwealth of Puerto Rico; or is paying such taxes by an installment plan in full compliance with its terms. -----
2. An Income Tax Return Filing Certificate, issued by the Treasury Department of Puerto Rico, Area of Internal Revenues, assuring that Consultant has filed his Income Tax Return for the last five (5) tax years. -----
3. Certificate issued by the Municipal Revenues Collection Center (MRCC), demonstrating that Consultant does not owe any tax. -----
4. Certificate issued by the Municipal Revenues Collection Center (MRCC), indicates that Consultant has filed the Personal Property Tax Return to such governmental agency. -----

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5. Certificate issued by the Department of Labor and Human Resources of Puerto Rico, that indicates that Consultant has paid to the Department of Labor and Human Resources of Puerto Rico its employee contributions in accordance with the Puerto Rico Employment Security Act (unemployment, temporary disability or sickness), or is paying such contributions by an installment plan and is in full compliance with its terms.-----
6. Certificate issued by the Department of Labor and Human Resources of Puerto Rico, that indicates that Consultant has paid to the Department of Labor and Human Resources of Puerto Rico its employee contributions in accordance with the Puerto Rico Employment Security Act (social security for chauffeurs), or is paying such contributions by an installment plan and is in full compliance with its terms.-----
7. Certificate issued by the Puerto Rico Child Support Administration (ASUME) assuring that Consultant is in compliance with the collection of child support payments. -----
8. A copy of the Merchant Registration Certificate. -----
9. Puerto Rico Sales and Use Tax Return Filing Certificate, issued by the Treasury Department of Puerto Rico, Area of Internal Revenues, assuring that Consultant is in compliance with it. -----
10. Good Standing Certificate issued by the State Department of Puerto Rico. -----

Consequences of Non-Compliance

Consultant expressly agrees that the conditions outlined throughout this Section are essential requirements of the Contract. Consequently, should any one of these

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representations, warranties or certifications be incorrect, inaccurate or misleading, in whole or in part, there shall be sufficient cause for PREPA to render the Contract null and void. If any of the certifications listed in this Section A shows a debt, and Consultant has requested a review or adjustment of this debt, Consultant hereby certifies that it has made such request at the time of the Amendment execution. If the requested review or adjustment is denied and such determination is final, Consultant will provide, immediately, to PREPA a proof of payment of this debt; otherwise, Consultant accepts that the owed amount be offset by PREPA and retained at the origin, deducted from the corresponding payments. Consultant accepts and acknowledges its responsibility for requiring and obtaining a similar warranty and certification from each and every subcontractor, if any approved by PREPA, whose service Consultant has secured in connection with the Services to be rendered under the Contract and shall send evidence to PREPA as to its compliance with this requirement. -----

FIFTH: Pursuant to the Financial Oversight and Management Board's contract review policy (FOMB POLICY: REVIEW OF CONTRACTS, as modified on October 30, 2020), all proposed contracts with any governmental entity must include a certification (Contractor Certification Requirement) included as Attachment A, in which the Consultant represents and warrants that the information included in the Contractor Certification Requirement is complete, accurate and correct, and that any misrepresentations, inaccuracy or falseness in such Certification will render the contract null and void and the

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Consultant will have the obligation to reimburse immediately to PREPA any amounts, payments or benefits received from PREPA under this Amendment. -----

SIXTH: Consultant hereby agrees to comply with the provisions of Act 2-2018, known as the Anti-Corruption Code for the New Puerto Rico. -----

Consultant shall furnish a sworn statement to the effect that neither Consultant nor any president, vice president, executive director or any member of a board of officials or board of directors, or any person performing equivalent functions for Consultant has been convicted of or has pled guilty to any of the crimes listed in Article 6.8 of Act 8-2017, as amended, known as the Act for the Administration and Transformation of Human Resources in the Government of Puerto Rico or any of the crimes included in Act 2-2018.-

Consultant hereby certifies that it has not been convicted in Puerto Rico or United States Federal court under Articles 4.2, 4.3 or 5.7 of Act 1-2012, as amended, known as the Organic Act of the Office of Government Ethics of Puerto Rico, any of the crimes listed in Articles 250 through 266 of Act 146-2012, as amended, known as the Puerto Rico Penal Code, any of the crimes typified in Act 2-2018, as amended, known as the Anti-Corruption Code for a New Puerto Rico or any other felony that involves misuse of public funds or property, including but not limited to the crimes mentioned in Article 6.8 of Act 8-2017, as amended, known as the Act for the Administration and Transformation of Human Resources in the Government of Puerto Rico.-----

PREPA shall have the right to terminate this Contract in the event Consultant is convicted in Puerto Rico or United States Federal court for under Articles 4.2, 4.3 or 5.7 of





Act 1-2012, as amended, known as the Organic Act of the Office of Government Ethics of Puerto Rico, any of the crimes listed in Articles 250 through 266 of Act 146-2012, as amended, known as the Puerto Rico Penal Code, any of the crimes typified in Act 2-2018, as amended, known as the Anti-Corruption Code for a New Puerto Rico or any other felony that involves misuse of public funds or property, including but not limited to the crimes mentioned in Article 6.8 of Act 8-2017, as amended, known as the Act for the Administration and Transformation of Human Resources in the Government of Puerto Rico.-----

SEVENTH: Consultant understands and agrees that PREPA is prohibited to process any payment under the Contract until the enumerated certifications are submitted to PREPA.

EIGHTH: The Parties agree that all other terms, conditions, specifications, stipulations, insurances, and requirements established in the Contract shall remain unaltered and fully enforceable. Additionally, the Consultant acknowledges that on June 22, 2020, PREPA, the Puerto Rico Public-Private Partnership Authority and LUMA ENERGY, LLC entered into a Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement ("O&M Agreement"). Consultant further acknowledges and agrees that the services to be provided under the Contract may not be duplicative of the services and efforts that LUMA will be performing during the FET in anticipation of taking over as part of the O&M Agreement. Accordingly, Consultant and PREPA agree that Consultant will follow any instructions and guidelines provided by PREPA or LUMA in coordination with PREPA, directed at making sure that no services under the Contract are duplicative,

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inconsistent or detrimental to the services and efforts that LUMA is required to perform under the O&M Agreement both during the FET and after Service Commencement, or detrimental to the services that PREPA will continue performing. Copy of the O&M Agreement was examined by Consultant and Consultant represents and certifies that it is familiar with the provisions of said O&M Agreement. -----

In WITNESS WHEREOF, the Parties hereto have agreed to execute this First Amendment in San Juan, Puerto Rico, on this 30 day of march, 2021. ----

Puerto Rico Electric Power Authority



Efran Paredes Maisonet  
Executive Director  
Tax ID: 660-43-3747

Sargent & Lundy, L.L.C.



Matthew R. Thibodeau  
Senior Vice President  
Tax ID: 36-1729848



**ATTACHMENT A**

**CONTRACTOR CERTIFICATION**

Consultant certifies to the Financial Oversight and Management Board for Puerto Rico and PREPA that:

1. Consultant's subcontractor(s) in connection with the Contract are the following:

<b>Subcontractor Name</b>	<b>Subcontractor Role</b>	<b>Subcontract Amount</b>
P&S Consultants, LLC	Environmental site assessment of Cambalache Power Plant	\$7,750.00

2. Neither Consultant nor any of its owners, partners, directors, officials or employees, has agreed to share or give a percentage of Consultant's compensation under the Contract to, or otherwise compensate, any third party, whether directly or indirectly, in connection with the procurement, negotiation, execution or performance of the Contract, except as follows:

NONE.

3. To the best of Consultant's knowledge (after due investigation), no person has unduly intervened in the procurement, negotiation or execution of the Contract, for its own benefit or that of a third person, in contravention of applicable law.
4. To the best of Consultant's knowledge (after due investigation), no person has:  
(a) offered, paid, or promised to pay money to; (b) offered, given or promised to give anything of value to; or (c) otherwise influenced any public official or employee with the purpose of securing any advantages, privileges or favors for the benefit of such person in connection with the Contract (such as the execution of a

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subcontract with Consultant, beneficial treatment under the Contract, or the written or unwritten promise of a gift, favor, or other monetary or non-monetary benefit).

5. Neither Consultant, nor any of its owners, partners, directors, officials, or employees or, to the best of its knowledge (after due investigation), its representatives or subcontractors, has required, directly or indirectly, from third persons to take any action with the purpose of influencing any public official or employee in connection with the procurement, negotiation or execution of the Contract in contravention of applicable law.
6. Consultant recognizes and accepts that any incorrect, incomplete or false statement made by Consultant's undersigned representative as part of this certification shall cause the nullity of the Contract, and in such event, Consultant must reimburse immediately to the Commonwealth any amounts, payments, or benefits received from the Commonwealth under the Contract

**I hereby certify under penalty of perjury that the foregoing is complete, true and correct.**

**Sargent & Lundy, L.L.C.**

Signature: 

Printed Name: Matthew R Thibodeau

Title: Senior Vice President

Date: March 25, 2021

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