



## GOVERNMENT OF PUERTO RICO

Puerto Rico Electric Power Authority  
Governing Board

### SPECIAL MEETING MINUTES March 25th, 2020

The Governing Board of the Puerto Rico Electric Power Authority held a Special Meeting (conference video call) on Wednesday, March 25<sup>th</sup>, 2020, at 9:34 a.m. Chairman Ralph Kreil presided the meeting. Attorney Eduardo Arosemena-Munoz, Corporate Secretary, took notes.

#### **PRESENT FOR THE GOVERNING BOARD:**

Eng. Ralph Kreil-Rivera, Chairman  
Mr. David K. Owens, Vice Chairman  
Mr. Charles E. Bayless, Member  
Mr. Robert G. Poe, Member  
Eng. Tomás Torres-Placa, Member-Consumer Representative  
Atty. Gerardo Lorán-Butrón  
Atty. Eduardo Arosemena-Muñoz, Corporate Secretary  
Atty. Zahira A. Maldonado-Molina, Administrator

#### **EXCUSED**

Atty. María Palou-Abasolo, Member

#### **PRESENT FOR THE PUERTO RICO ELECTRIC POWER AUTHORITY:**

Eng. José F. Ortiz-Vázquez, Chief Executive Director  
Mr. Jaime López-Díaz, Vice Executive Director  
Atty. Astrid Rodríguez-Cruz, General Counsel  
Mr. Nelson Morales-Rivera, Chief Financial Officer  
Eng. Daniel Hernández-Morales, Generation Director  
Eng. Jose L. Sepúlveda, Transmission and Distribution Director  
Mr. Anthony Vega-Plúñez, Operations and Infrastructure Administrator  
Ms. Shehaly Rosado-Flores, Occupational Safety Division Head  
Mr. Fernando A. Padilla-Padilla, Project Management Office Administrator  
Eng. Efran Paredes-Maisonet, Planning and Environmental Protection Director  
Mrs. Noriette Figueroa-Meléndez, Customer Service Director  
Atty. Marc Thys, Human Resources and Labor Affairs Director



PO Box 364267 San Juan, Puerto Rico 00936-4267

"We are an equal opportunity employer and do not discriminate on the basis of race, color, gender, age, national or social origin, social status, political ideas or affiliation, religion; for being or perceived to be a victim of domestic violence, sexual aggression or harassment, regardless of marital status, sexual orientation, gender identity or immigration status; for physical or mental disability, for veteran status or genetic information."

## **I. Quorum Certification**

The quorum was certified with six members present: Chairman Ralph Kreil-Rivera, Mr. David K. Owens, Mr. Charles E. Bayless, Mr. Robert G. Poe, Engineer Tomas Torres-Placa, and Atty. Gerardo Lorán-Butrón.

Attorney María Palou-Abasolo was excused.

## **II. Approval Regular Meeting Minutes**

The approval of the minutes from the last board meeting was left pending. Engineer Kreil approved a moratorium for the next meeting.

## **III. Executive Summaries**

### **A. Infrastructure and Occupational Safety Committee**

#### **Occupational Safety Report**

Ms. Shehaly Rosado-Flores, Occupational Safety Division Head, presented her report.

Engineer Kreil asked Ms. Rosado to present a short briefing of the security measures that PREPA has taken related to the Coronavirus.

Ms. Rosado indicated that at present, we have thermometers to take the temperatures of all the persons that enter the power plants, but we don't have enough for the rest of the PREPA offices. We are conducting efforts with the suppliers to obtain more necessary security equipment.

All the directors must perform a daily check to see if somebody has some suspicious symptoms of COVID-19 and share the information with the Health Division. If there is a suspicion that the employee is positive for COVID-19, the employee will be kept in quarantine. The contractors who are traveling from outside Puerto Rico, must make the corresponding quarantine.

Ms. Rosado explained that there is a huge cleaning campaign of the areas, including vehicles and tools. She indicated that at the moment, PREPA does not have any suspicious cases of COVID 19. There is only one case of mycoplasma and another of influenza, and these employees are in quarantine.

Mr. David Owens asked if we have enough masks and gloves to keep our employees safe.

Ms. Rosado indicated that we have the necessary materials and continue purchasing more.

Mr. Charles Bayless asked about the protocol if an employee of the control room tests positive for COVID-19.

Ms. Rosado explained that in that case, all employees must leave the area and stay in quarantine. Then a cleaning crew will immediately proceed to clean and disinfect the area for 24 hours, and then the next day they can work on the area. Generation is taking steps to avoid contagion in the power plants.

Engineer Ortiz indicated that it works with the standardization of the protocols. He circulated the NYPA protocols to all the staff, in order to follow them as strictly as possible.

Engineer Torres asked if there is any internal protocol within PREPA that requires mandatory testing of some employees, and what is the date of the purchases of the personal protection materials for PREPA employees.

Ms. Rosado explained that the order was placed in the last week of February. Regarding the protocol, Ms. Rosado explained that PREPA has a protocol from 2011, and that it is being updated.

Engineer Ortiz indicated that they have sufficient materials; hand sanitizer, gloves and masks for employees, and that they are working to have enough material for the next 3-4 subsequent months.

## **Operations and Infrastructure Report**

Mr. Anthony Vega-Plúguez, Operations and Infrastructure Division Administrator, presented his report.

Mr. Vega indicated the fuel availability on our power plants. The Aguirre Power Plant has 36 days of Bunker C reserve with Unit 1 in service. Unit 2 remains out of service due to a conductivity problem in its generator. The Combined Cycle has 11.5 days of diesel reserve, with 7 units available. The Aguirre Plant has received a barge with 29,000 barrels every 2 days, and the deliveries will continue until March 30<sup>th</sup> to increase the levels.

The San Juan Plant has 14 days of Bunker C reserve with Units 7 and 9 in service. We have 6.5 days of diesel reserve with Unit 5 out of service. Unit 5 will be back on service approximately by 3/27/20. Unit 6 remains out of service due to natural gas conversion.

The Palo Seco Plant has 14 days of Bunker C reserve with Units 3 and 4 in service. Unit 1 is out of service due to a generator problem. There are six days of diesel reserve with 6 gas turbines available.

The Cambalache Plant has 8 days of diesel reserve with Units 2 and 3 at full load. Very limited use due to a decrease in demand.

The Mayagüez Plant has 15 days of diesel reserve with 2 Units at full load. Two Units are undergoing repairs. Very limited use due to a decrease in demand.

The Gas Turbines in Daguao, Jobos, Yabucoa and Vega Baja are available. All the diesel tanks are at optimum levels. Very limited use due to a decrease in demand.

Mr. Vega explained the price per barrel as of 03/24/20: Bunker C: \$37.50 (San Juan and Palo Seco Plant), and \$39.50 (Aguirre and Costa Sur Plant), for an approximate decrease of 60% since January 5, 2020. Diesel: \$51.00 for all units, for an approximate decrease of 47% since January 4, 2020.

### **Planning and Environmental Protection Directorate Report**

Engineer Efran Paredes-Maisonet, Planning and Environmental Protection Director, presented an update on the Integrated Resources Plan (IRP).

Engineer Paredes stated that there have been no changes in the IRP. They are waiting for the 30th of this month, regarding the deadline of the Puerto Rico Energy Bureau (PREB) to submit the comments of the legal grid. We are working on that report and expect to have a draft by the end of this week.

### **Transmission and Distribution Directorate Report**

Engineer Jose L. Sepúlveda, Transmission and Distribution Director, presented his report.

Engineer Sepúlveda explained that given the actual situation of COVID-19, they are working with the necessary employees to maintain the system. The crews have been reduced, and only the operations and emergency areas are working. The street lighting project was stopped.

Mr. Owens asked about the social distancing measures for crews to make sure they are safe.

Engineer Sepúlveda explained that in the job briefing, they are instructed to maintain a distance of 3 feet between them and they confirm that no one has any symptoms.

Engineer Torres requested information about some outages around the Island. Engineer Sepúlveda explained that there were problems with some distribution breakers.

## **Generation Directorate Report**

Engineer Daniel Hernández started with the system status on February, before and after the earthquake and before the lockdown. Peak demand on February was 2,349 MW, around 30 MW above the same month last year. In system production, in addition to peak demand, we have 1.38 MW, 5.2% above last year for the same month. With fuel consumption, we are comparing December against February. For Bunker C, in December, we used 34%, and 33% in February. For Diesel, we used 10% in December against 29.91% in February.

Regarding Cambalache and Sand Juan Unit 10, the Chairman commented that they had heard that option last meeting and Engineer Hernández said he had received proposals for both from General Electric (GE).

Concerning Aguirre 2, Engineer Kreil said that avoiding protections didn't sound reasonable. The problem with the stator of the generator, copper bars to be exchanged in the warehouse, it would take around 30 days, and 45 more days. Engineer Kreil asked Engineer Hernández to present that option, because the parts are there.

Engineer Hernández said that regarding the replacement of the stator bars, we have the bars already purchased, but for GE it's going to take between 40-45 days to perform that work. GE does not have the people available until the end of May or beginning of June. We are presenting an alternative to not put the machine at risk. We received a protocol from GE to put the machine in service without risk. If that is possible, we can recover the unit in the next few weeks and start doing the rewind of the stator when the demand decreases in winter.

The Chairman stated that the Board believes the work should be done in parallel, so that by the end of May we are ready to do the changes that need to be done, to not further delay the start of Aguirre 2.

Engineer Torres spoke about the Generation report for February. It shows many units out of service, 1700 MW, and some scheduled maintenance. It seems there is big trouble and there should be more urgency to tend to this matter.

Mr. Owens asked about available capacity for the summer months. Engineer Hernández said that, considering Aguirre 2, our projection is to have 3,369 MW. Demand would be around 2,681 MW, same as last year, but this year there will be a load reduction in the range of 10%. The desired reserve margin is 650MW, which is the normal reserve, 450 on spinning reserve and 200 offline units. Around 950 MW for reserve by May. Mr. Owens stated that this situation didn't justify the need to acquire emergency generation.

Engineer Hernández said that if we just look at the numbers, this would be the situation for May. The Chairman asked about August and the summer peak period.

Engineer Hernández stated that the available capacity in August will be the same as in May, because no additional units to be put in service, unless we can have Aguirre 2 and Costa Sur 5. Average demand in August last year, which was 2866MW. If the projected reduction comes true, then the projected demand would be 25-2600MW. This represents that we will have a reserve of 340MW. If everything is in service. Forced outages could happen. In August, the total reserve available will be 780MW.

Mr. Owens asked what our deficit was in our desired reserve. Engineer Hernández said that the deficit was in the base load generation. We can use the total capacity that we have, including the reserve. But if we look at the history, we will see the capacity factors of those units.

Mr. Owens said that the goal was to avoid spending money that would put upward pressure on rates, but we must also be concerned with keeping the light on.

Mr. Bayless asked Engineer Hernández if he had any problem getting teams to the island. He replied that the only delay we had on divers. We are in daily conversations with GE to see if there are additional delays.

The Chairman added that there is a straight instruction from the Governor that anybody that comes from the states cannot go into installations for 14 days. The CEO stated that they have a chat with the Governor directly about outside support for any critical service. The Governor has stated that everybody that comes from outside the island must be quarantined, with very few exceptions to be approved directly by her.

The CEO stated that when we originally spoke of emergency generator and putting Costa Sur in service, we weren't facing the coronavirus. We must work this issue month by month to understand the need. From the perspective of emergency generation, he thinks we must proceed as planned but doesn't see a reason to award this unless absolutely necessary. It can be delayed for a couple of months to see how demand and the economy behave.

### **Costa Sur Updated Report**

Engineer Kreil asked for clarification, because from day one Costa Sur has been a priority, knowing that it's base load generation with great price to consumers. At the last Board meeting, we had a good discussion. The second day after the earthquake, members of the Board went to Costa Sur with the PMO, met with engineers Aguilar and Pérez, and we didn't hear anything until a month later. We thought that the PMO was in charge, but then Engineer Hernández claimed that it was a Generation project. So, we were confused. We need to know who is really responsible for Costa Sur and take the conversation from there.

Engineer Hernandez said that we have a team. In that sense, we started to establish the proper work that can be performed to get the power back. As many other bug repairs, a main thing to do is to have a proper plan to perform. The plan was presented; the first step was to see the extent of the damages. That was what we did at the beginning, and there are still some studies in progress. Then, we need to execute the repairs based on the damages. Once we received most of the results of the studies and recommendations, we prepared the schedule to perform the minimum repair to get Unit 5 back in service asap. We cannot bypass some minimum studies.

We have coverage from the insurance, and we need to agree with them the correct process in order to prevent loss in claim of insurance. We need to have FEMA aligned to submit to them all the damages in order to get at least the 25 million that is part of the deductible. We included people from PMO, engineering, insurance, and as a team we are working together trying to get unit 5 as your instruction asap. So, in that sense, we prepared very aggressive plan schedule to put unit 5 in service.

We have been doing work there. Not all repairs are being delayed. This week, we are installing the new overhead crane from units 3 to 6. We finished the internal inspection of the boilers by GE. Now we are doing studies on the soil, the fuel and tanks, and we have the final report for the condenser. We have a plan B to use other tanks in order to provide water properly to the system. Foxboro people are already there, to repair the AC system to avoid heat, and we are working on that. Once we can have the contract to remove the lead in the paint, then we will start with GE people to fix the structure of unit 5, as instructed by the Board. We have been working with our people and with people from UTIER, working with the new demi plant there. Engineer Hernández commented that if the Board wanted to say that he's the only one responsible of these repairs, they could, but he sees it as a team effort. PREPA has always worked as a team for every project. So, he doesn't see the need to appoint someone as the only person responsible for that repair.

The Chairman stated that he still hasn't received an answer. There are two questions: who is going to be responsible for the work from here on, and if Engineer Hernández feels that everything done up to today has been done as an emergency, because it has been a 24/7 job since day one. Six weeks ago, the Chairman was at Fortaleza and he expressed his worries about a perfect storm- he thought it would be in the summer- and we are now there because of COVID-19.

Engineer Hernández said that the next step is to execute all the tasks in the schedule, that was prepared by a group of people. The PMO has the responsibility to execute the contracts. Generation does not have the resources to execute the contracts because the resources that we had, engineering and technical division, now belong to the PMO. We must use PMO as executor, but all the tasks we presented on the schedule must be done. Generation will have to work together with the PMO to adhere to the schedule.

The Chairman said that we want to make clear what has been going on. We have been pushing to get Costa Sur back online. The Board will hold accountable whomever fails the people of Puerto Rico. This has been an emergency since day 1. We have a commitment with the FOMB to make sure the prices are proper, and the procurement is done properly. We want to have everything clarified for the benefit of the consumer.

Mr. Owens asked what studies have yet to be completed. Engineer Hernández replied that we are not waiting for all the studies to start the repairs. If you see the schedule, at the beginning, we needed to wait for GE to report to see the extent of the damages on the main structure of Unit 5. That report was finished, and we have the proposal from GE, which was approved by resolution of this GB last week.

We are now in position to start the repairs on the structure. 2 main repairs. Repairs in the structure of Unit 5 and the replacement of the condensate water tank. Plan B is to use the 2 or 3 tanks already there. We received a proposal to rebuild the tank from a local contractor, which would take until the first week of August. We will run this in parallel, to demolish and build a new tank, and make the connection to use the existing condensate water tanks.

The Chairman commented that the tank for Unit 6 needs to be demolished but asked if we can keep the water tank for Unit 5 and guarantee that we can run it. Engineer Hernández said that it was possible. Even if we want to use this tank at half capacity, we need to perform some repairs in it. This would give us a third approach to run in parallel. We could add it to the schedule.

Engineer Torres asked if we do the 3 things in parallel, when can we have Costa Sur online. Engineer Hernández said in the first week of August. Engineer Torres said this was not acceptable. From this date, it should be a 3-month delivery, maximum. Engineer Hernández said that the time on the schedule is the timeline that GE presented to us. Engineer Torres asked who in Generation was being consulted with, besides GE. Engineer Hernández replied that they were using the O&M.

Mr. Owens said that we all have the same goal: to get Costa Sur back in service. He asked what could be done to expedite the work by GE. August is at the height of the peak period. We should have that unit before, to ensure reliability and keep rates affordable.

Mr. Bayless asked how long it would take for a new tank. Engineer Hernández said that also until August. Mr. Bayless asked Engineer Hernández how long it would take if the new tank was already there. Engineer Hernández said that in phase 2 and 3 and the repairs of the structure with GE will end in the third week of July. If we have the tanks available, probably that would be the best scenario, and we would have to explore with GE if there are additional resources, they can use to expedite the repair. We need to work together.

The Chairman added that the Board went to Costa Sur. We met with the structural expert that was there. From his own words, all the structural work in Costa Sur could be done in 3 weeks 24/7. The 3 weeks 24/7 and the schedule you are presenting don't match at all.

Mr. Bayless said that we have lost a month. We must figure out how to get that time back. Mr. Owens said that we are trying to demonstrate the urgency; we need to expedite the schedule. We need the plant on the summer period. They asked Engineer Hernández how the Governing Board could be of help.

Engineer Hernández said that from the Governing Board, he would need the option to contract directly the companies Generation understand it needs, the timeline would be less. Also, on the schedule there are many tasks that must be done in parallel, which is why we said we needed an external project manager for these contracts and works.

Mr. Poe said that, first, this problem has existed since January 7. So, the delay of three months doesn't imply an emergency in procurement; we should have been expediting procurement before that. He would call this sole sourcing. Mr. Poe believes competitive procurement can still be done. He asked what the delays because of the procurement process were.

Engineer Hernández said that we have been doing some direct contracting for the studies, and this is the reason that we have been able to do them. Mr. Poe said that blanket contracts like these are sometimes necessary. Mr. Poe clarified the procurement processes in PREPA and compliance with the FOMB. Attorney Rodríguez said that if the amount was less than 2 million, we could request 3 proposals and then select.

Attorney Rodríguez said that there was a meeting with Mr. Padilla to see all the alternatives we had to accelerate the procurement process. She added that one of the things they would discuss the correct process to comply with the FEMA requirements.

The Chairman asked Mr. Padilla if an external manager was really needed. Mr. Padilla said that we were able to review the schedule, and one of the critical paths is potential procurement aspects on specific contracts and specific workstreams. There are close to 7 workstreams. Our team had a conversation with GE yesterday, and they will be using local resources. These are aspects that we can manage at the large scale with each of the service providers. His main concern is key procurement on key projects where we would need some flexibility to comply. In this type of situations, we want to be sure that each one of the critical paths and key tasks, there is some flexibility to directly negotiate or reach out to service providers that would be available to begin awarding contracts immediately. It's highly likely that we would need a project manager to work on this 24/7. While we have Engineer Umpierre and his team, we might see that using a local PM team will ensure we have expertise, the people and that each one of the tasks is done effectively and push the schedule. There is a high risk that if we use the current

procurement process, this schedule will be delayed. So, for between 7 to 8 workstreams, we need some flexibility on procurement. We need to come back to the Board with this.

Mr. Owens believes we've clarified what we need with regards to the procurement process and that we need an external manager. Mr. Bayless said that it is standard practice to have people on site.

Engineer Torres said that we are talking about hiring external management, but he would like to know who is managing the plant right now. Engineer Hernández replied that right now Miguel Beauchamp is managing the plant. Engineer Torres questioned why the shop manager was managing the plant. Engineer Hernández said that this was an administrative decision. We are using the proper personnel. Engineer Torres kept asking who made that administrative decision. Engineer Hernández said that there were no operations at Costa Sur right now. In terms of Operations personnel, Engineer Torres asked what happened with Eng. Angel Pérez.

The Chairman said that the Board feels that in order to expedite the work in Costa Sur, Engineers Aguilar and Pérez need to be back to get the plant back in service. Engineer Hernández said that he wanted to be sure that everybody was aligned with the plan. The first steps were to develop the scope and schedule; the second part is the execution. He asked for the official position of the Board regarding this being teamwork and not just one person as responsible; if there would be one person appointed as responsible.

The Chairman said that the Board's position since day one has been to get the plant back in service and questioned Engineer Hernández as to why he removed two of the engineers that best knew the plant.

The CEO rejoined the call, he was in another call with the LPPC. He expressed a concern about bringing in certain personnel that was under investigation for non-compliance with ethics provisions and procedures of the agency. He asked for a sidebar to discuss this topic. He also spoke about his concern with COVID-19 consequences for the agency, which he believes should be the main issue right now.

The Chairman clarified that from the beginning, as we spoke in Fortaleza six weeks ago, there is a need to bring Costa Sur back in service. We are facing the perfect storm. The CEO said that everybody had service, so he thinks that Engineer Hernández showed that we have very good numbers for the next few months and maybe emergency generation will not be needed, so he reaffirmed his concern about bringing in specific people back to Costa Sur, which could go against the public policy set by Fortaleza. He added that we have a Fiscal Plan to follow. He recommended to have a call with Fortaleza and FOMB to see where we are.

The Chairman stated that the Governing Board sets the public policy of the agency. He asked what would happen if there is no other money from FEMA or from the insurance.

The CEO said that we had very good conversations with the insurance, but since it involved negotiations, it should be done in private.

Mr. Bayless asked if it was advisable to get the plant manager back. This should be discussed in executive session.

The Governing Board recessed at 12:18 p.m. and resumed the meeting at 12:53 p.m.

Attorney Gerardo Lorán-Butrón expressed his concern regarding the revenues of the agency considering the fact that we are down 70% in revenues, and how to address this generation problem. He wants everyone to understand that fixing the Costa Sur Plant is going to cost less than the emergency generation.

Mr. Nelson Morales indicated that cash collection has decreased in the last days.

Engineer Hernández expressed that the cost estimate is about 45 million and we intend to use two accounts: Emergency and Maintenance.

Mr. Owens recommends putting on record the letter sent to the CEO on March 18<sup>th</sup>, 2020, which captures all the major issues that PREPA is currently facing and indicates the direction of the Governing Board.

## **B. Contracting and Recovery Committee**

Mr. David K. Owens, President of the Contracting and Recovery Committee, gave an introduction regarding the Resolutions to be considered.

Mr. Bayless wanted to make sure that Mr. Fernando Padilla is aware of the cash flow situation, the decrease of a 70% in total collections, because people are not paying due to the moratorium.

Mr. Nelson Morales explained that PREPA evaluated the impact on revenues.

Mr. Jaime A. López, Vice Executive Director, will present a brief description of five (5) of the resolutions, and then Mr. Fernando Padilla will explain the details and answer the questions. Once all these Resolutions are discussed, the Governing Board will vote them.

## **Resolutions**

### **Request for Proposal (RFP) – Emergency Restoration Services**

Mr. Jaime A. López, presented the RFP for Emergency Restoration Services.

Mr. López requested authorization from the Board for the RFP process for this year's hurricane season. The allocated budget is \$30 million for the next fiscal year. This RFP is expected to be for more than one contract. This contract would only be triggered if an emergency declaration is issued by the Governor and/or the President of the United States.

### **Request for Proposal (RFP) Streetlights Repair**

Mr. Jaime A. López, presented the RFP for Streetlights Repair. He explained that PREPA's streetlights consist of 500,000 units approximately. On May of 2019, PREPA awarded nine contracts for the repair of streetlights for a total of \$22,900,000. This project has enabled the repair of approximately 50,000 units. At present, the streetlights infrastructure has approximately 141,000 units that need to be repaired, require maintenance or the upgrade to LED technology.

The allocated budget for the next fiscal year is \$75 million. We expect to impact 140,000 on that budget, with multiple contractors to be engaged.

### **Diaz & Vazquez Law Firm, P.S.C. Contract**

Mr. Jaime A. López, presented a second amendment to the Diaz & Vazquez Law Firm, PSC Contract.

We request authorization to extend the Diaz & Vazquez Contract until the end of the next fiscal year and increase the budget to \$850,000 to maintain the continuity of the sensitive matters that they are already working on, including Title III.

Diaz & Vazquez Law Firm submitted a proposal detailing the professional services that, based on their experience and PREPA's request, will be required during the next Fiscal Year 2020-2021, with a budgeted amount of \$4,740,000.

PREPA will be in need of continued legal services for the upcoming 2020-2021 fiscal year, in regard to the Title III litigation and labor claims resolution process, general litigation, opinions, procurement, processes for RFP's, PPOA's, rate case, wheeling case, among others.

### **Extension Approval – External Call Center Services Insight Communications (2019-P00118), Telecontacto, Inc. (2019-P00117)**

Mr. Jaime A. López presented a First Amendment for both contracts of the external Call Center Services.

On June 10, 2019, a contract was signed with Insight Communications and TeleContacto, Inc., respectively. They offer PREPA the customer service call handling service.

Although these contracts expire on June 30, 2020, they have an extension option of four additional fiscal year periods each, subject to the availability of funds.

Due the variety of services provided by the external call centers, the process of training their personnel took several months. Also, the training required the collaboration of personnel from the Customer Service Directorate and the Information & Technology Office.

Some benefits of extending the Contracts would be the following:

- Savings in the investment cost of internal resource training.
- The services will not be interrupted.
- For the extensions of the Contracts, PREPA will benefit from a discount in the rate per hour for the services provided by Telecontacto from the second year, and from insight, for the third year.

### **Truenorth Corporation Second Amendment**

Mr. Jaime A. López presented the second amendment to the Truenorth Corporation Contract.

The Customer Service Directorate (CDS) requested three proposals for the services provided by the Contractor. After evaluating the proposals that were received, the CDS determined that Truenorth's proposal best suits PREPA's needs, in terms of cost and services.

We requested the extension of the Contract from July 1, 2020 to June 30, 2021 and approved a budget of \$780,000 for the services to be rendered under the extension period, which will increase the Contract amount to \$1,260,000, until June 30, 2021.

On March 9, 2020, the Finance Directorate certified the availability of \$780,000 in the budget for Fiscal Year 2020-2021, for the Second Amendment to the Contract and General Counsel evaluated the legal aspects of this Contract.

### **Resolutions for Approval**

Concerning amendment to Diaz Vazquez, Chairman Kreil inquired as to the amount. Mr. Fernando Padilla replied that the amount requested in the Resolution, contemplates all the necessary additional work to be performed by the law firm.

Regarding RFP for streetlights, Chairman Kreil asked about the amount per unit, if it included all the materials. Mr. Padilla answered that it was a projection contemplating all the work and infrastructure needed to turn on the lights.

Engineer Torres commented that we had a deficit of about 200 million in January, and a revenue cut of about 50%. We are talking of authorizing 100 million in contracts, which we could use for Cambalache and the SJ unit we were talking about. So why do this today and not wait a couple of weeks after a thorough analysis is performed and alternatives are explored.

Mr. Owens rephrased Engineer Torres's concerns, asking if we should defer action for the next fiscal year's budget; in other words, why is it necessary to act today. Mr. López said, for example, that the call centers help get revenue. Regarding the emergency restoration services, they would only be triggered in case of an emergency.

Concerning the other two resolutions, Mr. Padilla said that they were asking approval to launch the event to test the market, not a contract per se, which would be brought before the Board. For the Diaz & Vazquez amendment, based on the current works tasks and workloads, and assuming an amount that may be reduced for the next fiscal year, on a conservative basis, he doesn't believe there will be a significant impact on the budget.

Chairman Kreil added that we were considering these RFP's now because we are approaching the end of this fiscal year, so we need to budget for the next fiscal year. Also, he said that the budget has already been allocated, so he asked for Mr. Nelson Morales to express any concerns he may have. Mr. Morales stated that the immediate impact right now is our cash flow, but the services should not be disrupted. What we must do is establish priorities in the coming weeks. He said that he believed that the Board could proceed with the resolutions.

Mr. Owens commented that he felt comfortable and that we would not execute anything if there was stress on our cash flow and we would prioritize everything.

Regarding the customer service contract, Engineer Torres asked about the increase in the amount. Mr. López answered that his assumption was that it had a volume-based component, and that we were able to have reductions in costs per call. Mr. Poe added that this new contract would imply more services, and that the outsourced call centers have reduced the wait time and these companies bring added resources.

On the Truenorth contract, Engineer Torres asked about the scope and the increase, because there was a discrepancy in the documents. Mr. López replied that the correct amount is \$780,000 for the next fiscal year, and the services are: IT support, monitoring, technical specs for development, process analysis, KPI designs, among others.

Mr. Charles Bayless presented a motion to approve the following Resolutions of the Contracting Committee:

1. RFP Emergency
2. RFP Streetlights
3. Diaz & Vázquez

4. Truenorth Corp.
5. Call Centers (Insight and Telecontacto)

It was seconded by Mr. Robert Poe. Engineer Tomás Torres voted in favor of the Call Center and Truenorth resolutions and voted against the rest because of funding concerns.

### **Renewable Energy**

Mr. David Owens requested an update of the shovel ready projects, contemplating a certain date of the end of April for them to be consummated.

Mr. Fernando Padilla explained that they have very limited movement in the negotiation table. They have three potential projects that could be closed to execute potential amendments. We have closed out all the outstanding key aspects. We continue exchanging aspects regarding MTR structure and interconnection. We have contemplated end of April to come to an agreement with the projects or reject them.

There are sixty-five PPOA's for renewables: 11 that we are renegotiating the price, 16 that are shovel ready, 36 that are not operational or shovel ready, 2 projects that weren't analyzed on Title III court, but they are shovel ready. The potential projects can produce between 30 and 40 MW respectively.

Engineer Kreil presented a motion to approve a Resolution in order to the projects by developers which have been consummated with PREPA and meet the deadline of April 30, 2020, should proceed. All other projects are rejected, but are encouraged to participate in future RFP for renewables. Management is instructed to approach the operational projects to achieve a 10% reduction and report to the Board in April so that the Board can determine whether to accept or reject these projects.

Mr. Charles Bayless seconded. The Resolution was approved.

### **C. Customer Service**

Mr. Robert Poe, President of the Customer Service Committee, informed the matters discussed in the Committee.

Mrs. Noriette Figueroa, Customer Service Director, explained all the security measures adopted in her Directorate related to COVID-19. There has been a decrease in the number of calls regarding payment transactions. The disconnection processes have been postponed.

Attorney Gerardo Lorán clarified that according to the executive order of the Governor, no essential service may be disconnected during the emergency.

Engineer Torres indicated that there are two issues that must be considered in the next weeks. First, if the quarantine is extended, people that are not working and don't have money to pay, and second, people that can pay but don't know how to do it.

Mr. Poe requested the Customer Service Director to consider the experience of Hurricane Maria and bring us a plan to address these two issues.

The CEO explained his concern about the commercial clients that are closed and aren't generating income. We need to focus more on those clients instead of on residential clients.

#### **D. Audit**

Mr. Robert Poe, Chairman of the Audit Committee, reported that it was a relatively uneventful audit report because of the Covid-19 situation.

Mr. Poe informed that in the next Audit meeting, Mr. Orlando Colón will present an assessment of what kind of financial controls are being placed in the Disaster Funding Management Office (DFMO), in compliance with the Resolution approved at our last meeting.

Mr. Jaime López reported that the Cyber Security Site did not report anything out of the ordinary and that it continues to work with the contractors.

#### **E. Finance**

Mr. Charles Bayless, Chairman of the Finance and Bankruptcy Committee, requested information about PREPA's collections.

Mr. Morales informed that his Finance staff prepares a daily report of the cash collections for monitoring purposes. The cash collections between March 16 and March 24, 2020 was a cumulative of \$40.3 million. Under normal circumstances, they are supposed to collect \$81.7 million. The estimated shortfall in cash collection is \$21.4 million.

There have been many conference calls with the Fiscal Agency & Financial Advisory Authority (FAFAA) and advisors regarding the cash flow situation. We are reporting the situation to the Financial Oversight and Management Board (FOMB).

We work closely with the Office of Management and Budget and FAFAA with estimated bills from government agencies and public corporations, to collect debt accumulated since Hurricane Maria to this fiscal year.

We instructed the Directors and Administrators that they will only emit payments to suppliers that provide essential services.

Mr. Owens explained the importance that in the event of a worst-case scenario, we need to prioritize our expenses.

Mr. Bayless asked to be kept informed about PREPA'S cash flow.

Mr. Morales explained that this situation has affected the preparation of the budget for the new fiscal year.

Engineer Ortiz indicated that it is better to prepare for various scenarios, as suggested. We work hardily on the Federal Emergency Management Agency (FEMA) reimbursement of the Non-Based Portable Units that we are using right now in Mayaguez, San Juan and Cambalache.

#### **F. Human Resources and Legal Affairs Committee**

Mr. Charles Bayless, Chairman of the Human Resources and Legal Affairs Committee, requested Attorney Marc Thys, Human Resources and Labor Affairs Director, to present his report.

Attorney Thys explained the security and safety measures that the Human Resources and Labor Affairs Directorate have taken related to COVID-19. We are in daily communication with the unions, especially with the UTIER. We are complying with the public policy and the executive order of the Governor of Puerto Rico.

Attorney Astrid Rodríguez indicated that the Legal Affairs Department is working remotely and giving support to all the areas, in terms of any amendments, contracts or RFP processes in Power Advocate. We are having some technical meetings with the PREB regarding the information necessary for the evaluation and decisions of the Fuel Adjustment.

#### **G. Chief Executive Officer Report**

Engineer José F. Ortiz Vázquez, Chief Executive Officer, presented his report.

The CEO explained some issues with the delivery of coal for AES from Colombia. There are alternate plans in case Colombia cannot continue supplying coal to AES.

In terms of the Disaster Declaration, FEMA will be receiving \$45 billion for the mitigation of Coronavirus. PREPA could apply these funds for overtime payment and other endeavors. The Governor requested from FEMA a guideline to make sure of the adequate use of these funds.

Congress is working to support the recovery. This support has been divided into two parts; Prevention and Recovery. For recovery, public utilities like PREPA are being considered for financial assistance and support.

Engineer Ortiz reported that he is in communication with Admiral Brown from FEMA to expedite the payment process. FEMA is evaluating all of the hurricane estimates to send them to the headquarters for final approval.

FEMA approved the Peaking Unit payments, that represent \$59 million.

The meeting adjourned at 4:00 p.m.



---

Eduardo Arosemena-Muñoz, Esq.  
Corporate Secretary