BY-LAWS

OF THE

PUERTO RICO ELECTRIC POWER AUTHORITY

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BY-LAWS OF THE PUERTO RICO ELECTRIC POWER AUTHORITY

1. **Purpose of By-Laws**

   The purpose of these By-Laws is to govern generally the manner in which the business of the Authority shall be conducted and the manner in which the powers and duties granted to and imposed upon it by law shall be exercised and performed. Said business shall be conducted and said; power and duties shall be exercised and performed in accordance also with the provisions of the Puerto Rico Electric Power Authority Act; with any and all resolutions or other actions adopted or taken or to be adopted or taken by the Governing Board; with any and all rules and regulations adopted or to be adopted by the Authority; and within the maximum flexibility inherent to its purpose and to the nature of the services which it has to provide. The Authority shall administer and operate the South Coast, the Isabela, and the Lajas Valley Irrigations Systems on behalf of the Government of Puerto Rico as authorized and directed by law and as herein provided. The Authority owns two subsidiaries; a limited liability company named PREPA Utilities LLC and PREPA Network Corporation, and is authorized to create any subsidiary as per law, as per Act No. 189 of August 18, 2003. The Puerto Rico Electric Power Authority can delegate or transfer any of the Authority’s rights, powers, functions or duties to these subsidiaries.

2. **Governing Board**

   a. The powers of the Authority shall be exercised and its general policy shall be determined by the Governing Board of the Authority consisting of nine members, six of which are appointed by the Governor of Puerto Rico, with the advice and consent of the Senate, one shall be the Secretary of the Department of
Transportation and Public Works, and the remaining two are elected among the consumers of electric energy as provided under Act No. 36 of May 2, 1973, and in staggered periods of four years. Any vacancy of the members appointed by the Governor shall be filled also by appointment of the Governor of Puerto Rico for the unexpired term within a period of sixty (60) days after the date such vacancy has occurred. Any vacancy of the members elected among the consumers shall be filled as provided under the above-referred Act No. 36.

b. Members of the Board who are officers of the Government of Puerto Rico shall receive no compensation for their services. The other members shall be entitled to a per diem, as established by law, or regulation of the Board for each day they attend a session or business entrusted to the Board by its Chairman.

c. The Governing Board shall elect a Chairman and Vice Chairman. It shall prescribe, adopt, amend, and repeal the By-Laws of the Authority governing the manner in which its general business shall be conducted and in which the powers and duties granted to and imposed upon it by law shall be exercised and performed. It shall also provide for the delegation to its Executive Director or its officers, agents, or employees of such of the powers and duties of the Authority, as the Board may deem proper.

d. The Board shall appoint and fix the compensation of the Executive Director and Vice Executive Director and shall appoint the Secretary and Assistant Secretary. In case of absence, physical, mental, or legal inability or impediment of the Secretary to act as such, the Assistant Secretary shall act for all intents and purposes as Secretary of the Governing Board. The Executive Director, the Vice Executive Director, the Secretary, and the Assistant Secretary shall be officers of the Authority, but neither of them shall be a member of the Board.

e. The Governing Board shall also appoint, with the recommendation of the Executive Director, the Internal Audit Office Administrator, and the three
representatives of the Governing Board to the Board of Trustees of the Puerto Rico Electric Power Authority's Retirement System.

f. The Chairman shall be the presiding officer at all Board Meetings and shall appoint any number of Board Committees, which may deem necessary. The Chairman shall also designate the members and components of such committees. The Chairman shall have all the inherent powers of the Chairman of a corporation including the powers to enter into contracts and to approve disbursements in connection with Board's functions and operations.

g. The Executive Director shall be appointed by the Board exclusively upon the basis of merit as determined by technical training, skill, experience, and other qualifications best suited to carrying out the purposes of the Authority. He may be removed by the Board, but only for cause and after he has been given notice and an opportunity to be heard, as provided by law.

h. The Secretary shall have responsibility for keeping minutes of all meetings of the Governing Board; shall be the custodian of the Corporate Seal, shall attest to all documents executed under the Seal of the Authority; and shall perform such other duties usually pertaining to the office of the Secretary of a corporation. The Secretary may be removed only by the Board.

i. The Chairman of the Board, the Vice Chairman, and one additional member of the Board designated by the Chairman shall constitute the Executive Committee.

j. The Executive Committee shall advise and aid the Executive Director of the Authority in all matters concerning its interests and the management of its business and shall exercise such powers as may be assigned by the Board of Directors.
k. Regular meetings of the Executive Committee may be held without call or notice at such times and places as the Chairman from time to time may fix.

l. The Secretary of the Board shall maintain records relating to general issues discussed at the Executive Committee meetings.

m. The Chairman of the Board shall also designate an Audit Committee composed of not less than two members of the Board. This Committee shall periodically review audits performed by Internal and External auditors and the annual work plan of tasks to be undertaken by the International Audit Office. The Internal Audit Office will report to the Audit Committee of the Board. The Internal Audit Office Administrator is an officer of the Authority. He or she shall be responsible to the Governing Board for the office operations and to the Executive Director in administrative terms.

3. Residence

The residence, domicile and principal office of the Authority shall be in the City of San Juan, Puerto Rico, but its business may be conducted and offices for the purpose may be located both in San Juan and elsewhere.

4. Corporate Seal

The Corporate Seal of the Authority shall be a design bearing a double circuit three phase high voltage transmission line lattice steel structure representing the transmission of electric energy from the power generating plants to the consumers. Said figure encircled by the words “PUERTO RICO ELECTRIC POWER AUTHORITY – CORPORATE SEAL”; all of which is shown in a drawing prepared by
direction of the Executive Director and filed with the official Minutes of the meeting held on November 21, 1979. Said seal may be affixed by an impression, printing, stamping or by any other method of reproduction. The Executive Director may use said design upon such stationery, printed matter, signs of other publications of the Authority, as may be convenient and appropriate. The same seal is adopted in Spanish with the words “AUTORIDAD DE ENERGÍA ELÉCTRICA – SELLO OFICIAL”.

5. Meetings

a. Regular meetings of the Governing Board shall be held on the third Tuesday of every month or at any other date, if for valid reasons the Chairman considers that the meeting should be postponed.

b. Additional special meetings of the Governing Board shall be held at the request of the Chairman or the Executive Director at such time or times as shall be designated by the Chairman to consider matters notified in advance to the members.

c. The Executive Director is authorized according to law to attend all meetings of the Board, but shall not be entitled to vote.

d. Five members, as provided by law, constitute a quorum and all action of the Governing Board shall be taken by not less than five of its members.

e. Members may participate in regular, special or committee meetings in person, by telephone or videoconference.

6. Place and Notice of Meetings

a. The meetings of the Governing Board shall be held at its office in the Authority. With the consent of the majority of the Members of the Governing Board, they
may be held at any other place. Provided that whenever special circumstances require immediate action by the Governing Board and time constraints and sense of urgency, or any other reason make it impossible or impractical for the Board to meet personally, the members of the Board may be polled by telephone by the Chairman or the Vice Chairman, the Secretary or the Assistant Secretary, and any action taken under such circumstances shall be legal, proper and authorized in the same manner as if the Board had convened for a meeting, subject to all of the regulations and limitations contained in these By-Laws. Such action shall be referred to as a "Resolution by Consent".

b. The Secretary of the Governing Board shall prepare and send notices of all regular and special meetings to the Members of the Governing Board and to the Executive Director. The Committees meetings communications will be distributed between its members. Said notices shall state the time and place of the meeting, but need not to state its purpose, when the meeting is a regular one. Said notice shall be sent by mail, fax or e-mail at least forty eight (48) hours before the date fixed for the meeting.

7. Postponement

Meetings of the Governing Board may be postponed without notice if a quorum is present. If there is no quorum, the meeting may be postponed by the members present, provided that notice of such postponement shall be sent to those members absent at said meeting.

8. Attendance

In addition to the Governing Board Members, the Officers of the Authority, any person designated by a Member or Officer in writing to act as his or her assistant or counsel, and such other person as may be admitted by the Governing Board, may attend the meetings of the Governing Board and shall have a voice, but no vote.
9. **Public Hearings**

   a. Public hearings required by law shall be held as designated by the Governing Board.

   b. Public hearings and meetings upon such questions requiring public consideration, as determined by the Governing Board, may also be held as designated by the Board.

   c. Public hearings as provided in this Section shall be held before the Governing Board or before such Hearing Officers or Officers as shall be designated by it to conduct said hearings and report thereon to the Governing Board.

10. **Minutes**

    The minutes of each meeting shall include a record of all action taken, but they need not include the discussion thereon. Copies thereof shall be sent to each Member, at least forty eight (48) hours before the following meeting for discussion and approval at the following regular meeting of the Board. Minutes are private and confidential documents for the exclusive use of the Board Members.

11. **Procedure**

    Meetings shall be conducted pursuant to Robert's Rule of Order, but failure to comply therewith shall not affect the validity of any action taken.

12. **Powers of the Executive Director**

    The Executive Director shall be the Chief Executive Officer of the Authority and shall be responsible to the Governing Board for the execution of its policy and for
the general supervision of the operations of the Authority. He or she shall be the General Manager of the Authority and shall be in general charge of their activities, officers, agents, employees and properties.

a. **Puerto Rico Electric Power Authority**

In connection with the discharge of his or her duties as Executive Director of the Authority, the Executive Director shall have the following powers in addition to any other powers granted by law or heretofore or hereafter granted to him or her by the Governing Board, but this enumeration shall not in any way be constructed as a limitation on his or her general powers as Manager and Chief Executive Officer of the Authority and as are customary to positions of a similar nature.

1. To acquire by purchase or by any other legal means real property rights incidental and necessary to carry out the normal operations of the Puerto Rico Electric Power Authority not exceeding Five Hundred Thousand Dollars ($500,000.00) in value, and to execute on behalf of the Authority, any and all documents required for such acquisition provided the acquisition of such real property or real property rights has been approved as required by law.

2. To enter into any and all kinds of construction contracts and contracts for the purchase of equipment, materials, supplies and services, personal or others, necessary to promote and carry out the purposes of the Puerto Rico Electric Power Authority. These contracts, as well as all others signed by the Executive Director shall be in complete compliance with the Authority's established rules and regulations regarding Purchases and Bid Awards.
3. To settle judicial or extra-judicial claims in transactions by or against the Authority not in excess of Two Hundred and Fifty Thousand Dollars ($250,000.00). The Executive Director shall also approve the payment of final and non-appealable judgments dictated by a court against the Authority in which no settlement was agreed by the parties, regardless the amount of such judgments. Those payments must be informed to the Governing Board not later than the second regular meeting of the Board following any such payments.

4. To sell, under public bidding, or by such other means as in his or her judgment the circumstances may warrant, real property of the Authority determined by him or her to be surplus to its needs when such property does not exceed Five Hundred Thousand Dollars ($500,000.00) in saleable value and surplus personal property when such property does not exceed Two Hundred Fifty Thousand Dollars ($250,000.00) in value.

5. To appoint, remove, promote, transfer, discontinue, reinstate, suspend, grant leave of absence, make changes in grade, assign compensation of title of the officers and employees in accordance with such rules and regulations and plans adopted by the Governing Board.

6. Negotiate collective bargaining agreements with labor unions with the final ratification by the Governing Board.

7. To exercise such other power and duties as are necessary, proper or usually pertinent to the normal operation and maintenance of the system and business of the Authority.
b. **Public Irrigation Systems**

Pursuant to provisions of Section 4 (b) of the Puerto Rico Electric Power Authority Act, the powers vested in the Authority by Section 24 of said Act, and by Acts Nos. 83 and 84, approved June 20, 1955 regarding the Puerto Rico Irrigation Services, respectively, and the powers vested in the Authority by the Lajas Valley Public Irrigation Law, approved June 10, 1953, as amended, are hereby delegated to and vested in the Executive Director.

c. **Rules and Regulations**

The Executive Director may prescribe and adopt such rules, regulations, and directives as shall be necessary and proper for the administration and the operation of the Authority and of the aforementioned Public Irrigation Systems, and for exercising the powers delegated to or vested in him or her by law, by these By-Laws, or by and all resolutions or other actions of the Governing Board.

d. **Interim Succession**

In case of death, resignation, total and permanent incapacity or any other absolute disability, the office of the Executive Director shall inure, in first instance, upon the Vice Executive Director and in second instance, upon the officer the Board designates to assume the interim supervision of all functions of the Authority.

13. **Powers of the Vice Executive Director**

The Vice Executive Director shall have the administrative power delegated unto him or her by the Executive Director and shall have administrative supervision on all functions of the authority, unless expressly reserved for himself by the Executive Director. Any reference to the Authority shall include the Vice
Executive Director, except in those areas expressly reserved for himself by the Executive Director and which have not been delegated to the Vice Executive Director.

(Amended on June 20, 2006 per Resolution No. 3378)

14. Officers of the Authority

a. The Officers of the Authority besides those directly appointed by the Board shall be the following:

1. **Director – Electric System**

   The Director of the Electric System shall be responsible to the Executive Director in matters relating to power production, operation and maintenance of the electrical system; and shall have general supervision of the (a) Operation Division, (b) the San Juan, (c) South Coast, (d) Aguirre, (e) Palo Seco, and (f) the Hydro Gas / Combined Cycle / Cambalache Electric System Divisions; (g) Electric Maintenance System and Electric Protection Division, and (h) Maintenance and Power Plants Technical Services Division.

2. **Director – Transmission and Distribution**

   The Director of Transmission and Distribution shall be responsible to the Executive Director in matters relating to power transmission and distribution, and the maintenance and construction of the transmission and distribution system. Also, shall have general supervision of the (a) San Juan, (b) Bayamón, (c) Carolina, (d) Caguas, (e) Ponce, (f) Arecibo, and (g) Mayagüez Technical Operations Regional Offices; (h) the Electric Distribution Division, (i) the Operation and Control Distribution System Division, and (j) the Intervention and Budget Control Administrative Office.
3. **Director – Customer Services**

The Director of Customer Services shall be responsible to the Executive Director for matters relating to customer services, such as: new services, billing, collections, and meter reading. Shall also have general supervision of (a) the Commercial Operations Division, (b) the Administration and Special Customers Services Division, the (c) Wholesale, Industrial and Commercial Customers Office, and (d) the Manager Unlawful Use of Electrical Power Investigations.

4. **Director – Finance**

The Director of Finance shall be responsible to the Executive Director in matters related to financial policy and financial administration; and shall have general supervision of (a) the Accounting and Budget Division which is under the direct supervision of the Controller; of (b) the Treasury Division, which is under the direct supervision of the Treasurer, and (c) the Risks Management Office. Also will preside over the Bid Committee “A”.

*(Amended on June 20, 2006 per Resolution No. 3377)*

5. **Director – Administrative Services**

The Director of Administrative Services shall be responsible to the Executive Director in matters relating to general administrative services of the Authority and shall have general supervision of (a) the Materials Management, (b) General Services, (c) Land Transportation, (d) Real Estate Assessment Office, (e) the Administrative Research and Procedures Department, (f) the Permanent Bid Committee “B”, (g) the Fuels Office, (h) Productivity and Cost Control Office, and (i) the Air Transportation Department.
6. **Director – Human Resources**

The Director of Human Resources shall be responsible to the Executive Director in matters relating to personnel administration and health; shall have responsibility in the formulation and administration of plans for personnel management; for the provisions of recruitment, records and other central personnel services; for the establishment and execution of the Authority's many programs and measures related to employee's health; and training programs of technical and administrative nature and motivational programs. Also, shall have general supervision of (a) the Personnel Division, (b) the Occupational Health Division, and (c) the Educational and Motivational Development Division.

7. **Director – Labor Affairs**

The Director of Labor Affairs shall be responsible to the Executive Director for advising the Governing Board and other officers of the Authority in matters related to labor law and labor contracts. This officer shall represent the Authority in cases and controversies regarding labor law. It will also have responsibility for the establishing and execution of programs regarding the occupational safety of Authority's personnel. It shall have the general supervision of the Labor Relations Division, the Labor Safety Division, and the Equal Employment Opportunity Office.

8. **Director – Planning and Environmental Protection**

The Director of Planning and Environmental Protection shall be responsible to the Executive Director in matters relating to short and long range planning for the development and expansion of the electric system, for the study and investigation of new and improved methods of electrical planning of generating; transmission and distribution facilities; for rate
studies and service cost analysis; for computer technical advisory services; for environmental studies; and for quality control studies and shall have general supervision of the (a) Electrical Planning and Research, (b) the Environmental Protection and Quality Assurance Divisions, (c) the Environmental Law Division, and (d) Buildings and Grounds Urban Planning Division.

9. **Director of Engineering**

The Director of Engineering shall be responsible to the Executive Director in matters related to engineering and construction and shall have general supervision of (a) the Engineering Division, (b) the Transmission Line and Substation Construction Division, and (c) Irrigation Services, Dams and Reservoirs Division. Also, shall have general supervision of (d) the Infrastructure Projects Office, (e) the Special Projects Office, (f) the Engineering Administration and Technical Services Office, and (g) the Accounting and Budget Administration Office.

10. **General Counsel**

The General Counsel shall be the principal advisor to the Governing Board, the Executive Director and other Officers of the Authority on legal matters and shall have general supervision of (a) the Opinions, Contracts and Legislation, (b) Litigation, (c) the Property Rights and Notarial Services Divisions, and (d) the Adjudicative Procedures Secretary, which is accountable for its decisions to the Executive Director.

11. **Communications and Community Relations Director**

The Communications and Community Relations Director shall be responsible to the Executive Director of advising the Governing Board and
other PREPA Officers in relation to communication strategies that enhance the image of the company. He/she shall have the responsibility of developing and maintaining the corporate identity, a favorable image of the company and strategies that influence public opinion in relation to the service that is offered to the people. He/she shall be responsible for developing and maintaining effective relation programs with the community and the media, as well as preventing the negative broadcasting of events. He/she shall have the general supervision of the Press Office and of the Communications and Community Relations Office.  
(Amended on June 19, 2007 per Resolution No. 3444)

12. Corporate Security Director

The Corporate Security Director shall be responsible to the Executive Director of advising the Governing Board and other PREPA officers in matters related to the security of the personnel, property and facilities of the company. He/she shall also have the responsibility of establishing and executing programs to reinforce the institutional security. He/she shall have the general supervision of the Corporate Security Office and the Emergency Management Office.  
(Amended on June 19, 2007 per Resolution No. 3445)

13. Chief Information Officer

PREPA’S Chief Information Officer (CIO) shall have the responsibility under the general supervision of the Executive Director for the Information Systems and Technology Strategic Planning; for establishing the link and relation between Corporate and Information Systems Goals, for determining the business value of information and prioritize technology-based information projects; for developing and maintaining Corporate Information Technology Standards, policies and guides; and providing
14. The Head – Electric System Operation Division

The Head, Electric System Operation shall have responsibility under the general supervision of the Director – Electric System for the operation of the generating and transmission power system, system load dispatching operation and communications equipment, power purchases, and for other related functions necessary for the operation of the power system.

15. The Head - Commercial Operations

The Head - Commercial Operations shall have the responsibility and supervision, under the general supervision of the Director of Customer Services, of the Regional Administrators - Commercial Operations and the Consumer Services Center.

16. The Heads – Power Plant Divisions

The Head of the (a) San Juan, (b) Palo Seco, (c) Aguirre, (d) Costa Sur, and (e) Hidro-Gas, Combined Cycle and Cambalache Power Plant Divisions shall have responsibilities, under the general supervision of the Director-Electric System, for the operation and maintenance of the generating plants and their associated switchyards.

17. The Head – Electric Maintenance and Electric System Protection Division

The Head, Electric Maintenance and Electric System Protection Division shall have responsibility under the general supervision of the Director
Electric System for the preparation and execution of preventive maintenance program for all electrical equipment in power plants and substations, the coordination of studies and maintenance of the protective devices in the electric system, and acceptance testing and commissioning all new equipment to be placed in service in the Transmission and Distribution System.

18. The Head – Maintenance and Power Plants Technical Services Division

The Head, Maintenance and Power Plants Technical Services Division shall have responsibility under the general supervision of the Director Electric System for the preparation and execution of preventive turbogenerator maintenance program for all power plants. Also, supervises the mechanical shops, boiler maintenance, and emergency maintenance of all power facilities of the generating system.

19. The Head - Electric Distribution Division

The Head Electric Distribution Division shall have responsibility under the general Supervision of the Director Transmission and Distribution for the transfer of technology, the development of specifications, construction standards, computerized systems, regulations, and procedures for all the transmission and distribution systems.

20. Regional Administrators – Technical Operations

The Regional Administrators, Technical Operations of (a) the San Juan, (b) Bayamón, (c) Carolina, (d) Caguas, (e) Ponce, (f) Arecibo, and (g) Mayagüez shall have responsibilities, under the general supervision of the Director of Transmission and Distribution, for the operation and
maintenance of transmission facilities; for the construction of distribution lines, and for providing client technical services to clients in their area.

21. **The Head - Operation and Control Distribution System Division**

The Head - Operation and Control Distribution Division shall have responsibility under the general supervision of the Director, Transmission and Distribution for the operation of the (a) Distribution Dispatches, (b) the Energy Distribution Department, and (c) the Transmission System Department.

22. **Regional Administrators – Commercial Operations**

The Regional Administrators – Commercial Operations of (a) San Juan, (b) Bayamón, (c) Carolina, (d) Caguas, (e) Ponce, (f) Arecibo, and (g) Mayagüez shall have responsibilities under the general supervision of the Head – Commercial Operations for providing commercial services in their area, including billing and collection, new services, and client’s complaints.

23. **The Head – Administration and Special Customers Services Division**

The Head, Administration and Special Customers Services Division shall have the responsibility and supervise, under the general supervision of the Director of Customer Services, the Departments of Wholesale Accounts; of Government Accounts; of Commercial Procedures, Automatic Meter Reading System Office, and the Administrative Strategic and Information Systems Office.
24. The Controller

The Controller shall have responsibility, under the general supervision of the Director of Finance, for the maintenance of such books, accounts and records as may be necessary to show all the financial transactions, properties and funds of the Authority; for the proper auditing of all records and accounts; for the preparation of financial analysis and statements; and for the preparation of the Authority’s budget. This officer shall have the supervision of the Accounting and Budget Division.

25. The Treasurer

The Treasurer shall have responsibility, under the general supervision of the Director of Finance, for the receipt, disbursement, deposit, and investment of the Authority’s funds; for the assembly and preparation of data for bond and short-term financing of the authority for the deposit and disbursement of the proceeds thereof; and for the custody of any securities issues or held by the authority. He shall have the supervision of the Treasury Division.

26. The Head – Materials Management Division

The Head, Materials Management Division shall be responsible under the general supervision of the Director of Administrative Services for the procurement, contracting and acquisition of supplies, equipment, fuel oil, and other oil derivates as shall be necessary for the operations of the Authority. He shall also be responsible for all warehousing activities of material and equipment, as well as for the custody and control of inventories of materials and equipment, as shall be necessary and proper for conducting the business and purposes of the authority.
27. **The Head – General Services Division**

The Head, General Services Division shall have responsibility under the general supervision of the Director of Administrative Services for the operation of PREPA'S maintenance and operation of systems and services for Main Buildings, and the Sections of: Mail, Reproduction, and Graphic Arts. He or she shall be responsible for the custody of materials and equipment under his responsibility; and the effective administration of personnel under his or her supervision.

28. **The Head – Land Transportation Division**

The Head, Land Transportation Division shall have responsibility under the general supervision of the Director of Administrative Services for district and regional mechanical shops. He shall be responsible for the custody and control of all equipment and for the proper conduct of the business and contracts related to the responsibility in the Authority. He recommends the purchase for equipment and vehicles used for the operation, electric transmission, and distribution systems.

29. **The Head – Personnel Office**

The Head, Personnel Office shall have responsibility under the general supervision of the Director of Human Resources for advising other officers and supervisors of the Authority in the formulation and administration of plans for personnel management; for the provisions of recruitment, records, and other central personnel services; for the establishment and execution of the Authority's position classification and personnel evaluation programs.
30. The Head – Labor Relations Division

The Head – Labor Relations Division shall have responsibilities, under the general supervision of the Director of Labor Affairs, for advising other officers and supervisors of the authority in matters related to the interpretation, implementation and execution of labor contracts, and for the negotiation of the same; and for the legal representation of the Authority in judicial and administrative proceedings regarding labor law and labor contracts.

31. The Head – Planning and Research Division

The Head, Planning and Research Division shall have responsibility under the general supervision of the Director of Planning and Environmental Protection for the required electrical planning of the system; for performing the research and investigations on engineering application of materials and methods; for load forecasting; and for the studies and recommendations on rate structures; and for providing computer technical advisory services.

32. The Head – Environmental Protection and Quality Assurance Division

The Head, Environmental Protection and Quality Assurance shall have responsibility, under the general supervision of the Director of Planning and Environmental Protection, of preparing a rational program for the integral development of electric energy, which would guarantee the public the necessary electric energy with adequate protection of the environment. He is also responsible for preparing and establishing a dynamic quality assurance program to guarantee the Authority a design of generating plants, which complies with all norms and standards required by the existing codes and regulations, and an effective construction as
well as a safe, efficient and economic operation and put into effect a program to comply with all licensing and environmental permits required by regulatory agencies. He will also direct all the studies necessary to accomplish the above mentioned programs.

33. The Head – Engineering Division

The Head, Engineering Division shall respond to the Director of Engineering in matters related to design, technical and administrative services, and the Life Extension Program of Generating Plants activities.

34. The Head – Transmission Lines and Substation Construction Division

The Head, Construction Division shall be responsible to the Director of Engineering in matters related to construction works and for projects administration.

35. The Head – Irrigation Services, Dams and Reservoirs Division

The Head, Irrigation Services, Dams and Reservoirs Division shall have the responsibility under the general supervision of the Director of Engineering for operation and maintenance of the irrigation systems, dams and reservoirs.

b. The Authority shall have such other employees and agents as may be necessary for the transaction of its business.
15. Powers and Duties of Officers and Employees

a. The power of each Officer of the Authority as generally described in these By-Laws shall be exercised personally by him, or her, under his or her supervision and control by such Officers, employees, or agents, as he or she may delegate to or designate for that purpose.

b. The Executive Director may delegate upon any of the Directors whatever duties inherent to the executive direction of the Authority he or she deems proper and convenient, with all corresponding rights and prerogatives. This special delegation of executive duties shall be in addition to those responsibilities of the position to which the Director has been duly designated.

c. The General duties of the Authority employees shall be established by the Executive Director.

d. The Executive Director may authorize the Officers and employees of the Authority to exercise such other powers and perform such other duties of the Authority as shall be necessary or proper in connection with those specifically assigned to them, including the custody of property of the Authority incidental to their duties, the supervision of subordinate employees engaged in work in connection with the powers and duties of said Officers, and including, by direction of the Executive Director, the negotiation and execution of contracts, agreements, checks, drafts, orders, and other documents of the Authority.

16. Appointment and Removal of Officers

a. Appointment of Officers

1. Officers, besides those appointed by the Board, shall be appointed by the Executive Director, with the approval of the Board.
2. Officers shall be appointed exclusively on the basis of merits as determined by professional or technical training, skill, experience, and other qualifications best suited to carrying on the business of the Authority.

b. Removal of Officers

Those Officers not appointed by the Board may be removed by the Executive Director. Any Officer so removed by the Executive Director shall have the right to appeal to the Board and the Board shall either approve the removal of such Officer or shall order his or her reinstatement by the Executive Director.

c. Removal by the Governing Board

Every officer, agent or representative appointed directly by the Governing Board, or every officer appointed by the Executive Director with the approval of the Board, shall serve and may be removed at the discretion of the Board.

17. Absent Officers

a. In case of the temporary absence of the Executive Director, he or she shall designate the Vice Executive Director or any of the Directors to act as Executive Director during his or her absence and this action shall be notified to the Governing Board.

b. In case of the temporary absence of any other Officer of the Authority, said Officer shall designate one of his or her senior staff members to perform his or her duties subject to the approval of the Executive Director, unless another designation is made by the Executive Director.
18. **Insurance Fidelity Bonds**

The funds and securities of the Authority and of the Irrigation Systems under its administration shall be protected by adequate insurance; and all of its Officers, agents and employees entrusted with the collection or disbursement of funds, or custody of funds, securities or properties shall be properly bonded.

19. **Budget**

   a. All expenditures of the Authority shall be made pursuant to budgets, which shall be approved by the Governing Board, but shall be subject to such administrative exceptions, as the Executive Director shall deem necessary in the interest of economy and efficiency.

   b. The Executive Director shall submit for the approval of the Governing Board a proposed budget of current expenses and of capital expenditures for each ensuing fiscal year.

20. **Reports**

   a. The Executive Director shall submit to the Governing Board a monthly report on the Authority's operation, progress and plans and such other reports as he or she may deem necessary to keep the Board currently informed concerning major matters.

   b. The Executive Director shall submit to the Legislature of Puerto Rico and to the Governor of Puerto Rico, as soon as practicable after the close of each fiscal year, but prior to the end of the calendar year, a financial statement and complete report on the business of the Authority, and a complete report on the status and progress of all its undertakings for the past fiscal year. The authority shall also submit to the Legislature and to the Governor of Puerto
Rico, at such other times, as may be required, official reports of its business and activities.

April 18, 2006