



GOVERNMENT OF PUERTO RICO

Puerto Rico Electric Power Authority
Governing Board

RESOLUTION 4768 RFP FOR LEAD REMOVAL

- WHEREAS:** The Puerto Rico Electric Power Authority (PREPA) is a public corporation and an instrumentality of the Government of Puerto Rico created by Act 83 of May 2, 1941, as amended (Act 83). PREPA was created to provide electrical energy in a reliable way contributing to the general welfare and sustainable future of the people of Puerto Rico, maximizing benefits and minimizing social, environmental and economic impacts. In addition, PREPA provides a service based on affordable, fair, reasonable and non-discriminatory cost that is consistent with environmental protection, non-profit, focused on citizen participation and its clients.
- WHEREAS:** Act 83, authorizes PREPA to grant contracts and formalize all the instruments that are necessary or convenient in the exercise of any of its powers.
- WHEREAS:** Section 15(1)(a) of Act 83 states that all purchases made and contracts for supplies or services, except professional services, entered into by PREPA, including its capital construction contracts, shall follow a bid process.
- WHEREAS:** Section 15 (2) of Act 83, lists the instances in which a bid process will not be required.
- WHEREAS:** According to Section 15 (2)(f) of Act 83, a competitive bidding process shall not be necessary, when in the judgment of the Governing Board, a competitive request for proposal (RFP) process for the acquisition of goods, equipment, materials or services must be carried out to encourage greater competition, reduce the risk of collusion and promote the best possible terms and conditions in benefit of greater savings and reduction of costs and operational expenses of PREPA.
- WHEREAS:** Due to the earthquake that affected the south region of Puerto Rico on January 7, 2020, Units 1 through 6 of the Costa Sur Power Plant (CSPP) suffered damages in its structural steel infrastructure.
- WHEREAS:** Engineer Daniel Hernandez-Morales, Generation Director, stated that PREPA commissioned the Original Equipment Manufacturer (OEM) of the CSPP Units to perform a structural condition survey inspection, and a technical report on the structures of the boilers and the main components of all six units. Also, the study included the



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inspection and report of all damages regarding the steam high energy piping support system.

WHEREAS: Also, Engineer Hernandez-Morales expressed in his memorandum that before the OEM can start with all the structural steel repairs on Units 1 through 6, it is necessary to perform the removal of any paint on the structure with presence of lead material. To perform this task, it is essential to comply with all safety and environmental regulations, which will assure the protection of PREPA's contractors and employees during the execution of the repairs. The Generation Directorate understands that carrying out an RFP process will give PREPA the flexibility to negotiate the price of the services needed in the shortest possible time with companies specialized on environmental mitigation works with the technical experience and financial capacity necessary to provide the services.

WHEREAS: Due to the Earthquake and post seismic events that have occurred since January 7, 2020, PREPA has lost approximately 820 MW of generation capacity, which is approximately 20% of the total integrated capacity of the system. The Generation Directorate considers this matter must be attended to as soon as possible, to avoid possible load sheds around the island, especially during the summer and fall seasonal period. PREPA needs to regain the power capacity necessary to maintain a generation fleet to assure an efficient and reliable service to its clients.

WHEREAS: The seismic damage experienced for Unit 6 at CSPP appears to be more significant than that of Unit 5. Therefore, it is expected that repairs for Unit 6 will take considerably longer than the repairs required to enable Unit 5 to become back in service. The other units at CSPP were not operational prior to the January 7, 2020 seismic events.

WHEREAS: The forecasted energy squeeze anticipated by PREPA will occur in summer of 2020.

WHEREAS: Time is of the essence in this situation with only three months remaining before the anticipated energy squeeze, and the PREPA Governing Board has expressed its strong preference that Unit 5 at CSPP be brought into energy generation as soon as possible, without regard to repairs on Unit 6.

WHEREAS: The RFP is a competitive procurement process that provides PREPA the opportunity to obtain greater competition, reduce the risk of collusion and promote the best possible terms and conditions that will result in its best interests in terms of savings, costs and expenses.

WHEREAS: On March 13, 2020, Nelson Morales-Rivera, Chief Financial Officer, certified the inclusion of \$1,111,843 in the budget for Fiscal Year 2019-2020, for this initiative under account 01-1748-17568-555-354.

THEREFORE: In accordance with the applicable dispositions of Act 83, and after careful consideration of Engineer Hernandez-Morales's recommendation and the General Counsel's memorandum, dated March 13, 2020, PREPA's Governing Board resolves to:

1. Authorize the Generation Directorate to proceed with an RFP process to award a contract or contracts, as needed by PREPA, for the work needed in the CSPP.
2. Delegate to PREPA's Chief Executive Officer the appointment of an evaluation committee to analyze the proposals and select the best alternative(s).
3. The Chief Executive Officer will inform the Governing Board the result of the procurement process before the execution of the contract(s).
4. The General Counsel will review the terms and conditions of the contract(s) used for the RFP process to ensure that it meets the legal requirements regarding government contracting.
5. Authorize the Chief Executive Officer to execute the contract or contracts resulting from the RFP process.
6. Consider repairs for other CSPP Units only after Unit 5 has been brought into production and after other units at other PREPA generation facilities that can be brought into production before the anticipated summer power squeeze, have also been brought into production.

Approved in San Juan, Puerto Rico, on the eighteenth day of March, two thousand twenty.



Eduardo Arosemena-Muñoz
Secretary of the Board