



GOVERNMENT OF PUERTO RICO

Puerto Rico Electric Power Authority
Governing Board

RESOLUTION 4791 RFP ACQUISITION OF FOUR TRANSFORMERS

- WHEREAS: The Puerto Rico Electric Power Authority (PREPA) is a public corporation and an instrumentality of the Government of Puerto Rico created by Act No. 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, it 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, in the management of its purposes, 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 be made by a bid process. Notwithstanding, 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: The Transmission and Distribution Directorate (T&D), through a memorandum dated May 15, 2020, identified the following damaged transformers:
1. 3 winding transformers, 150MVA, 115/38/13.2kV of the Caguas Transmission Center (CTC).



2. 230/115 kV transformer, 544 MVA of the Sabana Llana Transmission Center (SLLTC).
3. 230/115 kV transformer (Auto 2), 544 MVA for the Costa Sur Transmission Center (CSTC)
4. 230/115 kV transformer, 544 MVA for Bayamón Transmission Center (BTC) began generating a high volume of combustible gases, which represents a risk of rupture at any time.
5. BTC auto-transformer used for Line 50200 and 50900, and the auto-transformer used for Lines 50100 and 50200 in the Manatí Transmission Center (MTC), are in poor conditions, and PREPA does not have replacements for them.

WHEREAS: The magnitude 6.4 earthquake that occurred on January 7, 2020, as well as the continued seismic activity in the south zone of the island, and the Costa Sur Power Plant being out of service, have complicated the operation of PREPA's electrical system. More than ever, it is essential to maintain a stable 230 kV loop around the island.

WHEREAS: For the aforementioned reasons, T&D requests the approval of an RFP process for the acquisition of the following transformers:

1. one Auto Transformer 230/115 kV, 544 MVA
2. one Auto Transformer 230/115 kV, 544 MVA
3. one Transformer, three winding, 150MVA
4. one Auto Transformer 230/115 kV, 544 MVA

WHEREAS: The total cost for the acquisition of the equipment will be \$12,900,000. The procurement, manufacturing and delivery process for all the transformers will take approximately two and half years. For this reason, the expenditures will occur during three fiscal years. An approximate of 5.12% (\$660,000) of the total procurement will be disbursed during Fiscal Year 2019-2020; 50.93% (\$6,570,000) during Fiscal Year 2020-2021, and 43.95% (\$5,670,000) during Fiscal Year 2021-2022.

WHEREAS: This cost estimate per transformer is based on the past procurement of transformers of the same capacity, technical requirements and delivery time.

WHEREAS: On January 14, 2020, the Finance Directorate certified the availability of \$660,000 for Fiscal Year 2019-2020.

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. As stated in the T&D memorandum, carrying out an RFP process for this specialized equipment, offers PREPA the flexibility to negotiate adequate pricing structures, the quality of the equipment and delivery time, among other important technical and commercial elements.

WHEREAS: PREPA's Rules Regarding Levels of Approval of Documents, as revised (*Norma sobre Niveles de Aprobación de Documentos de la Autoridad de Energía Eléctrica*), in its Section IV(A) states that requisitions of services and goods shall be authorized by PREPA's Governing Board by means of a resolution, when their amount exceeds \$2,000,000.

WHEREAS: PREPA's General Counsel considered T&D's memorandum and concluded that the acquisition of these four transformers may be procured through a competitive RFP process, after approval by the Governing Board. Also, the approval of the requisitions to start the procurement process are subject to approval by the Governing Board.

THEREFORE: In accordance with Act 83, PREPA's Governing Board resolves to:

1. Authorize the Chief Executive Officer to approve the requisitions for the procurement and delivery of the four transformers in compliance with all state and federal regulations, in an amount that should not exceed \$12,900,000.
2. Authorize the Transmission and Distribution Directorate to proceed with an RFP process to award the purchase of these four transformers.
3. Delegate to PREPA's Chief Executive Officer the appointment of an evaluation committee to evaluate the proposals and select the best alternative(s).
4. The General Counsel will review the terms and conditions of the contracts resulting from the RFP process to ensure that they meet the legal requirements regarding government contracting.

5. Authorize the Chief Executive Officer to execute the contract or contracts resulting from the RFP process.

Approved in San Juan, Puerto Rico, on the twenty-eighth day of May, two thousand twenty.



Eduardo Arosemena-Muñoz
Secretary of the Board