



GOVERNMENT OF PUERTO RICO

Puerto Rico Electric Power Authority
Governing Board

RESOLUTION 4792 DIRECT NEGOTIATION MICROSOFT AZURE CLOUD SERVICES

- 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. It also provides a service based on affordable, fair, reasonable and non-discriminatory costs that is consistent with environmental protection, non-profit, focused on citizen participation and its clients.
- WHEREAS:** Act 83 authorizes PREPA, pursuant to 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.
- WHEREAS:** Section 15 (2) of Act 83, lists the instances in which a bid process will not be required. Subsection (e) recognizes direct procurement and acquisition of equipment and services when prices are not subject to competitive bidding because there is no more than one source of supply (only supplier) as an exception.
- WHEREAS:** Azure is a cloud computing service created by Microsoft for building, testing, deploying, and managing applications and services through Microsoft-managed data centers. It provides platform services which support many different programming languages, tools, and frameworks, including both Microsoft-specific and third-party software and systems.
- WHEREAS:** For the next fiscal year, the Corporate Strategy Office (IT Office) has to manage various strategic projects, such as the Corporate Data Lake, and continue the migration of the Information Technology infrastructure to the Cloud. Also, the COVID-19 emergency works has forced PREPA to increase the virtual workforce capabilities. Therefore, these projects will demand more infrastructure services from Azure.
- WHEREAS:** This additional space in Azure's cloud is essential for PREPA, to manage the actual emergency information technology situations, and the future of the digital transformation projects.



WHEREAS: For the abovementioned reasons, Engineer Hiram Medero-Fernández, Strategy and Innovation Officer, hereby requests authorization to proceed with a direct negotiation for these services, up to a maximum amount of \$1,500,000.

WHEREAS: PREPA's General Counsel considered Engineer Medero-Fernández's memorandum and concluded that those services may be procured without a competitive bid process, according to the faculty granted to PREPA by Section 15(2)(e) of Act 83, with previous authorization by the Governing Board.

WHEREAS: On May 15, 2020, PREPA's Chief Financial Officer, Mr. Nelson Morales Rivera, certified the availability of \$1,500,000 in the budget for Fiscal Year 2020-2021, for the Azure Cloud services.

WHEREAS According to Article IV, section B of PREPA's Rules Regarding Levels of Approval of Documents, as revised (*Norma sobre Niveles de Aprobación de Documentos de Autoridad de Energía Eléctrica*), the Governing Board may authorize all professional services contracts with an amount in excess of \$500,000, and those which are exempt of an open competitive process under direct negotiations, in excess of \$2,000,000.

THEREFORE: In accordance with Act. 83, this Governing Board resolves to:

1. Authorize the Chief Executive Officer to delegate in the Chief Strategy and Innovation Officer and the Head of the Materials Management Division, the direct negotiation between PREPA and Microsoft for the Azure Cloud services, with a maximum amount of \$1,500,000, for Fiscal Year 2020-2021.
2. Authorize the Chief Executive Officer to sign the resulting contract, in accordance with the recommendations made by the Chief Strategy and Innovation Officer and the Head of the Materials Management Division.
3. The General Counsel will review the terms and conditions of the contract to ensure that they meet the legal requirements regarding government contracting.

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



Eduardo Arosemena-Muñoz
Secretary of the Board