

Qualified Respondent: PSEG Puerto Rico ("PSEG PR")Initial Reviewer: Ralph Kreil* *Based on FTI Consulting Inc. Recommendations

Component Weight	Bid Component	Description	Score
50%	Financial and Operational		41.3%
45%	Technical		36%
5%	Presentation of Proposal to Partnership Committee		5%
TOTAL			82.3%

Component Weight	Bid Component	Scoring Metric	Weight	Description	Score
5%	1.4. Approach to O&M Services	1. Detailed description of all services.	25%	The response demonstrates a high degree of technical competency across the range of O&M services with highly relevant experience, demonstrating industry leading T&D operational excellence.	3
		2. Experience of management team.	25%	Lack of contextual Puerto Rico specificity does not take away from the high degree of technical O&M competency exhibited. The response provides some potential management candidates but states that selection will be finalized during the Front-End Transition Period.	2
		3. Federal funding experience and plan.	25%	PSEG's experience undertaking FEMA-funded projects after Superstorm Sandy.	3
		4. Corporate culture.	5%	PSEG PR provided an adequate description of its corporate culture and proposed alignment with the Project's objectives.	4
		5. Consortia members.	5%	Not part of a consortium so no response required.	4

		6. Organizational structure of ManagementCo and ServCo.	10%	Organizational chart detailing key management positions within ManagementCo.	4
		7 & 8. Commitment to social welfare of people of PR, use of local resources, approach to include PR entities.	5%	Provided a detailed response that outlines its external affairs process, community enhancement activities and commitment to use of local resources, drawing on its previous.	4
Summary for Section 1.4			100%		
25%	1.5. Front End Transition Plan	1. General and Transition Management.	10%	PSEG PR demonstrates a high degree of competency and familiarity with the Front-End Transition process, resulting from its experience taking over LIPA T&D operations. However, in some subsections, the response did not provide extensive detail.	3
		2. T&D Services Milestones.	15%	PSEG PR demonstrates sufficient competency through its planning for T&D service milestones during the FETP. However, a deficiency identified relates to the fact that the development of some specific process implementation plans have been deferred until the FETP.	3
		3. System Remediation Plan Milestones.	15%	PSEG PR initially provided a lightly detailed response to outline its approach to System Remediation Planning.	3
		4. Customer Service Milestones.	10%	PSEG PR provided a strong response in detailing its approach to customer service milestones, demonstrating a logical process to evaluating existing customer service provision and demonstrating strong previous relevant experience.	4

5. Information Technology ("IT") / Operation Technology ("OT") Systems Milestones.	10%	PSEG PR's high degree of competency with respect to IT and OT system operations. In some instances, PSEG PR defer the development of its milestone planning, stating that a thorough plan will be developed during FETP.	3
6. Financial Management Milestones.	5%	PSEG PR provided a mostly thorough response which addressed most components of financial management.	4
7. FEMA Funds and Federal Funding Procurement Manual Milestones.	10%	PSEG PR provided a strong response, detailing its relevant previous experience and qualified proposed team.	4
8. Staffing for Front-End Transition Period.	10%	The specific management team members proposed to lead the FETP are highly qualified. Individual names, background and prior experience for team members was not provided, as requested.	3
9. Additional Front-End Transition Period Milestones.	10%	The response to this section was sparsely detailed, however, no reflection of intelligence gathered through due diligence was included in this response.	3
10. Asset Acquisition.	2.5%	The response adequately describes PSEG PR's approach to asset acquisitions and procurement during the FETP. However, it does provide an ex-ante view on existing procurement policies.	3

		11. Back-End Transition Plan.	2.5%		4
Summary for Section 1.5			100%		
10%	1.6. Operator Recruitment and Staffing Plan	1. General.	40%	Following discussions with PSEG PR, the advisors consider PSEG PR's approach to general recruitment and staffing to be adequate, while noting that PSEG PR has not named key personnel and have not provided detailed procurement approaches, specifically with respect to using local entities.	3
		2. Recruitment and Staffing Plan.	35%	PSEG PR's recruitment and staffing plan was adequate. While many of the proposed approaches were deferred to the FETP, the response was improved by some thoughtful subsections and supporting discussions and clarifications.	4
		3. Training Plan.	25%	PSEG PR seeks to defer much of the development of its fully-fledged training plan to the FETP.	2
			100%		
Summary for Section 1.6					
5%	1.7. Approach to Performance Metrics	1. Views on Indicative Performance Metrics (Annex IX).	10%		3

	2. Key personnel to prepare revised Annex IX during FETP.	10%		4
	3. Approach to suggesting alternative Performance Metrics during FETP.	10%	PSEG PR provides a high-level list of the types of metrics that will be reviewed.	4
	4. Timeline and milestones for finalization of Performance Metrics, including coordination with PREB.	10%	Timeline and completion milestones were provided for the FETP from Validation of Strategy, Objectives and Business Plans.	3
	5. Approach to Incentive Fee.	5%		4
	6. Approach to engaging with regulatory bodies.	10%	PSEG PR's response to engaging with regulatory bodies lacked detail and specificity.	2
	7. Views on time periods for and levels of achievement of Performance Metrics.	10%	PSEG PR proposed a minimum performance level line that meets target level performance in 20 years, rather than 10 as suggested in Annex VIII of the contract.	2
	8. Views on Major Outage Event, Minimum Performance Thresholds and Minimum Performance Level Metrics.	10%	PSEG PR states that it supports the potential to achieve an Incentive Fee in case of a Force Majeure Event.	4

	9. Assumptions and dependencies that impact risk associated with Performance Metrics.	10%	PSEG PR stated that its ability to achieve performance metric results would be completely dependent on the funding received.	2
	10. Description of methods, processes, tools, techniques that will be used for performance measurement.	10%	PSEG PR outlines a detailed process for performance measurement which also lists a variety of tools and techniques that will be deployed.	4
	11. Ability and commitment to meeting Performance Metrics.	5%	Through previous PSEG subsidiary experience, PSEG PR has demonstrated a strong ability and commitment to meeting performance metrics.	4
Total for Section 1.7		100%		
45%		Total Score (out of 45%)		



Qualified Respondent: _____ PSEG Puerto Rico

Reviewer: _____

Component Weight	Bid Component	Description	Score
5%	Presentation of Proposal to Partnership Committee		50

Financial Evaluation (50% Total Weighting)



Component	Commentary	PSEG Puerto Rico		Luma Energy	
		Values	Score	Values	Score
Front-End Transition Fee	Proponent-estimated cost of labor and expenses incurred during Front-End Transition	\$45mm	2.5	\$76mm	1.5
NPV of Total Service Fee (Mobilization, Fixed & Incentive)	- Based on Proponent-provided 15-year fee schedule - Luma fee includes the \$60mm Mobilization Fee plus assumed 2% inflation in order to put fee schedule into nominal dollar terms for comparison purposes - Fixed Fee discounted at 6% and Incentive Fee discounted at 10%	\$1,381mm	30	\$60mm \$1,456mm \$1,516mm	27.3
Termination Fee – Operator / (Owner)	- Higher Operator Termination Fee results in higher fee payable to Operator in certain cases of termination (lower is more favorable) - Higher Owner Termination Fee results in higher proceeds to Owner in certain cases of termination (higher is more favorable)	\$125mm / (\$0mm)	2.5	\$104 – 158mm / (\$20mm declining to \$13mm)	2.1
Net Operator Liability	- Operator Damage Cap - Operator Liability to Owner (aggregate) - Parent Guarantee - Delay Liquidated Damages (aggregate)	(12.5%) 0% 5% 2.5% 2.5% 2.5%	0 2.3 0.7 0.2 0.7	\$15mm \$50mm \$30mm \$3mm \$30mm	0 5 2.5 2.5 2.5
Back-End Transition Fee	Proponent-estimated cost of labor and expenses incurred during Back-End Transition	\$3mm	2.5	\$6mm	2.5
Total			41.3		45.9

Source: Qualified Respondent Definitive Proposals and subsequent clarification letters.