

Puerto Rico Electric Power Transmission and Distribution System P3 Project

Puerto Rico Electric Power Transmission and Distribution System
P3 RFQ Evaluation Worksheet

Respondent: Duke Energy

Overall Rating: 92.8%

Narrative: _____

Evaluation Scores

Excellent (9-10 pts): The Respondent has provided information relative to its qualifications which indicates a consistently outstanding level of quality. No weaknesses are identified.

Good (7-8 pts): The Respondent has presented information relative to its qualifications which is considered to meet the stated requirements. Minor weaknesses (if any) are identified and no correction is necessary.

Adequate (5-6 pts): The Respondent has presented information relative to its qualifications which is considered to meet the stated requirements. Minor weaknesses are identified and need to be corrected.

Deficient (3-4 pts): The Respondent has presented information relative to its qualifications which fails to fully meet the stated requirements. Major weaknesses are identified and need to be corrected.

Poor (0-2 pts): The Respondent has either presented information relative to its qualifications that contains significant weaknesses or the required information was not presented. Weaknesses are so major that a major revision to the SOQ would be necessary.

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1. Compliance with Requirements of PPP Act and Act 120

Compliance with Requirements of PPP Act and Act 120			
Responsible Firm: [PMA]			
Pass / Fail for Section: <u>Pass</u> .			
Pass means that Respondent complied with the requirements listed below.			
Requirements	Yes/No	Pass/Fail	Comments
Respondent provides statement it shall be properly registered, or capable of being properly registered, to do business in Puerto Rico at the time of execution of the PPP Contract	Yes	Pass	
Respondent provides statement it shall comply with all applicable Puerto Rico and U.S. laws and/or requirements	Yes	Pass	
Each Respondent and Team Member completes unmarked version of Form of Respondent Certification (Appendix A of the RFQ) or provides a certification equivalent to that in Section 3, Part 1, 1.2 of the RFQ.	Yes	Pass	
Respondent provides executed Document Acknowledgement and Contact Information letter from the Respondent (executed by the contact person ("Respondent Representative") for all future communication between the Authority and the Respondent).	Yes	Pass	

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2. Background & Team Information

Background & Team Information			
Responsible Firm: [Citi]			
Section Score (0-10): <u>8.3</u> % Weight 10%			
Requirements	Yes / No	Pass / Fail	Comments
Respondent shall provide a description of the Respondent and all Team Members that identifies:			
<ul style="list-style-type: none"> Anticipated roles, functions and overview of business operations Jurisdiction, form of entity organization, ownership structure and capitalization Currently and formerly owned or controlled electric utility operating companies Anticipated legal relationships (e.g. joint ventures, partnerships), and percentage of ownership interest Up to 5 individuals who will play an important role on behalf of the Respondent and Team Member(s) Instances in which the Respondent and Team Member(s) have worked together Evidence of carrying out major infrastructure projects Evidence and tenor of operations and management experience in electric T&D 	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>N/A</p> <p>Yes</p> <p>N/A</p> <p>Yes</p> <p>Yes</p>	<p>4</p> <p>9</p> <p>10</p> <p>N/A</p> <p>8</p> <p>N/A</p> <p>9</p> <p>9</p>	<p>Does not provide overview of business operations specifically to the Project.</p> <p></p> <p></p> <p></p> <p>Single entity</p> <p>“Background and Team Information” section of Respondent’s SOQ consists of resume-like information of the 3 representatives of Respondent.</p> <p>Single entity</p> <p></p> <p></p>

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Background & Team Information			
Responsible Firm: [Citi]			
Section Score (0-10): <u>8.3</u> % Weight 10%			
Requirements	Yes / No	Pass / Fail	Comments
<ul style="list-style-type: none"> Experience administering FEMA and other federal disaster relief funding 	No	4	No details regarding experience administering FEMA funds is provided. However, Duke provided assistance during Hurricane Maria in Puerto Rico.
Respondent may also provide resumes on specific Key Individuals.	Yes	10	3 resumes provided
Respondent shall also submit a list of all technical, financial, legal, accounting, or other advisors that the Respondent or a Team Member has engaged.	Yes	10	Respondent disclaimed that no external advisors were used.
Respondent or at least one Team Member must demonstrate that its current or previous electric utility operations and management fulfills the following criteria:	Yes	10	
<ul style="list-style-type: none"> At least 250,000 customers Electric utility T&D rate base of at least \$2bn At least 1,000 employees 			
15 pages maximum			

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3. Financial Capabilities

Financial Capabilities		Score	Comments
Responsible Firm: [Citi]			
Section Score (0-10): <u>10</u> % Weight 30%			
Requirements	Score	Comments	
Respondent must demonstrate adequate financial wherewithal to fulfill the terms of the PPP Contract. Respondent or at least one Team Member must provide:			
<ul style="list-style-type: none"> Evidence of demonstrated tract record of earned ROE approximating regulatory authorized ROE Evidence of experience with formal regulatory proceedings or similar rate justifications Credit ratings (if any) Copies of audited financial statements, Form 10-Ks, or similar annual reports for the past 2 years 	10		
Each Respondent must provide specific evidence demonstrating their ability to raise financing			
<ul style="list-style-type: none"> Capability of raising significant quantities of debt and equity in the current capital markets The number and size of past relevant transactions Specific experiences on past relevant transactions Respondent or at least one Team must provide evidence of at least 5 debt or equity raises, each of at least \$100mm in proceeds 	10		

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Financial Capabilities		
Responsible Firm: [Citi]		
Section Score (0-10): <u>10</u> % Weight 30%		
Requirements	Score	Comments
10 pages maximum		

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4. Technical & Operational Capabilities

Technical & Operational Capabilities	
Responsible Firm: [Citi]	
Section Score (0-10): 8.9 % Weight 50%	
Requirements	Score
<p>Respondent must demonstrate its technical and operational capabilities to fulfill the terms of the PPP Contract. At least 1 Team Member must provide:</p> <ul style="list-style-type: none"> For the past 5 years, operational metrics (SAIDI, SAIFI, CAIDI), and OSHA recordable events must be within acceptable industry standards for mainland U.S. electric utilities Track record of sustained customer satisfaction Experience with at least 3 large scale T&D projects, each with total investment of at least \$50mm Certification of no significant or sustained environmental violations 	<p>10</p> <p>10</p> <p>8</p> <p>7</p>
<p>Operational metrics and OSHA recordable events provided on page 22.</p>	<p>Operational metrics and OSHA recordable events provided on page 22.</p>
<p>J.D. Power data on customer satisfaction provided on pages 22-23.</p>	<p>J.D. Power data on customer satisfaction provided on pages 22-23.</p>
<p>Provides 2 large-scale T&D projects with total investment of \$2 billion and \$1.4 billion. Three additional microgrid projects are provided but no total investment is included for these projects (pages 24-26).</p>	<p>Provides 2 large-scale T&D projects with total investment of \$2 billion and \$1.4 billion. Three additional microgrid projects are provided but no total investment is included for these projects (pages 24-26).</p>
<p>Duke states that the corporation does not have any significant or sustained environmental regulation violations. However, it also states that the corporation pled guilty to five misdemeanor violations of the Clean</p>	<p>Duke states that the corporation does not have any significant or sustained environmental regulation violations. However, it also states that the corporation pled guilty to five misdemeanor violations of the Clean</p>

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Technical & Operational Capabilities		
Responsible Firm: [Citi]		
Section Score (0-10): <u>8.9</u> % Weight 50%		
Requirements	Score	Comments
<ul style="list-style-type: none"> Sustained history of reasonable customer rates 	9	Water Act for a high-profile release of coal ash from the Dan River Steam Station. The corporation paid significant fines and was placed on probation for a term of five years ending on May 14, 2020. Duke states that it does not consider this a significant environmental regulation violation. Customer rate data for the past 3 years is provided on pages 27-29. All rates seem to be under the USA average (Duke Energy Florida was above the USA average in 2016).
Respondent and Team Member(s) should describe their degree of experience:		
<ul style="list-style-type: none"> Coordinating safe, reliable, and economic dispatch of electric utility systems, particularly those with significant reliance on renewable energy resources 	9	Information regarding dispatch of electric utility systems is included on pages 30-33. Duke has five Distribution Control Centers located in four states; each center provides centralized dispatch. Multiple renewable energy resources operated by Duke are also provided.
<ul style="list-style-type: none"> Negotiating and executing power supply agreements, including tolling, take-or-pay or similar types of power supply agreements 	9	Duke states its North Carolina Competitive Procurement for Renewable Energy and Duke Energy Ohio's wholesale power auction for Standard Service.

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Technical & Operational Capabilities		
Responsible Firm: [Citi]		
Section Score (0-10): <u>8.9</u> % Weight 50%		
Requirements	Score	
Comments		
<ul style="list-style-type: none"> Operating electric utility T&D infrastructure on an island or other stranded location in both urban and rural settings and under challenging natural circumstances, such as mountainous regions and dense vegetation growth 	8	<p>No experience operating T&D infrastructure on an island was provided. However, Duke operates multiple T&D infrastructures in locations under challenging natural circumstances such as Florida and North Carolina, states that have been impacted by multiple Hurricanes (pages 33-38).</p>
<ul style="list-style-type: none"> Operating electric utility T&D infrastructure in a natural disaster-prone region, and experience with post-event restoration and electrification 	10	<p>Details for post-event restoration and electrification for 5 Hurricanes in the last 3 years is provided (pages 33-38).</p>
<ul style="list-style-type: none"> System planning taking into account long-term customer demand projections to be met with electric supply, which may include integrated resource planning 	10	<p>System planning details are provided on pages 38-41.</p>
<ul style="list-style-type: none"> Managing disaster recovery operations, federal disaster relief funding, and relationships with FEMA and other government entities 	8	<p>Details for disaster recovery operations for 5 Hurricanes in the last 3 years is provided. No information regarding relief funding or relationships with FEMA is provided.</p>

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Technical & Operational Capabilities		
Responsible Firm: [Citi]		
Section Score (0-10): <u>8.9</u> % Weight 50%		
Requirements	Score	Comments
<ul style="list-style-type: none"> Operating electric utility T&D infrastructure that incorporates significant and expanding renewable project interconnection requests, generation capacity, distributed generation, advanced grid technology implementation, energy efficiency initiatives, energy storage, and microgrids (if any) 	9	Operation of renewable projects, energy storage and microgrids are mentioned under large-scale projects (pages 24-26).
50 pages maximum		

5. Safety Performance

Safety Performance		
Responsible Firm: [Citi]		
Section Score (0-10): <u>9.5</u> % Weight 10%		
Requirements	Score	Comments
Respondent and Team Member(s) must demonstrate (a) their ability to address and resolve safety issues, and (b) their knowledge of safety strategies and methodologies.	9	<p>On p.41, Duke Energy provided historical TCR from 2015, 2016, 2017 and rolling 12 months October 2018 showing a declining rate.</p> <p>On p.42, Duke Energy highlighted specific annual safety focus areas that it focused on between Customer Delivery and Transmission for</p>

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Safety Performance		
Responsible Firm: [Citi]		
Section Score (0-10): <u>9.5</u> % Weight 10%		
Requirements	Score	Comments
Respondent and Team Member(s) must submit copies of the Occupational Safety and Health Administration 300 forms for the past 3 years, only as related to electric utility operations. If not applicable, Respondent and Team Member(s) must present a document explaining the reasons for not submitting the form.	10	Duke Energy provided OSHA forms from the last three (3) years (2015-2017). 2015 through 2018.

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6. SOQ Requirements and Procedures

SOQ Requirements			
Responsible Firm: [Citi]			
Pass / Fail for Section: <u>Pass</u>			
A Pass means that Respondent complied with all of the requirements below.			
Requirements	Yes/No	Pass/Fail	Comments
Respondents shall comply with the SOQ format requirements:			
• SOQ must be prepared in English	Yes	Pass	SOQ was provided in English
• Cover page (to include identification of all management Team Members)	Yes	Pass	Included
• Cover Letter (two pages maximum)	Yes	Pass	Included
• Table of Contents	Yes	Pass	Included
• Executive Summary (two pages maximum)	Yes	Pass	Included
Respondent must submit one originally executed SOQ with signatures in blue ink and marked as "Original", and four copies along with one copy in portable document format (PDF) on a CD or USB flash drive.	Yes	Pass	
A physical copy of the original SOQ must be delivered no later than the Submission Deadline, December 5, 2018 at 5:00pm AST.	Yes	Pass	
Each Respondent must declare, and agree to be under an obligation to declare, that it does not have knowledge of or the ability to avail itself of confidential information of the Government, PREPA or the Authority relevant to the Project, except to the extent it has been expressly authorized by the Government, PREPA, or the Authority	Yes	Pass	On page 7, Duke further certify that Respondent and Team Members shall not, other than as permitted in the RFQ, attempt to communicate in relation to the RFQ, directly or indirectly, with any representative of

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SOQ Requirements			
Responsible Firm: [Citi]			
Pass / Fail for Section: <u> </u> Pass <u> </u>			
A Pass means that Respondent complied with all of the requirements below.			
Requirements	Yes/No	Pass/Fail	Comments
			the Authority, PREPA, the PPP Committee, AAFAF, the Energy Bureau, the Government, the FOMB or any public agency of Puerto Rico.