



## DEFINITIVE PROPOSAL FORM 1.5

### FRONT-END TRANSITION PLAN

PSEG Puerto Rico LLC (the Qualified Respondent) hereby acknowledges and affirms that the attached documentation (i) constitutes its full and complete submission for Definitive Proposal Form 1.5, (ii) meets the requirements described in Section 4.1.5 (*Front-End Transition Plan*) of the RFP and (iii) addresses the topics below, at a minimum.

Capitalized terms not defined herein shall have the meaning set forth in the Request for Proposals for Puerto Rico Electric Power Transmission and Distribution System issued by the Puerto Rico Public-Private Partnerships Authority on February 1, 2019 (as amended, the “RFP”) or the final form of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement (the “O&M Agreement”). If there is a term defined in both, and their definitions conflict, the definition in the O&M Agreement shall prevail.

#### 1. General and Transition Management

- a. Proposed text of plan to provide Front-End Transition Services to be incorporated into the O&M Agreement as Annex II (*Front-End Transition Services*).
- b. The proposed hourly fully allocated cost rate for each category of employee, affiliate personnel or front-end subcontractor providing Front-End Transition Services, to be included in the O&M Agreement as Annex V (*Front-End Transition Hourly Fully Allocated Rates*).
- c. Detailed description of the contemplated transition team, including plans and timeline for mobilizing transition team members and details on the role to be played by each member of the consortium (as applicable), including the number of transition team members and their general job description/classifications.
- d. Proposed detailed timeline and key milestones for each scope of work including required resources and clear identification of steps to complete each scope of work, leading up to the Qualified Respondent's proposed Target Service Commencement Date. Include a description of the Qualified Respondent's views on the feasibility of the Government of Puerto Rico's strong desire for the Target Service Commencement Date to occur in 2020.
- e. A detailed cost estimate to complete the Front-End Transition Plan, including associated man-hours reflected by such estimate.
- f. Detailed description of the Qualified Respondent's approach to the development of a communications plan and management transition plan, including of the Qualified Respondent's proposed approach to dealing with a predominantly Spanish-speaking workforce and an operational interface predominantly in Spanish (i.e., computer and data entry systems).
- g. Development of criteria for commencement of operations.
- h. Description of approach to complying with required and periodic reporting obligations.
- i. Detailed description of the plan for coordinating the obtainment of Governmental Approvals required for the Service Commencement Date.

- j. Description of the plan for coordinating the identification, review and analysis of System Contracts and Generation Supply Contracts.
- k. Identification and analysis of gaps (assets, technology, processes, etc.) and a detailed description of the plan to address each identified gap as well as an estimate of costs.
- l. Development of a Handover Checklist that the Administrator will use to determine when the transition (i.e., the takeover of operations by the Operator) may occur.
- m. Description of approach and plan for filings and interactions with PREB with respect to any required rate increase.
- n. Description of the Qualified Respondent's approach to identifying the proposed profit margin for the Operator on the Front-End Transition Service Fee and the rationale underlying such proposal.

## 2. T&D Services Milestones

- a. Development and implementation of an operation take-over plan for transmission and sub transmission assets outside and inside of legacy PREPA power plants and substations.
- b. Development and implementation of an operation take-over plan for the electric distribution system.
- c. Operational take-over plans should include but are not limited to the development and implementation of the following:
  - i. Transition plan for respective control center(s)
  - ii. Transition plan for operations and maintenance (O&M) activities
  - iii. Emergency response / disaster recovery / business continuity plans
  - iv. Fleet management plan
  - v. Asset management plan
  - vi. Workforce management and training plan (can be included in the human resources management plan)
  - vii. Safety management plan
  - viii. Engineering and asset management plan
  - ix. Identification of real estate
  - x. Materials management and warehouse plan
  - xi. System operations plan
  - xii. Vegetation management plan
- d. Updating operations manual and business continuity / disaster recovery plan.

- e. Conducting environmental exposure assessment and establishing an environmental exposure management plan.
- f. Detailed budget forecast for expected transition expenditures by scope of work, number of full time equivalents, contractors, US employees and any other costs. Also include a detailed description of key assumptions.

### **3. System Remediation Plan Milestones**

- a. Detailed description of the proposed team that the Qualified Respondent expects to designate to prepare the System Remediation Plan, including the individual names, background, prior experience and qualifications of each proposed team member.
- b. Detailed description of the proposed approach to the development of System Remediation Plan, including the Qualified Respondents views on the current state of the T&D System and control, monitoring and information equipment, systems, practices, services (including related hardware, Information Systems and software) and general operating and administrative practices used in connection therewith.
- c. Proposed timeline and key milestones to drafting, revising and finalizing the System Remediation Plan (including milestones involving applicable approvals and subsequent implementation), including estimated costs to be incurred in the development of the System Remediation Plan.
- d. Describe the methodology used to formulate the Qualified Respondent's views of the T&D system, including a description of (i) the information the Qualified Respondent has already analyzed to assess the needs of the T&D System and (ii) information that the Qualified Respondent believes it will need to fully develop the System Remediation Plan within the proposed timeline.

### **4. Customer Service Milestones**

- a. Evaluating customer service facilities and assets
- b. Evaluating and updating customer service policies and procedures
- c. Development of a meter reading plan
- d. Identification and analysis of gaps
- e. Development of a customer service transition plan
- f. Approach to acquisition and replacement of customer service assets
- g. Development and implementation of a service start and shut-off plan
- h. Development of a meter asset management plan
- i. Development and implementation of customer service technology

### **5. Information Technology ("IT") / Operation Technology ("OT") Systems Milestones**

- a. Development of an IT / OT communication plan and acceptance criteria

- b. Identification and analysis of gaps
- c. Evaluating IT / OT applications and infrastructure
- d. Development of a cyber security and business continuity plan
- e. Development of an IT asset management program
- f. Development of an IT / OT transition plan and schedule

## **6. Financial Management Milestones**

- a. Detailed description of approach to budgeting and reporting over the transition period and samples of proposed budget and milestone reporting.
- b. Description of approach to complying with initial budget delivery obligations under the O&M Agreement.
- c. Approach to formalizing changes to control processes.
- d. Identifying and evaluating business processes.
- e. Establishing a financial accounting system and account structure.
- f. Preparing Initial Budgets and other financial forecasts.
- g. Establishing bank accounts.
- h. Evaluating and updating the payroll and labor cost reporting systems.
- i. Establishing a delegation of authority matrix and process.

## **7. FEMA Funds and Federal Funding Procurement Manual Milestones**

- a. Detailed description of the proposed team that the Qualified Respondent expects to designate to assist in the preparation of a Federal Funding Procurement Manual, including the individual names, background, prior experience and qualifications of each proposed team member.
- b. Detailed description of the proposed approach to the development of the Federal Funding Procurement Manual and coordinating review by, and responses to comments from, COR3 and FEMA, as applicable.
- c. Views regarding the implementation of procurement processes and the management of government grants and similar types of funds, including a description of federal funds managed in the past and infrastructure programs or projects utilizing federal funds.
- d. Proposed timeline and key milestones to drafting, revising and finalizing the Federal Funding Procurement Manual (including milestones involving applicable approvals and subsequent implementation).

## **8. Staffing for Front-End Transition Period**

- a. Organizational chart outlining general organizational structure proposed, and clearly identifying the Qualified Respondent's key personnel to be involved in various work streams related to the

Front-End Transition Period (including a list of subcontractors, descriptions of activities each subcontractor will perform and a detailed description of the strategy for selecting and managing subcontractors).

- b. Detailed description of the individuals that the Qualified Respondent expects to designate to oversee the transition team, including the individual names, background, prior experience and qualifications of each proposed team member.
- c. Number of employees and subcontractors the Qualified Respondent expects to deploy as part of the transition efforts, including detailed description of proposed team divisions and responsibilities.
- d. Detailed description of the proposed approach to providing the Operator's stated requirements for employment to be included in the O&M Agreement as Annex IV (*Operator Employment Requirements*).
- e. Proposed timeline and key milestones to drafting, revising and finalizing the Operator Employment Requirements.

#### **9. Additional Front-End Transition Period Milestones**

- a. Detailed description of the proposed team that the Qualified Respondent expects to designate to prepare, assist in the preparation or development and/or negotiate the terms and conditions, as applicable, of each of the following Front-End Transition Period milestones:
  - i. GenCo Shared Services and the related Shared Services Agreement.
  - ii. Emergency Response Plan.
  - iii. Non-Federal Funding Procurement Manual.
  - iv. Physical Security Plan.
  - v. Data Security Plan.
  - vi. Vegetation Management Plan.
  - vii. System Operation Principles.
- b. Detailed description of the Qualified Respondent's proposed approach to meet or otherwise develop each of the following Front-End Transition Period milestones:
  - i. Drafting and negotiation of the Shared Services Agreement, including views on the provisions set forth set forth in Annex VI (*GenCo Shared Services*) of the O&M Agreement.
  - ii. Emergency Response Plan, including the assumptions, procedures and actions provided therein, the Qualified Respondent's views on why the proposed plan is suited for Puerto Rico and federal requirements and a description of prior experience in developing similar emergency response or contingency plans.
  - iii. Non-Federal Funding Procurement Manual.
  - iv. Physical Security Plan.

- v. Data Security Plan.
  - vi. Vegetation Management Plan.
  - vii. System Operation Principles, including the Qualified Respondent's views on the indicative System Operation Principles as set forth in Annex I (*Scope of Services*) of the O&M Agreement, a description of any proposed changes to the contents thereto and a description of the Qualified Respondent's proposed approach to coordinating review and comments from PREB.
- c. Proposed timeline and key milestones to drafting, revising and finalizing (including obtaining the applicable regulatory approvals and coordinating subsequent implementation) each of the following items to be addressed during the Front-End Transition Period:
- i. GenCo Shared Services and the related Shared Services Agreement.
  - ii. Emergency Response Plan (including milestones involving applicable approvals and subsequent implementation).
  - iii. Non-Federal Funding Procurement Manual
  - iv. Physical Security Plan.
  - v. Data Security Plan.
  - vi. Vegetation Management Plan.
  - vii. System Operation Principles.

## **10. Asset Acquisition**

- a. Evaluating existing procurement and subcontracting policies, procedures and systems.
- b. Assuming responsibility for securing use of assets, facilities, IT / OT, etc.
- c. Assuming existing subcontracts.
- d. Views on existing procurement policies and guidelines, including potential modifications thereto.

## **11. Back-End Transition Plan**

- a. Detailed description of the Qualified Respondent's proposed members of the planning team designated to prepare the Back-End Transition Plan.
- b. Detailed description of the proposed approach to the development and implementation of the Back-End Transition Plan, including rights and responsibilities thereunder.
- c. Proposed outline of the Back-End Transition Plan to be included as Annex III (*Back-End Transition Plan*) of the O&M Agreement, which outline should address the treatment of ServCo employees upon the expiration or early termination of the O&M Agreement, among other things.

[Signature page follows].

PSEG Puerto Rico LLC

---

**QUALIFIED RESPONDENT**

Company Name

Daniel Eichhorn

---

Name of Qualified Respondent's  
Authorized Official

President - PSEG Puerto Rico LLC

---

Title



---

Signature of Qualified Respondent's  
Authorized Official

November 25, 2019

---

Date















































































































































