



DEFINITIVE PROPOSAL FORM 1.6

OPERATOR RECRUITMENT AND STAFFING 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 1.6, (ii) meets the requirements described in Section 4.1.6 (*Operator Recruitment and Staffing 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

- a. Organizational chart outlining general organizational structure proposed and clearly identifying the Qualified Respondent’s key personnel to be involved in the proposed structure (identifying their relevant qualifications and experience)
- b. Description of any portions of the work that will be subcontracted, identifying categories that the Qualified Respondent expects to be locally subcontracted.
- c. List of subcontractors, descriptions of activities each subcontractor will perform and a detailed description of the strategy for managing subcontractors.
- d. Detailed description of the Qualified Respondent’s proposed approach to using local entities and the activities they will perform.

2. Recruitment and Staffing Plan

- a. Detailed description of the proposed recruitment and staffing plan, including:
 - i. Job classifications, descriptions (including documentation of responsibilities and duties), and necessary qualifications (i.e., education, licenses, skills, etc.).
 - ii. Qualified Respondent’s proposed approach to dealing with a predominantly Spanish-speaking workforce and managing inter-cultural interactions.
- b. Hiring plan to fill all personnel positions, including proposed timelines for recruitment and training, strategies for outreach, recruitment, screening and enrollment of personnel.
- c. Estimated number of PREPA employees that the Qualified Respondent expects to employ, the expected benefits for such employees and descriptions of the proposed selection criteria regarding such employees.
- d. Detailed description of the proposed review of employee pension and benefit plans, including transfer plans or credit, if any, of existing employees and their accrued benefits and seniority.

- e. Detailed description of the proposed approach to the development of a labor relations plan, including:
 - i. Existing work rules that the Qualified Respondent would propose be removed from collective bargaining arrangements currently in place.
 - ii. Changes and/or amendments to existing collective bargaining arrangements.
- f. Detailed description of the proposed approach to the development of employee retention program.
- g. Detailed description of the proposed approach to the development of employment policies, procedures and handbooks.
- h. Detailed description of the proposed approach to reviewing employment applications, conducting interviews and hiring staff.
- i. Description of how the Qualified Respondent would manage staffing and personnel during emergencies, including organization and communication strategies during the duration of an emergency.
- j. Description of the roles and responsibilities of off-site staff, if any, that will support in the performance of the services and a qualitative (expertise and experience) description of that assistance.

3. Training Plan

- a. Detailed description of the Qualified Respondent's proposed approach to training and development of employees, including:
 - i. a description of the proposed curriculum of initial and ongoing training program for each major staff category, including the Qualified Respondent's approach to identifying industry-informed curriculums and how it would develop and update training curriculums;
 - ii. a description of key training tools and deliverables (i.e., electronic platforms, delivery of manuals and materials to trainee);
 - iii. information on relevant health and safety training programs; and
 - iv. information on who will provide the training (include instructors, additional technical staff and non-technical staff) and the number of hours of training per year.

[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

1.6 Operator Recruitment and Staffing Plan

1.6.0 PSEG Puerto Rico's Operator Recruitment and Staffing Plan

1.6.1 General

1.6.1.a Organizational chart outlining general organizational structure proposed and clearly identifying the Qualified Respondent's key personnel to be involved in the proposed structure (identifying their relevant qualifications and experience)

The following organizational chart (See Figure 1.6.1) is PSEG's proposed Management Company structure. In addition to the organizational chart shown below, PSEG will create a Board of Directors that will oversee and govern the Management Company. The Board of Directors will be comprised of PSEG's most senior executives from across the company including (See Appendix 1.6.A for the profile of each Board member):

- President & COO PSE&G
- President & COO PSEG Long Island
- President PSEG Services Corporation
- EVP and CFO
- SVP Corporate Planning, Strategy and Utility Finance
- SVP Human Resources and Chief Human Resources Officer

The organizational chart shows functions performed within each major department. PSEG Puerto Rico has also included the anticipated number of FTEs in the key in the lower left-hand corner of the chart. Given the targeted Service Commencement Date of January 1, 2021, PSEG elected to not provide a full list of the names who will be dedicated to Management Company at this time with the exception of President, who will be Daniel Eichhorn. PSEG is currently undergoing a comprehensive review of qualified personnel who have expressed interest in the Front-End Transition or Management Company opportunities in Puerto Rico.

PSEG Puerto Rico LLC

Management Company - Proposed Operating Functional View

Daniel Eichhorn
 President – PSEG Puerto Rico

- Internal Audit
- Compliance
- Risk

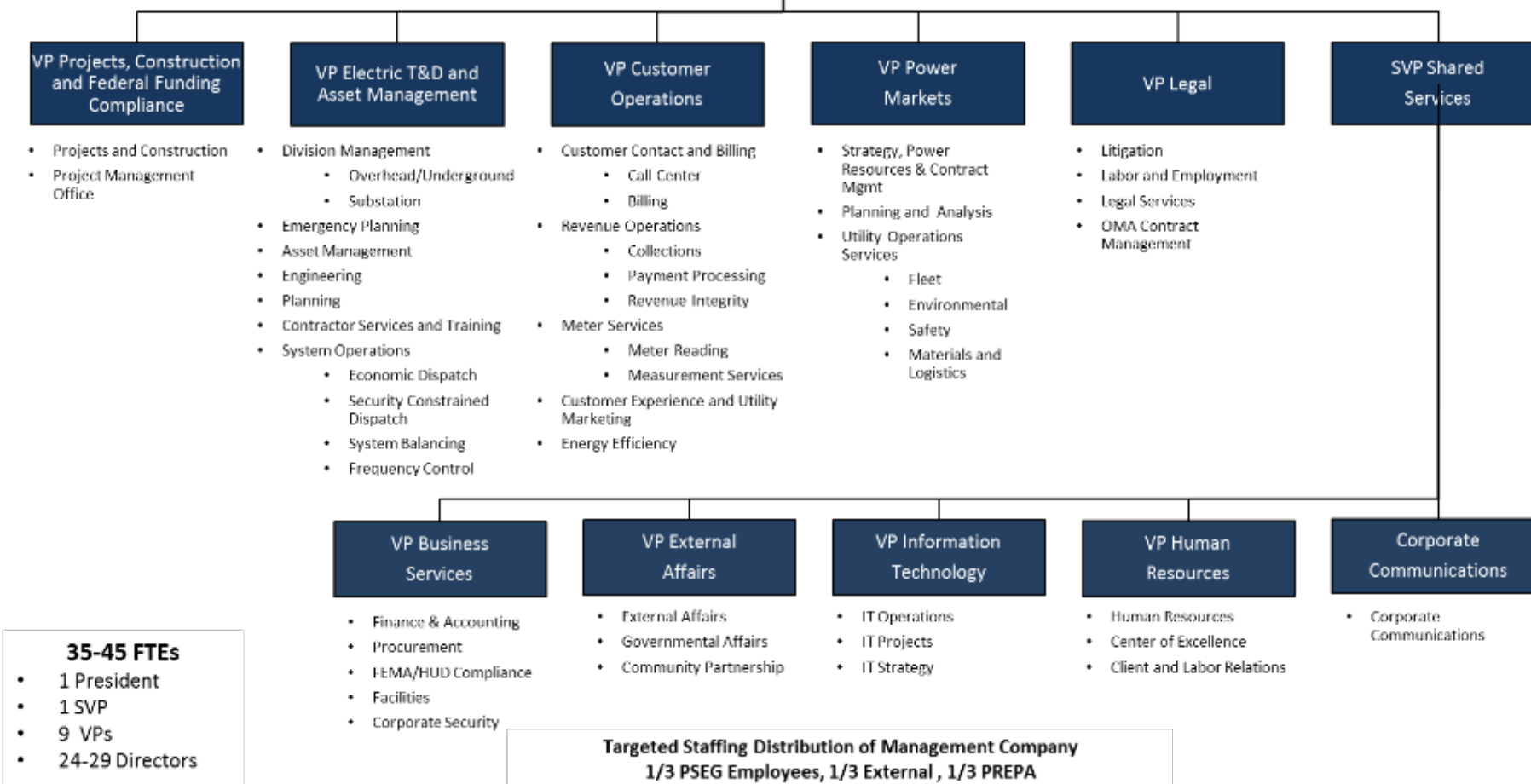


Figure 1.6.1 PSEG Puerto Rico's Proposed Management Company Organizational Structure

1.6.1.b Description of any portions of the work that will be subcontracted, identifying categories that the Qualified Respondent expects to be locally subcontracted

PSEG Puerto Rico will examine PREPA's outsourced services needs during the Front-End Transition and attempt to source locally if vendors are available, qualified, and competitive.

1.6.1.c List of subcontractors, descriptions of activities each subcontractor will perform and a detailed description of the strategy for managing subcontractors

PSEG Puerto Rico is providing a complete listing of the outsourced services from PSEG Long Island with contracts greater than \$250K (See Appendix 1.6.B). PSEG Puerto Rico expects ServCo to have outsourced services and will further examine PREPA's outsourced services needs during the Front-End Transition.

Table 1.6.1 below provides a sample of the services that would typically be outsourced for storm restoration.

T&D Operations	
Vegetation Management	Storm Restoration
T&D Construction	Pole Inspection and Treatment
Customer Operations	
Payment Processing	Third Party Collections
Printing Services	Energy Efficiency Program
Business Services	
IT Software / Hardware /Application Support	IT Consulting
Environmental Consulting	Legal Outside Counsel
Communications Consulting	Power Markets Consulting
Projects and Construction	
T&D Construction	Engineering/Professional Services
Storm Restoration Services	
Flaggers	Security Services
Damage Assessments	Vegetation Management
Wires Down	Electric Restoration
Generators	Materials
Lodging Services	Fuel Supply
Busing	Base Camps
Meals	Fuel Services
Materials Trucking	Portable Sanitation
Environmental	Crew Guides

Table 1.6.1 Summary of Outsourced Services

Procurement and Sourcing Strategy

The Front-End Transition Team will develop procurement and sourcing strategies to facilitate the effective and efficient procurement of materials or services consistent with volume, dollar value, and risk of the transaction. These strategies are consistent with three key business objectives:

- Provides quality materials and services at lowest total cost that meets the overall business requirements
- Maintains the appropriate supplier base as required for continuity of supply and to meet business objectives
- Encourages Minority or Women owned Business Enterprises (MWBs) and Service Disabled Veteran Owned Businesses (SDVOBs) supplier development

The procurement strategies require that clients involve procurement in purchases greater than \$20,000. Such transactions may require market analyses, sourcing, supplier credit assessment, negotiation, and provide the highest potential for leverage and cost savings. Low dollar value, high-volume materials or services, are best requisitioned and/or purchased through pre-established methods and agreements such as outline agreements (OAs), master service agreements (MSAs), electronic procurement, automatically generated Purchase Orders (POs), and procurement cards (p-cards). All of these minimize the normal processing efforts and provide direct client involvement.

1.6.1.d Detailed description of the Qualified Respondent's proposed approach to using local entities and the activities they will perform

PSEG Puerto Rico will seek to improve the sourcing of equipment locally, a process that PSEG's utility services providers have previously instituted. PSEG Puerto Rico will leverage a global network of suppliers to support achieving PREPA's goals and manage a supplier diversity program that institutes outreach efforts at key supplier diversity events, monthly measurements and reports of progress, training program for all procurement professionals, and online support portals.

PSEG's supplier diversity process has been in place for over 30 years, utilizing a number of processes and initiatives to grow business relationships and expenditures with businesses certified-owned by minorities, women, veterans, and disabled veterans. In 2017, our corporation achieved historic results by spending more than \$532 million or 18.6 percent with MWVBE's due in part to our internal performance goals, aggressive outreach methods, business advocacy partnerships, education, mentoring and communication.

Our primary outreach initiative is hosting PSEG-sponsored complementary external supplier diversity procurement fairs to connect and interview business owners for potential procurement opportunities with our Company. Each fair includes a supplier workshop on "How to do Business with PSEG with Business Success Tips" and a diverse supplier presentation.

1.6.2 Recruitment and Staffing Plan

1.6.2.a Detailed description of the proposed recruitment and staffing plan

During the Front-End Transition, the HR / Labor Relations team will conduct further due diligence of PREPA's HR functions, including recruitment and staffing. This experienced team will evaluate existing practices and procedures and develop recommended plans for ServCo. Figure 1.6.2 illustrates activities that will be included.

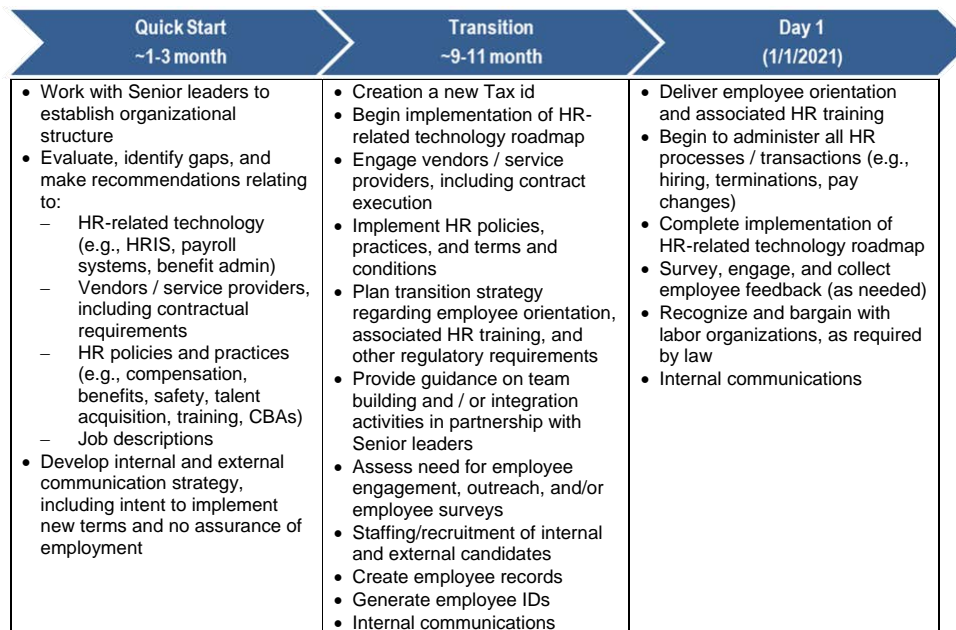


Figure 1.6.2 Detailed Description of the HR Front-End Transition Plan

Staffing Plan

The Front-End Transition Team will develop a comprehensive staffing plan, including mobilizing personnel, identifying key personnel and other staff employed by PREPA, migrating qualified personnel to ServCo, recruiting additional staff as necessary, and maintaining appropriate staffing levels to support achievement of operational improvements. The staffing plan will be a result of due diligence of the current environment and collaboration between PREPA and the Front-End Transition Team. Part of the due diligence is having access to PREPA's employees detailed human resources information and system data to ensure that the Front-End Transition Team can evaluate who is doing what and where. The staffing plan, describing how qualified personnel will migrate to ServCo on the Service Commencement Date, will be reviewed internally, and then presented to PREPA.

1.6.2.a.i Job classifications, descriptions (including documentation of responsibilities and duties), and necessary qualifications (i.e., education, licenses, skills, etc.)

The job classifications below represent the top 10 bargaining unit positions (by headcount) at PSEG Long Island. In Appendix 1.6.C, PSEG Puerto Rico provides a corresponding list of job descriptions and qualifications associated with these positions. During the due diligence phase of the Front-End Transition plan, the HR team will evaluate PREPA's job descriptions and make recommendations.

The top 10 bargaining unit positions:

1. Customer Representative Post 2001
2. First Class Lineman / Linewoman
3. Customer Representative
4. Emergency Service Specialist
5. Electric Technician

6. Meter Service Representative
7. Working Line Forman
8. Meter Technician
9. Cable Splicer A
10. Customer Service Associate

1.6.2.1.a.ii Qualified Respondent's proposed approach to dealing with a predominantly Spanish-speaking workforce and managing inter-cultural interactions.

PSEG Puerto Rico understands the challenge of dealing with a predominantly Spanish-speaking workforce. However, PSEG Puerto Rico will look for the following PSEG leadership competencies when choosing senior leaders regardless of native language: achieves extraordinary results; provides thought leadership; attracts and develops talent; and possess real leadership presence. In addition, PSEG Puerto Rico will look for these additional desirable leadership attributes when staffing Management Company, including:

- Spanish speaking and cultural awareness
- Proven experienced change leader
- Technical and functional expertise
- Continuous improvement mindset
- Political savviness and strategic agility
- Collaborative demeanor
- Engaging, motivating and effective communicator

PSEG will place a priority on hiring executives and senior leaders with all of the above attributes and will address the Spanish-speaking and cultural awareness attribute by placing Spanish-speaking leaders in executive and director roles in Management Company from three sources: internal, external and PREPA. PSEG expects the Management Company to initially be staffed with 30 to 40 percent native Spanish speaking leaders and will provide Spanish language and culture training for the remainder of the team.

1.6.2.b Hiring plan to fill all personnel positions, including proposed timelines for recruitment and training, strategies for outreach, recruitment, screening and enrollment of personnel

PSEG Puerto Rico's Recruiting / Staffing Team will be an integrated project team comprised of HR managers and staff from across the Front-End Transition Team and, together with transition and operations leadership, will support the effort to ensure staffing plan success. This team will maintain a smooth transition of all qualified personnel via the following planning, preparation, and execution activities:

Planning

SMEs will conduct extensive analyses to determine the resources required for successful Front-End Transition and staffing the organization. These SMEs have extensive first-hand experience in planning, designing, and a deep understanding of PREPA's objectives.

Preparing

PSEG Puerto Rico will develop a strategy to attract and retain qualified PREPA key personnel and employees. This will be done early in the Front-End Transition. PSEG Puerto's staffing goal is to provide priority to PREPA employees as outlined in the OMA.

Executing

The staffing team will analyze the results of all preparation efforts and begin the recruiting process. Recruiting will be accomplished without interference to existing services.

The recruiting team will constantly review and update the recruiting strategy to ensure a viable workforce is ready to perform by the Service Commencement Date.

See Figure 1.6.2 above for anticipated timing of activities.

1.6.2.c Estimated number of PREPA employees that the Qualified Respondent expects to employ, the expected benefits for such employees and descriptions of the proposed selection criteria regarding such employees

During the due diligence phase of Front-End Transition, PSEG Puerto Rico will determine the number of employees that it plans to employ. PSEG Puerto Rico plans to work within the requirements of local laws and will give priority to PREPA employees during the selection process as outlined in the OMA.

1.6.2.d Detailed description of the proposed review of employee pension and benefit plans, including transfer plans or credit, if any, of existing employees and their accrued benefits and seniority

During the due diligence phase of the Front-End Transition, PSEG Puerto Rico will evaluate the employee pension and benefit plans offered to PREPA employees and recommend a strategy to optimize the retention of qualified PREPA key personnel and employees.

Pension Plans

The Front-End Transition Team will conduct a detailed analysis of the current pension plans provided by PREPA. This analysis will include compliance with Act 29 (PREPA employees can elect to remain in the PREPA pension plan) and a determination of whether there are any legacy pension and retiree medical plans that transfer as a part of this transition. The Front-End Transition will evaluate options and make recommendations to P3.

Benefit Plans

The Front-End Transition Team will conduct a detailed analysis of the benefit plans provided by PREPA. The Front-End Transition Team will analyze other benefits, such as vacation, leave, and tuition reimbursement for technical training and professional certification. The Front-End Transition will evaluate options and make recommendations to P3.

Employee Engagement Lessons Learned
<ul style="list-style-type: none"> • Communicate with workforce • Use experienced and trained transition teams • Form transition partnership with PREPA • Hold regular transition review meetings • Start vigorous employment process early • Hire from the top down where possible • Use incumbent leaders to aid workforce relations • Make early employment commitments • Hold numerous orientation meetings at all levels • Adopt "managing by walking the floor" approach

Figure 1.6.3 Employee Engagement Lessons Learned

1.6.2.e Detailed description of the proposed approach to the development of a labor relations plan

PSE&G and PSEG Long Island both have represented employees that together total over 8,000 employees and represent approximately 60% of the workforce within our Company. We have a long history of management and union cooperation and collaboration working on key business issues.

The Front-End Transition Team will develop a Labor Relations Plan that reflects an approach to maintaining and strengthening a positive, respectful and supportive relationship between PSEG Puerto Rico's senior management team and the unions representing ServCo employees, in the event that a majority of the applicable bargaining unit employees accept employment with ServCo.

The Front-End Transition Team will establish communications with union leadership early in the Front-End Transition and will maintain communication with them throughout the Front-End Transition and into operations. The Front-End Transition Team will determine the current state of grievances and arbitrations, the paths to resolution, if applicable, and those that may roll over to ServCo upon the Service Commencement Date.

During the due diligence, the Front-End Transition Team will further evaluate the collective bargaining agreements and recommend a labor strategy that will enable a low-risk and smooth transition of represented personnel who are hired by ServCo.

1.6.2.e.i Existing work rules that the Qualified Respondent would propose be removed from collective bargaining arrangements currently in place

Response has been combined with 1.6.2.e.ii.

1.6.2.e.ii Changes and/or amendments to existing collective bargaining arrangements

The collective bargaining agreements include language that the Front-End Transition Team will analyze during due diligence and may change when it sets initial terms and conditions. These include:

- Pension and benefit plans (See 1.6.2.d above)
- Restrictions on subcontracting
- Overtime rules
- Length of probationary period
- Layoff language
- Procedures relating to discipline, grievances and arbitrations
- Addition of no strike / no lockout language
- Golden Rule Safety Violations (i.e., fall protection, personal protective equipment, testing for atmosphere, and safety tagging - See Golden Rules Agreement Letter Appendix 1.6.D)

1.6.2.f Detailed description of the proposed approach to the development of employee retention program

PSEG Puerto Rico thoroughly understands the importance of attracting and retaining a qualified and experienced workforce. During the Front-End Transition, the Recruiting / Staffing Team will evaluate the HR information and data needed to establish Day1 benefits and compensation packages for employees of ServCo. PSEG Puerto Rico intends to discuss the employment opportunities and benefits package with employees, and to answer any questions about the ServCo offerings via town-hall type meetings, web-based transition information portal (FAQ and open letters), face-to-face meetings, and

other media as needed to dispel negative misunderstandings, reduce employee anxiety, and keep everyone informed. PSEG Puerto Rico will establish coordination meetings to focus on issues and to communicate transition events, progress, and schedules both internally and with PREPA management.

1.6.2.g Detailed description of the proposed approach to the development of employment policies, procedures and handbooks

As previously mentioned in section 1.6.2.a, the HR due diligence will include the evaluation of PREPA's existing policies and procedures and recommend a plan for PREPA's review. In addition, the Front-End Transition Team will evaluate the best means of maintaining these items through online access, print, or both.

1.6.2.h Detailed description of the proposed approach to reviewing employment applications, conducting interviews and hiring staff

As part of the staffing plan activities, the Front-End Transition Team will track the status and progress of staffing. The staffing plan tracking document will contain the items listed in Table 1.6.2.

Staffing Plan Tracking Items	
<ul style="list-style-type: none"> Numbers of positions required Specific job type for each position (job code / title / level) Organizational element each position belongs to Specific location for each position Hiring manager Skills/experiences required for each role Classification for each position (manager, exempt, non-exempt, represented) 	<ul style="list-style-type: none"> Date needed Position status (sourcing, interviewing, offer extended, offer accepted) Date offer extended / date offer accepted / anticipated start date Name of the candidate / employee filling each position

Table 1.6.2 Staffing Plan Tracking Items

Pre-Employment Screening Process

A pre-employment screening process will be developed and reviewed internally and be part of the staffing plan presented to PREPA. The process will be compliant with all local and federal laws and ServCo policies and practices.

Hiring of ServCo Personnel

Not less than 120 days before the Service Commencement Date, the active staffing process will begin. A plan will be put into place that if deemed appropriate by PSEG will target specific organizational groups in a phased approach to go through the hiring process (initial contact, application, interview, hiring decision, offer, and offer acceptance). A gap analysis will be completed based on offers accepted / rejected, if any, and what external hiring will need to be accomplished to fill the gaps.

New Employee Orientation (NEO)

The Front-End Transition Team will work with PREPA to develop a NEO presentation and package that would be presented to every employee. During the first three days after the Service Commencement Date, an initial NEO briefing will be completed for each employee. In order to minimize disruption of utility services, the NEO will be conducted at employees' specific work locations or at nearby locations just prior to or immediately following employees' work shifts.

1.6.2.i Description of how the Qualified Proponent would manage staffing and personnel during emergencies, including organization and communication strategies during the duration of an emergency

PSEG Puerto Rico will evaluate and provide recommendations for updating PREPA's Business Continuity and Emergency Response Plans (including backup power, communications, and critical business services and facilities) for PREPA's review. PSEG Puerto Rico will bring best practices as appropriate, such as implementing our Company's Business Interruption Management Committee, which develops, coordinates, and guides the implementation of a comprehensive program aimed at identifying those potential natural and contrived threats which would significantly interrupt PREPA's business, potentially causing financial harm or negative impact to public image.

Emergency Operations Center

Leveraging PSEG's award-winning experience in emergency preparedness, PSEG Puerto Rico will continuously monitor and track all significant events with potential impact to projects or territory and will make emergency preparations in advance. This includes weather-related, political, and public events, as well as security threats that may impact the service territory and customers. These events are monitored at a central Emergency Operations Center (EOC). Conference calls and reports are utilized to monitor progress and determine if a supplemental workforce is needed and/or if personnel need to be re-allocated to focus on other affected areas in the territory. The EOC also provides information to internal stakeholders such as Executives, Management, Communications, Regulatory, Human Resources, Labor Relations, Information Technology (IT) and Customer Services' personnel. The EOC also provides information to external stakeholders such as government and regulatory entities. As part of the Emergency Response Plan that PSEG Puerto Rico will develop for PREPA, PSEG Puerto Rico will implement an Incident Command Structure (ICS) as the formal platform for emergency response. This includes organizational structure, communications, training for employees and coordination with external stakeholders such as local, commonwealth and government authorities.

1.6.2.j Description of the roles and responsibilities of off-site staff, if any, that will support in the performance of the services and a qualitative (expertise and experience) description of that assistance

During the due diligence phase, the Front-End Transition Team will evaluate skills, processes and systems of PREPA and determine if any PSEG Corporate Services would be needed to assist in the delivery of services as defined in the OMA. PSEG Puerto Rico will require limited day-to-day support from PSEG's Corporate Offices; however, PSEG Puerto Rico does anticipate that there will be some governance and oversight from our Company's Executive Officer Group.

1.6.3 Training Plan

1.6.3.a Detailed description of the Qualified Respondent's proposed approach to training and development of employees

1.6.3.a.i A description of the proposed curriculum of initial and ongoing training program for each major staff category, including the Qualified Respondent's approach to identifying industry-informed curriculums and how it would develop and update training curriculums

As part of the due diligence, Front-End Transition Team will compare PREPA's training curriculum to PSE&G's training curriculum. PSE&G has provided a sample of its training classes and durations for its employees in T&D and Customer Services (See Appendix 1.6.E.). The Front-End Transition Team will depend on PREPA to provide the team with the listing and reference material on the applicable training requirements, and access to current employee training plans and records to ensure continuity of training and certifications. After the initial evaluation is complete, recommendations and implementation plans in the form of a Findings and Recommendations Reports (FRR) will be submitted to P3 for review.

PSEG Puerto Rico as part of its O&M Services intends to conduct training for ServCo employees. In addition, training may be provided in the field on an as-needed basis to address specific operational needs. The training program will incorporate all required occupational and safety courses mandated by industry guidelines and local or federal agencies in support of operation and maintenance, as well as career development training.

1.6.3.a.ii A description of key training tools and deliverables (i.e., electronic platforms, delivery of manuals and materials to trainee)

The Front-End Transition Team will evaluate the existing systems that house employee training information. After the evaluation, recommendations and implementation plans in the form of an FRR will be submitted to PREPA for review.

1.6.3.a.iii Information on relevant health and safety training programs

The training plan will incorporate all required occupational and safety courses mandated by industry guidelines and local or federal agencies in support of O&M Services, as well as career development training. Health and safety training will be provided including lock-out-tag-out procedures, personal protective equipment, safety culture, safety programs, and health and safety teams.

1.6.3.a.iv Information on who will provide the training (include instructors, additional technical staff and non-technical staff) and the number of hours of training per year

PSEG Puerto Rico anticipates using internal qualified training staff and will perform a gap analysis during the Front-End Transition to assess if the proper training resources are in place.

As noted above in section 1.6.3.a.i, as part of the due diligence, the Front-End Transition team will compare PREPA's training curriculum to PSE&G's training curriculum. PSE&G has provided a sample of its training classes and durations for their employees in T&D and Customer Services (See Appendix 1.6.E.). After the initial evaluation is

complete, prioritized recommendations which contain detailed analysis and implementation plans in the form of an FRR will be submitted to PREPA for review.