

1. Please confirm whether it is PREPA's intent to use Federal funding to procure repair/reconstruction/improvement services for the T&D System from Selected Proponent (or its affiliates)? If so, will PREPA require the submission and evaluation of technical and price proposals for such work?
 - a. If not, would PREPA add language to the RFP to (i) confirm that the Selected Proponent or its affiliates may perform such work, and (ii) require the submission and evaluation of technical and price proposals for such work?
 - b. Further, if PREPA is not willing to modify the RFP with respect to the above, please confirm that the Selected Proponent may perform the scope of work of the Project, other obligations arising out of the Partnership Contract, and Capital Investments with affiliates or subsidiary companies so long as the Selected Proponent (i) maintains an arm's length relationship, and (ii) enters into transactions with such affiliates on a commercially reasonable basis and pursuant to enforceable agreements. This work includes, among other things, the rehabilitation, repair, refurbishment, replacement, improvement, of the T&D System and other Capital Investment and that this work will be funded, in whole or in part, with Federal funding. Please confirm that the Selected Proponent or its affiliates may perform all aspects of this work that is to be paid for with Federal funds.

The Authority is committed to ensuring that federal funding for the repair, reconstruction and improvement of the T&D system is deployed in an efficient and effective manner that complies with all applicable requirements, including the procurement rules under 2 C.F.R. Part 200. As described in the RFP, the Authority expects that the Selected Proponent will cooperate with the Authority, PREPA and any applicable federal or other public entity partners to the fullest extent possible with respect to such federal funding, including by assisting with management of any repair or construction work for the T&D system and the coordination of any necessary elements of the work or grant process.

The Authority has carefully reviewed and considered your proposal to modify the RFP Process to require Qualified Respondents to submit proposals to complete specified capital investment projects. While the Authority appreciates your suggestions in this regard, the Authority does not intend to modify the RFP Process based on this proposal, as it would, among other things, result in substantial delays in the overall timing of the process. In particular, such a modification would require re-commencing the RFQ process for the project, as it would represent a material change from the original scope of the project. It would also require waiting for the fixed cost estimates for the capital investment projects to be completed. The fixed cost estimates are necessary to prepare the relevant project worksheets needed for such procurement.

Although the Authority is not willing to modify the RFP Process as you have suggested, the Authority does believe that Selected Proponent and its affiliates will have the ability to carry out capital improvement projects that are eligible for reimbursement with federal funds so long as the procurement process for such projects complies with all applicable requirements and does not otherwise jeopardize the availability of federal funding.

2. We note that §1.2 of the O&M Term Sheet states that Operator shall, among other things, assist Owner, Administrator and Grant Manager with the procurement associated with, and the management and deployment of funding for the restoration of the T&D system received or to be received from any U.S. federal agency. Confirm that the Owner, Administrator, and Grant Manger will work with Operator to the maximum extent practicable to ensure that Operator (or its affiliates) will remain eligible to perform any contemplated capital investment work that is to be paid for with Federal funds.

As noted above, the Authority is of the view that so long as applicable federal procurement requirements are complied with the Selected Proponent and its affiliates should have the ability to carry out capital improvement projects that are eligible for reimbursement with federal funds.

3. What is the current status of the Project Formulation process being undertaken among FEMA, PREPA, and COR3 to prepare the fixed cost estimate for FEMA by October 2019?

This will be addressed in a Supplemental Federal Funding White Paper that will be made available to Qualified Respondents.

4. Do you envision the Qualified Respondents participating in the Project Formulation process prior to award and then having the Selected Proponent participate in the Project Formulation process? If so, what do you envision their role to be?

The Authority does not envision Qualified Respondents participating in the Project Formulation prior to award. The Selected Proponent will work in collaboration with COR3, Owner, Administrator and Grant Manager in the Project Formulation process.

5. Would it be possible for a Qualified Respondent to contact the FEMA person who is working with PREPA in developing the fixed-cost estimates.

As indicated in the RFP, Qualified Respondents may not communicate with representatives of the federal government (among others) in relation to the RFP Process, including with respect to the development of the fixed-cost estimates.

6. To the extent that the Operator (rather than PREPA itself) will procure capital improvement work that is to be paid for with Federal funds, please confirm whether it is PREPA's intent that Operator use the competitive procedures applicable to: (i) non-state

entities, 2 C.F.R. §§ 200.318-200.326; **or**, (ii) state entities, 2 C.F.R. § 200.317 (as applicable to “states”), including Puerto Rico procurement laws and policies applicable to PREPA (*i.e.*, the same as if PREPA itself was performing the procurement function for such work to be paid for with Federal funds). If the latter, has PREPA verified with FEMA that delegation of its procurement function to the Operator will satisfy the procurement requirements applicable to states, 2 C.F.R. § 200.317?

This will be addressed in a Supplemental Federal Funding White Paper that will be made available to proponents.

7. Please provide the COR3 and PREPA Procurement Policy that is referenced in the Federal Funding White Paper (see Footnote 68).

These items have been uploaded to the Data Room.