



Qualified Respondent: Luma Energy ("LUMA")

Reviewer: Ralph Kreil\* 

\* Based on FTI Consulting Inc. Recommendations

Component Weight	Bid Component	Description	Score
50%	Financial and Operational		45.9%
45%	Technical		42.2%
5%	Presentation of Proposal to Partnership Committee		5%
<b>TOTAL</b>			<b>93.1%</b>

Component Weight	Bid Component	Scoring Metric	Weight	Description	Score
5%	1.4. Approach to O&M Services	1. Detailed description of all services.	25%	<p>LUMA proposes solutions through the following initiatives: design resiliency standards, improve storm hardening practices, control centers, vegetation management, advanced metering infrastructure, public lighting and fleet improvement.</p> <p>LUMA proposes customer-driven improvements such as redefining the call center experience, improving billing processes and implementing solutions for easier customer payment and interaction.</p> <p>Relevant experience included Quanta supporting major hurricane Restoration.</p> <p>IEM, who will be responsible for managing the FEMA funding process, has relevant experience in disaster management.</p> <p>LUMA does not have previous experience as a system operator, as this role is fulfilled by Alberta Electric System Operator</p>	4
		2. Experience of management team.	25%	<p>The response includes a proposed management team with significant experience across the various functional areas</p>	3
		3. Federal funding experience and plan.	25%	<p>The response provided a thorough explanation for how it would approach FEMA Funding and included relevant experience of IEM, the Team Member responsible for administering the FEMA Funding Plan.</p>	4
		4. Corporate culture.	5%	<p>Strong corporate culture.</p>	4



Component Weight	Bid Component	Scoring Metric	Weight	Description	Score
5%	1.4. Approach to O&M Services	5. Consortia members.	5%	The Consortium combines electric utility services and project execution from Quanta with operational excellence and superior customer service from ATCO and IEM handling the federal funds management.	4
		6. Organizational structure of ManagementCo and ServCo.	10%	ServCo will be owned 100% by ManagementCo and ManagementCo will be a Puerto Rico LLC with 50:50 ownership between Canadian Utilities and Quanta.	4
		7 & 8. Commitment to social welfare of people of PR, use of local resources, approach to include PR entities.	5%	Adequate approach to social welfare and the use of local resources.	4
	Summary for Section 1.4		100%		



Component Weight	Bid Component	Scoring Metric	Weight	Description	Score
25%	1.5. Front End Transition Plan	1. General and Transition Management.	10%	Provided a detailed plan on how it would approach communications and the transitioning of management including a list of several key issues facing PREPA including low employee morale, high levels of customer dissatisfaction and lack of public confidence in decision-making.	4
		2. T&D Services Milestones.	15%	The response provided enough detail around approximately 20 T&D Services Milestones including addressing the transition plan for asset operations, workforce management, safety, environmental and emergency preparedness.	4
		3. System Remediation Plan Milestones.	15%	The process for developing the System Remediation plan includes establishing the planning team, reviewing the current state of the T&D system, identifying gaps.	3
		4. Customer Service Milestones.	10%	Customer Service Milestones including its approach to evaluating the current customer service facilities and meter reading plan and identifying and addressing any gaps.	3
		5. Information Technology ("IT") / Operation Technology ("OT") Systems Milestones.	10%	Provided sufficient detail around IT/OT Milestones including providing an approach for gap identification and analysis as well as adequately addressing business continuity and cybersecurity.	3
		6. Financial Management Milestones.	5%	Provided sufficient detail including its approach to budgeting, reporting and business processes.	4



Component Weight	Bid Component	Scoring Metric	Weight	Description	Score		
25%	1.5. Front End Transition Plan	7. FEMA Funds and Federal Funding Procurement Manual Milestones.	10%	The response provided sufficient detail around FEMA and Federal Funding Milestones and identified IEM as the program manager.	4		
		8. Staffing for Front-End Transition Period.	10%	LUMA's approach to the management of the transition plan was very detailed and well thought out with each major category being managed separately.	4		
		9. Additional Front-End Transition Period Milestones.	10%	The response addressed several other critical work streams.	4		
		10. Asset Acquisition.	2.5%	The response generally took the approach of detailing how it would approach asset acquisition including the following four main categories.	2		
		11. Back-End Transition Plan.	2.5%	The response provided significant detail within its Back-End Transition Plan including clearly outlining the rights and responsibilities of both Owner and Operator during this phase.	4		
		Summary for Section 1.5				100%	



Component Weight	Bid Component	Scoring Metric	Weight	Description	Score
10%	1.6. Operator Recruitment and Staffing Plan	1. General.	40%	The LUMA management team will be relocated to Puerto Rico and will include Spanish-speaking executives.	4
		2. Recruitment and Staffing Plan.	35%	The response provided an approach to recruiting and hiring staff involving a focus on hiring qualified individuals in a systematic manner across three classifications (core, strategic and support), a strategy to integrate current PREPA employees, employee procedures and retention and a policy to dealing with labor unions.	4
		3. Training Plan.	25%	The response provided four primary segments to the training plan: all employees, craft-skilled labor, leadership/frontline supervision and individual contributors.	4
Summary for Section 1.6			100%		




Component Weight	Bid Component	Scoring Metric	Weight	Description	Score
5%	1.7. Approach to Performance Metrics	1. Views on Indicative Performance Metrics (Annex IX).	10%		4
		2. Key personnel to prepare revised Annex IX during FETP.	10%	Key personnel put forth by LUMA appeared to be qualified in their relevant topic areas.	4
		3. Approach to suggesting alternative Performance Metrics during FETP.	10%	The response recommends a three-quarter process for finalizing Performance Metrics during the FETP	4
		4. Timeline and milestones for finalization of Performance Metrics, including coordination with PREB.	10%		4
		5. Approach to Incentive Fee.	5%	The response is recommending an incentive fee equal to 30% of its fixed fee component.	4
		6. Approach to engaging with regulatory bodies.	10%	Approach to working with PREB and other regulatory bodies included in the process, suggested timelines and examples for reference.	4
		7. Views on time periods for and levels of achievement of Performance Metrics.	10%		4
		8. Views on Major Outage Event, Minimum Performance Thresholds	10%		4

Component Weight	Bid Component	Scoring Metric	Weight	Description	Score
5%	1.7. Approach to Performance Metrics	and Minimum Performance Level Metrics.			
		9. Assumptions and dependencies that impact risk associated with Performance Metrics.	10%		4
		10. Description of methods, processes, tools, techniques that will be used for performance measurement.	10%		4
		11. Ability and commitment to meeting Performance Metrics.	5%	The response emphasized its commitment to meeting the Performance Metrics.	4
Total for Section 1.7			100%		
			45%		



Qualified Respondent: Luma Energy

Reviewer: 

Component Weight	Bid Component	Description	Score
5%	Presentation of Proposal to Partnership Committee		5/10 

# Financial Evaluation (50% Total Weighting)



Component	Commentary	PSEG Puerto Rico			Luma Energy		
		% Weight	Values	Score	Values	Score	
<b>Front-End Transition Fee</b>	<ul style="list-style-type: none"> <li>Proponent-estimated cost of labor and expenses incurred during Front-End Transition</li> </ul>	2.5	\$45mm	2.5	\$76mm	1.5	
<b>NPV of Total Service Fee (Mobilization, Fixed &amp; Incentive)</b>	<ul style="list-style-type: none"> <li>Based on Proponent-provided 15-year fee schedule</li> <li>Luma fee includes the \$60mm Mobilization Fee plus assumed 2% inflation in order to put fee schedule into nominal dollar terms for comparison purposes</li> <li>Fixed Fee discounted at 6% and Incentive Fee discounted at 10%</li> </ul>	30%	\$1,381mm	30	\$60mm \$1,456mm \$1,516mm	27.3	
<b>Termination Fee – Operator / (Owner)</b>	<ul style="list-style-type: none"> <li>Higher Operator Termination Fee results in higher fee payable to Operator in certain cases of termination (lower is more favorable)</li> <li>Higher Owner Termination Fee results in higher proceeds to Owner in certain cases of termination (higher is more favorable)</li> </ul>	2.5%	\$125mm / (\$0mm)	2.5	\$104 – 158mm / (\$20mm declining to \$13mm)	2.1	
<b>Net Operator Liability</b>		(12.5%)		0			
• Operator Damage Cap		0%	\$15mm	2.3	\$10mm	0	
• Operator Liability to Owner (aggregate)		5%	\$50mm	0.7	\$110mm	5	
• Parent Guarantee		2.5%	\$30mm	0.2	\$110mm	2.5	
• Delay Liquidated Damages (aggregate)		2.5%	\$3mm	0.7	\$40mm <i>\$10mm</i>	2.5	
<b>Back-End Transition Fee</b>	<ul style="list-style-type: none"> <li>Proponent-estimated cost of labor and expenses incurred during Back-End Transition</li> </ul>	2.5%	\$3mm	2.5	\$6mm	2.5	
<b>Total</b>				<b>41.3</b>		<b>45.9</b>	

Source: Qualified Respondent Definitive Proposals and subsequent clarification letters.