

a. Required Contract Provisions

For any contract or amendment to an existing contract related to the procurement of energy, grid services, and fuel¹³ for an aggregate value of at least \$10 million; contracts for infrastructure work¹⁴ for an aggregate value of at least \$1 million; and contracts for professional services¹⁵ for an aggregate value of at least \$250,000, executed by PREPA after the issuance of this Order, the Commission **ORDERS** PREPA to include the following provisions:

- (1) A clause stating that the contract will not enter into force unless PREPA has received written approval from the Commission or unless five business days have passed after PREPA's submission of the contract to the Commission with no action from the Commission. The Commission, on notice to PREPA within the five-day period mentioned above, may extend such period for unusually complex contracts, provided such period shall never exceed 30 calendar days from the date of submission of the contract to the Commission.
- (2) A clause stating that, if the Commission finds, or has reasonable belief, that the work being performed is defective, inconsistent with the terms and conditions of the contract, with applicable legal and regulatory requirements or with any prior Commission order or directive, the Commission may order PREPA to direct a contractor to immediately cease the provision of services until the Commission states otherwise, or until 15 business days from the date the Commission's stop-order was issued if the Commission fails to take any action within such timeframe. After the issuance of a stop-order, and after granting PREPA and the contractor reasonable opportunity to be heard, the Commission may determine to authorize continuation of services, require corrective measures to be taken, including contract amendments, or require the termination of the contract.

¹³ The Commission intends the term "energy, grid services, and fuel" to refer to provision of energy to be consumed by PREPA or sold by PREPA to customers; to the commitment to make generating capacity available when needed (commonly referred to as "capacity services"); to credits associated with production of "green" or renewable energy as defined by Act 83-2010; to administration of energy efficiency, demand response, and other demand-side management programs; to the services necessary to support the transmission of electric power to customers, including but not limited to frequency and voltage regulation, operating and spinning reserves, startup-related costs, black start capabilities, and flexible ramping capabilities; to purchases of combustible fuels; and to tolling, transportation, or other delivery payments associated with fuel purchases.

¹⁴ The Commission intends the term "infrastructure work" to refer to materials purchased for and labor applied to PREPA's physical assets. These assets include, but are not limited to, generation, transmission, distribution, fuel delivery, information technology, warehousing, and transportation infrastructure and assets.

¹⁵ The Commission intends the term "professional services" to refer to work for hire that has no impact on PREPA's physical assets, including but not limited to: legal services; advisory services; modeling, potential studies, and other analyses; engineering and design work, and others.