

INVITATION TO BID NO. Q032704  
LIGHT DISTILLATE FUEL OIL REQUIREMENTS  
SAN JUAN, AGUIRRE, MAYAGÜEZ, AND CAMBALACHE  
GAS TURBINES GENERATING STATIONS

The Puerto Rico Electric Power Authority, subject to compliance with Federal and/or Insular Laws or Regulations, will receive sealed bids for the supply of its requirements of No. 2 fuel oil for its San Juan, Aguirre, Mayagüez and Cambalache gas turbine generating stations to be used on the generation of electricity.

Deliveries shall start on or about August 1, 2009 and continue thereafter for a period of one (1) year. Quantity to be delivered at each site as well as date of deliveries shall be as requested by PREPA's Fuel Office, all in accordance with attached specifications and instructions.

Bids will be opened in the PREPA's Materials Management Division, third floor, NEOS Building, located at Ponce de León Avenue, Stop 17, San Juan, Puerto Rico.

The following is a list of invitation to bid documents, which form part of the invitation and which are attached herewith:

1. Announcement of Invitation to Bid
2. Glossary
3. Instructions to Bidders
4. Conditions and Specifications
5. Performance Bond Form
6. Conflict of Interest Affidavit (Sworn Statement)
7. Exhibit A - Fuel Specifications
8. Exhibit B - BTU Deficiency Calculation
19. Exhibit C - Escalation Factor
10. Exhibit D - Terminalling Service Agreement
11. Model of Contract

Magali Berríos, Acting Head  
Materials Management Division

## GLOSSARY

The words written below as used in this invitation to bid shall have the following meaning:

ASTM	American Society for Testing and Materials
Authority, PREPA or the Authority	The Puerto Rico Electric Power Authority
Contract	The Contract resulting from this Invitation to Bid
DOE	Department of Energy
EPA	Environmental Protection Agency (Federal)
EQB	Environmental Quality Board of the Commonwealth of Puerto Rico
ETA	Estimated time of arrival
No. 2 Fuel Oil, Fuel or Light Distillate	Fuel as specified in Article III of Conditions and Specifications and Exhibit A
Seller	The company to whom award of bid is given and signs the contract
USCG	United States Coast Guard

PUERTO RICO ELECTRIC POWER AUTHORITY  
FUELS OFFICE  
PO BOX 364267  
SAN JUAN, PUERTO RICO

INSTRUCTIONS TO BIDDERS AND POLICY  
PROCEDURE FOR BIDS UNDER CONSIDERATION

Bidders shall carefully read and comply with the following Instructions to Bidders. Responsibility for failure to comply with these instructions shall not be waived because of Bidder's ignorance of same.

This document contains the Instructions to Bidders for proper submittance of bids and the policy procedures of PREPA for bids submitted, which are under consideration for award. The procedure covers the handling of bids from the time they are submitted and opened, to the time when award is made and an official order and/or contract is issued by PREPA.

1. Preparation of Bid

- a. Bidder shall supply all information called for in this invitation to bid. Bidders shall submit with their bid complete specifications of the product they propose to furnish. If a Bidder fails to give this information, it shall be understood that the product offered is to be exactly as specified by PREPA regardless of what the literature furnished with the bid may indicate. The Bidder shall submit with his proposal his guarantee with respect to quality of the product to be furnished. Any deviation from the requirements of PREPA's specifications will be sufficient cause for the proposal to be declared a nonresponsive bid.
- b. Unless otherwise stated in the bid documents, bidder must submit with their bid one (1) original and one (1) copy of all documents included in their bid. All pages should be initialed and the proposal signed by the company official responsible for the quotation. These documents shall be carefully examined by the Bidder before submitting his bid. Bids not conforming to these conditions are subject to rejection.
- c. Forms furnished by PREPA, if any, shall be used; and compliance with the provisions of the Invitation to Bid, Instructions to Bidders, Conditions and Specifications are required. All blank spaces in the invitation to bid form shall be carefully filled in.
- d. Bids having any condition or limitation added by the Bidders in the wording or the bid may be considered informal and subject to rejection. Erasures

or other changes in the bid must be explained or noted over the signature of the Bidders.

2. Method of Addressing Proposals

- a. On the lower left hand corner of the envelope, the Bidder must fill in the invitation to bid number as well as the hour and date of opening.
- b. Bidders who so desire may deliver their proposals personally. Bidders should mail or deliver said proposals to PREPA's Materials Management Division – Mail Office, located at the third floor of the NEOS Building, Ponce de León Ave. 1110, San Juan, Puerto Rico, where a receipt will be provided. The delivery must be made on time so that the envelope shall be stamped before the opening hour at the Materials Management Division the day the bid will be opened. Any proposal stamped after said hour shall be rejected.

3. Expiration of Bid Acceptance

- a. Bidders are advised that offers limiting the time of acceptance of the bid to less than ninety (90) days after the date set for public opening of bids may be rejected.
- b. Expiration of the acceptance period of a bid will not invalidate the Bidder's offer, unless expressly revoked in writing by the Bidder within ten (10) days prior to the end of the time of the period for acceptance.

4. Withdrawal of Bids

Bids may be withdrawn only on written request received from Bidders prior to the specified time for opening. Such bids will be returned unopened directly to the interested party or his authorized representative.

5. Opening Hour

- a. PREPA requires that tenders be received prior to the bid opening. Bids mailed on time, but received at PREPA after the opening hour and date stated in the invitation to bid will be rejected.
- b. Bids by cable, telegram or fax will not be considered, unless specifically authorized by PREPA prior to the opening of bids through an addendum to the Invitation to Bid.
- c. Bidders who bring their quotations personally must comply with the instructions mentioned in Paragraph 2.d.

## 6. Opening of Bids

- a. Bids received prior to the time of opening will be securely kept unopened. The fuels purchasing officer or his representative will decide when the specified time has arrived, and no bid received after opening of bids will be considered.
- b. PREPA does not assume any responsibility for the premature opening of a bid not properly addressed and/or identified.
- c. Bidders and their representatives are invited and encouraged to witness the opening of bids. After the opening of bids, interested parties will be given sufficient time to review a copy of each bid in the bid room, after which all copies will be collected by the Purchasing Manager.
- d. Once bids are opened, no further information is desired from Bidders, nor shall any be considered in the evaluation of bids, except as provided in Paragraph 9.b.

## 7. Interpretation of Documents

- a. If any person who contemplates submitting a bid for the proposed contract is in doubt as to the true meaning of any part of the specifications or other contract documents, he may submit to the Material Management Division Purchasing Manager, with reasonable time in advance of the date for the opening of bids, a written request for an interpretation thereof. The interpretation requested will be given by the Purchasing Manager in the form of an addendum duly issued (and a copy of such addendum will be mailed or delivered to all prospective bidders) or will be made directly to the prospective bidder who requested it, as may be decided by the Purchasing Manager.
- b. PREPA will not be responsible for any other explanation or interpretations of the contract documents not made in the manner specified under a. above.

## 8. Firms, Partnerships or Corporations

- a. Bids by partnerships must be signed with the partnership name, by one (1) of the members of the partnership or by a duly authorized representative indicating the designation of the person signing.
- b. Bids by corporations must be signed with the name of the corporation followed by the signature and designation of the president, secretary, or other person duly authorized to bind it in the matter.

The names of all persons signing shall also be typed or printed below the signature. A bid by a person who affixes to his signature the word president, secretary, agent, or the designation without disclosing the principal, may be held to be the bid of the individual signing.

- c. Satisfactory evidence for PREPA of the officer signing on behalf of a corporation or partnership shall be furnished upon request.
- d. The bid must state the full business address of the Bidder and be signed by him with his usual signature.

9. Policy Procedure for Bids Under Consideration

- a. Bids shall be termed to be under consideration immediately after they are collected by the Purchasing Manager after the opening of bids, and until such time as an official announcement of award is made by such officer.
- b. While bids are under consideration, Bidders and their representatives, or other interested parties, are advised to refrain from contacting by any means any PREPA personnel on matters relative to the bids under study, with the exception of the Purchasing Manager who, on his own initiative and, if necessary, will obtain clarification of a proposal or proposals requesting such information from any or all Bidders as the case requires, either in writing or through personal contact or hearings with Bidder's representatives, as PREPA may choose.
- c. All correspondence on bids under consideration must be mailed and addressed to the Puerto Rico Electric Power Authority, attention of the Head of Materials Management Division. PREPA's only employee authorized to attend to inquiries of other matters concerning fuel bids under consideration is the Purchasing Manager.

10. Evaluation of Bids

- a. Prior to making an award, all bids will be evaluated taking into consideration applicable equalizing elements or factors specifically mentioned or provided herein. In order to select the most economical contract, PREPA will also consider any other element or factor in addition to that of the bid price, which in PREPA's judgment may affect the unit price during the term of the Contract.
- b. In comparing bids and in making awards, PREPA will consider such factors as, but will not be limited to, the following: compliance with specifications, relative quality and adaptability of supplies or services, the Bidder's financial responsibility, skill, experience, record of integrity in dealing, the time of delivery or performance offered, including facilities

such as adequate plants, equipment, technical organization, and working capital to secure delivery and/or completion within the time specified.

- c. In order to conduct this financial evaluation, Bidders who have not previously done business with PREPA will be required to submit documents necessary for such financial evaluation.
- d. Any offer with specifications which differ in range with any one of the parameters established in this invitation to bid shall be declared nonresponsive and, as such, shall be rejected.

#### 11. Award and Rejection

- a. Award or awards will be made to the Bidder(s) offering the lowest evaluated bid(s), in conformance with the specifications, and subject to the provisions of Paragraph 10 of the Instructions to Bidders. "Lowest evaluated bid" is not a synonym of "Lowest price quoted".
- b. PREPA reserves the right to reject any and all bids and to waive any informality in bids received.
- c. Notification of award will be made in writing to all Bidders advertising them of their right to protest the award being notified. PREPA will consider protests to award provided that they:
  - 1. are made in writing and that all the reasons for such action are clearly stated,
  - 2. are made no later than ten (10) days after the date of the notice of recommendation for award;
- d. Notification of award will be informed in writing to all Bidders participating in the bid. Bid bonds furnished in compliance with Article VIII of the Conditions and Specifications, will be returned to the Bidders when the Contract with the successful bidder has been executed and the performance bond has been furnished.
- e. After award is notified, three (3) copies of the Contract will be sent to the successful Bidder to be signed and returned to PREPA, accompanied by the performance bond required, if any. After execution of the Contract by PREPA, Bidder will be furnished with one (1) copy of the same.

Should the Bidder to whom award is made fail or neglect to execute the contract and to furnish the performance bond within fifteen (15) calendar days from notification of award, the award may be annulled and the bid bond furnished with the proposal, forfeited in favor of the Puerto Rico Electric Power Authority. Award may then be made to the next lowest

evaluated Bidder or another invitation to bid may be issued for the supply of fuel, as determined by PREPA.

12. Postponement

- a. PREPA reserves the right to postpone the time of opening of bids by prior written notice or by verbal notification at the stated time of opening.
- b. Request for postponement by Bidders will only be considered by PREPA when submitted in writing, giving the reasons for such postponement and with not less than five (5) working days before the opening date of bids. Postponement to the opening date will be granted only when, in PREPA's judgment, the reasons given warrant such action.

13. Noncollusive Bidding Certification

By the submission of this bid, Bidder certifies that:

- a. the bid has been arrived at by the Bidder independently, and has been submitted without collusion with any other Bidder or fuel supplier; and
- b. the contents of the bid have not been communicated by the Bidder, nor to its best knowledge and belief by any of its employees or agents, to any person not an employee or agent of the Bidder or its surety on any bond furnished herewith, and will not be communicated to any such person prior to the official opening of the bid.

14. Applicable Laws

Bidders are informed that awards will be made subject to compliance with any federal or Commonwealth of Puerto Rico laws or regulations in effect regarding fuel supply contracts.

## CONDITIONS AND SPECIFICATIONS

The Puerto Rico Electric Power Authority will receive sealed bids for its No. 2 light distillate fuel oil requirements to be used for the generation of electricity as follows:

### ARTICLE I

#### Scope of Contract

- A. The Contract with the successful Bidder is for the supply of the fuel requirements of the San Juan, Aguirre, Mayagüez, and Cambalache gas turbines generating stations and it will be for a one (1) year period.
- B. The Contract will be subject to one automatic renewal of one (1) year unless either party indicates its intention that said automatic renewal does not occur by providing the other party with written notice one hundred twenty (120) days before expiration of the original Contract term.
- C. The monthly average consumption estimated on a yearly basis is about 350,000 barrels per month. This amount is given for the purpose of providing the Bidders with a general idea about the amount involved, and it will be used for evaluation purposes. However, the quantity of fuel to be supplied will be the steam plant fuel requirements, as requested by and coordinated with PREPA's Fuels Office or its representative.
- D. For information and guidance, approximate fuel oil purchases for the year 2007 and 2008 were 7,804,000 and 4,850,000 barrels respectively.
- E. Bidders are advised that by furnishing the above information, PREPA is neither making any commitments, nor leading any Bidder to believe, that this or similar amounts will constitute the amount that will be requested by PREPA. Quantities to be requested for the duration of the ensuing contract may vary substantially above or below, from the monthly estimated average consumption amount.
- F. The fuel to be supplied shall be available to PREPA as requested. If Seller is unable at any time, except for such reasons as provided in the Force Majeure Clause, to supply the balance by which it fails to meet such amounts with a higher grade fuel acceptable to PREPA and at the same price as that of the herein specified fuel.
- G. PREPA reserves the right to purchase approximately twenty-five percent (25%) of the plant fuel requirement on the open market if such quantities become available at a lower price than the contracted price at the time of purchase.

## ARTICLE II

Delivery and Title

- A. Bidder's offer shall be based on one of the following delivery options. Said option shall be firm for the duration of the Contract:
1. Fuel as specified in Exhibit A, via barge or vessel delivered into the gas turbines generating station. The price of fuel shall be established the day the vessel commences discharge at the plant.
  2. Fuel as specified in Exhibit A or fuel components delivered for blending at CORCO for final delivery of fuel as specified in Exhibit A, by Seller into the gas turbines generating station. The price shall be established the day the fuel commences transfer into the gas turbines generating station.

All costs relating to the use of facilities at CORCO and to the handling of vessel or barge in CORCO's dock (rent, dockage, line handling, hoses connection, loading, unloading, etc.) shall be for Seller's account.

- B. Article IV of the Contract shall include the option chosen.
- C. Title of product delivered shall pass to PREPA after the fuel passes the pipeline flange at the gas turbines generating station. Seller is responsible for cleaning, removing, and disposing any spill of his product, which might occur before the pipeline interconnection during delivery; and shall be responsible for securing all materials, permits, and personnel required for handling the transfer of fuel.
- D. Deliveries via barge or vessel for San Juan fuel requirements are to be made at the Caribbean Petroleum Refining (CPR) facilities. Deliveries to CPR's dock, at present, are limited as follows:

Total Displacement	65,000 MT
LOA	800 feet
BEAM	106.0 feet
BCM	350 feet
Free Board	50 feet
Arrival Draft	38 feet

Deliveries via barge to the Aguirre Steam Plant, Mayagüez and Cambalache are limited by a dredged channel with a draft of 21.5, 22 and 18 feet respectively. Deliveries to be made using CORCO's dock, at present, are limited as follows:

DWT 82,000 tons
LOA 840 feet
BCM 425 feet
DRAFT 38 feet sw

We encourage all prospective Bidders to conduct their own investigation relative to navigational information or any natural changes that might occur at the San Juan, Jobos, Mayagüez, Arecibo or Guayanilla bay, as PREPA does not assume any responsibility for the same.

- E. Should PREPA need fuel of the same type and quality of the fuel herein contracted for, at any of its other plants, PREPA at its option may request deliveries and Seller shall deliver to such other plant up to a maximum of Seller's contractual commitment or inventory capabilities, if any. The fuel oil to be delivered under this condition by Seller shall be at the same delivered price or lower and under the same payment conditions as for this steam plant, adjusted to reflect any increased or decreased transportation costs resulting from delivery to such other plant.

### ARTICLE III

#### Type of Fuel to be Supplied

- A. PREPA requires a fuel appropriate for burning without causing extraordinary maintenance to the gas turbines and their associated equipment or other extraordinary problems in the plant operations and which will yield the lowest cost per kW hour produced. Any product so offered will be analyzed and evaluated in terms of its ultimate cost and consistency with PREPA's applicable environmental regulations.
- B. PREPA, in determining the award of the fuel to be contracted, will consider environmental regulations as may be in effect at such time. In the event that during the term of the contract, Federal or Commonwealth of Puerto Rico laws or regulations are modified requiring the burning of a

fuel of different specifications than the fuel contracted for, or in the event that PREPA obtains permission to burn a fuel with different specifications than the fuel contracted for, and if these changes require an adjustment in the price of the fuel contracted for; then the parties shall meet within five (5) days from the enactment of any such law or regulations to discuss the matter for the purpose of establishing new price terms satisfactory to both parties. If agreement cannot be reached prior to the enforcement date of the regulations, because Seller is not competitive, or for any reason cannot provide the fuel according to the new specifications; then PREPA shall have the right to terminate the Contract.

- C. Unless otherwise specifically stated in Bidder's proposal, it shall be understood that the fuel offered by the Bidder will be available to PREPA on request and in quantities as required by PREPA.

## ARTICLE IV

### Specifications

- A. Fuel shall be in accordance with the latest corresponding specifications, established in Exhibit A. PREPA requires a fuel with homogeneous hydrocarbons, free of inorganic acids and microorganisms and free of water, solid, or fibrous foreign matter, which will yield the lowest cost per kW hour produced. Any product offered will be analyzed and evaluated in terms of the ultimate cost. Seller is responsible for the fuel compliance with the Code of Federal Regulations, 40 CFR, parts 80 and 86.
- B. The fuel required by PREPA shall be appropriate for burning successfully without causing extraordinary maintenance to the gas turbine or other extraordinary problems in the operation and shall conform to all prevailing federal or local environmental rules and regulations.
- C. In determining compliance with the specifications, Seller will be required to make a laboratory analysis as per specified method of the fuel actually being supplied to assure that the fuel meets the specifications of the Contract and shall submit a copy of the analysis to the plant superintendent or to PREPA's agent or representative before unloading each delivery. Copies shall also be sent to PREPA's Fuels Office attached to all invoices. The analysis should be certified by an authorized chemist licensed in Puerto Rico and approved by PREPA, and shall include items as per the specifications contained in Exhibit A.

- D. If PREPA encounters difficulties in the efficient handling and burning of the fuel, special analysis shall be requested by PREPA to determine the characteristics of the fuel being delivered compared to the specifications.
- E. If during any delivery the seller fails to meet the specifications as awarded, PREPA reserves the right to evaluate the deviation and deduct a monetary equivalent from the amounts due seller, establish a claim for nonperformance, or terminate the contractual relationship with Seller.
- F. Seller will be held responsible for any fines, penalties, damages, expenses, costs or claims, actions, and causes of actions, which may arise due to the fact that any of the fuel provided by Seller has deviations or variations from the contracted specification for the same. Therefore, if such circumstance takes place, Seller will hold and save harmless and will defend PREPA, its officers, agents, and employees, from any claims, actions, causes of actions, damages, costs, fines, penalties, and expenses due to the above.

## ARTICLE V

### Laytime and Demurrage

PREPA assumes no responsibility or liability for demurrage incurred by the vessel(s) delivering fuel pursuant to this Contract, unless such demurrage is attributable to the fault or negligence of PREPA. Allowed laytime shall be thirty-six (36) hours for each and every delivery.

## ARTICLE VI

### Price

- A. Base Price quoted shall be per barrel of forty-two (42) U.S. gallons, volume corrected to a temperature of 60° F, "as delivered" at plant site.
- B. PREPA requires that every proposal submitted quote a unit price expressed in U.S. dollars per barrel (\$/bbl.). This unit price shall consist of a fixed price differential plus an escalation factor, as defined further on.

The base price quoted shall use as reference the base postings of Platt's Oilgram Price Report, effective May 18 through May 20, 2009.

The escalation factor shall use as input the data from the Product Price Assessments page under the “New York/Boston (Cargo)” prices, and “US Gulf Coast (Waterborne)” as it is published daily in the Platt’s Oilgram Price Report. Said escalation factor for pricing of deliveries will be a three day average, being the day delivery starts, the day preceding the delivery date, and the day after delivery commences. The escalation factor is hereby defined as follows:

Fifty percent of LS Diesel Off-road fuel from the average of quotations for the New York (Cargo) prices as published by the Platt’s Oilgram Price Report;

Plus fifty percent of LS Diesel Off-road from the average of quotations for the US Gulf Coast (Waterborne) prices as published by the Platt’s Oilgram Price Report; and the final result rounded to four (4) decimal places.

PREPA has provided a sample calculation of the escalation factor, which appears as Exhibit C of these documents.

- C. Excise and Municipal taxes are to be presented as separate line items.
- D. Base prices quoted shall be for fuel delivered at plant site with payment due sixty (60) calendar days after completion of delivery of fuel (\$/bbl.), having in mind that PREPA will pay on the basis of received quality and quantity.
- E. Proposals containing an escalator using the commercial banking interest rates as part of the price formula will be rejected.

## ARTICLE VII

### Guaranteed Calorific Value

Bidder guarantees that the minimum calorific values of the fuel supplied hereunder shall be as specified in Exhibit A, or as quoted by the Bidder, whichever is higher. However, PREPA will not pay nor consider in any evaluation a premium for calorific values in excess of the minimum established in Exhibit A.

## ARTICLE VIII

Bid and Performance Bonds

- A. A bid bond executed by a surety company authorized to do business in Puerto Rico in the amount of one million six hundred twenty thousand dollars (\$1,620,000) payable to the order of the Puerto Rico Electric Power Authority is required with each bid. The bid bond shall be valid and in full force and effect for at least ninety (90) days after bid opening date. The bids bonds will be returned once the Contract with the successful Bidder has been executed. Should the Bidder to whom the Contract is awarded fail to enter into a Contract with PREPA within fifteen (15) calendar days from notification of award, the award may be annulled and the bid bond furnished with the proposal forfeited in favor of PREPA. A certified check or a letter of credit issued against a local bank, payable to the Puerto Rico Electric Power Authority may be acceptable instead of the bid bond. If a letter of credit is submitted, such letter must be valid and in full force and effect for at least ninety (90) days after bid opening date.
- C. Upon award of a contract, Bidder will furnish a performance bond payable to the order of PREPA issued by a qualified surety company, authorized to do business in Puerto Rico and acceptable to PREPA, in an amount equivalent to five percent (5%) of the yearly estimated contract value.

PREPA will accept a letter of credit for the same amount in lieu of a performance bond, provided that the letter of credit shall incorporate the following conditions to be acceptable to PREPA:

1. To be issued or notified and confirmed by a local bank in Puerto Rico.
2. To be unconditional and irrevocable.
3. Payments to be made by issuing bank on a business day by wire transfer, immediately after PREPA's instructions.
4. To be governed by and construed in accordance with the laws of the Commonwealth of Puerto Rico, applicable to contracts entered and performed solely within Puerto Rico, without giving effect to any conflicts or choice of law principles which otherwise might be applicable, except to the extent such laws are inconsistent with the uniform customs and practices for documentary credits.
5. Final draft of the letter of credit shall be subject to approval by PREPA's Treasurer.

## ARTICLE IX

Certifications

Bidder certifies and warrants that at the time of the execution of this Contract, he has filed his Income Tax Return for the last five (5) years and does not owe any taxes to the Commonwealth of Puerto Rico; or is paying such taxes by an installment plan in full compliance with its terms.

It is expressly agreed that this condition is an essential requirement of this Contract and if the above certification is not correct, in whole or in part, this will be sufficient cause to cancel the Contract. If such cancellation takes place, Bidder shall be obligated to reimburse to PREPA all the payments received under this Contract.

Prior to the execution of the Contract by the parties, Bidder shall submit an Income Tax Return Filing Certificate, issued by the Treasury Department of Puerto Rico, Area of Internal Revenues, assuring that Bidder has filed his Income Tax Return for the last five (5) years. To require such Certification, Bidder will use the Request for the Copy and/or Certification of Income Tax Returns Form issued by the Treasury Department of Puerto Rico. Bidder shall also submit a Certification of Debt issued by Area of Internal Revenues.

Prior to the execution of this Contract by the parties, Bidder shall submit a Certificate, issued by the Human Resources and Labor Department of Puerto Rico, assuring that Bidder has paid to the Human Resources and Labor Department his employees' contributions, in accordance with the Puerto Rico Employment Security Act (unemployment, temporary disability or sickness or social security for chauffeurs); or is paying such contributions by an installment plan in full compliance with its terms. To require such Certification, Bidder will use the form issued by the Human Resources and Labor Department of Puerto Rico.

Also, prior to the execution of the Contract, Bidder shall submit a Certification, issued by the Municipal Revenues Collection Center (MRCC), assuring that the Bidder does not owe any tax to such governmental agency. To require such Certification, Bidder will use the form issued by the MRCC.

It shall be Bidder's responsibility, also, to require all his subcontractors to comply with such certifications and notify PREPA of such compliance.

If either of the above required certifications shows a debt, and Bidder has filed a petition to review or adjust such debt, it shall so certify at the time of the execution of the contract. If the review or adjustment is denied by a final and non

appealable judgment, Bidder shall immediately provide PREPA with evidence of the payment of such debt; otherwise, Bidder agrees to cancel such debt from the amounts to be paid under the contract, by PREPA withholding the corresponding amount.

## ARTICLE X

### Bid Evaluation

- A. PREPA's bid evaluation procedure is designed to obtain a contract for acceptable fuel at the lowest ultimate cost. In so doing, PREPA reserves the right to reject any bid which takes exception to any of the conditions and specifications contained in this invitation to bid.

Bidders are advised that PREPA has a contract for fuel storage at CORCO and that the cost of said storage will be used for evaluation purposes.

- B. During the evaluation, after classifying the proposals in two groups, responsive and nonresponsive, the responsive ones will be arranged according to the unit price in ascending order.
- C. PREPA reserves the right to request a copy of the latest audited financial statements of any Bidder.

## ARTICLE XI

### Contingent Fees

- A. Bidder warrants that it has not employed any person to solicit or secure the Contract upon any agreement for a commission, percentage, brokerage, or contingent fee. Breach of this warranty will give PREPA the right to immediately terminate the Contract and/or to deduct from payments the amount of such commission, percentage, brokerage, or contingent fee, or to claim said amount by whatever means available under the law.
- B. No officer, employee, or agent of PREPA or of the Commonwealth of Puerto Rico, or of any Municipal Government shall be admitted to any share or part of the ensuing Contract or to any benefit that may arise therefrom, but this provision shall not be construed to extend to the ensuing Contract if made with a well known oil corporation for its general benefit, although said corporation employs a relative, by reasons of consanguinity or affinity, to a PREPA employee.

- C. Bidder represents and warrants that it is authorized to enter into, and to perform its obligations under, this Contract and that it is not prohibited from doing business in Puerto Rico or barred from contracting with agencies or instrumentalities of the Commonwealth of Puerto Rico, including the Puerto Rico Electric Power Authority.

## EXHIBIT A

FUEL SPECIFICATIONS  
SAN JUAN, AGUIRRE, MAYAGÜEZ, AND CAMBALACHE  
GAS TURBINES GENERATING STATIONS

PARAMETER	ASTM METHOD	MINIMUM	MAXIMUM
Sampling	C-4057-88	-	-
Gravity, API Degree at 60°	D-287-82	30.0	42.0
Viscosity, Kinematic CTS at 100° F	D-445-88 D-2161-87	2.3	5.8
Water and Sediment, % volume	D-95-83 D-473-81		0.1
Flash Point, Degree F, PMCT	D-93-90	125	
Sulfur, % weight <sup>1</sup>	D-4294-90		0.050
Ash, % weight	D-482-91		0.005
Pour Point, Degree F	D-97-87		15
Sodium plus Potassium, PPM <sup>2</sup>	D-1318-88		0.5
Vanadium, PPM	D-1548-91		0.5
Calcium, PPM	D-1548-91		2.0
Heating Value, BTU/lb. (Net) at 60° F	D-240-87	18,600	
Distillation Temp. 90% Point degree F	D-86		650
Carbon Residue WT. % (10% Bottoms)	D-524		1.0
Filterable Dirt (Particulates) Mg./100 ml.	D-2276		4
Color		<b>Dyed</b>	
Cetane Number	D-975	40	56
Lead PPM	A.A.	0.01	1.0
Fuel Bound Nitrogen Wt. %	4629-91		0.015

<sup>1</sup>Reproducibility and repeatability must be taken into consideration in order to comply with the maximum sulfur percent weight specification.

<sup>2</sup>Method D-1318-83 for sodium analysis, however, sodium as well as potassium can be analyzed by other acceptable atomic absorption or spectrometric analysis.

## Exhibit B

**SAMPLE CALCULATION  
BTU DEFICIENCY ADJUSTMENT**

Example of calculation to determine credit due to PREPA if Seller supplies fuel of lower heat content than the guaranteed Btu value.

The contracted value is 18,600 Btus per pound of fuel measured at 60 degrees F.

Assume Seller delivers 50,000 barrels of fuel measured at 60 degrees F.

Assume the quality certificate of the fuel indicates a heat content of 18,500 Btu per pound.

Therefore:

To calculate the equivalent barrels deficiency divide the difference of Btus per pound received by the guaranteed minimum and multiply this fraction by the delivered volume.

Example:

$$(50,000 \text{ barrels}) \times ((18,600 - 18,500) / 18,600) = 268.82 \text{ bbl. (deficiency)}$$

Exhibit C

SAMPLE CALCULATION  
ESCALATION FACTOR

<b>Platt's Oilgram Price Report LS Diesel Off-road</b>		
	<b>New York - Cargo</b>	<b>US Gulf Coast - Waterborne</b>
May 18, 2009	144.07 – 145.07	144.07 – 144.57
May 19, 2009	145.16 – 146.16	145.66 – 146.16
May 20, 2009	151.61 – 152.61	150.61 – 151.11

<b>FIRST STEP: INDIVIDUAL MARKET AVERAGE</b>
LS Diesel Off-road New York = $\frac{(144.07 + 145.07 + 145.16 + 146.16 + 151.61 + 152.61)}{6} = 147.4467$
LS Diesel Off-road Gulf Coast = $\frac{(144.07 + 144.57 + 145.66 + 146.16 + 150.61 + 151.11)}{6} = 147.0300$

<b>SECOND STEP: FUEL PRICE AVERAGE</b>
Platt's LS Diesel Off-road = $\frac{(147.4467 + 147.0300)}{2} = 147.2384$ (cpg)

<b>THIRD STEP: FINAL CALCULATION</b>
Escalation Factor for a delivery commencing on May 19, 2009 = $[147.2384] * 0.42$ = 61.8401 (\$/bbl)