

**Florida Municipal Power Agency
ARP Business Model Working Group
April 19, 2012
12:30 PM**

Committee Members

Larry Mattern, Kissimmee - Chairman

Vince Ruano, Bushnell

Fred Hilliard, Fort Meade

Thomas Richards, Fort Pierce

Gregg Griffin, Green Cove Springs

George Forbes, Jacksonville Beach

Lynne Tejada, Key West

Rebecca Matthey, Lake Worth

Paul Kalv, Leesburg

Bill Conrad, Newberry

Matt Brower, Ocala

Ricky Thompson, Starke

**Thursday, April 19, 2012
12:30pm
at Florida Municipal Power Agency
8553 Commodity Circle
Orlando, FL 32819
407-355-7767**



Florida Municipal Power Agency

Nicholas P. Guarriello
General Manager and CEO

TO: FMPA Executive Committee
FROM: Nicholas P. Guarriello
DATE: April 16, 2012
RE: ARP Business Model Working Group Meeting
Thursday, April 19, 2012 at 12:30 PM (or Immediately after the City of Lake
Worth City Commission Joint Workshop Session with Florida Municipal
Power Agency Executive Committee)

PLACE: Florida Municipal Power Agency,
8553 Commodity Circle, Orlando, FL
Board Room, Orlando, Florida

DIAL-IN INFORMATION: 866-411-8247, Access Code 13244#
(If you have trouble connecting via phone, please call 321-239-1132)

ARP Business Model Working Group Chairman Larry Mattern, Presiding

AGENDA

- 1. Call to Order and Roll Call**
- 2. Set Agenda (by vote)**
- 3. Consent Agenda – Approval of Minutes – Meeting Held March 21, 2012**
- 4. Comments from the Chairman**
- 5. Comments from the General Manager**
- 6. Review and Additional Discussion of KUA's Proposal - GANT Plan**
- 7. BMWG Activities Status Report**
- 8. Set Next Meeting Date**
- 9. Member Comments**
- 10. Adjournment**

One or more participants in the above referenced public meeting may participate by telephone. At the above location there will be a speaker telephone so that any interested person can attend this public meeting and be fully informed of the discussions taking place either in person or by telephone communication. If anyone chooses to appeal any decision that may be made at this public meeting, such person will need a record of the proceedings and should accordingly ensure that a verbatim record of the proceedings is made, which includes the oral statements and evidence upon which such appeal is based. This public meeting may be continued to a date and time certain, which will be announced at the meeting. Any person requiring a special accommodation to participate in this public meeting because of a disability, should contact FMPA at (407) 355-7767 or 1-(888)-774-7606, at least two (2) business days in advance to make appropriate arrangements.

AGENDA ITEM 1 – Call To Order, Roll Call

ARP Business Model Working Group

April 19, 2012

AGENDA ITEM 2 – Set Agenda (By Vote)

ARP Business Model Working Group

April 19, 2012

**AGENDA ITEM 3 – Consent Agenda – Approval of
Minutes – Meeting Held March 21, 2012**

ARP Business Model Working Group

April 19, 2012

AGENDA PACKAGES SENT TO MEMBERS..... March 19, 2012
NOTICE TO CLERKS SENT..... March 13, 2012

**MINUTES
ALL-REQUIREMENTS PROJECT
BUSINESS MODEL WORKING GROUP MEETING
MARCH 21, 2012
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL 32819**

BMW GROUP MEMBERS PRESENT

Bushnell	-	Vince Ruano
Fort Meade	-	Fred Hilliard
Fort Pierce	-	Thomas Richards
Green Cove Springs	-	Gregg Griffin
Jacksonville Beach	-	Roy Trotter
Kissimmee	-	Larry Mattern
Leesburg	-	Paul Kalv
Newberry	-	Bill Conrad
Ocala	-	David Anderson
Starke	-	Ricky Thompson

BMW GROUP MEMBERS ABSENT

Key West	-	Lynne Tejeda
Lake Worth	-	Rebecca Mattey

OTHERS PRESENT

Larry Novak, Ocala
Joe Hostetler, Kissimmee
George Forbes, Jacksonville Beach (via telephone)

STAFF PRESENT:

Nick Guarriello, General Manager & CEO
Mark Larson, Assistant General Manager and CFO
Mark McCain, Assistant General Manager, Member Services, Human Resources, and Public Relations
Tom Reedy, Assistant General Manager, Power Resources
Michelle Pisarri, Power Resources Secretary II
Fred Bryant, General Counsel
Jody Finklea, Assistant General Counsel & Manager of Legal Affairs
Jim Arntz, Senior Financial Analyst
Janet Davis, Treasurer

Item 1 - Call To Order, Roll Call, and Declaration of Quorum

BMWG Chairman Larry Mattern, Kissimmee, called the All-Requirements Project Business Model Working Group meeting to order at 2:08 p.m. on Wednesday, March 21, 2012, in the Board Room at Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, Florida. The roll was taken and a quorum was declared with 10 members present out of a possible 12.

Item 2 – Set Agenda (By Vote)

MOTION: Mr. Griffin, Green Cove Springs, moved to set the agenda as proposed. Mr. Kalv, Leesburg, seconded the motion. Motion carried 10-0.

Item 3 – Consent Agenda – Approval of Minutes – Meeting Held January 5, 2012

MOTION: Mr. Kalv, Leesburg, moved to approve the consent agenda as presented. Mr. Thompson, Starke, seconded the motion. Motion carried 10-0.

Item 4 – Comments from the ARP BMWG Chairman

Chairman Mattern, Kissimmee, gave welcoming comments.

Item 5 – Comments from the General Manager

Mr. Guarriello briefly recapped the events of the previous meeting of the committee.

Item 6–Kissimmee Utility Authority’s Proposal – GANT Plan

Mr. Larry Mattern and Mr. Joe Hostetler of KUA reviewed the GANT Plan proposal presentation and led a question and answer session with the group.

Item 7– BMWG Activities Status Report

Chairman Mattern stated that the information was in the agenda package and asked if anyone had any specific question. No questions were asked.

Item 8 – Set Meeting Date

The date for the next meeting will be scheduled on Thursday, April 12, 2012 at 2:00 p.m.

Item 9 – Member Comments

There being no further business, the meeting was adjourned at 4:05 p.m.

Approved

VERBAL REPORT

AGENDA ITEM 4 – Comments From The Chairman

ARP Business Model Working Group

April 19, 2012

VERBAL REPORT

AGENDA ITEM 5 – Comments From The General Manager

ARP Business Model Working Group

April 19, 2012

**AGENDA ITEM 6 –Review and Additional Discussion
of KUA’s Proposal – GANT Plan**

ARP Business Model Working Group

April 19, 2012



TO: Business Model Working Group (BMWG)
FROM: Jim Arntz
DATE: April 13, 2012
SUBJECT: GANT Plan

Strategic Relevance **FMPPA's Relevant Strategic Goals**

1. Be the lowest cost wholesale electricity provider in Florida

Strategy – Maintain sound financial policies and practices.

Strategy – Continually evaluate the overall business model and industry trends.

Introduction

During its March 2012 meeting the BMWG listened to a proposal from KUA under which the All Requirement Project would adopt an internal hedging program that would set cash aside during periods of low natural gas prices and draw on that cash during periods of higher natural gas prices. The proposal was named after a KUA board member with GANT standing for “Gas at Normalized Tabs”.

After listening to the presentation the BMWG directed staff to review the model, evaluate how the plan would have performed under the scenarios of historical natural gas costs, future natural gas price projections and a natural gas price spike, and bring back to the BMWG any comments that would be helpful in evaluating whether to go forward with such a plan.

Historical natural gas prices used in the models are taken from previous “Project Blended Cost Reports” and the future natural gas costs used in the models are based on the April 5, 2012 “Project Blended Cost Report” attached as Exhibit 1.

Discussion

When evaluating the GANT Plan model as outlined by KUA and presented to the BMWG at its last meeting, we were requested to prepare several variations on the model and test them for the effects of price spikes.

Scenario 1 attached, is one of the summaries from these tests to show the performance of the GANT plan under historical natural gas costs. The limits placed on this particular case were a base accumulation of \$30 million before any cash was pushed back to rates, a maximum accumulation of \$75 million before accumulation was stopped, and a 10% downward adjustment (a 10% ratchet) to the "Tab" after the maximum accumulation was achieved.

After running the various tests we noted the following:

- The escalating nature of the tabs, and no downward reset until the maximum set point is reached, will aggressively collect cash until the maximum set point is reached. Increases in the tab result in a one month push back of cash followed by the new, higher tab, recovering what was pushed back in the previous month.
- The plan keeps rates high subsequent to a price run up as it works to build cash. This would be the least opportune time to keep rates high. This can be seen in the time period from June of 2009 to September 2009.
- Once the maximum set point is reached, the plan works to keep the plan funded at that level.

Since the BMWG asked staff to analyze the GANT Plan and consider any changes that could enhance it, we spent some time thinking about other possible formulaic ways to achieve the stated purpose of the plan. The following concept seems to achieve the stated purpose of the GANT plan and would be fairly simple to implement and monitor. The concept is to fund the GANT plan when the price of natural gas is below a predetermined floor, ride the market in a band where it is anticipated the wholesale electric rate would be competitive, and draw from the plan when natural gas prices exceeded a price where we thought the wholesale electric rate would be uncompetitive, which we are calling the GANT+ Plan.

Attached are the following cases for what we are calling GANT+. All cases use a WACOG floor of \$4.75 per MMBtu, which if the WACOG is below the floor contributions are made to the plan, and a WACOG ceiling of \$6.00 per MMBtu, which if the WACOG is above the ceiling cash is drawn from the plan in order to reduce energy rates.

Scenario 2:

This is a forward looking case assuming we start the plan in April of 2012, using our projected hedged WACOG as of April 5, 2012 as a comparison to the floor to determine whether we contribute to the plan. The case shows minimal contributions for April through June of 2012, and an increase in contributions starting in July after the BP fixed price contract expires. The JP Morgan Option contracts also effect the contribution during the months they are in effect. Due to

low future gas costs, the fund continues to build until the maximum balance is reached and does not push cash back during the forecast period.

Scenario 3:

This case is the same as scenario 2 with the base accumulation amount decreased to \$20 million and the maximum accumulation amount decreased to \$40 million. In this case contributions to the plan continue through the end of the study period.

Scenario 4:

This case is the same as scenario 2 with the base accumulation amount increased to \$50 million and the maximum accumulation amount increased to \$150 million. In this case contributions to the plan continue through the end of the study period.

Scenario 5:

This case is the same as scenario 2 but includes a natural gas price spike to \$10 per MMBtu for the months of July and August 2014, and again from June through September of 2016. Note that during the first month of the 2014 price spike the plan is drawn on to reduce the WACOG to \$6.00, the second month the WACOG is only reduced to \$6.22 since we would draw the plan to less than its \$30 million minimum. The 2016 price spike behaves the same way only the fourth month of the spike since the plan is at the minimum balance the WACOG is at market. The plan starts to rebuild the following month when the WACOG drops below the \$4.75 floor.

Scenario 6:

This is an historical test case assuming that the ARP was using this process at the time of the 2008 natural gas price spike and had no other hedges or fixed price contracts in place to control natural gas prices. If the ARP had \$140 million in the plan at the beginning of 2008 it could have held rates constant during the price spike. Doing so would have used \$110 million reducing the balance close to the \$30 million base for the plan. The plan would then have recovered to its Maximum accumulation point of \$75 million in December 2010 and rates would have been at market since that time.

In looking at the above scenarios the following should be noted:

- The plan immediately reacts to price spikes working to hold rates down. The plan is not replenished until Natural Gas prices drop below the established floor.(Scenario 5 see Sep 2014 and Oct 2016)
 - If the plan set point maximum is reached and Natural Gas prices are below the floor, rates would be reduced to the level of the current market. (Scenario 2, July 2015)
 - If the plan balance went to the base amount, rates would have to rise to market levels. (Scenario 5 Oct 2016)
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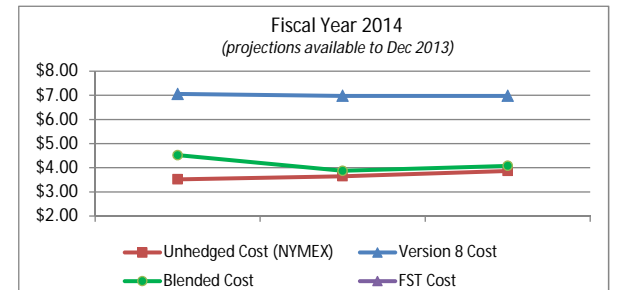
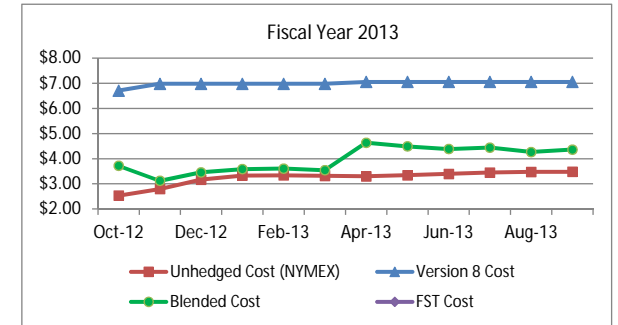
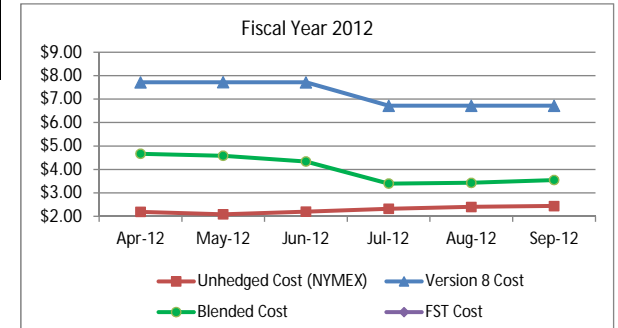
Recommended
Action

No action is requested this item is for information and discussion only.

Florida Municipal Power Agency
Financial & Physical Notional Natural Gas Hedges
Projected Blended Cost Report
Report as of: 04/05/12

Month	Projected Volume Need	FST Actual Hedged Volume	Version 8 Hedged Volume	Current % Hedged	Unhedged Cost (NYMEX)	Financial MTM Gains/(Losses)	FST Recognized Gains/(Losses)	Version 8 Cost (\$/MMBtu)	FST Cost (\$/MMBtu)	Blended Cost (\$/MMBtu)
Apr-12	2,748,649	0	1,226,709	45%	\$ 2.19	\$ (6,775,256)	\$ -	\$ 7.71		\$ 4.67
May-12	2,855,388	0	1,261,709	44%	\$ 2.09	\$ (7,101,415)	\$ -	\$ 7.72		\$ 4.58
Jun-12	3,168,921	0	1,226,709	39%	\$ 2.20	\$ (6,762,989)	\$ -	\$ 7.71		\$ 4.34
Jul-12	4,022,916	0	951,709	24%	\$ 2.33	\$ (4,178,550)	\$ -	\$ 6.72		\$ 3.40
Aug-12	3,812,645	0	951,709	25%	\$ 2.41	\$ (4,102,413)	\$ -	\$ 6.72		\$ 3.43
Sep-12	3,478,443	0	926,709	27%	\$ 2.44	\$ (3,961,098)	\$ -	\$ 6.72		\$ 3.55
Total	20,086,962	-	6,545,254	33%	\$ 2.28	\$ (32,881,721)	\$ -	\$ 7.30	\$ -	\$ 3.99
Oct-12	3,115,448	0	942,471	30%	\$ 2.53	\$ (3,938,104)	\$ -	\$ 6.71		\$ 3.72
Nov-12	2,138,805	0	167,471	8%	\$ 2.80	\$ (700,557)	\$ -	\$ 6.98		\$ 3.12
Dec-12	2,193,666	0	167,471	8%	\$ 3.17	\$ (638,258)	\$ -	\$ 6.98		\$ 3.46
Jan-13	2,550,927	0	167,471	7%	\$ 3.33	\$ (611,295)	\$ -	\$ 6.98		\$ 3.58
Feb-13	2,214,226	0	167,471	8%	\$ 3.34	\$ (609,453)	\$ -	\$ 6.98		\$ 3.61
Mar-13	2,664,578	0	167,471	6%	\$ 3.32	\$ (613,305)	\$ -	\$ 6.98		\$ 3.54
Apr-13	2,618,296	0	917,471	35%	\$ 3.30	\$ (3,444,569)	\$ -	\$ 7.05		\$ 4.63
May-13	3,071,221	0	942,471	31%	\$ 3.34	\$ (3,498,318)	\$ -	\$ 7.05		\$ 4.49
Jun-13	3,424,190	0	917,471	27%	\$ 3.40	\$ (3,356,492)	\$ -	\$ 7.05		\$ 4.38
Jul-13	3,586,087	0	942,471	26%	\$ 3.45	\$ (3,396,531)	\$ -	\$ 7.05		\$ 4.44
Aug-13	3,887,832	0	942,471	24%	\$ 3.47	\$ (3,373,912)	\$ -	\$ 7.05		\$ 4.27
Sep-13	3,511,952	0	917,471	26%	\$ 3.48	\$ (3,280,342)	\$ -	\$ 7.05		\$ 4.36
Total	34,977,228	-	7,359,650	21%	\$ 3.24	\$ (27,461,134)	\$ -	\$ 6.97	\$ -	\$ 3.97
* Oct-13	2,991,598	0	942,471	32%	\$ 3.52	\$ (3,332,443)	\$ -	\$ 7.05		\$ 4.52
Nov-13	2,432,038	0	167,471	7%	\$ 3.65	\$ (558,039)	\$ -	\$ 6.98		\$ 3.87
Dec-13	2,434,823	0	167,471	7%	\$ 3.87	\$ (521,196)	\$ -	\$ 6.98		\$ 4.08

*After October 2013 hedged volumes include only PGP. Volume need is currently projected through December 2013



Base	30,000,000.00	Scenario 1 - Page 1					
Max	75,000,000.00	Historical natural gas cost with 10% ratchet - GANT Proposal					
Ratchet	10.00%						
Historical							
	WACOG	TAB	GANT Rate \$/ MMBTU Note 1	A MWH Rate Note 2	B MWH	A*B GANT Dep Withdrawl	GANT Balance
							0
Jan-08	8.88	8.88	0.00	0.00	505,254	0	0
Feb-08	8.55	8.88	0.33	1.66	458,585	763,188	763,188
Mar-08	8.62	8.88	0.26	1.29	493,061	637,891	1,401,079
Apr-08	8.61	8.88	0.27	1.33	500,786	666,937	2,068,016
May-08	9.21	8.88	0.00	0.00	609,933	0	2,068,016
Jun-08	7.81	9.21	1.40	7.00	654,657	4,584,259	6,652,275
Jul-08	10.09	9.21	0.00	0.00	636,386	0	6,652,275
Aug-08	10.85	10.09	0.00	0.00	669,005	0	6,652,275
Sep-08	9.16	10.85	1.69	8.46	631,102	5,339,777	11,992,052
Oct-08	11.22	10.85	0.00	0.00	515,754	0	11,992,052
Nov-08	9.65	11.22	1.57	7.87	435,946	3,429,808	15,421,860
Dec-08	10.30	11.22	0.92	4.61	432,526	1,995,141	17,417,001
Jan-09	8.86	11.22	2.36	11.78	468,721	5,523,389	22,940,390
Feb-09	10.03	11.22	1.19	5.97	418,332	2,498,830	25,439,220
Mar-09	11.54	11.22	0.00	0.00	434,842	0	25,439,220
Apr-09	8.62	11.54	2.92	14.62	448,619	6,560,410	31,999,630
May-09	9.08	11.54	2.46	12.32	559,529	6,894,708	38,894,338
Jun-09	8.19	11.54	3.35	16.76	622,495	10,431,178	49,325,516
Jul-09	7.90	11.54	3.64	18.22	636,386	11,593,888	60,919,404
Aug-09	8.24	11.54	3.30	16.51	641,135	10,584,476	71,503,880
Sep-09	8.40	11.54	3.14	15.70	601,199	3,496,120	75,000,000
Oct-09	8.68	10.39	0.00	0.00	566,702	0	75,000,000
Nov-09	6.29	9.35	0.00	0.00	410,412	0	75,000,000
Dec-09	7.00	8.41	0.00	0.00	453,924	0	75,000,000
Jan-10	7.98	7.57	(0.41)	(2.06)	499,617	(1,027,235)	73,972,765
Feb-10	7.23	7.98	0.75	3.76	395,433	1,027,235	75,000,000
Mar-10	6.24	7.18	0.00	0.00	372,215	0	75,000,000
Apr-10	6.38	6.46	0.00	0.00	390,675	0	75,000,000
May-10	5.90	5.82	(0.08)	(0.42)	525,577	(222,902)	74,777,098
Jun-10	6.09	5.90	(0.19)	(0.97)	595,952	(575,912)	74,201,186
Jul-10	6.18	6.09	(0.09)	(0.45)	595,197	(269,088)	73,932,098
Aug-10	5.93	6.18	0.25	1.25	575,022	717,539	74,649,637
Sep-10	5.04	6.18	1.14	5.70	513,340	350,363	75,000,000
Oct-10	5.38	5.56	0.00	0.00	428,742	0	75,000,000
Nov-10	5.34	5.01	(0.34)	(1.69)	355,495	(599,861)	74,400,139
Dec-10	5.72	5.34	(0.38)	(1.91)	474,219	(906,253)	73,493,886
Jan-11	5.81	5.72	(0.09)	(0.43)	424,099	(180,985)	73,312,901
Feb-11	5.61	5.81	0.20	1.00	356,802	355,212	73,668,113
Mar-11	5.36	5.81	0.45	2.26	386,952	876,134	74,544,247
Apr-11	5.75	5.81	0.06	0.28	451,057	127,666	74,671,913
May-11	5.79	5.81	0.02	0.11	497,917	53,408	74,725,321
Jun-11	5.91	5.81	(0.10)	(0.50)	534,858	(265,943)	74,459,378
Jul-11	5.66	5.91	0.25	1.27	569,100	540,622	75,000,000
Aug-11	5.41	5.32	(0.10)	(0.48)	594,850	(282,879)	74,717,121
Sep-11	5.29	5.41	0.12	0.59	518,973	282,879	75,000,000
Oct-11	5.93	4.87	(1.06)	(5.30)	413,802	(2,191,951)	72,808,049
Nov-11	4.86	5.93	1.07	5.36	364,531	1,952,907	74,760,956
Dec-11	4.58	5.93	1.35	6.76	386,247	239,044	75,000,000
Jan-12	4.10	5.34	0.00	0.00	403,108	0	75,000,000
Feb-12	3.80	4.80	0.00	0.00	370,255	0	75,000,000

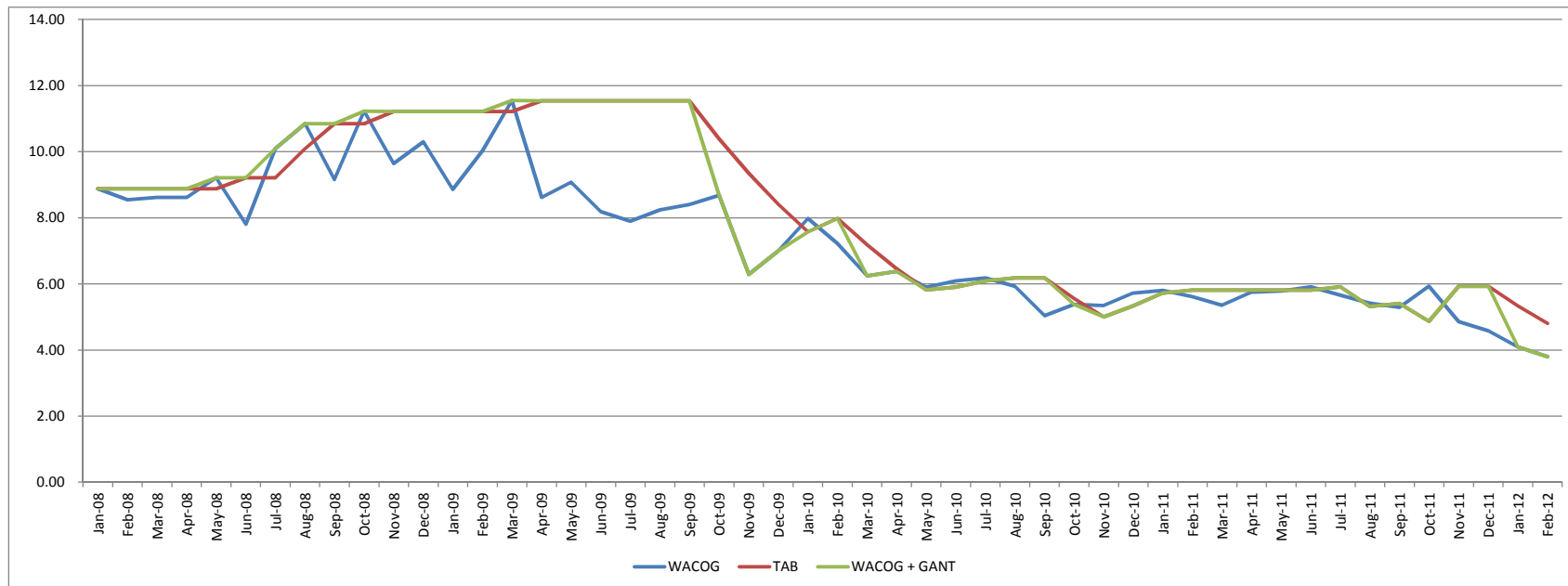
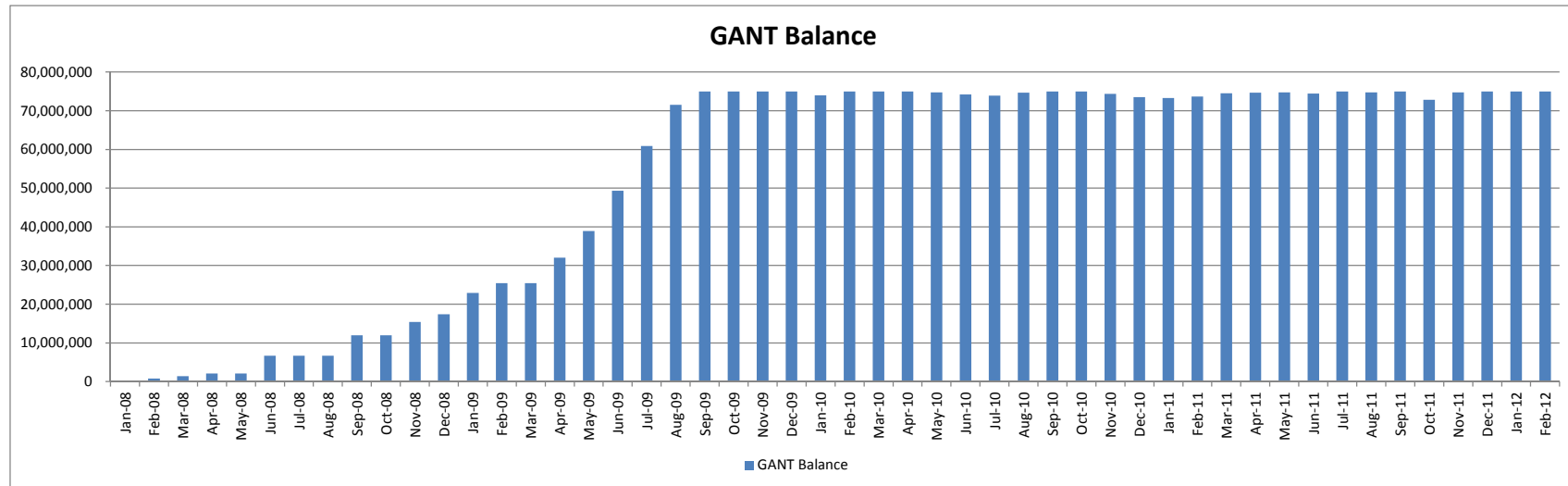
Note 1

The rate is the difference between WACOG and th TAB unless the GANT balance is below the base, in which case the rate can't be negative, or above the max, in which case the rate can't be positive.

Note 2

The system gas rate multiplier is set at 5 based on historical system mix and operations.

Min 30,000,000.00
 Max 75,000,000.00
 Tab Deflator 10.00%
 Historical



Base 30,000,000.00
 Max 75,000,000.00
 Floor 4.75
 Ceiling 6.00

Scenario 2 - Pages 1&2

GANT+ with a simulated price spike

	WACOG	GANT+ Rate \$ / MMBtu Note 1	Rate Per MWH Note 2	MWH	GANT Deposit Withdrawl	GANT Balance
						0
Apr-12	4.67	0.08	0.40	457,846	183,138	183,138
May-12	4.58	0.17	0.85	535,528	455,199	638,337
Jun-12	4.34	0.41	2.05	581,658	1,192,400	1,830,737
Jul-12	3.40	1.35	6.75	613,704	4,142,505	5,973,242
Aug-12	3.43	1.32	6.60	635,100	4,191,658	10,164,900
Sep-12	3.55	1.20	6.00	567,930	3,407,582	13,572,482
Oct-12	3.72	1.03	5.15	501,372	2,582,068	16,154,550
Nov-12	3.12	1.63	8.15	422,624	3,444,385	19,598,935
Dec-12	3.46	1.29	6.45	468,100	3,019,245	22,618,180
Jan-13	3.58	1.17	5.85	486,439	2,845,667	25,463,847
Feb-13	3.61	1.14	5.70	424,468	2,419,470	27,883,317
Mar-13	3.54	1.21	6.05	444,480	2,689,107	30,572,424
Apr-13	4.63	0.12	0.60	465,698	279,419	30,851,843
May-13	4.49	0.26	1.30	544,301	707,592	31,559,435
Jun-13	4.38	0.37	1.85	590,662	1,092,725	32,652,160
Jul-13	4.44	0.31	1.55	623,824	966,927	33,619,087
Aug-13	4.27	0.48	2.40	645,344	1,548,825	35,167,912
Sep-13	4.36	0.39	1.95	576,578	1,124,327	36,292,239
Oct-13	4.52	0.23	1.15	509,602	586,042	36,878,281
Nov-13	3.87	0.88	4.40	429,111	1,888,086	38,766,367
Dec-13	4.08	0.67	3.35	475,506	1,592,944	40,359,311
Jan-14	3.92	0.83	4.16	465,468	1,936,346	42,295,657
Feb-14	3.91	0.85	4.23	404,100	1,707,324	44,002,981
Mar-14	3.85	0.90	4.49	421,247	1,893,506	45,896,487
Apr-14	3.73	1.02	5.09	440,175	2,240,490	48,136,977
May-14	3.75	1.00	4.99	515,839	2,574,034	50,711,011
Jun-14	3.79	0.97	4.82	561,583	2,709,639	53,420,650
Jul-14	3.83	0.92	4.60	593,058	2,728,066	56,148,716
Aug-14	3.84	0.91	4.55	612,292	2,785,928	58,934,644
Sep-14	3.85	0.90	4.52	545,915	2,467,534	61,402,178
Oct-14	3.88	0.87	4.34	481,088	2,087,921	63,490,099
Nov-14	3.98	0.77	3.86	407,430	1,574,718	65,064,817
Dec-14	4.17	0.58	2.89	454,131	1,312,438	66,377,255
Jan-15	4.27	0.48	2.38	474,215	1,128,632	67,505,887
Feb-15	4.25	0.50	2.50	411,662	1,027,097	68,532,984
Mar-15	4.18	0.57	2.86	429,103	1,227,236	69,760,220
Apr-15	4.02	0.73	3.66	448,363	1,641,009	71,401,229
May-15	4.03	0.72	3.59	525,517	1,883,979	73,285,208
Jun-15	4.06	0.69	3.00	572,290	1,714,792	75,000,000
Jul-15	4.10	0.65	0.00	604,424	0	75,000,000
Aug-15	4.11	0.64	0.00	623,960	0	75,000,000
Sep-15	4.12	0.63	0.00	556,330	0	75,000,000
Oct-15	4.15	0.60	0.00	490,169	0	75,000,000

Nov-15	4.25	0.50	0.00	415,122	0	75,000,000
Dec-15	4.44	0.31	0.00	462,647	0	75,000,000
Jan-16	4.54	0.21	0.00	483,134	0	75,000,000
Feb-16	4.52	0.23	0.00	422,099	0	75,000,000
Mar-16	4.44	0.31	0.00	437,096	0	75,000,000
Apr-16	4.27	0.48	0.00	456,658	0	75,000,000
May-16	4.29	0.46	0.00	535,309	0	75,000,000
Jun-16	4.31	0.44	0.00	582,996	0	75,000,000
Jul-16	4.35	0.40	0.00	615,741	0	75,000,000
Aug-16	4.37	0.38	0.00	635,568	0	75,000,000
Sep-16	4.37	0.38	0.00	566,651	0	75,000,000
Oct-16	4.41	0.34	0.00	499,199	0	75,000,000
Nov-16	4.50	0.25	0.00	422,775	0	75,000,000
Dec-16	4.70	0.05	0.00	471,066	0	75,000,000
Jan-17	4.80	0.00	0.00	491,903	0	75,000,000
Feb-17	4.77	0.00	0.00	426,973	0	75,000,000
Mar-17	4.70	0.05	0.00	444,980	0	75,000,000
Apr-17	4.52	0.23	0.00	464,843	0	75,000,000
May-17	4.53	0.22	0.00	544,972	0	75,000,000
Jun-17	4.55	0.20	0.00	593,518	0	75,000,000
Jul-17	4.59	0.16	0.00	626,883	0	75,000,000
Aug-17	4.61	0.14	0.00	647,031	0	75,000,000
Sep-17	4.62	0.13	0.00	576,861	0	75,000,000
Oct-17	4.65	0.10	0.00	508,168	0	75,000,000
Nov-17	4.75	0.00	0.00	430,402	0	75,000,000
Dec-17	4.95	0.00	0.00	479,463	0	75,000,000

Note 1

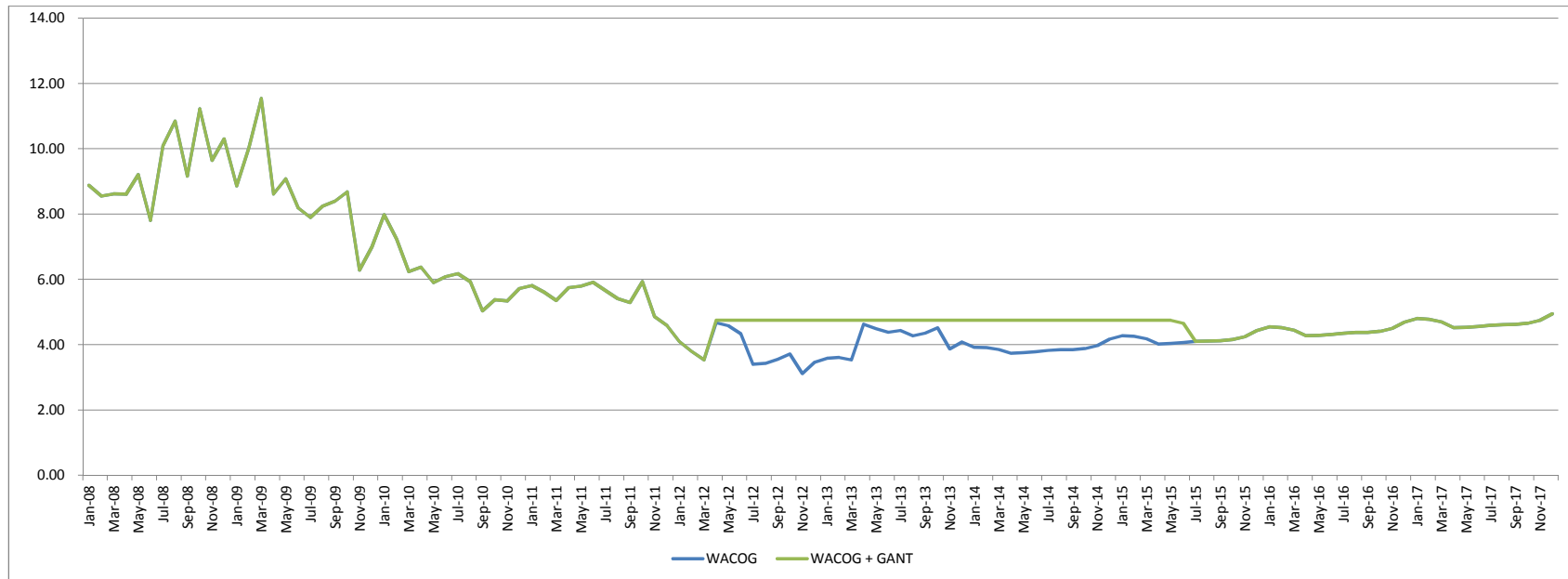
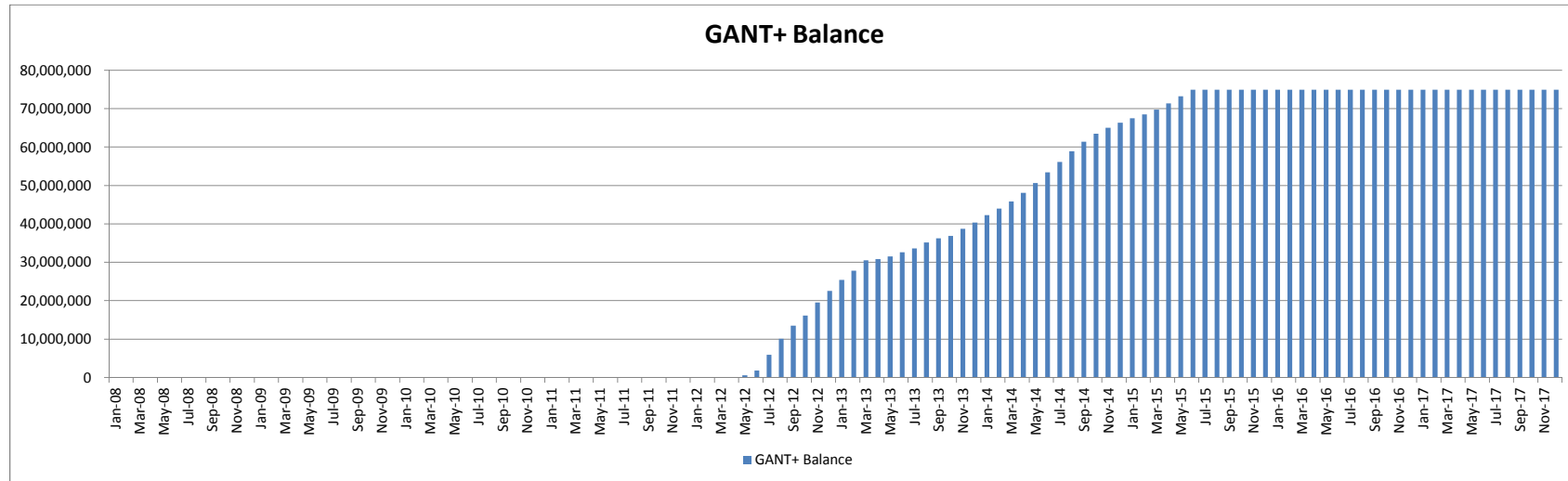
The rate is the difference between WACOG and the Floor or Ceiling unless the GANT balance is below the base, in which case the rate can't be negative, or above the max, in which case the rate can't be positive.

Note 2

The system gas rate multiplier is set at 5 based on historical system mix and operations.

Min 30,000,000
 Max 75,000,000
 Historical
 Floor 4.75
 Ceiling 6.00
 Beginning Balance 0

Scenario 2 - Page 3
 Historical natural gas costs with a floor and ceiling instead of
 a 10 % ratchet - GANT+ Proposal



Base	20,000,000.00	Scenario 3 - Pages 1&2
Max	40,000,000.00	Same as Scenario 2 but with a \$20 million minimum and
Floor	4.75	a \$40 million maximum
Ceiling	6.00	

	WACOG	GANT+ Rate \$ / MMBtu Note 1	Rate Per MWH Note 2	MWH	GANT Deposit Withdrawl	GANT Balance
						0
Apr-12	4.67	0.08	0.40	457,846	183,138	183,138
May-12	4.58	0.17	0.85	535,528	455,199	638,337
Jun-12	4.34	0.41	2.05	581,658	1,192,400	1,830,737
Jul-12	3.40	1.35	6.75	613,704	4,142,505	5,973,242
Aug-12	3.43	1.32	6.60	635,100	4,191,658	10,164,900
Sep-12	3.55	1.20	6.00	567,930	3,407,582	13,572,482
Oct-12	3.72	1.03	5.15	501,372	2,582,068	16,154,550
Nov-12	3.12	1.63	8.15	422,624	3,444,385	19,598,935
Dec-12	3.46	1.29	6.45	468,100	3,019,245	22,618,180
Jan-13	3.58	1.17	5.85	486,439	2,845,667	25,463,847
Feb-13	3.61	1.14	5.70	424,468	2,419,470	27,883,317
Mar-13	3.54	1.21	6.05	444,480	2,689,107	30,572,424
Apr-13	4.63	0.12	0.60	465,698	279,419	30,851,843
May-13	4.49	0.26	1.30	544,301	707,592	31,559,435
Jun-13	4.38	0.37	1.85	590,662	1,092,725	32,652,160
Jul-13	4.44	0.31	1.55	623,824	966,927	33,619,087
Aug-13	4.27	0.48	2.40	645,344	1,548,825	35,167,912
Sep-13	4.36	0.39	1.95	576,578	1,124,327	36,292,239
Oct-13	4.52	0.23	1.15	509,602	586,042	36,878,281
Nov-13	3.87	0.88	4.40	429,111	1,888,086	38,766,367
Dec-13	4.08	0.67	2.59	475,506	1,233,633	40,000,000
Jan-14	3.92	0.83	0.00	465,468	0	40,000,000
Feb-14	3.91	0.85	0.00	404,100	0	40,000,000
Mar-14	3.85	0.90	0.00	421,247	0	40,000,000
Apr-14	3.73	1.02	0.00	440,175	0	40,000,000
May-14	3.75	1.00	0.00	515,839	0	40,000,000
Jun-14	3.79	0.97	0.00	561,583	0	40,000,000
Jul-14	3.83	0.92	0.00	593,058	0	40,000,000
Aug-14	3.84	0.91	0.00	612,292	0	40,000,000
Sep-14	3.85	0.90	0.00	545,915	0	40,000,000
Oct-14	3.88	0.87	0.00	481,088	0	40,000,000
Nov-14	3.98	0.77	0.00	407,430	0	40,000,000
Dec-14	4.17	0.58	0.00	454,131	0	40,000,000
Jan-15	4.27	0.48	0.00	474,215	0	40,000,000
Feb-15	4.25	0.50	0.00	411,662	0	40,000,000
Mar-15	4.18	0.57	0.00	429,103	0	40,000,000
Apr-15	4.02	0.73	0.00	448,363	0	40,000,000
May-15	4.03	0.72	0.00	525,517	0	40,000,000
Jun-15	4.06	0.69	0.00	572,290	0	40,000,000
Jul-15	4.10	0.65	0.00	604,424	0	40,000,000
Aug-15	4.11	0.64	0.00	623,960	0	40,000,000
Sep-15	4.12	0.63	0.00	556,330	0	40,000,000
Oct-15	4.15	0.60	0.00	490,169	0	40,000,000

Nov-15	4.25	0.50	0.00	415,122	0	40,000,000
Dec-15	4.44	0.31	0.00	462,647	0	40,000,000
Jan-16	4.54	0.21	0.00	483,134	0	40,000,000
Feb-16	4.52	0.23	0.00	422,099	0	40,000,000
Mar-16	4.44	0.31	0.00	437,096	0	40,000,000
Apr-16	4.27	0.48	0.00	456,658	0	40,000,000
May-16	4.29	0.46	0.00	535,309	0	40,000,000
Jun-16	4.31	0.44	0.00	582,996	0	40,000,000
Jul-16	4.35	0.40	0.00	615,741	0	40,000,000
Aug-16	4.37	0.38	0.00	635,568	0	40,000,000
Sep-16	4.37	0.38	0.00	566,651	0	40,000,000
Oct-16	4.41	0.34	0.00	499,199	0	40,000,000
Nov-16	4.50	0.25	0.00	422,775	0	40,000,000
Dec-16	4.70	0.05	0.00	471,066	0	40,000,000
Jan-17	4.80	0.00	0.00	491,903	0	40,000,000
Feb-17	4.77	0.00	0.00	426,973	0	40,000,000
Mar-17	4.70	0.05	0.00	444,980	0	40,000,000
Apr-17	4.52	0.23	0.00	464,843	0	40,000,000
May-17	4.53	0.22	0.00	544,972	0	40,000,000
Jun-17	4.55	0.20	0.00	593,518	0	40,000,000
Jul-17	4.59	0.16	0.00	626,883	0	40,000,000
Aug-17	4.61	0.14	0.00	647,031	0	40,000,000
Sep-17	4.62	0.13	0.00	576,861	0	40,000,000
Oct-17	4.65	0.10	0.00	508,168	0	40,000,000
Nov-17	4.75	0.00	0.00	430,402	0	40,000,000
Dec-17	4.95	0.00	0.00	479,463	0	40,000,000

Note 1

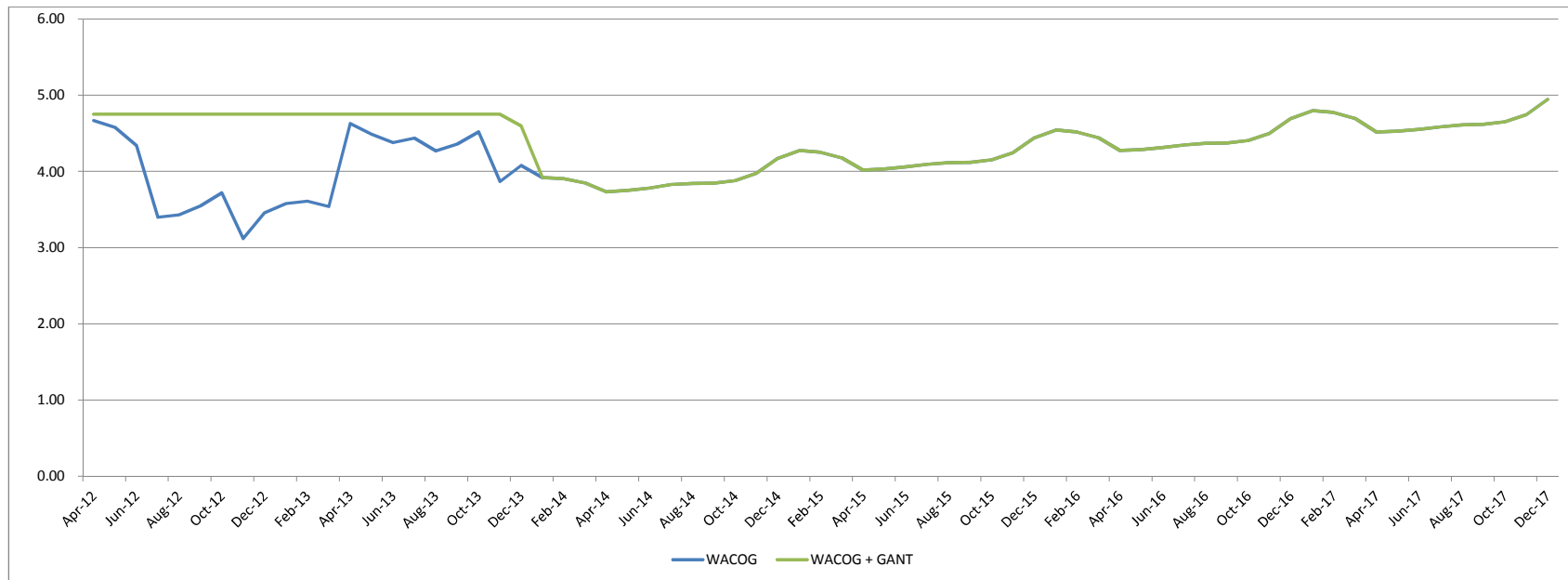
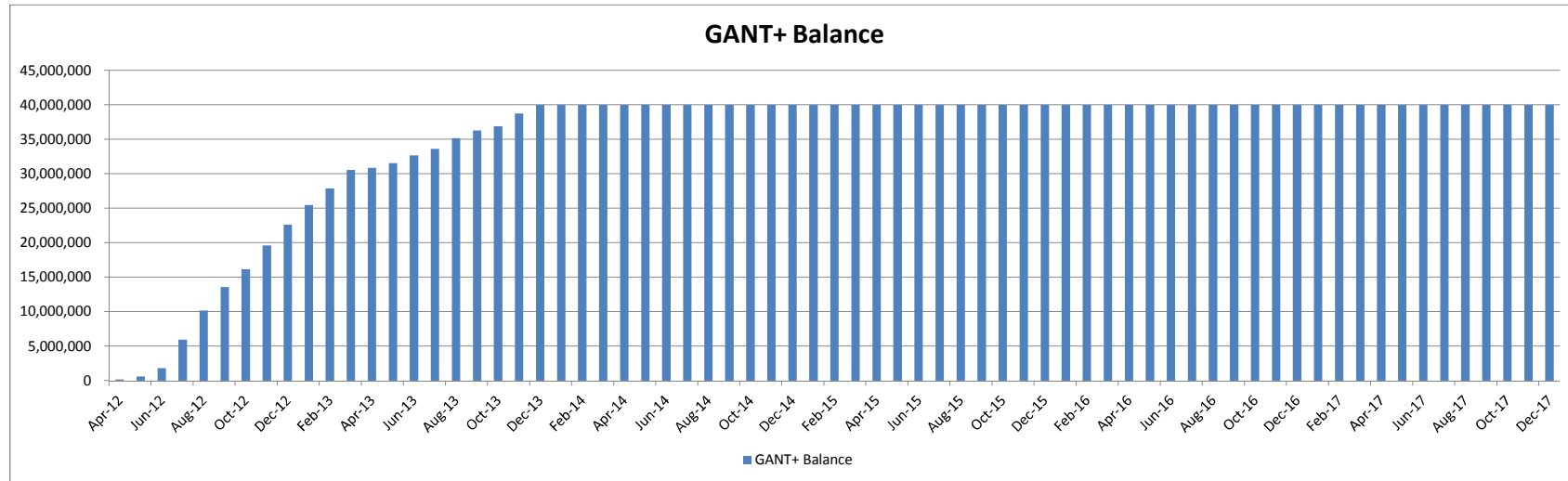
The rate is the difference between WACOG and the Floor or Ceiling unless the GANT balance is below the base, in which case the rate can't be negative, or above the max, in which case the rate can't be positive.

Note 2

The system gas rate multiplier is set at 5 based on historical system mix and operations.

Min 20,000,000
 Max 40,000,000
 Historical
 Floor 4.75
 Ceiling 6.00
 Beginning Balance 0

Scenario 3 - Page 3
 Same as Scenario 2 but with a \$20 million minimum and
 a \$40 million maximum



Base	50,000,000.00	Scenario 4 - Pages 1&2
Max	150,000,000.00	Same as Scenario 2 but with a \$50 million minimum and
Floor	4.75	a \$150 million maximum
Ceiling	6.00	

	WACOG	GANT+ Rate \$ / MMBtu Note 1	Rate Per MWH Note 2	MWH	GANT Deposit Withdrawl	GANT Balance
						0
Apr-12	4.67	0.08	0.40	457,846	183,138	183,138
May-12	4.58	0.17	0.85	535,528	455,199	638,337
Jun-12	4.34	0.41	2.05	581,658	1,192,400	1,830,737
Jul-12	3.40	1.35	6.75	613,704	4,142,505	5,973,242
Aug-12	3.43	1.32	6.60	635,100	4,191,658	10,164,900
Sep-12	3.55	1.20	6.00	567,930	3,407,582	13,572,482
Oct-12	3.72	1.03	5.15	501,372	2,582,068	16,154,550
Nov-12	3.12	1.63	8.15	422,624	3,444,385	19,598,935
Dec-12	3.46	1.29	6.45	468,100	3,019,245	22,618,180
Jan-13	3.58	1.17	5.85	486,439	2,845,667	25,463,847
Feb-13	3.61	1.14	5.70	424,468	2,419,470	27,883,317
Mar-13	3.54	1.21	6.05	444,480	2,689,107	30,572,424
Apr-13	4.63	0.12	0.60	465,698	279,419	30,851,843
May-13	4.49	0.26	1.30	544,301	707,592	31,559,435
Jun-13	4.38	0.37	1.85	590,662	1,092,725	32,652,160
Jul-13	4.44	0.31	1.55	623,824	966,927	33,619,087
Aug-13	4.27	0.48	2.40	645,344	1,548,825	35,167,912
Sep-13	4.36	0.39	1.95	576,578	1,124,327	36,292,239
Oct-13	4.52	0.23	1.15	509,602	586,042	36,878,281
Nov-13	3.87	0.88	4.40	429,111	1,888,086	38,766,367
Dec-13	4.08	0.67	3.35	475,506	1,592,944	40,359,311
Jan-14	3.92	0.83	4.16	465,468	1,936,346	42,295,657
Feb-14	3.91	0.85	4.23	404,100	1,707,324	44,002,981
Mar-14	3.85	0.90	4.49	421,247	1,893,506	45,896,487
Apr-14	3.73	1.02	5.09	440,175	2,240,490	48,136,977
May-14	3.75	1.00	4.99	515,839	2,574,034	50,711,011
Jun-14	3.79	0.97	4.82	561,583	2,709,639	53,420,650
Jul-14	3.83	0.92	4.60	593,058	2,728,066	56,148,716
Aug-14	3.84	0.91	4.55	612,292	2,785,928	58,934,644
Sep-14	3.85	0.90	4.52	545,915	2,467,534	61,402,178
Oct-14	3.88	0.87	4.34	481,088	2,087,921	63,490,099
Nov-14	3.98	0.77	3.86	407,430	1,574,718	65,064,817
Dec-14	4.17	0.58	2.89	454,131	1,312,438	66,377,255
Jan-15	4.27	0.48	2.38	474,215	1,128,632	67,505,887
Feb-15	4.25	0.50	2.50	411,662	1,027,097	68,532,984
Mar-15	4.18	0.57	2.86	429,103	1,227,236	69,760,220
Apr-15	4.02	0.73	3.66	448,363	1,641,009	71,401,229
May-15	4.03	0.72	3.59	525,517	1,883,979	73,285,208
Jun-15	4.06	0.69	3.45	572,290	1,971,538	75,256,746
Jul-15	4.10	0.65	3.27	604,424	1,976,467	77,233,213
Aug-15	4.11	0.64	3.18	623,960	1,984,193	79,217,406
Sep-15	4.12	0.63	3.17	556,330	1,760,786	80,978,192
Oct-15	4.15	0.60	2.99	490,169	1,463,155	82,441,347

Nov-15	4.25	0.50	2.52	415,122	1,046,106	83,487,453
Dec-15	4.44	0.31	1.54	462,647	714,790	84,202,243
Jan-16	4.54	0.21	1.04	483,134	500,044	84,702,287
Feb-16	4.52	0.23	1.16	422,099	489,635	85,191,922
Mar-16	4.44	0.31	1.54	437,096	670,942	85,862,864
Apr-16	4.27	0.48	2.39	456,658	1,089,130	86,951,994
May-16	4.29	0.46	2.32	535,309	1,241,918	88,193,912
Jun-16	4.31	0.44	2.19	582,996	1,276,761	89,470,673
Jul-16	4.35	0.40	2.01	615,741	1,237,638	90,708,311
Aug-16	4.37	0.38	1.90	635,568	1,208,215	91,916,526
Sep-16	4.37	0.38	1.89	566,651	1,070,971	92,987,497
Oct-16	4.41	0.34	1.71	499,199	853,631	93,841,128
Nov-16	4.50	0.25	1.24	422,775	526,355	94,367,483
Dec-16	4.70	0.05	0.27	471,066	127,188	94,494,671
Jan-17	4.80	0.00	0.00	491,903	0	94,494,671
Feb-17	4.77	0.00	0.00	426,973	0	94,494,671
Mar-17	4.70	0.05	0.26	444,980	115,695	94,610,366
Apr-17	4.52	0.23	1.16	464,843	539,218	95,149,584
May-17	4.53	0.22	1.11	544,972	604,919	95,754,503
Jun-17	4.55	0.20	0.98	593,518	584,615	96,339,118
Jul-17	4.59	0.16	0.81	626,883	507,775	96,846,893
Aug-17	4.61	0.14	0.69	647,031	446,451	97,293,344
Sep-17	4.62	0.13	0.66	576,861	380,728	97,674,072
Oct-17	4.65	0.10	0.48	508,168	243,921	97,917,993
Nov-17	4.75	0.00	0.00	430,402	2,152	97,920,145
Dec-17	4.95	0.00	0.00	479,463	0	97,920,145

Note 1

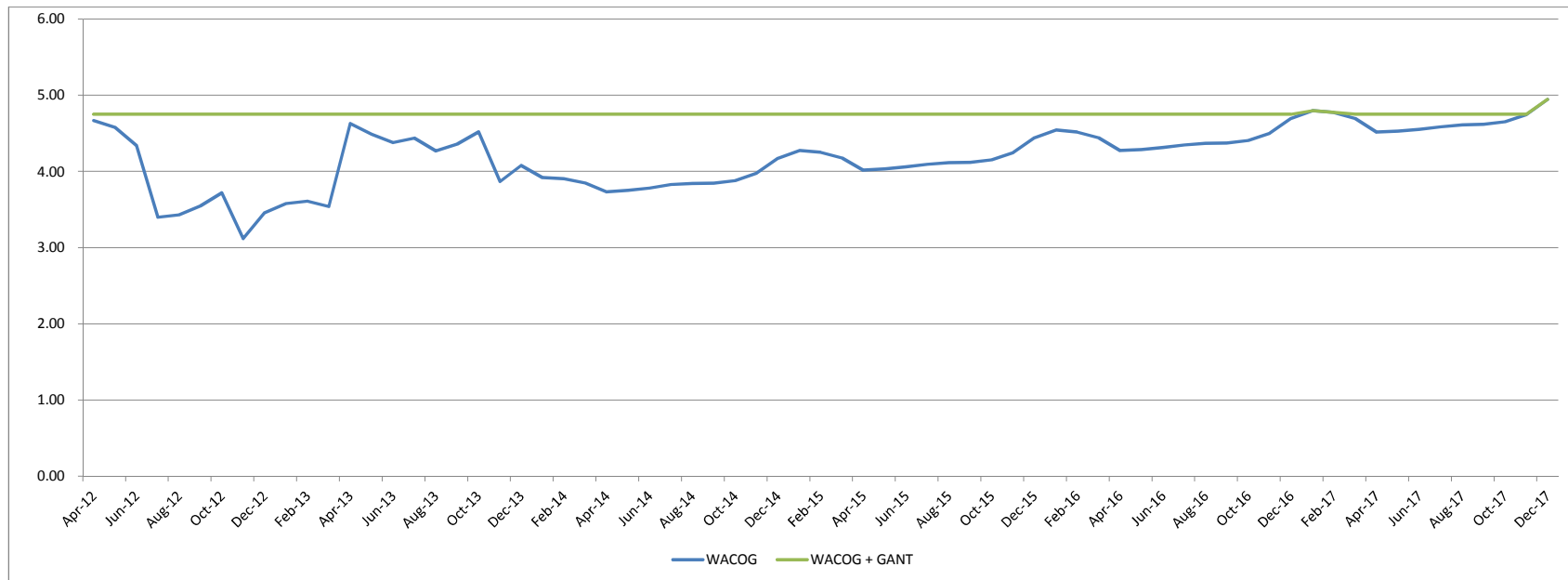
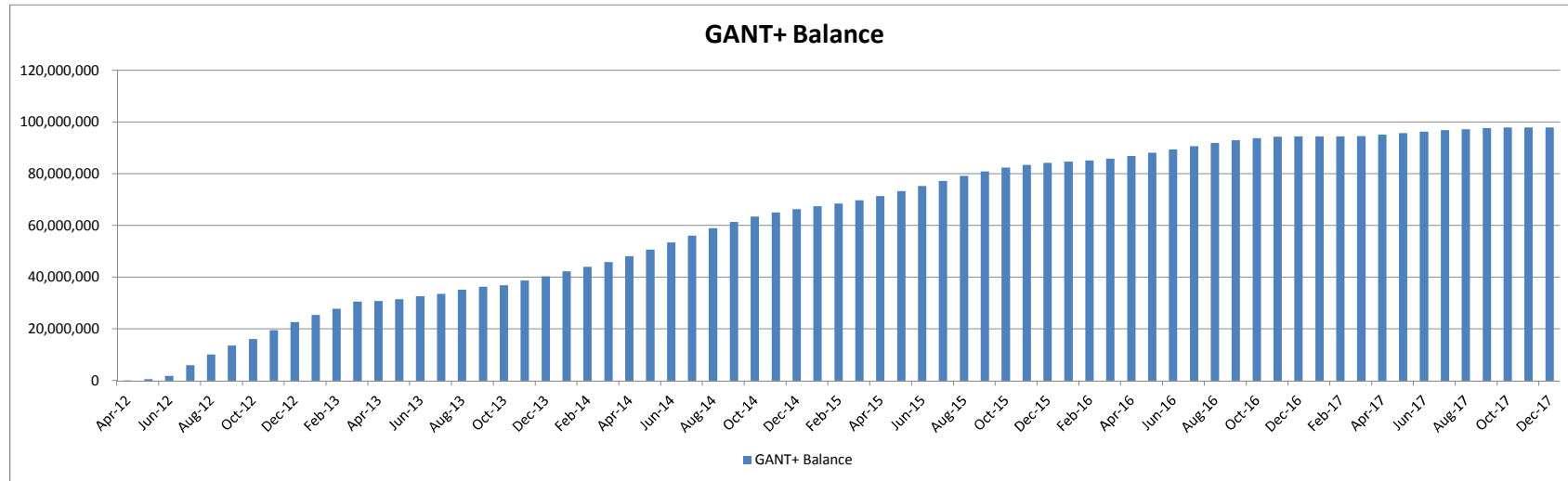
The rate is the difference between WACOG and the Floor or Ceiling unless the GANT balance is below the base, in which case the rate can't be negative, or above the max, in which case the rate can't be positive.

Note 2

The system gas rate multiplier is set at 5 based on historical system mix and operations.

Min 50,000,000
 Max 150,000,000
 Historical
 Floor 4.75
 Ceiling 6.00
 Beginning Balance 0

Scenario 4 - Page 3
 Same as Scenario 2 but with a \$50 million minimum and
 a \$150 million maximum



Base 30,000,000.00
 Max 75,000,000.00
 Floor 4.75
 Ceiling 6.00

Scenario 5 - Pages 1&2

GANT+ with simulated price spikes

	WACOG	GANT+ Rate \$ / MMBtu Note 1	Rate Per MWH Note 2	MWH	GANT Deposit Withdrawl	GANT Balance
						0
Apr-12	4.67	0.08	0.40	457,846	183,138	183,138
May-12	4.58	0.17	0.85	535,528	455,199	638,337
Jun-12	4.34	0.41	2.05	581,658	1,192,400	1,830,737
Jul-12	3.40	1.35	6.75	613,704	4,142,505	5,973,242
Aug-12	3.43	1.32	6.60	635,100	4,191,658	10,164,900
Sep-12	3.55	1.20	6.00	567,930	3,407,582	13,572,482
Oct-12	3.72	1.03	5.15	501,372	2,582,068	16,154,550
Nov-12	3.12	1.63	8.15	422,624	3,444,385	19,598,935
Dec-12	3.46	1.29	6.45	468,100	3,019,245	22,618,180
Jan-13	3.58	1.17	5.85	486,439	2,845,667	25,463,847
Feb-13	3.61	1.14	5.70	424,468	2,419,470	27,883,317
Mar-13	3.54	1.21	6.05	444,480	2,689,107	30,572,424
Apr-13	4.63	0.12	0.60	465,698	279,419	30,851,843
May-13	4.49	0.26	1.30	544,301	707,592	31,559,435
Jun-13	4.38	0.37	1.85	590,662	1,092,725	32,652,160
Jul-13	4.44	0.31	1.55	623,824	966,927	33,619,087
Aug-13	4.27	0.48	2.40	645,344	1,548,825	35,167,912
Sep-13	4.36	0.39	1.95	576,578	1,124,327	36,292,239
Oct-13	4.52	0.23	1.15	509,602	586,042	36,878,281
Nov-13	3.87	0.88	4.40	429,111	1,888,086	38,766,367
Dec-13	4.08	0.67	3.35	475,506	1,592,944	40,359,311
Jan-14	3.92	0.83	4.16	465,468	1,936,346	42,295,657
Feb-14	3.91	0.85	4.23	404,100	1,707,324	44,002,981
Mar-14	3.85	0.90	4.49	421,247	1,893,506	45,896,487
Apr-14	3.73	1.02	5.09	440,175	2,240,490	48,136,977
May-14	3.75	1.00	4.99	515,839	2,574,034	50,711,011
Jun-14	3.79	0.97	4.82	561,583	2,709,639	53,420,650
Jul-14	10.00	(4.00)	(20.00)	593,058	(11,861,158)	41,559,492
Aug-14	10.00	(4.00)	(18.88)	612,292	(11,559,492)	30,000,000
Sep-14	3.85	0.90	4.52	545,915	2,467,534	32,467,534
Oct-14	3.88	0.87	4.34	481,088	2,087,921	34,555,455
Nov-14	3.98	0.77	3.86	407,430	1,574,718	36,130,173
Dec-14	4.17	0.58	2.89	454,131	1,312,438	37,442,611
Jan-15	4.27	0.48	2.38	474,215	1,128,632	38,571,243
Feb-15	4.25	0.50	2.50	411,662	1,027,097	39,598,340
Mar-15	4.18	0.57	2.86	429,103	1,227,236	40,825,576
Apr-15	4.02	0.73	3.66	448,363	1,641,009	42,466,585
May-15	4.03	0.72	3.59	525,517	1,883,979	44,350,564
Jun-15	4.06	0.69	3.45	572,290	1,971,538	46,322,102
Jul-15	4.10	0.65	3.27	604,424	1,976,467	48,298,569
Aug-15	4.11	0.64	3.18	623,960	1,984,193	50,282,762
Sep-15	4.12	0.63	3.17	556,330	1,760,786	52,043,548
Oct-15	4.15	0.60	2.99	490,169	1,463,155	53,506,703

Nov-15	4.25	0.50	2.52	415,122	1,046,106	54,552,809
Dec-15	4.44	0.31	1.54	462,647	714,790	55,267,599
Jan-16	4.54	0.21	1.04	483,134	500,044	55,767,643
Feb-16	4.52	0.23	1.16	422,099	489,635	56,257,278
Mar-16	4.44	0.31	1.54	437,096	670,942	56,928,220
Apr-16	4.27	0.48	2.39	456,658	1,089,130	58,017,350
May-16	4.29	0.46	2.32	535,309	1,241,918	59,259,268
Jun-16	10.00	(4.00)	(20.00)	582,996	(11,659,918)	47,599,350
Jul-16	10.00	(4.00)	(20.00)	615,741	(12,314,810)	35,284,540
Aug-16	10.00	(4.00)	(8.31)	635,568	(5,284,540)	30,000,000
Sep-16	10.00	(4.00)	0.00	566,651	0	30,000,000
Oct-16	4.41	0.34	1.71	499,199	853,631	30,853,631
Nov-16	4.50	0.25	1.24	422,775	526,355	31,379,986
Dec-16	4.70	0.05	0.27	471,066	127,188	31,507,174
Jan-17	4.80	0.00	0.00	491,903	0	31,507,174
Feb-17	4.77	0.00	0.00	426,973	0	31,507,174
Mar-17	4.70	0.05	0.26	444,980	115,695	31,622,869
Apr-17	4.52	0.23	1.16	464,843	539,218	32,162,087
May-17	4.53	0.22	1.11	544,972	604,919	32,767,006
Jun-17	4.55	0.20	0.98	593,518	584,615	33,351,621
Jul-17	4.59	0.16	0.81	626,883	507,775	33,859,396
Aug-17	4.61	0.14	0.69	647,031	446,451	34,305,847
Sep-17	4.62	0.13	0.66	576,861	380,728	34,686,575
Oct-17	4.65	0.10	0.48	508,168	243,921	34,930,496
Nov-17	4.75	0.00	0.00	430,402	2,152	34,932,648
Dec-17	4.95	0.00	0.00	479,463	0	34,932,648

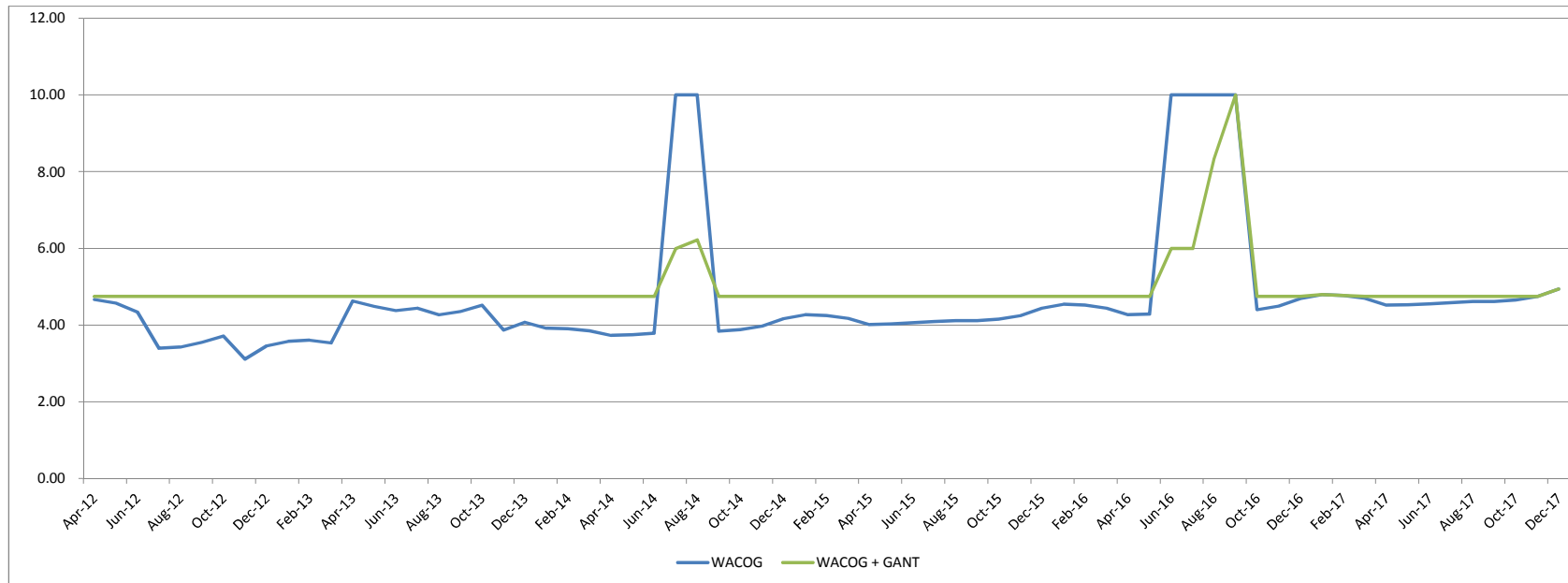
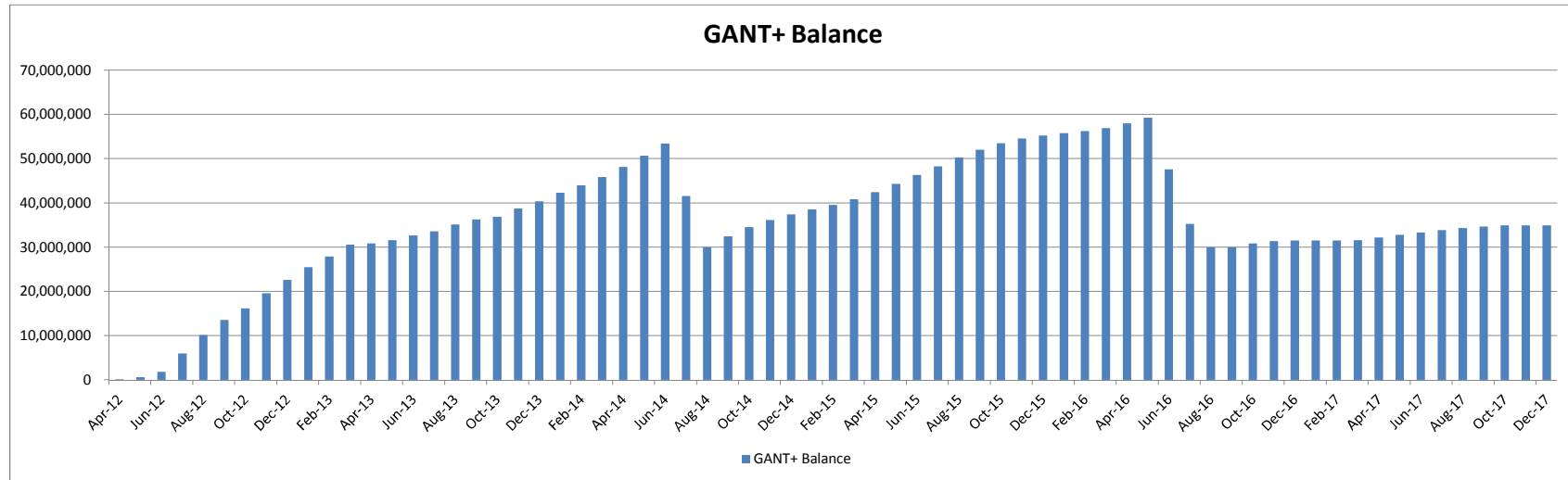
Note 1

The rate is the difference between WACOG and the Floor or Ceiling unless the GANT balance is below the base, in which case the rate can't be negative, or above the max, in which case the rate can't be positive.

Note 2

The system gas rate multiplier is set at 5 based on historical system mix and operations.

Min 30,000,000
 Max 75,000,000
 Historical
 Floor 4.75
 Ceiling 6.00
 Beginning Balance 0



Base 30,000,000.00
Max 75,000,000.00
Floor 4.75
Ceiling 6.00

Scenario 6 - Pages 1-3

Historical natural gas NYMEX prices with a floor and ceiling and a beginning GANT+ balance of \$140 million. Assumes GANT+ was only plan

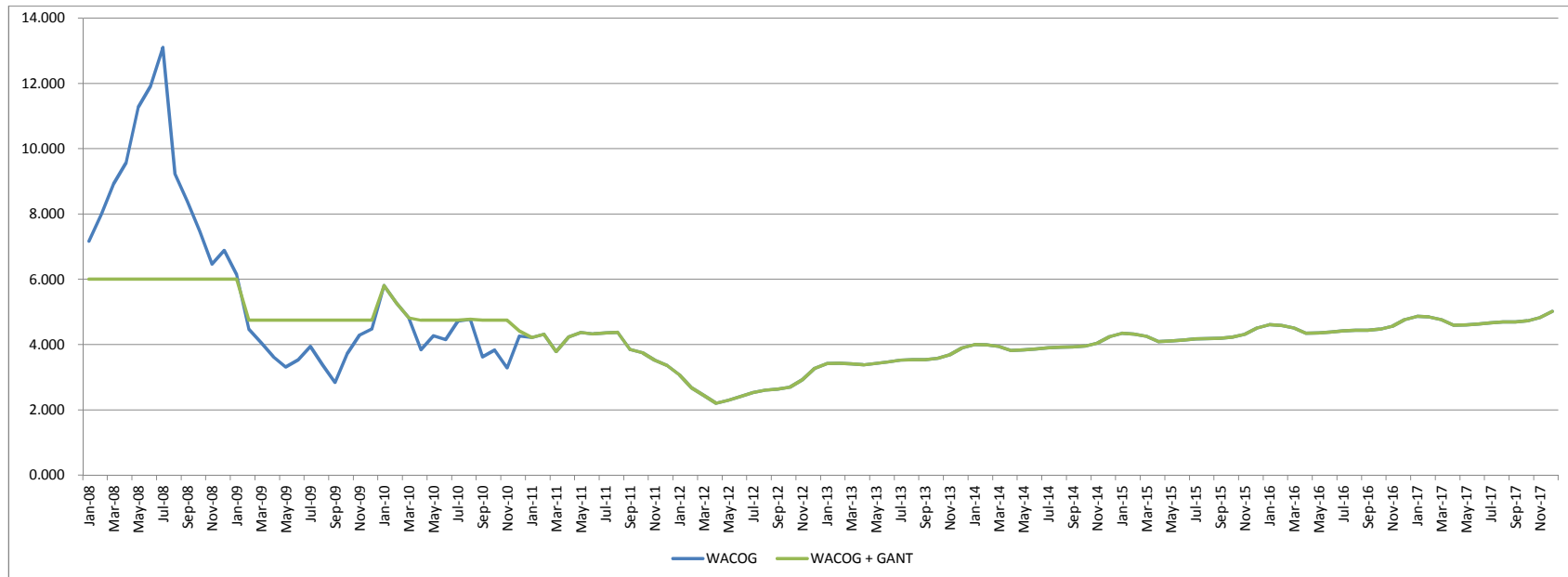
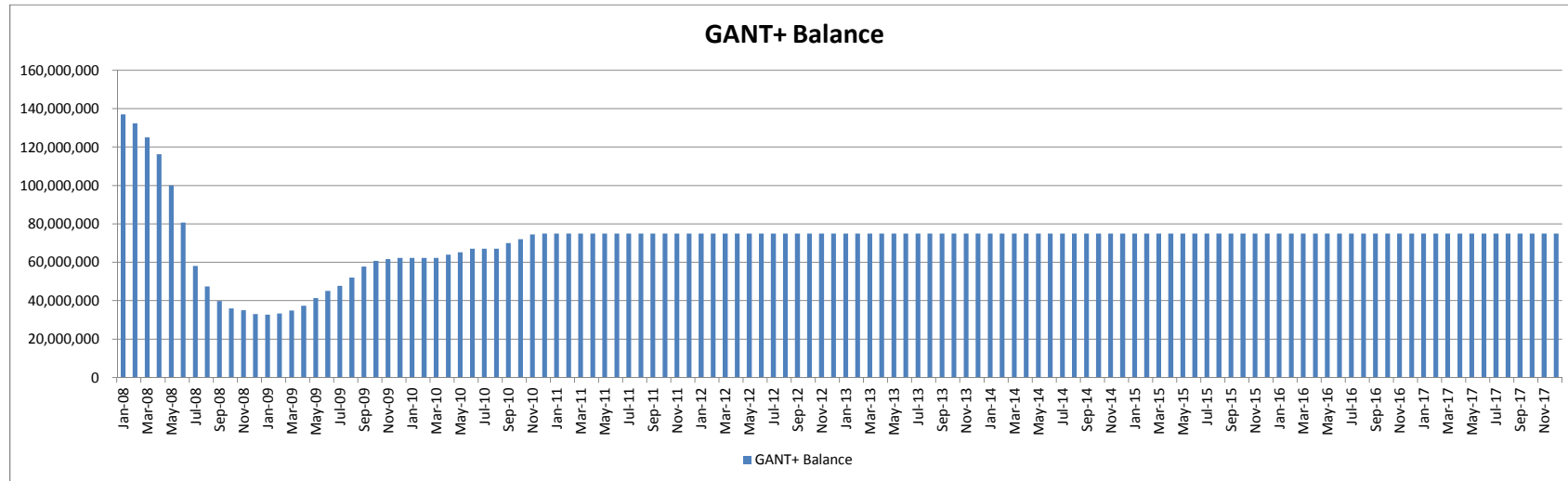
	NYMEX	GANT+ Rate \$/ MMBtu Note 1	A Rate Per MWH Note 2	B MWH	A*B GANT Deposit Withdrawal	GANT Balance
						140,000,000
Jan-08	7.172	(1.17)	(5.86)	505,254	(2,960,788)	137,039,212
Feb-08	7.996	(2.00)	(9.98)	458,585	(4,576,678)	132,462,534
Mar-08	8.930	(2.93)	(14.65)	493,061	(7,223,344)	125,239,190
Apr-08	9.578	(3.58)	(17.89)	500,786	(8,959,062)	116,280,128
May-08	11.280	(5.28)	(26.40)	609,933	(16,102,231)	100,177,897
Jun-08	11.916	(5.92)	(29.58)	654,657	(19,364,754)	80,813,143
Jul-08	13.105	(7.11)	(35.53)	636,386	(22,607,613)	58,205,530
Aug-08	9.217	(3.22)	(16.08)	669,005	(10,760,945)	47,444,585
Sep-08	8.394	(2.39)	(11.97)	631,102	(7,554,291)	39,890,294
Oct-08	7.472	(1.47)	(7.36)	515,754	(3,796,207)	36,094,087
Nov-08	6.469	(0.47)	(2.34)	435,946	(1,022,293)	35,071,794
Dec-08	6.888	(0.89)	(4.44)	432,526	(1,920,415)	33,151,379
Jan-09	6.136	(0.14)	(0.68)	468,721	(318,730)	32,832,649
Feb-09	4.476	0.27	1.37	418,332	573,115	33,405,764
Mar-09	4.056	0.69	3.47	434,842	1,508,902	34,914,666
Apr-09	3.631	1.12	5.59	448,619	2,510,023	37,424,689
May-09	3.321	1.43	7.15	559,529	3,997,835	41,422,524
Jun-09	3.538	1.21	6.06	622,495	3,772,320	45,194,844
Jul-09	3.949	0.80	4.01	636,386	2,548,726	47,743,570
Aug-09	3.379	1.37	6.85	641,135	4,394,980	52,138,550
Sep-09	2.843	1.91	9.53	601,199	5,732,432	57,870,982
Oct-09	3.730	1.02	5.10	566,702	2,890,180	60,761,162
Nov-09	4.289	0.46	2.31	410,412	946,000	61,707,162
Dec-09	4.486	0.26	1.32	453,924	599,180	62,306,342
Jan-10	5.814	0.00	0.00	499,617	0	62,306,342
Feb-10	5.274	0.00	0.00	395,433	0	62,306,342
Mar-10	4.816	0.00	0.00	372,215	0	62,306,342
Apr-10	3.842	0.91	4.54	390,675	1,773,665	64,080,007
May-10	4.271	0.48	2.40	525,577	1,258,757	65,338,764
Jun-10	4.155	0.60	2.97	595,952	1,772,957	67,111,721
Jul-10	4.717	0.03	0.17	595,197	98,208	67,209,929
Aug-10	4.774	0.00	0.00	575,022	0	67,209,929
Sep-10	3.625	1.12	5.62	513,340	2,887,281	70,097,210
Oct-10	3.837	0.91	4.56	428,742	1,957,207	72,054,417
Nov-10	3.292	1.46	7.29	355,495	2,591,559	74,645,976
Dec-10	4.267	0.48	0.75	474,219	354,024	75,000,000
Jan-11	4.216	0.53	0.00	424,099	0	75,000,000
Feb-11	4.316	0.43	0.00	356,802	0	75,000,000
Mar-11	3.793	0.96	0.00	386,952	0	75,000,000
Apr-11	4.240	0.51	0.00	451,057	0	75,000,000
May-11	4.377	0.37	0.00	497,917	0	75,000,000
Jun-11	4.326	0.42	0.00	534,858	0	75,000,000
Jul-11	4.357	0.39	0.00	569,100	0	75,000,000
Aug-11	4.370	0.38	0.00	594,850	0	75,000,000
Sep-11	3.857	0.89	0.00	518,973	0	75,000,000

Oct-11	3.759	0.99	0.00	413,802	0	75,000,000
Nov-11	3.524	1.23	0.00	364,531	0	75,000,000
Dec-11	3.364	1.39	0.00	386,247	0	75,000,000
Jan-12	3.084	1.67	0.00	403,108	0	75,000,000
Feb-12	2.678	2.07	0.00	370,255	0	75,000,000
Mar-12	2.446	2.30	0.00	458,585	0	75,000,000
Apr-12	2.208	2.54	0.00	457,846	0	75,000,000
May-12	2.294	2.46	0.00	535,528	0	75,000,000
Jun-12	2.414	2.34	0.00	581,658	0	75,000,000
Jul-12	2.536	2.21	0.00	613,704	0	75,000,000
Aug-12	2.604	2.15	0.00	635,100	0	75,000,000
Sep-12	2.631	2.12	0.00	567,930	0	75,000,000
Oct-12	2.701	2.05	0.00	501,372	0	75,000,000
Nov-12	2.929	1.82	0.00	422,624	0	75,000,000
Dec-12	3.273	1.48	0.00	468,100	0	75,000,000
Jan-13	3.418	1.33	0.00	486,439	0	75,000,000
Feb-13	3.429	1.32	0.00	424,468	0	75,000,000
Mar-13	3.409	1.34	0.00	444,480	0	75,000,000
Apr-13	3.383	1.37	0.00	465,698	0	75,000,000
May-13	3.423	1.33	0.00	544,301	0	75,000,000
Jun-13	3.474	1.28	0.00	590,662	0	75,000,000
Jul-13	3.523	1.23	0.00	623,824	0	75,000,000
Aug-13	3.539	1.21	0.00	645,344	0	75,000,000
Sep-13	3.540	1.21	0.00	576,578	0	75,000,000
Oct-13	3.579	1.17	0.00	509,602	0	75,000,000
Nov-13	3.688	1.06	0.00	429,111	0	75,000,000
Dec-13	3.898	0.85	0.00	475,506	0	75,000,000
Jan-14	4.004	0.75	0.00	465,468	0	75,000,000
Feb-14	3.993	0.76	0.00	404,100	0	75,000,000
Mar-14	3.943	0.81	0.00	421,247	0	75,000,000
Apr-14	3.820	0.93	0.00	440,175	0	75,000,000
May-14	3.838	0.91	0.00	515,839	0	75,000,000
Jun-14	3.868	0.88	0.00	561,583	0	75,000,000
Jul-14	3.904	0.85	0.00	593,058	0	75,000,000
Aug-14	3.920	0.83	0.00	612,292	0	75,000,000
Sep-14	3.923	0.83	0.00	545,915	0	75,000,000
Oct-14	3.959	0.79	0.00	481,088	0	75,000,000
Nov-14	4.050	0.70	0.00	407,430	0	75,000,000
Dec-14	4.244	0.51	0.00	454,131	0	75,000,000
Jan-15	4.343	0.41	0.00	474,215	0	75,000,000
Feb-15	4.321	0.43	0.00	411,662	0	75,000,000
Mar-15	4.253	0.50	0.00	429,103	0	75,000,000
Apr-15	4.093	0.66	0.00	448,363	0	75,000,000
May-15	4.107	0.64	0.00	525,517	0	75,000,000
Jun-15	4.134	0.62	0.00	572,290	0	75,000,000
Jul-15	4.169	0.58	0.00	604,424	0	75,000,000
Aug-15	4.187	0.56	0.00	623,960	0	75,000,000
Sep-15	4.190	0.56	0.00	556,330	0	75,000,000
Oct-15	4.225	0.53	0.00	490,169	0	75,000,000
Nov-15	4.317	0.43	0.00	415,122	0	75,000,000
Dec-15	4.510	0.24	0.00	462,647	0	75,000,000
Jan-16	4.610	0.14	0.00	483,134	0	75,000,000
Feb-16	4.585	0.17	0.00	422,099	0	75,000,000
Mar-16	4.511	0.24	0.00	437,096	0	75,000,000
Apr-16	4.343	0.41	0.00	456,658	0	75,000,000

May-16	4.356	0.39	0.00	535,309	0	75,000,000
Jun-16	4.382	0.37	0.00	582,996	0	75,000,000
Jul-16	4.418	0.33	0.00	615,741	0	75,000,000
Aug-16	4.436	0.31	0.00	635,568	0	75,000,000
Sep-16	4.440	0.31	0.00	566,651	0	75,000,000
Oct-16	4.475	0.28	0.00	499,199	0	75,000,000
Nov-16	4.568	0.18	0.00	422,775	0	75,000,000
Dec-16	4.766	0.00	0.00	471,066	0	75,000,000
Jan-17	4.868	0.00	0.00	491,903	0	75,000,000
Feb-17	4.843	0.00	0.00	426,973	0	75,000,000
Mar-17	4.768	0.00	0.00	444,980	0	75,000,000
Apr-17	4.595	0.16	0.00	464,843	0	75,000,000
May-17	4.605	0.15	0.00	544,972	0	75,000,000
Jun-17	4.630	0.12	0.00	593,518	0	75,000,000
Jul-17	4.665	0.09	0.00	626,883	0	75,000,000
Aug-17	4.689	0.06	0.00	647,031	0	75,000,000
Sep-17	4.695	0.05	0.00	576,861	0	75,000,000
Oct-17	4.731	0.02	0.00	508,168	0	75,000,000
Nov-17	4.826	0.00	0.00	430,402	0	75,000,000
Dec-17	5.024	0.00	0.00	479,463	0	75,000,000

Min 30,000,000
 Max 75,000,000
 Historical
 Floor 4.75
 Ceiling 6.00
 Beginning Balance 140,000,000

Historical natural gas NYMEX prices with a floor and ceiling and a beginning GANT+ balance of \$140 million. Assumes GANT+ was only plan



AGENDA ITEM 7 – BMWG Activities Status Report

ARP Business Model Working Group

April 19, 2012



Florida Municipal Power Agency

Mark McCain
Assistant General Manager,
Member Services, Human Resources and Public Relations

AGENDA PACKAGE MEMORANDUM

TO: ARP Business Model Working Group
FROM: Mark McCain
DATE: April 16, 2012
ITEM: 7 – BMWG Activities Status Report

Introduction The ARP Business Model Working Group (BMWG) requested that staff prepare a report summarizing the BMWG's activities to date and that the report be included in each BMWG agenda package. Attached is the requested report.

Recommended Action For information only. No action requested.

/mm
Attachment



Florida Municipal Power Agency

SUMMARY REPORT

All-Requirements Project's Business Model Working Group

What	<p>The Florida Municipal Power Agency's (FMPA) All-Requirements Project participants formed an advisory group known as the Business Model Working Group (BMWG).</p> <p>The BMWG is charged with learning and fully understanding the current All-Requirements Project (ARP) business model and how the ARP conducts its business and then, to the extent in that process they believe there are opportunities for achieving greater efficiency, to make suggestions for improvement, which are to be presented to the Executive Committee.</p>													
Who	<p>Twelve out of 14 cities that purchase wholesale electricity from the All-Requirements Project (ARP) volunteered to participate on the BMWG. The participating cities include:</p> <table> <tr> <td>1. Bushnell</td><td>5. Jacksonville Beach</td><td>9. Leesburg</td></tr> <tr> <td>2. Fort Meade</td><td>6. Key West</td><td>10. Newberry</td></tr> <tr> <td>3. Fort Pierce</td><td>7. Kissimmee</td><td>11. Ocala</td></tr> <tr> <td>4. Green Cove Springs</td><td>8. Lake Worth</td><td>12. Starke</td></tr> </table> <p>All members of ARP are invited to participate. The current Chair of the BMWG is Larry Mattern from Kissimmee Utility Authority.</p>		1. Bushnell	5. Jacksonville Beach	9. Leesburg	2. Fort Meade	6. Key West	10. Newberry	3. Fort Pierce	7. Kissimmee	11. Ocala	4. Green Cove Springs	8. Lake Worth	12. Starke
1. Bushnell	5. Jacksonville Beach	9. Leesburg												
2. Fort Meade	6. Key West	10. Newberry												
3. Fort Pierce	7. Kissimmee	11. Ocala												
4. Green Cove Springs	8. Lake Worth	12. Starke												
Why	<ul style="list-style-type: none"> FMPA's Strategic Plan calls for FMPA to "continually evaluate the overall ARP business model and industry trends." This strategy supports the Agency's top goal of being the lowest cost wholesale electricity provider in Florida. Fort Meade, one of the ARP members, suggested conducting such a review in April 2009, and the ARP Executive Committee wished to be responsive to this suggestion. 													
When	<p>May 21, 2009</p> <p>June 25, 2009</p> <p>July 2009 to present</p>	<p>Executive Committee votes to form the BMWG</p> <p>BMWG hosts its first organizational meeting and elects a chair</p> <p>BMWG conducts its review of ARP business model</p>												
How	<p>The BMWG is conducting an in-depth review of topics of its choosing. A summary of the meetings and progress to date is presented in the pages that follow. The information is presented in two formats: 1) BMWG results summarized by topic, and 2) BMWG meeting topics listed by date.</p>													

BMWG Meetings by Topic

Topic	Discussed	Comment/Status
1. All-Requirements contracts	07/31/09	Since ARP has some new members, one of the BMWG's first activities was to review key project contracts. The BMWG discussed the business points embodied in these contracts.
2. Florida Municipal Power Pool (FMPP)	09/01/09 09/23/09	<p>Introduction: The Florida Municipal Power Pool (FMPP) affects a major part of ARP's costs, so the BMWG decided to learn more about the details of how FMPP operates. The BMWG toured OUC's dispatch center where FMPP operations are housed.</p> <p>Result: The BMWG approved three recommendations: 1) open discussion with OUC on the contract for dispatch services in the near future, 2) continue to evaluate and, if appropriate, pursue structuring FMPP as a capacity pool, and 3) continue participation in FMPP and continuously evaluate the benefits of that participation.</p>
3. Fuel hedging	09/23/09 10/09/09 10/22/09	<p>Introduction: The price of natural gas is one of ARP's largest expenses; therefore, this risk needs to be understood and managed responsibly.</p> <p>Action: After a thorough review of alternatives, the BMWG decided to recommend approval of a new hedging policy, known as FMPPA Short-Term (FST), to the Audit and Risk Oversight Committee (AROC) and the Executive Committee. The BMWG recommended implementing the strategy on paper to assess its operation and performance while FST underwent review by other FMPPA committees. The AROC reviewed FST and recommended it for approval to the Executive Committee. The Executive Committee considered the new hedging policy and tabled a decision until August 2010 in order to continue assessing FST's operation and performance. The Executive Committee voted in August 2010 to approve FST and make it part of a revised Natural Gas and Fuel Oil Policy for approval in September 2010. The updated strategy is not designed to remove price volatility but to provide some protection from sudden natural gas price spikes for a portion of ARP's fuel supply, while allowing ARP to more fully participate in a decline price market.</p>
4. Cane Island Unit 4	11/05/09	<p>Introduction: The BMWG requested a discussion on Cane Island Unit 4, specifically the questions about whether to delay or cancel further construction of the unit, or in the alternative, market surplus generating capacity.</p> <p>Action: The BMWG decided to recommend neither a delay nor cancellation of Unit 4 and to report this recommendation with updated delay/cancellation cost estimates to the Executive Committee. The BMWG toured the Cane Island site in May 2010.</p>
5. Integrated Resource Plan	11/05/09	<p>Introduction: FMPPA's Integrated Resource Plan (IRP) is an important process that helps define the ARP's strategy for meeting future electricity demands with the optimal mix of supply-side and demand-side resources that minimizes electricity costs while meeting reliability and other objectives.</p> <p>Result: The FMPPA staff presented its methods, tools and timelines</p>

Topic	Discussed	Comment/Status
		for the upcoming IRP and solicited feedback from the BMWG.
6. Joint action agency arrangements	11/12/09 05/07/10 06/14/10 07/26/10	<p>Introduction: FMPA's Strategic Plan includes a strategy to continually evaluate the overall ARP business model and industry trends (1.5) and, specifically, to benchmark FMPA's performance against other wholesale power providers (1.5.3).</p> <p>Result: The BMWG met with representatives from two joint action agencies to discuss their business models. In addition, a matrix was created comparing FMPA's business model with nine other joint action agencies on more than two dozen aspects, such as power contract terms, operations, governance and more. In addition, a statistical summary for the agencies was created, and five ratios were calculated to compare the agencies on various aspects. This information was reviewed with the BMWG, and additional information requests were finalized and presented to the BMWG in July 2010.</p>
7. Demand-side load management/ demand reduction	12/16/09 02/17/10 03/04/10 04/01/10 07/26/10	<p>Introduction: FMPA's Strategic Plan includes several action items related to reducing peak demand (1.1.1), evaluating rate structures to incentivize demand-side programs (1.4.1), and encouraging distributed generation or other load-offsetting measures (1.4.2).</p> <p>Result: FMPA staff is in the process of seeking input from the BMWG on demand-side management goals and opportunities (see related items "8. Wholesale power rates" and "11 ARP rate structure and demand side management").</p>
8. Wholesale power rates	01/27/10 02/17/10 03/04/10 04/01/10 05/07/10 06/14/10 09/14/10	<p>Introduction: FMPA's Strategic Plan included an action item to examine revising the rate setting methodology to smooth out rate changes (e.g. revise working capital methodology and consider rate stabilization) (1.3.3); therefore, the BMWG is addressing the topics of demand rate volatility and capital cost structures.</p> <p>Action: FMPA's Finance Team presented several alternatives to reduce volatility in the ARP monthly demand rate. The Team recommended a combination of drawing on a line of credit to meet cash flow needs while building a \$30 million fund of contributed equity over several years for rate levelization. After discussion, the BMWG did not reach consensus on a recommended action. The BMWG directed staff to evaluate demand side management to see how this might affect the demand rate structure (see item "11. ARP rate structure and demand side management"). At the BMWG meeting on Sept. 14, 2010, a motion was approved to report to the Executive Committee that the BMWG considered having an All-Requirements Project rate stabilization fund at FMPA, and that the BMWG decided it would not recommend it at this time. At the same meeting, a motion was approved not to increase the 60-days working capital target and to recommend this to the Executive Committee.</p>
9. Wholesale power cost comparison	01/27/10	<p>Introduction: FMPA's number one strategic goal is to be the lowest cost wholesale electricity provider in Florida, so FMPA staff is developing a method for comparing ARP wholesale power costs to other wholesale suppliers.</p> <p>Result: FMPA staff received input from the BMWG on a proposed cost-comparison method and is planning to come back to the BMWG with a refined comparison.</p>

Topic	Discussed	Comment/Status
10. Electricity Conservation Advisory Program	05/07/10	<p>Introduction: At the BMWG meeting on March 4, 2010, Matt Brower from Ocala mentioned that utilities could do a better job of communicating with their customers on peak energy use days to encourage them to voluntarily reduce energy use. As an example of what he envisioned, Mr. Brower mentioned the Homeland Security Advisory System and the Air Quality Index. He asked that FMPA keep this in mind as it investigated demand-side management options.</p> <p>Result: Representatives from Ocala and FMPA created a project to investigate the development of such as project named the Electricity Conservation Advisory Program (ECAP). The ECAP Development Team updated BMWG participants on this activity and invited other potentially interested members to participate. The ECAP Development Team is planning to have the program ready for implementation by winter 2010-2011.</p>
11. ARP rate structure, demand side management and rate-setting methodology	07/26/10 09/14/10 09/30/10 11/09/10 01/10/11 06/01/11	<p>Introduction: Arising out of discussions about wholesale power rates (see item 8), FMPA staff was directed by the BMWG to: 1) develop a strategy to eliminate volatility in the ARP demand rate, and 2) develop an ARP-wide demand side management (DSM) program to defer or delay generation resource acquisitions or additions.</p> <p>Action: FMPA staff was directed to: 1) review options for increasing the working capital, 2) review options for re-allocating fixed costs to make the demand charge equitable, and 3) review DSM alternatives on an ARP-wide basis that the Integrated Resource Plan suggests are potential options. At the BMWG meeting on Sept. 14, 2010, the FMPA staff was directed to develop alternatives for allocating demand costs that is equitable to the 14 All-Requirements cities and that would provide incentives for demand side management. Completing work on the demand charge issue is necessary before considering the third directive of reviewing ARP-wide demand side alternatives. At the BMWG meeting on Sept. 30, 2010, FMPA staff presented information regarding the second directive of reviewing options for re-allocating demand costs. A motion was approved directing staff to further evaluate proposed options, as well as develop additional options, and evaluate the estimated impacts of each, including costs. At the BMWG meeting on Nov. 9, 2010, FMPA staff presented several options for allocating fixed costs in demand rates. The BMWG expressed preference for a load-ratio share allocation determined by a rolling average based on coincident monthly peaks and asked the staff to further evaluate this option using a one-year, two- and three-year average. At the Jan. 1, 2011, meeting, staff presented an analysis of the options and recommended a three-year average for the phase-in period.</p> <p>Regarding the first directive about increasing working capital, at the BMWG meeting on Sept. 14, 2010, a motion was approved to report to the Executive Committee that the BMWG considered having an All-Requirements Project rate stabilization fund at FMPA, and that the BMWG decided it would not recommend it at this time. In addition, at the same meeting, a motion was approved not to increase the 60-days working capital target and to recommend this to the Executive Committee.</p> <p>Regarding the second directive about alternative demand rate structures, at the BMWG meeting on Jan. 10, 2011, a motion was approved to recommend to the Executive Committee that Schedule</p>

Topic	Discussed	Comment/Status
		<p>B-1 be amended effective Feb. 1, 2011, to change the methodology for billing demand-related costs to a load-ratio share allocation determined by a rolling average based on coincident monthly peaks over a three-year period, changing to a one-year average on Oct. 1, 2013. This recommended change was considered by the Executive Committee on Feb. 24, 2011, but the motion did not pass by supermajority, as requested by two members.</p> <p>At the June 1, 2011, meeting, the BMWG discussed the unresolved issue of rate volatility and the desire of some members to have more stability in wholesale rates. A motion was approved directing the BMWG Chair Larry Mattern to ask of the ARP Executive Committee whether it wants the BMWG to investigate other options for reducing volatility in rates. Mr. Mattern led a discussion at the Executive Committee meeting on June 16, 2011, about whether the Executive Committee wanted the BMWG to further examine ways to reduce volatility in rates. The BMWG was instructed to work on it.</p>
12. NERC criteria for demand side management	09/14/10 09/30/10	<p>Introduction: FMPA staff received an e-mail dated Aug. 26, 2010, from a member asking for more information on the topic of operating reserves and, in particular, the use of demand resources to contribute toward operating reserves.</p> <p>Result: FMPA staff addressed the topic in a memorandum that was included in the agenda package for both meetings. Due to time limitations at the first meeting, discussion was postponed until the second meeting. No further action was requested.</p>
13. BMWG activities status report	09/14/10 09/30/10 11/09/10 01/10/11 03/08/11 04/19/11 06/01/11 11/17/11 01/05/12 <u>03/21/12</u>	<p>Introduction: At the BMWG meeting on June 14, 2010, one of the committee members requested that staff prepare a report summarizing the BMWG's activities to date. The member asked that an updated report be included in each BMWG agenda package.</p> <p>Result: The summary report was provided. Due to time limitations at the first meeting, discussion was postponed until the second meeting. Updated reports will be included in future BMWG agenda packages. At the Jan. 10, 2011, meeting, the BMWG reviewed the topics it had discussed to date and selected new topics to be considered at future meetings.</p>
14. Generation fuels	03/08/11	<p>Introduction: The BMWG requested a presentation on FMPA's generation fuels, specifically a briefing on the latest events impacting future fuel costs.</p> <p>Result: FMPA staff presented information about what the operating owners of the All-Requirements Project's jointly owned generating units are doing on the Project's behalf relative to the fuels of coal, natural gas and fuel oil. No further action was requested by the BMWG.</p>
15. Florida Gas Utility	03/08/11	<p>Introduction: The BMWG requested a presentation on Florida Gas Utility (FGU).</p> <p>Result: Katrina V. Warren, General Manager of FGU, gave a presentation on the history, background and daily functions of FGU relative to FMPA's All-Requirements Project. Some of the topics included membership, governance, staffing, cost allocation, transportation, supply, credit, operations, storage, prepaids and future projects. The new projects included: 1) FMPA Capacity Disaggregation, 2) Gas Management system, and 3) GSAP 3. No</p>

Topic	Discussed	Comment/Status
		further action was requested by the BMWG.
16. Public Gas Partners	04/19/11 06/01/11	<p>Introduction: The BMWG requested a presentation on Public Gas Partners (PGP).</p> <p>Result: Susan Reeves, president of PGP and chief financial officer for the Gas Authority of Georgia, joined FMPA staff members Mark Larson and Jim Arntz to present a review of the All-Requirements Project's (ARP) association with PGP. At the June 1, 2011, meeting, the consensus of the BMWG was: 1) they are comfortable with the ARP's current participation in PGP, 2) no direction was given to staff to investigate participation in PGP's Pool 3, 3) staff was directed to continue monitoring PGP for other beneficial opportunities to ARP, and 4) staff was directed to create an ongoing, semi-annual summary-at-a-glance report on the overall performance of FMPA's risk mitigation strategies for natural gas.</p>
17. Credit rating	11/17/11 01/05/12	<p>Introduction: Moody's Investors Service downgraded the credit ratings for two of FMPA's power supply projects on Aug. 9, 2011. FMPA's All-Requirements Project revenue bonds were downgraded to A2 from A1 with a stable rating outlook. To help the BMWG understand Moody's credit conclusion, the Aug. 9 credit analysis was reviewed in detail. In addition, the credit view of one of the All-Requirements Project's major credit providers, Wells Fargo Bank, was presented by Karl Pfeil. Mr. Pfeil is Senior Vice President, Loan Team Managers at Wells Fargo Bank. Prior to joining Wells Fargo, Mr. Pfeil was a Managing Director at Fitch Ratings. Mr. Pfeil was associated with the FMPA credit review effort at Fitch for many years.</p> <p>Result: At the Jan. 5, 2012, meeting, the BMWG reviewed highlights of the Nov. 17, 2011, presentations and opened the floor for member comments and recommendations. The consensus of the group was to look at business model ideas that are the right thing to achieve FMPA's number one strategic goal of being the lowest cost wholesale electricity provider in Florida, but not just do everything on Moody's list, and further, that this conclusion be reported back to the ARP Executive Committee.</p> <p>Interest was expressed in rate smoothing for demand rates and fuel costs, as long as we keep in mind the goal of being the lowest cost wholesale provider. It was discussed that a joint meeting in February 2012 of the ARP Executive Committee and the Audit and Risk Oversight Committee was being planned to evaluate options for smoothing fuel costs. The BMWG decided to set its next meeting after that joint meeting. Also, a request was made of staff to answer the question: "How much liquidity do we need?" Narrative and quantitative answers were requested.</p>
18. Internal Hedging: The GANT Plan	03/21/12	<p>Introduction: As an option for smoothing natural gas costs <u>through internal hedging, the Kissimmee Utility Authority (KUA) proposed the GANT Plan (Gas At Normalized Tabs). At the March 21, 2012, meeting, KUA presented the concept of collecting cash during low natural gas prices and rolling cash back into rates when natural gas prices escalate. The collection and distribution would be automatically controlled by predetermined parameters. This methodology would achieve the collection and redistribution of cash that would tend to normalize energy rates. The BMWG instructed FMPA staff to test the GANT model and report back the results under the scenarios of historic natural gas prices, future natural gas</u></p>

Topic	Discussed	Comment/Status
		<u>cost projections, and a natural gas price spike.</u>

BMWG Meetings by Date

Meeting Date	Topics
1. June 25, 2009	<ul style="list-style-type: none"> Elect a chairperson Review and discuss contractual documents sent to Executive Committee member June 4, 2009
2. July 31, 2009	<ul style="list-style-type: none"> Review and discuss contractual documents sent to Executive Committee member June 4, 2009 (carried over from June 25, 2009 meeting) Review and discussion comments received from Executive Committee members in response to e-mail sent by Nick Guarriello on June 4, 2009
3. Sept. 1, 2009	<ul style="list-style-type: none"> Review and discuss Florida Municipal Power Pool contract Overview presentation of Pool operations Tour of FMPP facilities
4. Sept. 23, 2009	<ul style="list-style-type: none"> Discussion of Florida Municipal Power Pool Hedging presentation – review and discussion
5. Oct. 9, 2009	<ul style="list-style-type: none"> Continued review and discussion on hedging
6. Oct. 22, 2009	<ul style="list-style-type: none"> Continued review and discussion on hedging
7. Nov. 5, 2009	<ul style="list-style-type: none"> Discussion of Integrated Resource Plan (IRP) process Review and discussion of Cane Island Unit 4 project
8. Nov. 12, 2009	<ul style="list-style-type: none"> Review and discussion of other joint action agency arrangements
9. Dec. 16, 2009	<ul style="list-style-type: none"> Discussion on demand side management
10. Jan. 27, 2010	<ul style="list-style-type: none"> Discussion on FMPA wholesale power rates Discussion on wholesale power cost comparison
11. Feb. 17, 2010	<ul style="list-style-type: none"> Discussion on FMPA wholesale power rates Discussion on demand side load management/demand reduction
12. March 4, 2010	<ul style="list-style-type: none"> Discussion on FMPA wholesale power rates Discussion on demand side load management/demand reduction
13. April 1, 2010	<ul style="list-style-type: none"> Discussion on demand side load management/demand reduction Discussion on FMPA wholesale power rates
14. May 7, 2010	<ul style="list-style-type: none"> Discussion on FMPA wholesale power rates Update on FMPA's response to Ocala's suggestion about communicating with customers on peak energy use days Review and discussion of other joint action agency arrangements
15. June 14, 2010	<ul style="list-style-type: none"> Review and discussion of other joint action agency arrangements Discussion on FMPA wholesale power rates
16. July 26, 2010	<ul style="list-style-type: none"> Update on other joint action agency arrangements Discussion on ARP rate structure and demand side management
17. Sept. 14, 2010	<ul style="list-style-type: none"> Discussion on ARP rate structure and demand side management NERC criteria for demand side management (member requested) BMWG activities status report

Meeting Date	Topics
18. Sept. 30, 2010	<ul style="list-style-type: none"> • NERC criteria for demand side management (member requested) • BMWG activities status report • Alternative fixed cost allocators/capacity demand charges for the ARP
19. Nov. 9, 2010	<ul style="list-style-type: none"> • Alternative fixed cost allocators/demand rate structure alternatives • BMWG activities status report
20. Jan. 10, 2011	<ul style="list-style-type: none"> • Alternative fixed cost allocators/demand rate structure alternatives • BMWG activities status report
21. March 8, 2011	<ul style="list-style-type: none"> • Discussion of FMPA's generation fuel mix • Presentation on Florida Gas Utility (FGU) • BMWG activities status report
22. April 19, 2011	<ul style="list-style-type: none"> • Discussion of Public Gas Partners • BMWG activities status report
23. June 1, 2011	<ul style="list-style-type: none"> • Review of April 19, 2011, PGP presentation/discussion • Discussion of ARP rates • BMWG activities status report
24. Nov. 17, 2011	<ul style="list-style-type: none"> • Review and discussion of Moody's ARP bond rating downgrade • ARP credit rating remarks – Karl Pfeil, Wells Fargo • BMWG activities status report
25. Jan. 5, 1012	<ul style="list-style-type: none"> • Moody's ARP rating presentation from Nov. 17 meeting – review and discussion • BMWG activities status report
26. <u>March 21, 1012</u>	<ul style="list-style-type: none"> • <u>Kissimmee Utility Authority's Proposal – GANT Plan</u> • <u>BMWG activities status report</u>

AGENDA ITEM 8 – Set Next Meeting Date

ARP Business Model Working Group

April 19, 2012

AGENDA ITEM 9 – Member Comments

ARP Business Model Working Group

April 19, 2012