



## **FINANCE COMMITTEE**

### **AGENDA PACKAGE**

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**June 25, 2019**

**9:00 a.m.**

**Dial-in Info 877-668-4493 or 650-479-3208**

**Meeting Number 736 965 480**

#### **Committee Members**

Karen Nelson, Jacksonville Beach – Chairperson  
Jody Young, Bushnell  
Nina Penick, Fort Pierce  
Howard McKinnon, Havana  
Barbara Quiñones, Homestead  
Jack Wetzler, Key West  
Larry Mattern, Kissimmee  
Jim Williams, Leesburg  
Steve Langley, Mount Dora  
Dallas Lee, Newberry  
James Braddock, Wauchula

#### **Meeting Location**

**Florida Municipal Power Agency 8553  
Commodity Circle Orlando, FL 32819**

**(407) 355-7767**



Linda S. Howard, CPA, CTP  
Chief Financial Officer

# MEMORANDUM

TO: FMPA Finance Committee  
FROM: Linda S. Howard  
DATE: June 18, 2019  
SUBJECT: FMPA Telephonic Finance Committee Meeting  
**Tuesday, June 25, 2019 at 9:00 a.m.**  
PLACE: Florida Municipal Power Agency Board Room, 8553 Commodity Circle,  
Orlando, FL 32819

**DIAL-IN INFORMATION: 877-668-4493 or 650-479-3208, Meeting # 736 965 480**  
**(If you have trouble connecting via phone or internet, please call 407-355-7767)**

*Chairperson Karen Nelson, Presiding*

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LSH/pa

The participants in the above referenced public meeting will conduct the public meeting by telephone, via a telephone conference hookup. There will be a speaker telephone made available for any interested person to attend this public meeting and be fully informed of the discussions taking place by telephone conference hookup at FMPA’s headquarters, located at 8553 Commodity Circle, Orlando, Florida 32819-9002. 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. Any interested person may contact FMPA for more information on this public meeting by calling (850) 297-2011 or (877) 297-2012 or writing to: Open Government Law Compliance Coordinator, Florida Municipal Power Agency, 2061-2 Delta Way, Post Office Box 3209, Tallahassee, Florida 32315-3209.

**AGENDA ITEM 1 - CALL TO ORDER,  
ROLL CALL, DECLARATION OF  
QUORUM**

**Finance Committee Meeting  
June 25, 2019**

**AGENDA ITEM 2 – RECOGNITION OF  
GUESTS**

**Finance Committee Meeting  
June 25, 2019**

**AGENDA ITEM 3 – PUBLIC  
COMMENTS (Individual Public  
Comments Limited to 3 Minutes)**

**Finance Committee Meeting  
June 25, 2019**

**AGENDA ITEM 4 – SET AGENDA (By  
Vote)**

**Finance Committee Meeting  
June 25, 2019**

**AGENDA ITEM 5 – APPROVAL OF  
MINUTES**

- a. **Approval of Minutes – Finance  
Committee Minutes – Meeting  
Held May 29, 2019, Audit  
Services Presentation Minutes  
- June 4, 2019, Audit Services  
Presentation Minutes - June 5,  
2019 and Finance Committee  
Minutes – Meeting Held June  
10, 2019**

**Finance Committee Meeting  
June 25, 2019**



CLERKS DULY NOTIFIED .....MAY 29, 2019  
AGENDA PACKAGE SENT TO MEMBERS .....MAY 21, 2019

**MINUTES**  
**FINANCE COMMITTEE MEETING**  
**WEDNESDAY, MAY 29, 2019**  
**FLORIDA MUNICIPAL POWER AGENCY**  
**8553 COMMODITY CIRCLE**  
**ORLANDO, FL**

**PARTICIPANTS**

**PRESENT**

Karen Nelson	-	Jacksonville Beach
Nina Penick	-	Fort Pierce
Howard McKinnon	-	Havana
Jack Wetzler	-	Key West
Larry Mattern	-	Kissimmee
Jim Williams	-	Leesburg (via telephone)
Karen White	-	Ocala (via telephone)
James Braddock	-	Wauchula

**PARTICIPANTS**  
**ABSENT**

<b>Jody Young</b>	-	<b>Bushnell</b>
<b>Barbara Quñones</b>	-	<b>Homestead</b>
<b>Steve Langley</b>	-	<b>Mount Dora</b>
<b>Dallas Lee</b>	-	<b>Newberry</b>

**OTHERS**  
**PRESENT**

Craig Dunlap, Dunlap and Associates, Inc.

**STAFF PRESENT**

Jacob Williams, General Manager and CEO  
Jody Finklea, General Counsel and CLO  
Ken Rutter, Chief Operating Officer  
Linda Howard, Chief Financial Officer  
Mark McCain, Assistant General Manager of Public Relations and Member Services  
Carol Chinn, Chief Information Security Officer  
Rich Popp, Treasurer and Risk Director  
Justin Harris, Environmental Engineer  
Paige Arnett, HR Assistant  
Sue Uteley, Executive Asst./Asst. Secy. to the Board  
Sharon Adams, HR Director  
Danyel Sullivan-Marrero, Controller  
Liyuan Woerner, Audit Manager  
Luis Cruz, IT Manager  
Rattanak Srun, Systems Administrator  
Isabel Montoya, Information technology Specialist  
Jason Wolfe, Accounting and Financial  
Denise Fuentes, Financial Analyst  
Steve Ruppel, Senior Financial Analyst

## **ITEM 1 – Call to Order, Roll Call and Declaration of Quorum**

Chairperson Karen Nelson, Jacksonville Beach, called the FMPA Finance Committee Meeting to order at 9:31 a.m. on Wednesday, May 29, 2019, in the Frederick M. Bryant Board Room at FMPA, 8553 Commodity Circle, Orlando, Florida. The roll was taken, and a quorum was declared with 8 of 12 members present. Two recesses were taken from 10:30 a.m. to 10:41 a.m. and 12:02 p.m. to 12:36 p.m.

## **ITEM 2 – RECOGNITION OF GUESTS**

None.

## **ITEM 3 – PUBLIC COMMENTS (INDIVIDUAL PUBLIC COMMENTS LIMITED TO 3 MINUTES)**

None.

## **ITEM 4 – SET AGENDA (BY VOTE)**

**MOTION:** Larry Mattern, Kissimmee, moved approval of the agenda as presented. Jack Wetzler, Key West, seconded the motion. Motion carried 8-0.

## **ITEM 5 – APPROVAL OF MINUTES**

### **5a – Approval of Minutes – Finance Committee Meeting Held April 17, 2019**

**MOTION:** Howard McKinnon, Havana, moved approval of the minutes as presented. Karen White, Ocala, seconded the motion. Motion carried 8-0.

## **ITEM 6 – CHAIRPERSON'S REMARKS**

Chairperson Karen Nelson, Jacksonville Beach, thanked everyone for taking their time to attend the Finance Committee Meeting in person or by phone.

## **ITEM 7 – ACTION ITEMS**

### **7a - Approval of the FY2020 Agency Fund Budget for recommendation to the Executive Committee for approval (Denise Fuentes)**

**MOTION:** Larry Mattern, Kissimmee, moved approval of the FY2020 Agency budget for recommendation to the Executive Committee for approval. Nina Penick, Fort Pierce, seconded the motion. Motion carried 8-0.

### **7b- Approval of the FY2020 Agency Allocation for recommendation to the Board of Directors for approval (Denise Fuentes)**

**MOTION:** Jack Wetzler, Key West, moved approval of the FY2020 Agency Allocation for recommendation of the same to the Board of Directors for approval. Howard McKinnon, Havana, seconded the motion. Motion carried 8-0.

**7c- Review and approval of the FY2020/FY2021 All-Requirements Power Supply Project Budget for recommendation to the Executive Committee for approval (Jason Wolfe)**

Jack Wetzler, Key West, said he is comfortable monitoring the budget and looking at it further and is comfortable with approving it.

**MOTION:** Howard McKinnon, Havana, moved approval of the FY2020 All-Requirements Power Supply Project budget and FY2021 budget plan for recommendation of the same to the Executive Committee for approval. Larry Mattern, Kissimmee, seconded the motion. Motion carried 8-0.

**7d- Review and approval of the FY2020/FY2021 St. Lucie Project Budget for recommendation to the Board of Directors for approval (Jason Wolfe)**

**MOTION:** Howard McKinnon, Havana, moved approval of the FY2020 St. Lucie Project budget and FY2021 budget plan for recommendation of the same to the Board of Directors for approval. Nina Penick, Fort Pierce, seconded the motion. Motion carried 8-0.

**7e- Review and approval of the FY2020/FY2021 Stanton Project Budget for recommendation to the Board of Directors for approval (Jason Wolfe)**

Jacob Williams, General Manager and CEO, discussed that FMPA is having ongoing discussions with OUC because the Stanton plant has high operating costs.

**MOTION:** Larry Mattern, Kissimmee, moved approval of the FY2020 Stanton Project budget and FY2021 budget plan for recommendation of the same to the Board of Directors for approval. Karen White, Ocala, seconded the motion. Motion carried 8-0.

**7f- Review and approval of the FY2020/FY2021 Tri-City Project Budget for recommendation to the Board of Directors for approval (Jason Wolfe)**

**MOTION:** Howard McKinnon, Havana, moved approval of the FY2020 Tri-City Project budget and FY2021 budget plan for recommendation of the same to the Board of Directors for approval. Nina Penick, Fort Pierce, seconded the motion. Motion carried 8-0.

**7g- Review and approval of the FY2020/FY2021 Stanton II Project Budget for recommendation to the Board of Directors for approval (Jason Wolfe)**

**MOTION:** Jack Wetzler, Key West, moved approval of the FY2020 Stanton II Project budget and FY2021 budget plan for recommendation of the same to the Board of Directors for approval. Nina Penick, Fort Pierce, seconded the motion. Motion carried 8-0.

**7h- Review and approval of the FY2020/FY2021 Solar Project Budget for recommendation to the Board of Directors for approval (Jason Wolfe)**

**MOTION:** Nina Penick, Fort Pierce, moved approval of the FY2020 Solar Project budget and FY2021 budget plan for recommendation of the same to the Board of Directors for approval. Karen White, Ocala, seconded the motion. Motion carried 8-0.

**7i- Pooled Loan Project update, bank selection and review and approval of the budget for recommendation to the Board of Directors for approval (Linda Howard)**

Linda Howard, CFO, led a discussion of this item.

Craig Dunlap, Dunlap and Associates, gave his recommendation that it is helpful to have two banks and more capacity. He also mentioned that it's not a good time to borrow with variable rates.

**MOTION 1:** Howard McKinnon, Havana, moved to approve the selection of Bank of America (BofA) if BofA matched the fees and charges of Capital Bank, if not, Capital Bank will be the only selected bank. Larry Mattern, Kissimmee, seconded the motion. Motion carried 8-0.

**MOTION 2:** Jack Wetzler, Key West, moved approval of the Pooled Loan Project FY2020 budget and FY2021 budget plan and recommendation of the same to the Board of Directors for approval. Nina Penick, Fort Pierce, seconded the motion. Motion carries 8-0.

**7j- Approval of Extension of LOC's with Wells and JPM and recommendation to the Executive Committee (Rich Popp)**

**MOTION:** Jack Wetzler, Key West, moved the approval of the Extension of Lines of Credit with Wells Fargo Bank and JP Morgan and recommendation of the same to the Executive Committee for approval. Howard McKinnon, Havana, seconded the motion. Motion carries 8-0.

**ITEM 8 – INFORMATION ITEMS**

**8a - Review of External Audit RFP and recommendation to the Board (or subsequent meeting) (Danyel Sullivan-Marrero)**

Danyel Sullivan-Marrero, Controller, reviewed the External Audit RFP. Twenty firms were sent direct emails, and eight statements of interest were received. Six proposals were received, and three firms were selected to review further. The three firms selected to review further are Baker Tilly Virchow Krause, Cherry Bekaert, and Purvis Gray and Company.

James Braddock, Wauchula, recommended that our current audit firm be used because Wauchula went through three RFP's and chose the same audit firm after doing research. He mentioned that the new audit firm has a hard time connecting, resulting in audit failure and increase in work load for staff.

Jack Wetzler, Key West, commented that it was great to go out for an RFP for a new audit firm and recommended that an RFP should be done every five years.

Interviews will be set up for the top 3 firms. Finance Committee members will be invited to listen in if they choose, but will not be required to listen in. A subsequent call in meeting will be scheduled for June 7<sup>th</sup> to vote on the audit firm to be submitted to the Board based on staff's recommendation.

**8b - Environmental Report (Justin Harris)**

Justin Harris, Environmental Engineer, reviewed the environmental report for FY 2018.

**ITEM 9 – REPORTS**

**9a - FGU Storage Management Reports**

FGU Storage Management Report was included in the package for review with no questions or request for discussion.

**ITEM 10 – COMMENTS**

Chairperson Karen Nelson, Jacksonville Beach, thanked Linda Howard and her team for the documents included in the Finance Committee agenda package as well as staying on schedule for the budget. Jacob Williams mentioned that the budget will be presented at the June Board of Directors and Executive Committee meetings.

**ITEM 11 – ADJOURNMENT**

There being no further business the meeting was adjourned at 1:04p.m.

Approved:     Date

KN/pa

CLERKS DULY NOTIFIED .....May 29, 2019  
AUDIT SERVICES PRESENTATION SENT TO MEMBERS..... June 4, 2019

**MINUTES**  
**FMPA TELEPHONIC AUDIT SERVICES**  
**PRESENTATION – BAKER TILLY VIRCHOW**  
**KRAUSE, LLP**  
**TUESDAY, JUNE 4, 2019**  
**FLORIDA MUNICIPAL POWER AGENCY**  
**8553 COMMODITY CIRCLE**  
**ORLANDO, FL**

**PARTICIPANTS**

**PRESENT**

Karen White	-	Ocala (via telephone)
James Braddock	-	Wauchula (via telephone)

**PARTICIPANTS**  
**ABSENT**

Karen Nelson	-	Jacksonville Beach
Howard McKinnon	-	Havana
Larry Mattern	-	Kissimmee
Jim Williams	-	Leesburg
Nina Penick	-	Fort Pierce
Jack Wetzler	-	Key West
Steve Langley	-	Mount Dora
Jody Young	-	Bushnell
Barbara Quinones	-	Homestead
Dallas Lee	-	Newberry

**OTHERS**  
**PRESENT**

Jodi Dobson	-	Baker Tilly Virchow Krause, LLP (Via Video Conf)
Ryan O'Donnell	-	Baker Tilly Virchow Krause, LLP (Via Video Conf)

**STAFF PRESENT**

Linda Howard, Chief Financial Officer  
Danyel Sullivan- Marrero, Controller  
Sharon Adams, HR Director (via telephone)  
Rich Popp, Treasurer and Risk Director  
Ed Nunez, Assistant Treasurer/Debt  
Jim Arntz, Sr. Accountant/Rate Analyst  
Liyuan Woerner, Audit Manager  
Ellen Leatherman, Accountant II  
Paige Arnett, HR Assistant  
Sue Utley, Executive Asst./Asst. Secy. to the Board

**ITEM 1 – Call to Order. Identification of Attendees**

Danyel Sullivan-Marrero, FMPA, called the FMPA Telephonic Audit Services Presentation to order at 1:05 p.m. on Tuesday, June 4, 2019, in the 1<sup>st</sup> Floor Conference Room at FMPA, 8553 Commodity Circle, Orlando, Florida. The roll was taken with 2 members in attendance. Danyel Sullivan Marrero, FMPA, welcomed all attendees and Baker Tilly Virchow Krause, LLP.

**ITEM 2 – Audit Services Presentation**

Presentation and introduction to Baker Tilly Virchow Krause, LLP by Jodi Dobson and Ryan O'Donnell.

**ITEM 3 – ADJOURNMENT**

There being no further business, the meeting was adjourned at 1:47 p.m.

Approved:     Date

KN/pa

CLERKS DULY NOTIFIED..... MAY 29, 2019  
AUDIT SERVICES PRESENTATION SENT TO MEMBERS..... June 4, 2019

**MINUTES**  
**TELEPHONIC FINANCE COMMITTEE AUDIT**  
**SERVICES PRESENTATION – CHERRY BEKAERT**  
**WEDNESDAY, JUNE 5, 2019**  
**FLORIDA MUNICIPAL POWER AGENCY 8553**  
**COMMODITY CIRCLE**  
**ORLANDO, FL**

**PARTICIPANTS**

<b>PRESENT</b>	James Braddock	-	Wauchula
	Karen White	-	Ocala (Via Telephone)
	Jody Young	-	Bushnell (Via Telephone)
	Nina Penick	-	Fort Pierce (Via Telephone)

**PARTICIPANTS**

<b>ABSENT</b>	Karen Nelson	-	Jacksonville Beach
	Howard McKinnon	-	Havana
	Jack Wetzler	-	Key West
	Larry Mattern	-	Kissimmee
	Jim Williams	-	Leesburg
	Barbara Quinones	-	Homestead
	Steve Langley	-	Mount Dora
	Dallas Lee	-	Newberry

**OTHERS**

<b>PRESENT</b>	Scott Hotop	-	Cherry Bekaert
	Richard Crawford	-	Cherry Bekaert
	Ron Conrad	-	Cherry Bekaert
	Brandi Grovac	-	Cherry Bekaert
	Brian Liffick	-	Cherry Bekaert

**STAFF PRESENT**

Linda Howard, Chief Financial Officer  
Danyel Sullivan- Marrero, Controller  
Rich Popp, Treasurer and Risk Director  
Ed Nunez, Assistant Treasurer/Debt  
Jim Arntz, Sr. Accountant/Rate Analyst  
Gary Fisk, Accountant II  
Ellen Leatherman, Accountant II  
Liyuan Woerner, Audit Manager (Via Telephone)  
Sue Utley, Executive Asst./Asst. Secy. to the Board



**ITEM 1 – Call to Order, Identification of Attendees**

**Danyel Sullivan-Marrero, FMPA, called the FMPA Telephonic Audit Services Presentation to order at 9:32 a.m. on Wednesday, June 5, 2019, in the 1<sup>st</sup> Floor Conference Room at FMPA, 8553 Commodity Circle, Orlando, Florida. The roll was taken with 4 members in attendance.**

Danyel Sullivan Marrero, FMPA, welcomed all attendees and Cherry Bekaert.

**ITEM 2 – Audit Services Presentation**

Presentation and introduction to Cherry Bekaert by Ron Conrad, Engagement Partner, Scott Hotop, IT Audit Senior Manager, Richard Crawford, Engagement Manager, Brian Liffick, Audit Manager and Brandi Grovac, Audit Manager.

**ITEM 3 – ADJOURNMENT**

There being no further business, the meeting was adjourned at 10:27 a.m.

Approved:     Date

KN/pa

**CLERKS DULY NOTIFIED..... MAY 29, 2019**  
**AUDIT SERVICES PRESENTATION SENT TO MEMBERS..... June 4, 2019**

**MINUTES**  
**TELEPHONIC FINANCE COMMITTEE AUDIT**  
**SERVICES PRESENTATION – PURVIS GRAY AND**  
**COMPANY**  
**WEDNESDAY, JUNE 5, 2019**  
**FLORIDA MUNICIPAL POWER AGENCY 8553**  
**COMMODITY CIRCLE**  
**ORLANDO, FL**

**PARTICIPANTS**

<b>PRESENT</b>	Jody Young	-	Bushnell (Via Telephone)
	Nina Penick	-	Fort Pierce (Via Telephone)
	Karen White	-	Ocala (Via Telephone)

**PARTICIPANTS**

<b>ABSENT</b>	Karen Nelson	-	Jacksonville Beach
	Howard McKinnon	-	Havana
	Jack Wetzler	-	Key West
	Larry Mattern	-	Kissimmee
	Jim Williams	-	Leesburg
	James Braddock	-	Wauchula
	Barbara Quinones	-	Homestead
	Steve Langley	-	Mount Dora
	Dallas Lee	-	Newberry

**OTHERS**  
**PRESENT**

Matt Ganoe	-	Purvis Gray & Company
Mark White	-	Purvis Gray & Company
Helen Painter	-	Purvis Gray & Company

**STAFF PRESENT**

Linda Howard, Chief Financial Officer  
Danyel Sullivan- Marrero, Controller  
Rich Popp, Treasurer and Risk Director  
Ed Nunez, Assistant Treasurer/Debt  
Jim Arntz, Sr. Accountant/Rate Analyst  
Gary Fisk, Accountant II  
Ellen Leatherman, Accountant II  
Sue Utley, Executive Asst./Asst. Secy. to the Board

**ITEM 1 – Call to Order, Roll Call, Identification of Attendees**

**Danyel Sullivan-Marrero, FMPA, called the FMPA Telephonic Audit Services Presentation to order at 11:01 a.m. on Wednesday, June 5, 2019, in the 1<sup>st</sup> Floor Conference Room at FMPA, 8553 Commodity Circle, Orlando, Florida. The roll was taken with 3 members in attendance.**

Danyel Sullivan Marrero, FMPA, welcomed all attendees and Purvis Gray & Company.

**ITEM 2 – Audit Services Presentation**

Presentation and introduction to Purvis Gray & Company by Mark White, Consulting Partner, Hellen Painter, Partner in Charge of Audit and Matt Ganoë, CPA.

**ITEM 3 – ADJOURNMENT**

There being no further business, the meeting was adjourned at 12:10 p.m.

Approved:     Date

KN/pa

CLERKS DULY NOTIFIED ..... June 7, 2019  
AUDIT SERVICES PRESENTATION SENT TO MEMBERS.....June 4, 2019

**MINUTES  
TELEPHONIC FINANCE COMMITTEE MEETING  
MONDAY, JUNE 10, 2019  
FLORIDA MUNICIPAL POWER AGENCY  
8553 COMMODITY CIRCLE  
ORLANDO, FL**

**PARTICIPANTS**

<b>PRESENT</b>	Karen Nelson	-	Jacksonville Beach (via telephone)
	Howard McKinnon	-	Havana (via telephone)
	Larry Mattern	-	Kissimmee (via telephone)
	Jim Williams	-	Leesburg ( via telephone)
	Karen White	-	Ocala (via telephone)
	James Braddock	-	Wauchula (via telephone)
	Barbara Quinones	-	Homestead (via telephone)
	Dallas Lee	-	Newberry (via telephone)

<b>PARTICIPANTS ABSENT</b>	<b>Nina Penick</b>	-	<b>Fort Pierce</b>
	<b>Jack Wetzler</b>	-	<b>Key West</b>
	<b>Steve Langley</b>	-	<b>Mount Dora</b>
	<b>Jody Young</b>	-	<b>Bushnell</b>

<b>OTHERS PRESENT</b>	Craig Dunlap	Dunlap and Associates, Inc.
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**STAFF PRESENT**

Danyel Sullivan- Marrero, Controller  
Sharon Adams, HR Director  
Ed Nunez, Assistant Treasurer/Debt  
Gary Fisk, Accountant II  
Jim Arntz, Sr. Accountant/Rate Analyst  
Wuilmark Salcedo, Department Specialist Coordinator  
Liyuan Woerner, Audit Manager  
Ellen Leatherman, Accountant II

**ITEM 1 – Call to Order, Roll Call and Declaration of Quorum**

Chairperson Karen Nelson, Jacksonville Beach, called the FMPA Finance Committee Meeting to order at 10:16 a.m. on Monday, June 10, 2019. The roll was taken, and a quorum was declared with 8 of 12 members present.

**ITEM 2 – RECOGNITION OF GUESTS**

None

**ITEM 3 – PUBLIC COMMENTS (INDIVIDUAL PUBLIC COMMENTS LIMITED TO 3 MINUTES)**

None

**ITEM 4 – SET AGENDA (BY VOTE)**

Meeting set as presented.

**ITEM 5 – CHAIREPERSON’S REMARKS**

None

**ITEM 6 – ACTION ITEMS**

**6a- Approval of and recommendation to the Board of Directors of FMPA’s External Auditors**

**Danyel Sullivan-Marrero gave an update from the External Auditor RFP evaluation committee recommending Cherry Bekaert as FMPA’s external auditor for 2019. Discussion ensued.**

**MOTION:** Howard McKinnon, Havana moved to approve Purvis Gray and Company as the Finance Committee’s choice to continue as FMPA’s external audit firm with a contract beginning with fiscal year 2019 for a three-year term, with 2 one-year renewal options. Larry Mattern, Kissimmee, seconded the motion. Motion carried 7-1.

**MOTION:** Barbara Quinones, Homestead, moved approval and recommendation to the Board of Directors of FMPA’s External Auditors with the condition that Purvis Gray and Company partner be shifted to someone who has not previously led an FMPA audit effort or been involved with the FMPA audit. Howard McKinnon, Havana, seconded the motion. Motion carried 8-0.

**ITEM 7 – INFORMATION ITEMS**

None.

**ITEM 8 – COMMENTS**

None.

**ITEM 9 – ADJOURNMENT**

There being no further business, the meeting was adjourned at 10:55 a.m.

Approved:     Date

KN/pa

**AGENDA ITEM 6 – CHAIRPERSON'S  
REMARKS**

**Finance Committee Meeting  
June 25, 2019**

# **NO ACTION ITEMS**

## **AGENDA ITEM 7 – ACTION ITEMS**

**Finance Committee Meeting  
June 25, 2019**

**AGENDA ITEM 8 – INFORMATION  
ITEMS**

- a. Final Capital Appreciation Bonds  
Report**

**Finance Committee Meeting  
June 25, 2019**





# **St. Lucie Project Portfolio Final Capital Appreciation Bond (CABs) Report**

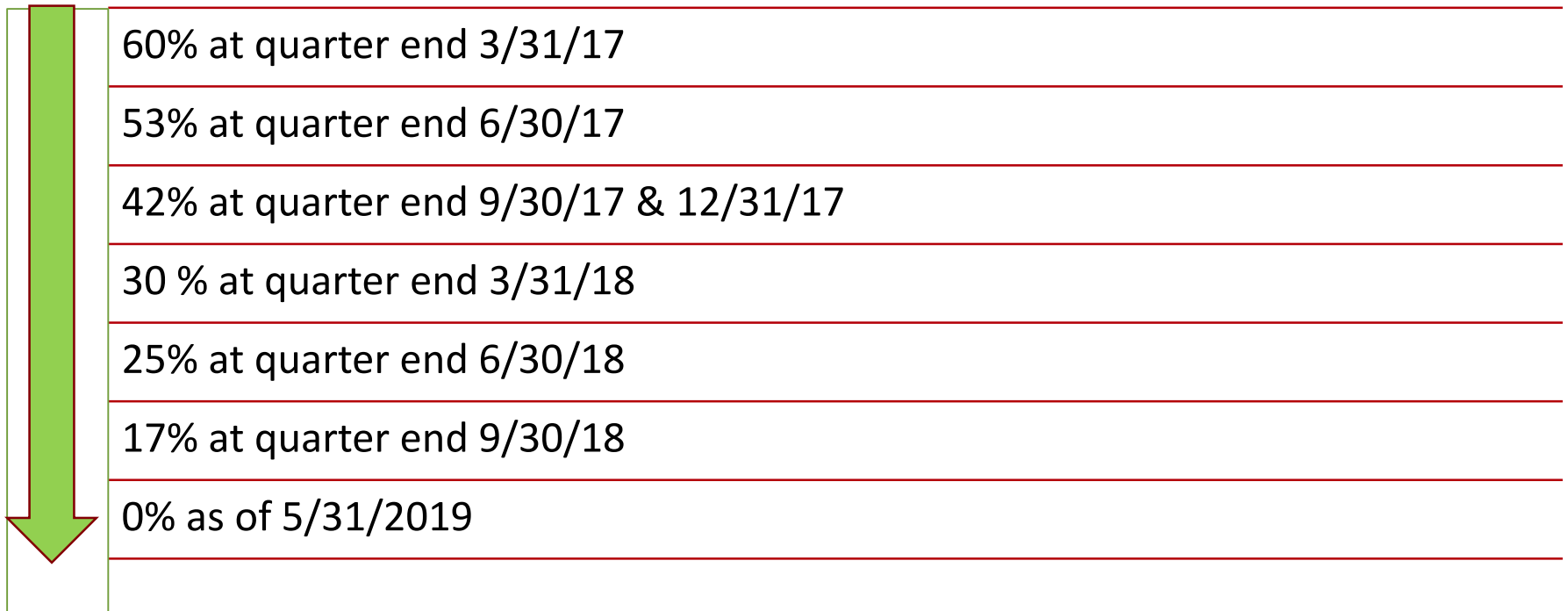
Finance Committee

June 25, 2019

# Percentage Reduction

*March 2017 – May 2019*

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# Reduction of CA Bonds

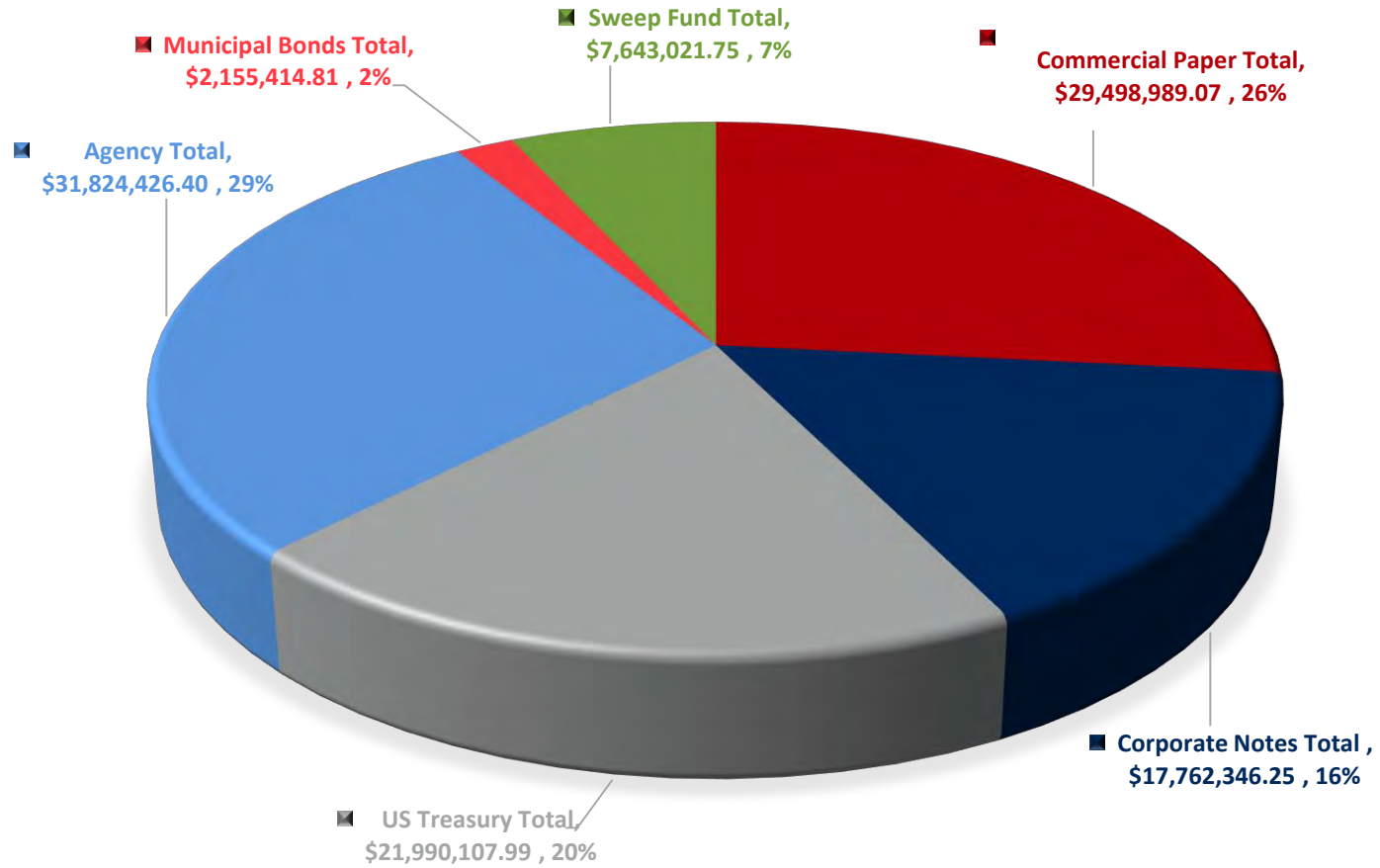
5/31/2019

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As of 5/31/2019 the St. Lucie portfolio no longer holds CABs. The CABs were sold as part of the St. Lucie debt reduction strategy.

The portfolio consists solely of Coupon Municipal Bonds, Agency Securities, Commercial Paper, Corporate Notes, US Treasury securities, Money Market, and remains prudently diversified.

# ST. LUCIE PORTFOLIO





# Questions?

**AGENDA ITEM 8 – INFORMATION  
ITEMS**

**b. Audit Schedule for the Remainder  
of 2019**

**Finance Committee Meeting  
June 25, 2019**



## **8b – Audit Schedule for Remainder of 2019**

Finance Committee

June 25, 2019

# Risk Policy Review

Risk Policy Compliance Review Schedule		
Month Order	Policy	Compliance Form Due
1	Insurance Program Policy	January
2	Contingency Policy	February
2	Planning Policy	February
3	Natural Gas Policy	March
4	Origination Policy	April
5	Credit Policy	May
5	FMPA Risk Policy Review	May
6	Statutory Regulatory Policy	June
7	Investment Policy	July
8	Accounting Policy	August
10	Asset Management and Operations Policy	October
11	Records Management	November
11	IT Policy	November
12	Debt Policy	December
12	Human Resource Policy	December



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# Operational and YE Audits

- Credit Card Audit
- St. Lucie Unit 2 Audit
- FMPPA External Audit Assistance



## Discussion

**AGENDA ITEM 8 – INFORMATION  
ITEMS**

**c. Risk Management Policy  
Compliance Review**

**Finance Committee Meeting  
June 25, 2019**



# **8c – Risk Management Policy Compliance Reviews**

Finance Committee

June 25, 2019

# Finance Committee Responsibility

## *Risk Management Policies*

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- The mission of the Finance Committee (FC) is to oversee the administration of the Risk Management Policy including all appendices (each appendix covers a specific risk area at FMPA)
- To fulfill this mission , the FC shall regularly hear reports form staff on the risk management activities including detailed reports from staff
- Internal Audit staggers the policy reviews such that each area is reviewed once a year
- See list on next page

# Risk Areas Identified

## *Appendices in the Risk Management Policy*

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Risk Area	Appendix
Fuel Management	Appendix A
Debt Management Investment	Appendix B
Investment Management	Appendix C
Insurance Program Management	Appendix D
Credit Risk Management	Appendix E
Contract Administration	Appendix F
Statutory and Regulatory Matters	Appendix G
Power Supply and Resource Planning	Appendix H
Asset Management and Operations	Appendix I
Accounting and Internal Controls	Appendix J
Origination Transaction Management	Appendix K
Records Management	Appendix L
Contingency Planning	Appendix M
Human Resource Management	Appendix N
Information Technology	Appendix O

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# Summary of Policy Review Process

- Policies are reviewed annually to
  - Determine operational and effectiveness assessment
  - Increased awareness and compliance
  - Serve as a tool for revision of policies as necessary

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# Policies Covered This Cycle

- Insurance Program Policy
- Contingency Policy
- Power Supply and Resource Planning Policy
- Fuel Management Policy
- Origination Policy



# Insurance Policy

## *Major Areas Covered*

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- The Treasurer and Risk Manager is designated as the Agency Risk Manager
- Reviews overall business activity of the Agency to ensure adequate property and liability insurance (does not include workers compensation)
- Requires a competitive selection process for insurance services providers
- Requires Agency Risk Manager (and team) review of contracts >\$10MM
- Requires an annual insurance report be developed

# Contingency Policy

## *Major Areas Covered*

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- The General Manager shall have general overall responsibility of this policy
- Requires necessary plans be in place for the continued operation of the Agency during (if applicable) and following an Event (natural or man made disaster)
- Requires that plans for Event scenarios shall be tested via drills or other simulations at least once every two years

# Power Supply and Resource Planning

## *Major Areas Covered*

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- Authority is delegated to the Chief Operating Officer to create procedures in support of and to administer this policy
- Planning for long-term resources to meet electrical load requirements shall consider all available reasonable alternatives
- Requires an Integrated Resource Planning (“IRP”) process be conducted and the results presented to the EC no less than every other year

# Fuel Management Policy

## *Major Areas Covered*

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- COO or designee and the Agency Risk manager are responsible for appropriate procedures related to this policy
- FMPA is granted authority to enter into natural gas transportation contracts, storage agreements, or physical purchase and sales contract commitments
- Policy sets defined limits for natural gas volumes
- Defines which individuals can execute trades
- Requires a Generation Review & Assessment Management (“GR&A”) Group which includes designated staff from the risk and generation areas

# Origination Policy

## *Major Areas Covered*

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- Authority is delegated to the COO to create procedures to administer this policy
- FMPA shall follow all applicable laws and/or regulations concerning the origination of Commodity transactions
  - Commodity shall include natural gas and fuel oil used as fuel for generating electricity, electric energy, power capacity, ancillary services, and transmission capacity, firm and/or interruptible natural gas pipeline and storage capacity, firm and/or interruptible, emissions, allowances, energy credits, etc.
- FMPA shall utilize a natural gas fuel Agent for daily physical natural gas trading and scheduling functions
- Establishes the capacity reserve target level at or above 15%

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# Review Result

- Based on our review, there were no exceptions noted for Policies covered during this review cycle



## Discussion

FMPA Risk Management Department  
Policy Compliance Review  
**Insurance Program Policy (Appendix D)**

This Policy compliance review is conducted by the Risk Management Department to assess the status of risk management practices for the time period noted below. The Risk Management Department completes this form and submits to responsible manager(s) for additional information and comment. Documentation or attestation of compliance may be required during this review. The final form is submitted to the appropriate Assistant General Manager and the General Manager prior to being presented to the Audit and Risk Oversight Committee as an information item.

**Review period: January 2018 to December 2018**

**Responsible Manager(s): Rich Popp, Treasurer and Risk Director**

<i>Policy Compliance:</i> Indicate whether the following items required in the Insurance Program Policy were completed during the review period.			
REQUIREMENT	YES	NO	EXPLANATION
Deviations from Policy reported to the AROC within 5 business days. (Section 2.1)	X		None during period
Treasurer and Risk Director caused Insurance procedures to be created. (Section 3.0)	X		Obtained updated insurance renewal procedures during review period.
Treasurer and Risk Director caused an Annual review of areas of potential exposure to be completed. (Section 4.1)	X		See explanation above.
Treasurer and Risk Director caused activities to be conducted to increase risk awareness of division and department heads. (Section 4.2)	X		Meetings between Rich Popp and managers from various departments (Power Generation, HR, IT, etc.) were held during the year to assess any new areas of potential exposure.
Systematic reviews of identified exposures were completed. (Section 4.3)	X		See explanation above.
Contracts over \$10,000,000 reviewed by RMD to identify and reduce contract liability. (Section 4.4)	X		N/A – no contracts over \$10M threshold were entered during review period.
Competitive selection of brokerage services completed every 5 years. (Section 5.1)	X		Not due until 2020
Treasurer and Risk Director developed and implemented procedures for reporting and handling of accidents and losses. (Section 5.2)	X		None this year
Treasurer and Risk Director and appropriate staff completed 8 hours CPE in risk management. (Section 5.3)		X	Jason Wolfe, Financial Planning Rates and Budgeting Director, attended APPA training in lieu of Rich Popp in September 2018.
Risk Manager presented annual report on insurance program to AROC before January 31. (Section 6.0)	X		Presented at the January 2018 AROC meeting



FMPA Risk Management Department  
 Policy Compliance Review  
**Insurance Program Policy (Appendix D)**

*Internal Control Assessment:* Evaluate the effectiveness of the current process in achieving the following control objectives. Use a scale of 1 to 4 as defined on attached page.

OBJECTIVE	1	2	3	4	EXPLANATION
Controls are in place to identify and assess risks related to potential exposures to loss.			X		
A complete list of insurance carriers and policies is maintained.			X		
Insurance policies are annually reviewed for appropriate coverage and premiums.			X		
Incidents and claims are recorded, and remedial action taken as necessary.			X		
Documentation of decisions to self-insure or otherwise mitigate risk through non-insurance means is maintained.			X		Self-insurance levels set at provider minimum retention points. Emails were provided between Rich and Barbara Valentine, Senior Vice President at AJG Risk Management, discussing the matter.

Are there any concerns related to insurance program risk management which should be brought to the attention of the General Manager as part of this review?

Yes  No  If yes, describe below.

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Are there internal control concerns related to insurance program risk management which require immediate attention?

Yes  No  If yes, describe below including any change to risk inventory controls score.

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FMPA Risk Management Department  
 Policy Compliance Review  
**Insurance Program Policy (Appendix D)**

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Rate the overall functioning of insurance program risk management practices using a scale of 1 to 4 as defined on attached page.

1	2	3	4	EXPLANATION
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

**Additional comments from responsible Manager(s):**

Are there any emerging risks or environmental changes which impact insurance program risk management?  
 Yes  No  If yes, describe below including any proposed changes to risk inventory.

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Other comments:

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 Risk Management Reviewer

4-11-2019  
 \_\_\_\_\_  
 Date

  
 \_\_\_\_\_  
 Responsible Manager Signature

4-10-2019  
 \_\_\_\_\_  
 Date

  
 \_\_\_\_\_  
 GM Signature

4/11/19  
 \_\_\_\_\_  
 Date

FMPA Risk Management Department  
Policy Compliance Review  
**Insurance Program Policy (Appendix D)**

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Rating scale for Policy compliance reviews:

- 1 = Risk management practices not in place.
- 2 = Risk management practices in place are not effective in meeting Policy requirements.
- 3 = Risk management practices in place meet Policy requirements.
- 4 = Risk management practices in place exceed Policy requirements.

Standard of compliance:

Completion of this review indicates that the Risk Management Reviewer has verified existence of applicable procedures or process documentation and believes them to be reasonably sufficient and up-to-date.

FMPA Risk Management Department  
Policy Compliance Review  
**Contingency Planning Policy (Appendix M)**

This Policy compliance review is conducted by the Risk Management Department to assess the status of risk management practices for the time period noted below. The Risk Management Department completes this form and submits to responsible manager(s) for additional information and comment. Documentation or attestation of compliance may be required during this review. The final form is submitted to the appropriate Assistant General Manager and the General Manager prior to being presented to the Audit and Risk Oversight Committee as an information item.

**Review period:** February 2018 to January 2019

**Responsible Manager(s):** Mike McCleary, Manager of Member Services Development; Mark McCain, Assistant General Manager of Public Relations and Member Services

<i>Policy Compliance:</i> Indicate whether the following items required in the Contingency Planning Policy were completed during the review period.			
REQUIREMENT	YES	NO	EXPLANATION
Business Continuity Statement and Disaster Response Manual updated at least once each year and posted on FMPA's website. (Section 4.0)	X		Posted to FMPA intranet June 2018.
Each department with responsibilities within the Disaster Response Manual have established procedures to complete the assigned duties. (Section 4.0)	X		Procedures established in 2018 Business Continuity & Disaster Response Plan.
If an Event occurred, employees were paid in accordance with the Policy and all documentation maintained. (Section 4.1.1)	X		N/A, no weather-related business interruptions occurred between February 2018 and January 2019.
If an Event occurred, employees were allowed to work from home in accordance with the Policy and documentation maintained. (Section 4.1.2)	X		N/A, no weather-related business interruptions occurred between February 2018 and January 2019.
If an Event occurred, the Executive Officer of Public Relations coordinated all public communications. (Section 4.2)	X		N/A, no weather-related business interruptions occurred between February 2018 and January 2019.
If an Event occurred, emergency spending was authorized in accordance with the Policy. (Section 4.3)	X		N/A, no weather-related business interruptions occurred between February 2018 and January 2019.
System of controls was established to safeguard assets before, during and after an Event. (Section 5.0)	X		See 2018 Business Continuity & Disaster Response Plan for list of controls established in the event of an emergency.
The Assistant General Manager of Public Relations coordinated with Agency Risk Manager to conduct test of Event scenarios every two years in accordance with the Policy. (Section 5.1)	X		Hurricane Irma (September 10-11, 2017) provided an actual implementation of the weather event scenario. Next test scenario to be performed

FMPA Risk Management Department  
Policy Compliance Review  
**Contingency Planning Policy (Appendix M)**

			by September 2019. In addition to these tests, Cairo Vanegas (Manager of Member Services Development) completed an additional disaster plan to address the Agency's response to potential events in the field.
If an Event occurred, it was reported to the Board of Directors and Executive Committee in accordance with the Policy. (Section 6.0)	X		N/A, no weather-related business interruptions occurred between February 2018 and January 2019.

<i>Internal Control Assessment:</i> Evaluate the effectiveness of the current process in achieving the following control objectives. Use a scale of 1 to 4 as defined on attached page.					
OBJECTIVE	1	2	3	4	EXPLANATION
Controls are in place to address the requirements of various positions for preparation and response to an Event.				X	See 2018 Business Continuity & Disaster Response Plan. Additional planning has been completed to address the Agency's response to potential events in the field by Cairo Vanegas and Executive Team members.
Appropriate staff maintain current knowledge of disaster recovery and contingency planning including FEMA regulations, mutual aid agreements and insurance requirements.			X		.
The Disaster Response Manual adequately addresses FMPA's ability to prepare for and respond to an Event.			X		

Are there any concerns related to contingency planning risk management which should be brought to the attention of the General Manager as part of this review?

Yes  No  If yes, describe below.

Are there internal control concerns related to contingency planning risk management which require immediate attention?

Yes  No  If yes, describe below including any change to risk inventory controls score.

FMPA Risk Management Department  
 Policy Compliance Review  
**Contingency Planning Policy (Appendix M)**

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Rate the overall functioning of contingency planning risk management practices using a scale of 1 to 4 as defined on attached page.

1	2	3	4	EXPLANATION
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

**Additional comments from responsible Manager(s):**

Are there any emerging risks or environmental changes which impact contingency planning risk management?

Yes  No  If yes, describe below including any proposed changes to risk inventory.

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Other comments:

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 \_\_\_\_\_  
 Risk Management Reviewer

6/4/2019  
 \_\_\_\_\_  
 Date

  
 \_\_\_\_\_  
 Responsible Manager Signature

6/4/19  
 \_\_\_\_\_  
 Date

\_\_\_\_\_  
 Responsible Executive Officer Signature

\_\_\_\_\_  
 Date

FMPA Risk Management Department  
Policy Compliance Review  
**Contingency Planning Policy (Appendix M)**

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Rating scale for Policy compliance reviews:

- 1 = Risk management practices not in place.
- 2 = Risk management practices in place are not effective in meeting Policy requirements.
- 3 = Risk management practices in place meet Policy requirements.
- 4 = Risk management practices in place exceed Policy requirements.

FMPA Risk Management Department  
Policy Compliance Review  
**Power Supply & Resource Planning Policy (Appendix H)**

This Policy compliance review is conducted by the Risk Management Department to assess the status of risk management practices for the time period noted below. The Risk Management Department completes this form and submits to responsible manager(s) for additional information and comment. Documentation or attestation of compliance may be required during this review. The final form is submitted to the appropriate Assistant General Manager and the General Manager prior to being presented to the Audit and Risk Oversight Committee as an information item.

**Review period:** February 2018 to January 2019

**Responsible Manager(s):** Chris Gowder, Business Development Manager; Ken Rutter, Chief Operating Officer Power Resources\*

<i>Policy Compliance:</i> Indicate whether the following items required in the Power Supply & Resource Planning Policy were completed during the review period.			
REQUIREMENT	YES	NO	EXPLANATION
COO, Power Resources caused procedures to be established (Section 3.0)	X		
Resource planning maintained reserve margins at or above Policy Limits. (Section 4.1)	X		
Major assumption changes were presented to the EC prior to submission of a completed IRP. (Section 4.2)	X		Reported the new ARP Load Forecast at the July 2018 EC meeting.
Resource addition options contained in the IRP were presented to the EC for review and approval. (Section 4.2)	X		Battery storage uses cases and pricing were presented to the BOD in May 2018.
10-Year Site Plan was filed with the Florida PSC annually by April 1 <sup>st</sup> . (Section 4.3)	X		TYSP was submitted to the Florida PSC on March 27 <sup>th</sup> , 2018.
The filed 10-Year Site Plan was presented to EC at the May meeting. (Section 4.3)	X		TYSP was presented at the May 2018 EC meeting.
COO of Power Resources ensured appropriate staff maintained current knowledge regarding long-term planning of power resources. (Section 5.1)	X		

<i>Internal Control Assessment:</i> Evaluate the effectiveness of the current process in achieving the following control objectives. Use a scale of 1 to 4 as defined on attached page.					
OBJECTIVE	1	2	3	4	EXPLANATION
Controls are in place to identify and assess risks related to long-term power supply resource planning.			X		
Long-term resource planning follows all applicable laws.			X		



FMPA Risk Management Department  
 Policy Compliance Review  
**Power Supply & Resource Planning Policy (Appendix H)**

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<i>Internal Control Assessment - (continued)</i>				
Operations and planning staff coordinate to fulfill mid-term resource needs.			X	
Long-term resource planning is conducted in accordance with prudent utility practice.			X	
IRP considers mix of needed resources, size of needed resources, rate impact of resource alternatives, and current and potential legal requirements.			X	

Are there any concerns related to system planning risk management which should be brought to the attention of the General Manager as part of this review?

Yes  No  If yes, describe below.

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Are there internal control concerns related to system planning risk management which require immediate attention?

Yes  No  If yes, describe below including any change to risk inventory controls score.

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Rate the overall functioning of system planning risk management practices using a scale of 1 to 4 as defined on attached page.

1	2	3	4	EXPLANATION
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

FMPA Risk Management Department  
Policy Compliance Review  
**Power Supply & Resource Planning Policy (Appendix H)**

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**Additional comments from responsible Manager(s):**

Are there any emerging risks or environmental changes which impact system planning risk management?

Yes  No  If yes, describe below including any proposed changes to risk inventory.

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**Other comments:**

The prior Chief Operating Officer (Frank Gaffney) resigned in October 2018. Ken Rutter was appointed Chief Operating Officer on March 1<sup>st</sup>, 2019.

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\_\_\_\_\_  
Risk Management Reviewer

3/20/2019  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Responsible Manager Signature

3/22/2019  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Chief Operating Officer Signature

3/21/2019  
\_\_\_\_\_  
Date

FMPA Risk Management Department  
Policy Compliance Review  
**Power Supply & Resource Planning Policy (Appendix H)**

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Rating scale for Policy compliance reviews:

- 1 = Risk management practices not in place.
- 2 = Risk management practices in place are not effective in meeting Policy requirements.
- 3 = Risk management practices in place meet Policy requirements.
- 4 = Risk management practices in place exceed Policy requirements.

FMPA Risk Management Department  
Policy Compliance Review  
**Natural Gas & Fuel Oil Policy (Appendix A)**

This Policy compliance review is conducted by the Risk Management Department to assess the status of risk management practices for the time period noted below. The Risk Management Department completes this form and submits to responsible manager(s) for additional information and comment. Documentation or attestation of compliance may be required during this review. The final form is submitted to the appropriate Assistant General Manager and the General Manager prior to being presented to the Audit and Risk Oversight Committee as an information item.

**Review period:** March 2018 to February 2019

**Responsible Manager(s):** Joe McKinney, System Operations Manager; David Schumann, Power Generation Fleet Director

<i>Policy Compliance:</i> Indicate whether the following items required in the Natural Gas & Fuel Oil Risk Management Policy were completed during the review period.			
REQUIREMENT	YES	NO	EXPLANATION
COO and Agency Risk Director caused procedures to be created. (Section 4.0)	X		
The Generation Review & Assessment (“GR&A”) Group reviewed new natural gas and fuel oil purchase, sale, storage, or transportation strategy(s) and/or risk mitigation transaction instrument(s) under consideration by Agency staff/management	X		
Over-the-Counter transactions complied with the Credit Risk Policy. (Section 5.4.2)	N/A		No occurrences during period under review.
Forward physical natural gas purchases were coordinated through an approved fuel agent. (Section 5.4.3)	X		All physical natural gas fuel purchases were done through FGU.
Forward physical natural gas purchases were limited to 75% of forecasted volume for the respective flowing month based upon the current ARP net energy for load projection. (Sections 5.4.4)	X		
Monthly volumetric physical gas need projections were developed and used for risk management purposes no later than five (5) business days prior to the beginning of the following month. (Section 5.4.4)	X		Provided by Peter Moore, Operations Planning Engineer III.
All fixed price forward physical natural gas purchases with durations greater than one month were approved by the Executive Committee prior to commitment. (Section 5.4.5)	N/A		No occurrences during period under review.
Natural gas storage limits were maintained above minimum seasonal levels. (Section 6.1)	X		

FMPA Risk Management Department  
Policy Compliance Review  
**Natural Gas & Fuel Oil Policy (Appendix A)**

<i>Policy Compliance continued:</i>			
REQUIREMENT	YES	NO	EXPLANATION
An annual storage plan was provided to the Generation Review & Assessment (“GR&A”) Group for approval by August 1 of each year. (Section 6.1.2)	X		Plan is provided to Risk Management and System Operations by FGU as FMPA’s storage management agent.
“Net zero” tolerance deviations of more than 10,000 MMBtu and less than 50,001 were reported to the Risk Department monthly. (Section 6.1.3 (1))	X		
Net zero optimization imbalances more than 50,001 MMBtu communicated to the Agency Risk Department in writing within 3 days by the Storage Agent. (Section 6.1.3 (2))	X		None during period
Storage management financial transactions did not exceed 24 months from trade. (Section 6.1.4)	X		
Storage management reports were provided to the AROC (each meeting). (Section 6.1.6)	X		FGU provides report for inclusion in each AROC Agenda packet.
Fuel oil storage levels were actively managed to maintain 50% of available storage tank capacity at each facility. (Section 6.2)	X		
The official book of record was maintained by a person other than the person responsible for entering into hedges. (Section 7.1)	X		
Agency Risk Director directed a review of trading and risk management practices at least every 5 years. (Section 7.2)	X		
Market conditions affecting natural gas and fuel oil risk management programs were reported as a part of each AROC meeting. (Section 8.0)	X		
Agency Risk Director reported the current market conditions related to natural gas and fuel oil costs, risk management programs and other related, relevant information to the AROC. (Section 8.0)	X		

FMPA Risk Management Department  
 Policy Compliance Review  
**Natural Gas & Fuel Oil Policy (Appendix A)**

*Internal Control Assessment:* Evaluate the effectiveness of the current process in achieving the following control objectives. Use a scale of 1 to 4 as defined on attached page.

OBJECTIVE	1	2	3	4	EXPLANATION
Controls are in place to identify and assess price and supply risks related to natural gas and fuel oil.			X		
Transactions are entered into only as hedges against physical and financial requirements of natural gas or fuel oil for load serving generation or long-term electrical contracts.			X		None during review period.
Hedge instruments purchased or sold have at least an 80% price correlation to the product it is intended to hedge.			X		None during review period.
Current hedge positions are monitored and compared to hedge position limits on a regular basis.			X		None during review period.
Storage management agent complies with terms of gas storage contract and applicable tariffs and limits.			X		
The use of additional metrics to measure risk is considered in the regular course of business.			X		

Are there any concerns related to natural gas and fuel oil risk management which should be brought to the attention of the General Manager as part of this review? Yes  No  If yes, describe below.

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Are there internal control concerns related to natural gas and fuel oil risk management which require immediate attention?

Yes  No  If yes, describe below including any change to risk inventory controls score.

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FMPA Risk Management Department  
Policy Compliance Review  
**Natural Gas & Fuel Oil Policy (Appendix A)**

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Rate the overall functioning of natural gas and fuel oil risk management practices using a scale of 1 to 4 as defined on attached page.

1	2	3	4	EXPLANATION
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

**Additional comments from responsible Manager(s):**

Are there any emerging risks or environmental changes which impact natural gas and fuel oil risk management?

Yes  No  If yes, describe below including any proposed changes to risk inventory.

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Other comments:

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\_\_\_\_\_  
Risk Management Reviewer

6/4/2019  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Responsible Manager Signature

6/4/2019  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Responsible Manager Signature

6/4/2019  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Responsible Executive Officer Signature

6/14/19  
\_\_\_\_\_  
Date

FMPA Risk Management Department  
Policy Compliance Review  
**Natural Gas & Fuel Oil Policy (Appendix A)**

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Rating scale for Policy compliance reviews:

- 1 = Risk management practices not in place.
- 2 = Risk management practices in place are not effective in meeting Policy requirements.
- 3 = Risk management practices in place meet Policy requirements.
- 4 = Risk management practices in place exceed Policy requirements.



**FMPA Risk Management Department  
Policy Compliance Review  
Origination Transaction Policy (Appendix K)**

This Policy compliance review is conducted by the Risk Management Department to assess the status of risk management practices for the time period noted below. The Risk Management Department completes this form and submits to responsible manager(s) for additional information and comment. Documentation or attestation of compliance may be required during this review. The final form is submitted to the appropriate Assistant General Manager and the General Manager prior to being presented to the Audit and Risk Oversight Committee as an information item.

**Review period: April, 2018 to March, 2019**

**Responsible Manager(s): Chris Gowder, Business Development and Planning Manager; Joe McKinney, System Operations Planning**

<i>Policy Compliance:</i> Indicate whether the following items required in the Origination Policy were completed during the review period.			
REQUIREMENT	YES	NO	EXPLANATION
Chief Operating Officer (COO) caused processes to be documented (Section 3.0)	X		
Commodity transactions less than or equal to 1 month but over \$5 million were approved by EC. (Section 4.1)	N/A		None during period
Commodity transactions greater than 1 month but less than or equal to 2 years were approved by COO or the EC if over \$15 million. (Section 4.1)	X		Energy sale to TECO: 6 mo, <\$7M Energy sale to RCID: 2 yr, <\$4M Bartow Extension: 1 yr, <\$10M Interconn Bundled Gas Sale: <\$1.2M
Commodity transactions greater than 2 years but less than 7 years were approved by General Manager or the EC if over \$50 million. (Section 4.1)	X		PESCO Bundled Gas Sale: <\$1.2M
Commodity transactions greater than or equal to 7 years were approved by the EC. (Section 4.1)	X		Winter Park sale: 9 years, approved by EC on 11/15/18
All commodity transactions were presented to Agency Risk Director prior to execution. (Section 4.1)	X		
Origination transactions maintained capacity reserve levels at minimum levels as detailed in Policy. (Section 4.3)	X		
Book of record was maintained internally and through deal tickets system when applicable. (Section 4.4)	X		FGU and FMPP maintain records separately

FMPA Risk Management Department  
Policy Compliance Review  
**Origination Transaction Policy (Appendix K)**

Business Development and Planning Manager or System Operations Manager confirmed transactions with counterparty and forwarded invoicing information to Accounting Department. (Section 4.5)	X		
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<i>Policy Compliance continued:</i>			
REQUIREMENT	YES	NO	EXPLANATION
The official book of record was maintained by a person other than the person responsible for entering into transactions. (Section 5.1)	X		
System Operations Manager reported relevant reserve levels to each AROC meeting. (Section 6.1)	X		
Business Development and Planning Manager reported completed transactions at least annually to the AROC. (Section 6.2)		X	Report submitted for, but not included in the May 2019 Finance Committee package. Will continue to monitor through 2019.

<i>Internal Control Assessment:</i> Evaluate the effectiveness of the current process in achieving the following control objectives. Use a scale of 1 to 4 as defined on attached page.					
OBJECTIVE	1	2	3	4	EXPLANATION
Controls are in place to identify and assess risks related to commodity transaction origination activities.			X		
Applicable laws concerning negotiation and origination of commodity transactions are followed.			X		
Operations and planning staff coordinate to fulfill mid-term resource needs.			X		
Origination of commodity transactions follows other Risk Management Policy guidelines.			X		
Origination of commodity transactions complies with Code of Ethics of the Electric Power Supply Association.			X		

Are there any concerns related to origination transaction risk management which should be brought to the attention of the General Manager as part of this review?  
 Yes  No  If yes, describe below.

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FMPA Risk Management Department  
Policy Compliance Review  
**Origination Transaction Policy (Appendix K)**

Are there internal control concerns related to origination transaction risk management which require immediate attention?

Yes  No  If yes, describe below including any change to risk inventory controls score.

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Rate the overall functioning of origination transaction risk management practices using a scale of 1 to 4 as defined on attached page.

1	2	3	4	EXPLANATION
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

**Additional comments from responsible Manager(s):**

Are there any emerging risks or environmental changes which impact origination transaction risk management?

Yes  No  If yes, describe below including any proposed changes to risk inventory.

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Other comments:

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Risk Management Reviewer

Date

6/4/2019



Responsible Manager Signature

Date

6/14/2019



Responsible Manager Signature

Date

6/4/2019



Responsible Executive Officer Signature

Date

6/14/2019

**AGENDA ITEM 8 – INFORMATION  
ITEMS**

**d. Operational Audit Report**

**Finance Committee Meeting  
June 25, 2019**



# 8d – Operational Audit Report

Finance Committee

June 25, 2019

# Operational Audits

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- A/P Audit
- Procurement Audit

# A/P Audit

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- Objective and Scope
- Audit Methodology
- Finding and Recommendations



# Audit Objective

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- Objective: Ensure adequate Policies and procedures in place for proper internal controls



# Audit Methodology

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- Review policies and procedures
- Document understanding
- Obtain sample transactions
- Perform analytical audit procedures
- Testing selected samples

# Audit Findings

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- Findings: See attached detail covering findings in the following areas:
  - Vendor set up and maintenance
  - System access
  - Supporting documentation
  - Invoice tracking and monitoring
  - Notification/escalation
  - Forwarding and billing procedures

# Audit Recommendation 1

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- Scope: Reviewed Vendor setup & maintenance
- Risk: Vendor changes may not be authorized
- Audit Recommendation
  - Procedures be created for review
  - Periodic review of vendor changes

# Audit Recommendation 2

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- Scope: Reviewed system access and user access levels
- Audit Recommendation:
  - Periodic review of the user access listing and level of access
  - Document as appropriate

# Audit Recommendation 3

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- Scope: Review invoice supporting documentation
- Risk: Purchase may not be properly approved
- Audit Recommendation:
  - Retention of supporting documents
  - Three-way match before payment

# Audit Recommendation 4

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- Scope: Invoice tracking/monitoring
- Risk: Invoices may not be paid on time
- Audit Recommendation:
  - Create A/P monitoring/tracking checklist
  - Follow-up on unpaid invoices

# Audit Recommendation 5

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- Scope: Notification & Escalation
- Risk: Invoices may not be paid on time
- Audit recommendation:
  - System be configured to provide notifications/alerts
  - Summary of open PO's in the queue for completion of processing by A/P personnel

# Procurement Audit

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- Audit Objective and Scope
  - Plant & Project Covered
- Finding and recommendations





# Audit Objective and Scope

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- Objective: Verify Compliance with Agency Policy
- Scope:
  - Purchasing Thresholds
  - Sole Source Criteria
  - Authorization

# Plants & Projects Covered

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- Treasure Coast Energy Center (TCEC)
- Stock Island Generating Facility (KEYS)
- Cane Island Power Plant (CANE)
- FMPA Agency Project (AGENCY)

# Audit Findings

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- Insufficient Number of Quotes

Threshold Amount	Competitive Requirement
\$ 5,001 - \$10,000	3 Request for Quotes
\$10,001 - \$50,000	3 Written Quotes
> \$50,001	3 Formal Bids/Proposals

- We noted that on 2 instances only 2 quotes were obtained when 3 were required

# Audit Findings

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- Sole Source/Emergency - allowed under the following circumstances:
  - The provider is the original manufacturer (OEM) of the item
  - The requested good is not interchangeable with those from another manufacturer
  - No other goods are available to meet FMPA's specialized needs or intended functions
  - Detailed justification establishing that provider is the only source that is practically available to provide the goods
  - The good must be purchased on an expedited or emergency basis per the Sr. Manager
- On one occasion, one emergency purchase was made, but there was no documentation showing that the governing board was notified as required by policy

# Audit Recommendations

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- Use of Quote Summary Sheet
- Require Supporting Documents in Maximo
- Competitive Selection Criteria Correctly Utilized



**Questions?**



# Accounts Payable Review

## FY 2019

Audit Performed By:  
Kurian Varghese, CPA

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## **EXECUTIVE SUMMARY**

The purpose of the Accounts Payable (A/P) review was to determine whether there were adequate internal controls in place to ensure that the A/P process works effectively. We reviewed information for fiscal year 2018, for the period October 2017 through September 2018.

Based on our audit procedures, we noted a few issues in the A/P process that need to be improved with changes in the current process. We have identified several recommendations to strengthen the internal controls and ensure that Management can rely on the effectiveness of the A/P process. The audit findings and recommendations listing details all the identified issues and proposed recommendations during the audit.

## **BACKGROUND INFORMATION**

The FMPA Accounting Department has direct responsibility over the Accounts Payable (A/P) function. The A/P responsibilities are currently shared among the A/P Coordinator, Accountant II, Accountant III and the Controller. However, most of the A/P functions are performed by the A/P coordinator including inputting and processing invoices, coding invoices, invoice retention, invoice routing for approval and release to the Treasury Department for payment. The Accountant II is responsible for creating vendors within Dynamics SL and performing monthly account reconciliations. The Controller has overall oversight and review responsibilities over the A/P function. The Accounting department utilizes the Dynamics SL accounting system, which is integrated with Maximo (for PO processing) and Imagelink (for invoice retention, approval and routing) for payment approval electronically. The Treasury department processes the approved invoices and releases the funds for payments.

## **AUDIT OBJECTIVE AND SCOPE**

The objective of the Accounts Payable (A/P) review was to determine the following:

1. Comprehensive written policies and procedures governing all department activities have been established;
2. Transactions are processed in a timely manner and in accordance with Agency's policies and procedures;
3. Appropriate documentation is in place to support transactions;
4. Adequate internal controls have been implemented to limit exposure to unauthorized or inappropriate transactions;
5. Initiative have been implemented to provide services in the most cost-effective and efficient manner;
6. The Department explores continual improvement opportunities and strives for quality services to internal/external clients.

The scope of this audit is limited to FMPA A/P transactions from October 1, 2017 to September 30, 2018.

## **AUDIT METHODOLOGY**

We utilized a risk-based approach from planning to testing in the A/P review. To obtain a thorough understanding of the A/P process, we compiled information through walkthroughs, research, interviews, observations, and analytical data reviews.

The following steps were taken to accomplish the audit objective:

- Obtained and reviewed applicable FMPA policies, procedures, and any other supporting documents related to the A/P process
- Interviewed personnel related to the A/P function to document our understanding of the A/P process, including any internal controls or weaknesses.
- Determined whether there was adequate segregation of duties in the process and adequate Management oversight for overall review controls.
- Obtained and reviewed a sample of A/P reconciliations to ensure that monthly account balances were reconciled and were properly reviewed by Management.
- Performed analytical reviews of the A/P transaction detail to determine whether there were any duplicate payments, credits or other unusual items.
- Performed testing on a sample of A/P transactions to determine whether payments were supported by adequate documentation, processed timely with the necessary approvals and within policy guidelines.

## AUDIT FINDINGS AND RECOMMENDATIONS

Based on our audit procedures, we have identified several audit findings and suggested recommendation points to strengthen the A/P process as listed below:

- a. Vendor Setup & Maintenance: Currently, there is no process for review of the vendors being setup or changed in the Dynamics SL system. The vendors are setup/modified by the Accountant II, as necessary, but there is no review performed by Management to ensure that these vendors/changes are appropriate.

Risk: Vendor changes may not be authorized

Audit Recommendation: Audit recommends that procedures be created for the periodic review of the vendor setup and changes, including a vendor setup/change request form. In addition, a periodic review of vendor changes should be performed by Management and documented as necessary to ensure that the vendors in the system are appropriate.

Management Response: Andrei Benjamin, SharePoint Administrator, has created a report that will be sent to the Controller daily, if any vendor changes have been made. He is also working on a report that will compare the account number that a payment was made to with the account number that is currently in the Dynamics SL.

- b. Review of System Access: Currently, there is no process to periodically review the user access listing and levels of access within the Dynamics SL/ A/P system.

Risk: User access levels may not be appropriate/authorized.

Audit Recommendation: Audit recommends that procedures be created for the periodic review of the user access listing, including the levels of access granted to the user. This periodic review of access levels should be performed by Management and documented as necessary to ensure that the users and their access levels are appropriate.

Management Response: Agree that there should be a regular review, quarterly, of the users and permissions. These changes are made by Rattanak Srun, Systems Administrator. The list was reviewed in 2019 Q1 and terminated users have been deleted. Remaining users will be reviewed for access/permission levels.

- c. Invoice supporting documentation: The supporting documents for the Agency related purchases are not always stored within the Dynamics SL system. Currently, only the invoices are scanned by the A/P clerk as part of the AP process. The PO and receipt/packing slip are not always saved as part of the supporting documentation within Dynamics SL and included as part of the three-way match.

Risk: Purchases may not be properly approved.

Audit Recommendation: Audit recommends that procedures be created for the retention of

the invoice supporting documentation within Dynamics SL, including the PO, and Receipt of goods/ service. This would allow for the A/P clerk to perform the three-way match before payment is made to the vendor.

Management Response: Primarily these invoices are for the plant facilities. Jamie Noon, Project Analyst, will verify the current process in place at each plant. Purchase Orders will either be attached to the packing slip or scanned in and attached to the P.O. when the items are received in Maximo. For agency related invoices, the packing slip can be scanned in and attached to the invoice in work flow by the employee who ordered the product and is approving the invoice.

- d. Invoice tracking/ Monitoring: Currently, there is no effective standardized monitoring tools established for the tracking and completion of recurring invoices by the A/P department.

Risk: Invoices may not be paid on time.

Audit Recommendation: Audit recommends the creation of an A/P monitoring/ tracking checklist or spreadsheet that includes the monitoring and completion of A/P invoices that are recurring or part of an established agreement. The checklist should include the typical due dates for these payments and the completion dates of the processing. This would allow for the A/P department to keep track of invoices that may not be received or are overdue and follow-up accordingly.

Management Response: A standard list can be made from a quarterly check register to attempt to make a complete list of regularly occurring invoices. It can be referred to monthly to verify that all invoices have been received.

- e. Notification & Escalation: Currently, there are no systematic notifications/ alerts to inform A/P that PO's are left unprocessed for extended periods of time. This can lead to delays in approval and late payments of invoices that are currently due.

Risk: Invoices may not be paid on time.

Audit Recommendation: Audit recommends that the system be configured to provide notifications/ alerts within the process workflow system to A/P to ensure that PO's are not left unprocessed for extended periods of time. This notification/ alerts should include a summary of all open PO's in the queue for completion of processing by A/P personnel.

Management Response: This would require a custom report to be created in Maximo to confirm that any receipt of products has an accompanying invoice. The Controller/ Audit Manager will create a template of the info that is required and Project Analyst will request a quote from Cohesive.

- f. A/P Invoice Forwarding & Billing Procedure: Currently, the A/P Personnel receive all invoices either emailed directly to the A/P shared inbox or sent by mail to the A/P department. However, invoices are also sent directly to the A/P personnel's direct email or

to the plant personnel which could lead to delays in processing as it may not be recorded in a timely manner.

Risk: Invoices may not be paid on time.

Audit Recommendation: Audit recommends that A/P develop standardized procedures to notify all vendors and plant personnel that all invoices be sent only to the A/P email shared inbox or to the A/P department directly to avoid delays in processing payment. This would ensure a centralized location for all invoices to be processed for payment.

Management Response: We agree that all invoices should be sent to the accounts payable email address. To continue to encourage this, this info can be added to the New Vendor form, a reminder sent to all employees and a mailer can be sent to all vendors who are sending their invoices in by mail or to another email address.



# **Procurement Policy Compliance Review FY 2018**

Audit Performed By:  
Louis DeSimone

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## EXECUTIVE SUMMARY

We have audited the procedures related to the Policy in the following four sites which use Maximo:

- Treasure Coast Energy Center (TCEC)
- Stock Island Generating Facility (KEYS)
- Cane Island Power Plant (CANE)
- FMPA Agency Project

Based on our audit procedures, there were three exceptions noted.

Breakdown of the transactions are as follows:

Site	Total Maximo Transactions	Total Cost	Sample Selections	Exceptions
Corporate	60	\$679,818.48	3	0
Plants	996	\$18,219,166.67	37	3, see below
<b>Total</b>	<b>1,056</b>	<b>\$18,898,985.15</b>	<b>40</b>	<b>3</b>

In addition, we tested all purchase requisition selections to ensure that each had been properly approved in accordance with FMPA's Procurement Policy. One exception was noted during testing.

## BACKGROUND INFORMATION

### Policy

In accordance with the BOD April 2017 approved Procurement Policy within the FMPA Policy and Employee Manual (“Policy”), FMPA is required to purchase goods on a competitively selected basis, unless these goods are \$5,000 or less, or are an exception within the Policy.

### Purchasing Thresholds

Unless the purchased goods are \$5,000 or less, or are an exception within the Policy, the goods are required to be purchased under a competitive process using the following thresholds:

Threshold Amount	Competitive Requirement
\$ 5,001 - \$10,000	3 Request for Quotes
\$10,001 - \$50,000	3 Written Quotes
> \$50,001	3 Formal Bids/Proposals

### Sole Source Criteria

Under the Policy guidelines, goods and services may be purchased without a competitive process, if at least one of the following criteria is met:

- The provider is the original manufacturer (OEM) of the item,
- The requested good is not interchangeable with those from another manufacturer,
- No other goods are available to meet FMPA’s specialized needs or intended functions,
- Detailed justification establishing that provider is the only source that is practically available to provide the goods, or
- The good must be purchased on an expedited or emergency basis per the Sr. Manager.

### Authorization

Purchase requisitions (PR) are authorized in Maximo by utilizing the workflow function. Authorization requirements are as follows:

Position	1/1/18 to 10/16/18	10/17/18 to 12/31/18
GM/CEO	Up to \$200,000	Up to \$200,000*
COO	Up to \$50,000	Up to \$100,000
Power Gen. Fleet Manager	Up to \$20,000	Up to \$50,000
Plant Manager	Up to \$5,000	Up to \$5,000

*\*All expenditures over \$200,000 must be reported to BOD/EC*

## **AUDIT OBJECTIVE AND SCOPE**

The scope of this audit consisted of the following:

- 1) Obtained a list of purchase requisitions and made sample selections by location.
- 2) Tested selections by determining:
  - a. If sole sourced items comply with sole source criteria per Policy.
  - b. If non-sole sourced items were purchased under a competitive process based on threshold amount.
  - c. If the selected items have been properly approved.
- 3) Followed-up with site locations and obtained additional explanations and/or documentations for any discrepancies

The primary objective of this audit is to verify that FMPA Management has assessed the procurement risks in their everyday operations by ensuring its compliance with Agency Policy.

## **AUDIT METHODOLOGY**

The contract compliance audit team utilized a risk-based approach from planning to testing in the Procurement Policy Compliance review. To obtain a thorough understanding of the Procurement process, the auditors compiled information through walkthroughs, research, interviews, observations, and analytical data reviews.

The following steps were taken to accomplish the audit objective:

- Identified applicable FMPA policies, procedures, and other supporting documents related to the Procurement process
- Interviewed responsible agency management and staff
- Reviewed agency documentation of competitive bids solicited from outside vendors
- Verified that management conducted a review of purchase requisitions and had appropriate documentation.
- Reviewed Maximo database for evidence that controls, policies, and procedures are being followed.

## **AUDIT FINDINGS AND RECOMMENDATIONS**

Based on our audit procedures, there were three exceptions noted in the management of FMPA's Procurement policy.

The table below provides a breakdown of all transactions:

<b>Site</b>	<b>Total Transactions</b>	<b>Total Cost</b>	<b>Sample Selections</b>	<b>Exceptions</b>
Agency	60	\$679,818.48	3	0
Plants	996	\$18,219,166.67	37	3
<b>Total</b>	<b>1056</b>	<b>\$18,898,985.15</b>	<b>40</b>	<b>3</b>

### **1. Agency**

- a. **Audit Findings** - no audit finding to report.
- b. **Audit Recommendations** – see “Plant Site – Audit Recommendation” section below for general recommendations that apply to the entire agency.

### **2. Plant Sites**

- a. **Audit Findings** – we noted the following findings:
  - i. **Insufficient Number of Quotes** – of the non-sole sourced selections that require a competitive selection process, two selections (**PR #12245** and **11318**) had only two quotes. Per the Procurement policy, purchases of goods or services over \$5,000 require at least three written quotes.
  - ii. **Sole Source – Emergency** – per the Policy, goods or services could be purchased without a competitive selection process if an FMPA Senior Manager determines that an expedited or emergency basis that does not allow sufficient time for a competitive selection process to be completed, however, if an FMPA senior manager makes such a determination to purchase Goods or Services as a sole source on an expedited or emergency basis, the Board of Directors or Executive Committee, as appropriate, will be informed of the particulars of his or her decision at the next regularly scheduled meeting of such governing body, including the circumstances requiring the expedited or emergency purchase and the total price of the purchased Good and Services." **PR #12088**, an emergency repair on the South Boiler pump motor was noted as a Sole Source-Emergency in Maximo, however, we were not able to obtain evidence that this expenditure was brought to the attention of either governing body based on an examination of minutes from each of the meetings.

**b. Audit Recommendations**

- i. **Quote Summary Sheet** – During our review of the competitive selection process, Audit noted that very few PR's included a quote summary sheet. This summary sheet identified all vendors involved in the quote process, their associated quotes, the winning quote, and any additional explanation as to the reason for the selection, and justification for any exception to the policy. These summary sheets are an effective tool/guide in enforcing the procurement policy terms for the respective purchases.
  
- ii. **Require Supporting Documents in Maximo** - During our testing, we observed that some plant sites had difficulty in locating the respective vendor quotes for the PR's, as they were not saved within a central location that was easy to access upon request. To ensure the appropriate reviewers at FMPA's Corporate Headquarters can adequately review each requisition, we recommend that all quotes and supporting documentation be saved electronically by the purchaser within Maximo as part of every purchase requisition. This will facilitate the purchase process by improving visibility and centralized access to the quote documentation for all purchase approvers.
  
- iii. **Competitive Selection Criteria** – In multiple instances during our testing, we noted that the competitive selection criteria noted in Maximo did not always agree with the explanations provided for each purchase requisition. While no exceptions were noted, selecting incorrect criteria takes away from management's ability to utilize accurate reporting functionality within Maximo. We recommend that reviewers ensure this field is correctly utilized as part of their review process going forward.

**AGENDA ITEM 9 – POLICIES**

**a. Insurance Program Policy**

**Finance Committee Meeting  
June 25, 2019**

**RISK MANAGEMENT POLICY**

**APPENDIX D**

**FLORIDA MUNICIPAL POWER AGENCY**

**INSURANCE PROGRAM RISK MANAGEMENT POLICY**

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## **INSURANCE PROGRAM RISK MANAGEMENT POLICY FOR FLORIDA MUNICIPAL POWER AGENCY**

This Insurance Program Risk Management Policy (the “Policy”) and any effective subordinate procedures establish the governance, framework, and the controls under which Florida Municipal Power Agency (FMPA) may engage in insurance operations.

### **1.0 Policy Statement**

The Board of Directors and Executive Committee of FMPA recognize that FMPA is exposed to various risks in the normal course of business activities. There may be times when FMPA will determine that certain risks are above the preferred risk tolerance level of FMPA and its members. FMPA is hereby authorized to put mechanisms in place, such as those more fully described in this Policy, that will control, transfer or mitigate these risks so that, to the extent possible, there will not be an adverse effect on FMPA’s ability to protect its employees and material assets from damage or loss.

It is the Policy of the Board of Directors and Executive Committee that:

- ❖ Authority is delegated to the Treasurer and Risk Director to create procedures and administer this Policy.
- ❖ Potential exposures to loss shall be systematically and continuously identified.
- ❖ An analysis of the balance of probability of frequency and severity of loss shall guide the selection of an optimal level of insurance coverage.
- ❖ Risk exposures shall be reduced, eliminated, or transferred to other parties where appropriate.
- ❖ The Treasurer and Risk Director shall report deviations and other reports as required in this Policy to the Finance Committee (FC).



This Policy serves as a framework that enables the Treasurer and Risk Director to direct insurance activities by establishing minimum standards to systematically identify potential exposure to risk, measure the possible impact of those risks, and implement strategies to mitigate those risks.

## **2.0 Scope and Authority**

This Policy applies to all aspects of the Agency's business and its Projects.

**2.1 Delegation of Authority:** The Board of Directors and Executive Committee delegate authority to the Treasurer and Risk Director to administer this Policy and oversee the day-to-day operation of this Policy. The Treasurer and Risk Director may deviate from this Policy with approval of the General Manager but must report all deviations to the FC within 5 business days.

**2.2 Reporting Claims:** All claims except workers' compensation shall be reported to and handled by the Risk Management Team (Treasurer & Risk Director and assigned staff) (RMT). Claims related to workers' compensation shall be reported to and handled by the Human Resources Department.

## **3.0 Types of Risk**

This Policy establishes minimum standards to support an Agency-wide atmosphere of proper control levels to safeguard the Agency's ability to limit exposure to financial loss events related to employees and material assets. The Treasurer and Risk Director shall cause procedures to be written that identify the risks noted below and provide ways to measure, control, and mitigate FMPA's exposure to those risks. While not intended to be a comprehensive listing of insurance related risk encountered by FMPA during the normal course of the business cycle, the following provides insight into FMPA's risk exposure.

**3.1 Operational Risk:** The risk that internal practices, policies, procedures or systems will not perform as intended. An example of operation risk involving insurance might occur if a hurricane damaged the FMPA offices, but there was insufficient insurance to cover losses. This lack of adequate insurance could cause financial loss to FMPA.

**3.2 Reputational Risk:** The risk that customers or the public will negatively perceive the Agency. An example of reputational risk might occur if an employee is hurt while on the job and the Agency did not have appropriate worker's compensation insurance, resulting in negative public reaction. This negative perception could cause financial or reputation loss to FMPA.

#### **4.0 Potential Exposures to Loss**

The Treasurer and Risk Director is responsible for overseeing Agency and FMPA Projects' liability and property insurance activities through the Insurance Program. This shall include a systematic and continuous identification of potential exposure to loss. Insurance needs other than liability and property are the responsibility of the Human Resources Manager.

**4.1 Annual Review:** The Treasurer and Risk Director shall cause areas of potential exposure to be reviewed not less than annually. This review shall include, at a minimum, FMPA operations, services and service delivery methods, real and personal property and other exposures. The review shall also include an analysis of losses and loss history trends. An annual review of health and wellness plans is required by the Human Resources Risk Policy, Appendix N of this FMPA Risk Management Policy

**4.2 Exposure Awareness:** The Treasurer and Risk Director shall cause activities to be conducted that will increase the level of awareness of division and department heads as to risk impact of new programs, projects, procurements, and activities.

**4.3 Reduce or Eliminate Exposure:** The Treasurer and Risk Director shall cause systematic reviews of identified exposures to be completed and make recommendations to the appropriate manager or governing body as to the reduction or elimination of those exposures where feasible.

**4.4 Transfer Exposures:** All contracts entered into by FMPA that exceed \$10,000,000, or other contracts at the discretion of the General Manager, shall be reviewed by the TRD to identify and reduce any contractual liability being assumed by FMPA. When determined appropriate by the Treasurer and Risk Director, FMPA shall transfer risk to persons operating FMPA facilities or performing any operations for or on behalf of FMPA whenever possible.

All contracts for services shall clarify the status of the contractor as an independent contractor, where appropriate. All contract and agreements are to be “Reviewed as to Form” and approved by the General Counsel’s office.

**4.5 Analysis:** The Treasurer and Risk Director shall cause to be completed an analysis on remaining risk exposures for the probability of frequency and severity of loss, as well as the variety and types of claims and their probable financial impact. This analysis should contribute to the selection of an optimal level of insurance coverage. For risks that cannot be eliminated or transferred, FMPA shall either purchase insurance or self insure and handle claims as an operating cost.

## **5.0 Internal Controls**

The Treasurer and Risk Director shall cause to be established a system of written internal controls to regulate insurance activities, consistent with this Policy, and in accordance with all policies and procedural guidelines established in the FMPA Risk Management Policy. The Treasurer and Risk Director is responsible for the day-to-day transactions undertaken, pursuant to this Policy, and for regulating the activities related to risk management.

**5.1 Competitive Selection of Insurance Services:** The Treasurer and Risk Director shall cause to be conducted a market review of brokerage and other needed services no less than every five (5) years. The Treasurer and Risk Director shall review and update the insurance specifications for required coverage, desired forms, deductible options and limits prior to submission to the insurance market. The selection process shall follow the guidelines of the Procurement Policy, Appendix O of this FMPA Risk Management Policy.

**5.2 Claims Procedures:** The Treasurer and Risk Director shall develop and implement procedures for the reporting and handling of accidents and losses related to property and liability claims. The Human Resources Manager shall notify FMPA's General Counsel, General Manager, and Treasurer and Risk Director when a workers' compensation claim has been made.

**5.3 Continuing Education:** The Treasurer and Risk Director and other appropriate risk management staff are recommended to complete 8 hours of continuing professional education (CPE's), or as required by State Regulations, in subject courses of study related to risk management products and techniques.

## **6.0 Reporting**

The Treasurer and Risk Director shall make recommendations for levels of insurance and limiting exposures to the FC as necessary, but no less than once a

year. The Treasurer and Risk Director shall also provide an annual report to the FC no later than January 31 each year. This annual report shall include, but is not limited to, the following:

- Prior year actuals for premiums, claims and losses.
- Cost of insurance coverage.
- Change of coverage limits, amounts, or other material aspects of the policy within the current policy period year.
- Recommend changes to coverage limits, amounts or other material aspects of the policy within a future policy period.
- Any additional coverage purchases within the current or future policy periods.

The Treasurer and Risk Director shall cause any deviations from this Policy to be reported according to the guidelines set forth in the FMPA Risk Management Policy, Section 4.1. The FC shall cause to be completed an annual report on the operation and effectiveness of this Policy as described in the FMPA Risk Management Policy, Section 7.0. Treasurer and Risk Director shall report as needed on the current risk environment affecting the insurance program to the General Manager as needed, and engage any necessary discussion before moving items to the FC or governing bodies.

<b>Reporting Item</b>	<b>Frequency of Report</b>	<b>Responsible Party</b>	<b>Policy Reference</b>	<b>Policy Reference</b>
Deviations from Policy	As needed	Treasurer and Risk Director	Section 2.1	Scope and Authority
Review of Potential Exposure	Annually	Treasurer and Risk Director	Section 4.1	Potential Exposure to Loss
Market Review of Brokerage	Every 5 Years	Treasurer and Risk Director	Section 5.1	Competitive Selection of Insurance Services
Worker's Compensation claims	As needed	HR Director	Section 5.2	Claims Procedures
Annual Report	Annually by Jan 31	Treasurer and Risk Director	Section 6.0	Reporting
Deviations from Policy	As Needed	Treasurer and Risk Director	Section 6.0	Reporting
Policy Operation & Effectiveness	Annually	Finance Committee	Section 6.0	Reporting

**AGENDA ITEM 9 – POLICIES**

**b. Contingency Policy**

**Finance Committee Meeting  
June 25, 2019**

**RISK MANAGEMENT POLICY  
APPENDIX M**

**FLORIDA MUNICIPAL POWER AGENCY**

**CONTINGENCY PLANNING RISK MANAGEMENT POLICY**

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**CONTINGENCY PLANNING  
RISK MANAGEMENT POLICY  
FOR FLORIDA MUNICIPAL POWER AGENCY**

This Contingency Planning Policy (the “Policy”) and any effective subordinate procedures establish the governance, framework and the controls under which Florida Municipal Power Agency (“FMPA”) may engage in activities to identify, measure and minimize future business risk resulting from a range of natural and man-made disasters including hurricane, tropical storm, tornado, fire and flood (each an “Event”). In this context an Event is one of the above or another disaster that causes the facilities of the Agency to be partially or completely unusable for FMPA’s business purposes. This Policy is Appendix M of the FMPA Risk Management Policy.

**1.0 Policy Statement**

The Board of Directors and Executive Committee of FMPA recognize that FMPA is exposed to various risks in the normal course of business activities. There may be times when FMPA will determine that certain risks are above the preferred risk tolerance level of FMPA and its members. FMPA is hereby authorized to put mechanisms into place, such as those more fully described in Section 5.0 of this Policy, which will control, transfer, or mitigate these risks to avert an adverse impact on the operations and financial position of the Agency.

**It is the Policy of the Board of Directors and Executive Committee that:**

- ❖ Necessary plans be in place for the continued operation of the Agency during (if applicable) and following an Event.
- ❖ Necessary plans be in place to address human resources needs during and after an Event.
- ❖ The plans for Event scenarios shall be tested via drills or other simulations at least once every two years.

- ❖ The General Manager and CEO exercises overall responsibility for FMPA's contingency planning and disaster preparedness.
- ❖ Deviations from this Policy shall be reported to the Finance Committee.

## **2.0 Scope and Responsibilities**

This Policy applies to all business critical function of the Agency and specifically addresses Information Technology, Accounting, Treasury and Facilities.

The Information Technology Department is responsible for the partial or full re-building of the Agency computer network and data following an Event. Information Technology is also responsible for taking reasonable precautionary steps to protect the computer network and data against foreseeable effects of an Event.

The Accounting and Treasury Departments are responsible for coordinating efforts and preplanning so that the ability to make payments can be restored within 48 hours after an Event.

The Storm Team, which includes Facilities staff, is responsible for overall coordination of employees in preparing the Agency for Events such as a hurricane or tropical storm and overall coordination of employees following an Event.

## **3.0 Types of Risk**

This Policy establishes minimum standards to support an Agency-wide atmosphere of proper control levels to safeguard the Agency's assets during and after Events. The General Manager delegates authority to the Assistant General Manager of Public Relations & Member Services to cause procedures to be written that identify risks in the areas noted below and provide ways to measure, control and mitigate

FMPA's exposure to those risks. While not intended to be a comprehensive listing of risk that could be encountered by FMPA during and after an Event, the following provides insight into the major areas of business continuity risk exposure for FMPA.

**3.1 Operational Risk:** The risk that the Agency will not be able to conduct business as needed. An example of operational risk would be if a hurricane caused sufficient damage to make the FMPA offices unusable for FMPA's business purposes for an extended period of time, which could affect the operating abilities of the Agency. Operational risk is mitigated if plans are in place to allow staff to quickly react and recover from an Event.

**3.2 Reputation Risk:** The risk that the Agency will be negatively perceived by Members or the public. An example of reputation risk would be if staff was unable to access financial systems due to an Event and was therefore unable to pay bills on time, which could cause non-compliance with bond resolutions or other financial loss resulting in a negative perception by Members or the public. Reputation risk is mitigated if Events are properly planned for and the effects of Events are promptly and effectively communicated to all constituents.

#### **4.0 Contingency Plans**

FMPA's Business Continuity Statement and Disaster Response Manual outline the processes and procedures for preparing for and recovering from an Event. The Assistant General Manager of Public Relations & Member Services shall cause the Business Continuity Statement and Disaster Response Manual to be updated at least once each year prior to the beginning of hurricane season. The Business Continuity Statement is available to the public on FMPA's website. The Manual is available to all employees on the FMPA intranet. Each department with responsibilities

assigned in the Disaster Response Manual shall establish procedures to complete the assigned duties during and after an Event.

**4.1 Human Resources:** FMPA shall strive to maintain the safety of all employees before, during, and after an Event. Employees with duties assigned in the Disaster Response Manual shall communicate with management to ensure those required duties are fulfilled in case of an Event.

**4.1.1 Post-Event Employment:** If an Event causes sufficient damage to the FMPA offices so as to significantly disrupt normal operations (as determined in the sole discretion of the General Manager), the Agency will continue to pay all employees at their pre-Event pay rate until such time, but not to exceed two months, that normal operations are resumed and the employee's position is available or has been reassigned by the General Manager. The General Manager has sole discretion to grant salaried employees overtime pay of time and one-half for hours in excess of 40 hours per week worked due to Post-Event recovery. FMPA shall maintain documentation showing time worked, nature of work, and supervisor approval.

**4.1.2 Working From Home:** Each Senior Leadership team member, with the approval of the General Manager, has discretion to allow an employee who, due to the Event, is unable to report to the FMPA office (or temporary office location) to work from home for a limited period of time following an Event. Such approved exceptions shall last no more than one week, after which time the exception must either be extended one week by the appropriate Senior Leadership team member and General Manager, or the employee must return to the FMPA office or temporary office location.

**4.2 Communications:** The Assistant General Manager of Public Relations & Member Services is responsible for coordinating all public communications following an Event. This includes communications to rating agencies and responses to press inquiries or information requests from Members regarding the Agency's recovery, financial situation, and status of employees. As determined appropriate, the Assistant General Manager of Public Relations & Member Services may authorize other members of management to make public statements in regard to the Event.

**4.3 Emergency Spending:** As described in the Procurement Policy, purchases made in times of emergency (as determined in the sole discretion of the General Manager) are not subject to the requirements of the Procurement Policy. The General Manager or designee must declare a state of emergency within 5 days of an Event to the chairpersons of the Executive Committee and Board of Directors. The General Manager or designee may then direct emergency spending with no limit. A report of emergency expenditures shall be made to the Executive Committee and Board of Directors at their next regular meeting. The General Manager may request authorization for further emergency spending as needed.

## **5.0 Internal Controls**

The Assistant General Manager of Public Relations & Member Services shall cause to be established a system of written internal controls to safeguard assets during and after an Event. FMPA shall use a cost-benefits analysis when making decisions regarding the implementation of internal controls.

**5.1 System of Controls:** The system of internal controls includes the Employee Manual issued by the Agency to all employees. The FMPA Employee Manual includes guidelines for severe weather or emergency closing of the Agency.

Further internal controls are established in the Disaster Response Manual to address the requirements of various positions in the Agency for preparation and response to an Event. The Assistant General Manager of Public Relations & Member Services shall coordinate with the Treasurer and Risk Director to conduct tests of Event scenarios at least once every two years. This includes tests of the ability of the Information Technology Department to restore critical financial data and the ability of the Finance Division to access the restored data.

**5.2 Continuing Education:** The Agency Treasurer and Risk Director shall ensure that appropriate staff maintains current knowledge of disaster recovery and business contingency planning, to include FEMA regulations, mutual aid agreements, and insurance requirements.

**5.3 Policy Compliance:** Agency Risk Manager shall monitor compliance with this Policy and associated Procedures. Any unresolved compliance issues will be presented to the Finance Committee (FC) by the Audit Manager.

## **6.0 Reporting**

If an Event occurs, the Board of Directors and Executive Committee shall be notified within 5 days of the following information by the General Manager or designee: (1) the extent of the damage to the building; and, (2) an estimate of the time when full operations of the Agency will be restored. The Assistant General Manager of Public Relations & Member Services shall cause the results of any completed tests of Event scenarios to be reported to the AROC at their next regularly scheduled meeting.

The General Manager shall cause any deviations from this Policy to be reported according to the guidelines set forth in the FMPA Risk Management Policy, Section

4.1. The FC shall cause to be completed an annual report on the operation and effectiveness of this Policy as described in the FMPA Risk Management Policy, Section 7.0. Managers shall report as needed on the current risk environment affecting disaster recovery plans or business continuity to the Treasurer and Risk Team, and engage any necessary discussion before moving related items to Board Committees.

**Florida Municipal Power Agency  
Risk Management Reporting Calendar  
Contingency Planning Reporting Requirements**

<b>Reporting Item</b>	<b>Frequency of Report</b>	<b>Responsible Party</b>	<b>Policy Reference</b>	<b>Policy Reference</b>
Update Business Continuity Manual	Annually	AGM of Public Relations & Human Resources	Section 4.0	Business Continuity Manual
Event Scenario Tests	Every two years	AGM of Public Relations & Human Resources & Treasurer and Risk ManagerDirector	Section 5.1	Internal Controls
Policy and Procedure Compliance	As Needed	Treasurer and Risk Director	Section 5.3	Policy Compliance
Post Event Report	As Needed	General Manager	Section 6.0	Reporting
Deviations from Policy	As Needed	General Manager	Section 6.0	Reporting
Policy Operation & Effectiveness	Annually	The FC	Section 6.0	Reporting



**AGENDA ITEM 9 - POLCIIES**

**c. Power Supply and Resource  
Planning Policy**

**Finance Committee Meeting  
June 25, 2019**

**FLORIDA MUNICIPAL POWER AGENCY**  
**RISK MANAGEMENT POLICY - APPENDIX H**  
**POWER SUPPLY AND RESOURCE PLANNING POLICY**  
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**POWER SUPPLY AND RESOURCE PLANNING  
RISK MANAGEMENT POLICY  
FOR FLORIDA MUNICIPAL POWER AGENCY**

This Power Supply and Resource Planning Policy (the “Policy”) and any effective subordinate procedures establish the governance, framework and controls under which Florida Municipal Power Agency (“FMPA”) may engage in activities to identify, measure, and minimize future business risk resulting from planning long-term power supply resources. This Policy is Appendix H of the FMPA Risk Management Policy.

## **1.0 Policy Statement**

The Executive Committee (EC), as members of the All Requirements Power Supply Project (ARP), of FMPA recognizes that FMPA is exposed to various risks in the normal course of business activities. There may be times when FMPA will determine that certain risks are above the preferred risk tolerance level of FMPA and its members. FMPA is hereby authorized to put mechanisms into place, such as those more fully described in Section 5.0 of this Policy, which will control, transfer, or mitigate these risks to avert an adverse impact on the ability of the Agency to provide reliable and affordable power.

The following summarizes the Policy of the EC:

- ❖ FMPA shall follow all applicable federal, state and local laws or regulations concerning the planning of power supply resources.
- ❖ Planning for long-term resources to meet electrical load requirements shall consider all available reasonable alternatives and result in business strategies designed to achieve a highly reliable and economic power supply portfolio.
- ❖ An Integrated Resource Planning (“IRP”) process shall be conducted, and the results presented to the EC no less than every other year.
- ❖ Authority is delegated to the Chief Operating Officer to create procedures in support of and to administer this policy.
- ❖ Deviations from this Policy shall be reported to the Finance Committee (FC).

## **2.0 Scope**

The Interlocal Agreement forming FMPA states that the Agency may among other things undertake financing, acquiring, constructing, managing, operating, utilizing and owning capacity and energy supply resources, either with or without the participation of other electric utilities or any other joint electric supply project. The Agency is also empowered to investigate the desirability of and necessity for additional sources and supplies of electrical energy and associated fuel and delivery options without limitation. The planning of Agency power supply resources is conducted by the Power Resources Division.

For this Policy, “long-term resources” shall mean power supply resources where the need is projected to occur three years or greater into the future from the start of the planning period. Staff, under the direction of the Business Development and Planning Manager, shall coordinate with staff under the direction of the System Operations Manager for those power supply resources that are required within three years of the planning period. This Policy addresses long-term resource planning. The acquisition of short-term resources is addressed in the Origination Policy, Appendix H of this FMPA Risk Management Policy.

## **3.0 Types of Risk**

This Policy establishes minimum standards to support an Agency-wide atmosphere of proper control levels to ensure effective planning for affordable and reliable power. The Chief Operating Officer will cause procedures to be written that identify risks in the areas noted below and provide ways to measure, control, and mitigate FMPA’s exposure to any identified risks. While not intended to be an all-inclusive listing of risks that may be encountered by FMPA during the normal course of its business cycle, the following provides insight into the major areas of long-term resource planning related risk exposure for FMPA and the ARP.

### **3.1 Operational Risk**

The potential risk of loss resulting from inadequate or failed internal processes, people and/or systems, or events from external sources. An example of operational risk would be the FMPA planned long-term power supply resources were not adequate to meet forecasted electricity demand. This resource shortfall could cause the Agency to meet future electricity demands by less economical means than what could have been planned. This type of planning failure could also lead to financial and reputation harm.

### **3.2 Strategic Risk**

The risk that the policies and actions of management and/or governing bodies do not promote the successful attainment of organization goals and objectives. An example of strategic risk might occur if the power supply alternatives considered during the planning process do not match the goals set by the Agency and/or the ARP. Such a mismatch of alternatives to goals and objectives could result in the Agency's failure to achieve the strategic goals of the ARP. Such a strategic failure could also lead to economic and reputation harm.

## **4.0 Long-Term Planning**

At FMPA, long-term resource planning is an ongoing process conducted in accordance with prudent utility practice and policies or standards set by the Florida Public Service Commission and the Florida Reliability Coordinating Council (FRCC). Long-term planning considers appropriate supply and demand resources within the context of federal, state, and local goals and objectives. Staff, under the direction of the Business Development and Planning Manager, may utilize a variety of computer modeling and forecasting techniques and/or utilize third-party resources to assist in completing all required planning activities.

#### **4.1 Reliability Standard**

For planning purposes, reserve margins must be maintained at a minimum of 15% for each year of the planning period.

#### **4.2 IRP**

An Integrated Resource Planning (IRP) is a process by which the Agency sets long-term supply and demand strategies for the ARP. The IRP process shall provide a plan for an optimal mix of power supply and demand-side resources which provides a highly reliable least cost alternative to the Agency for meeting forecasted future load demand over the next 20 year period. The IRP process shall, at a minimum, consider the mix of needed resources, the size of those needed resources, the rate impact of resource alternatives, and current and/or potential legal and environmental requirements.

At a minimum, the Business Development and Planning Manager shall present the various supply-side and demand-side resource options developed during the IRP process to the EC for their review and approval.

#### **4.3 Legal Filings**

FMPA shall file a 10-Year Site Plan with the Florida Public Service Commission annually by April 1. FMPA shall comply with any and all other long-term planning requirements, whether at the local, state, or federal level.

### **5.0 Internal Controls**

The Chief Operating Officer shall cause to be established a system of written internal controls to ensure effective planning for economic and reliable power supplies, consistent with this Policy and any associated Planning Procedures; all in accordance with procedural guidelines and policies of the FMPA Risk Management Policy.

## **5.1 Continuing Education**

The Chief Operating Officer shall ensure that all applicable staff maintain current skills and knowledge regarding the long-term planning of power resources.

## **5.2 NERC Compliance**

The Chief Information and Compliance Officer is responsible for ensuring compliance with North American Electric Reliability Corporation (“NERC”) standards, including those standards which impact the planning process.

## **5.3 Policy Compliance**

Risk Management Team shall monitor compliance with this Policy and all associated Procedures. Any unresolved compliance issues will be presented to the FC by the Agency Risk Manager.

# **6.0 Reporting**

## **6.1 Power Resources**

The Chief Operating Officer is responsible for causing the completion of the following reporting requirements:

### **6.1.1 IRP Reporting**

The Business Development and Planning Manager shall present the following IRP related information to the EC:

#### **6.1.1.0 Major Assumptions**

Any major assumptions changes used in the IRP prior to the presentation of any dependent resource alternatives contained in the study. Appendix B illustrates the process and procedures that are followed.

#### **6.1.1.1 IRP Study**

The various supply-side and demand-side resource addition options developed during the IRP process for review and approval.

#### **6.1.2 Ten Year Site Plan**

The Business Development and Planning Manager shall present the filed 10-Year Site Plan as an information item to the Executive Committee at its May meeting or the first meeting thereafter.

### **6.2 Operation and Effectiveness Report**

An annual report on the operation and effectiveness of this Policy shall be presented to the FC as described in Section 7.0 of the FMPA Risk Management Policy.

## **7.0 Oversight Structure**

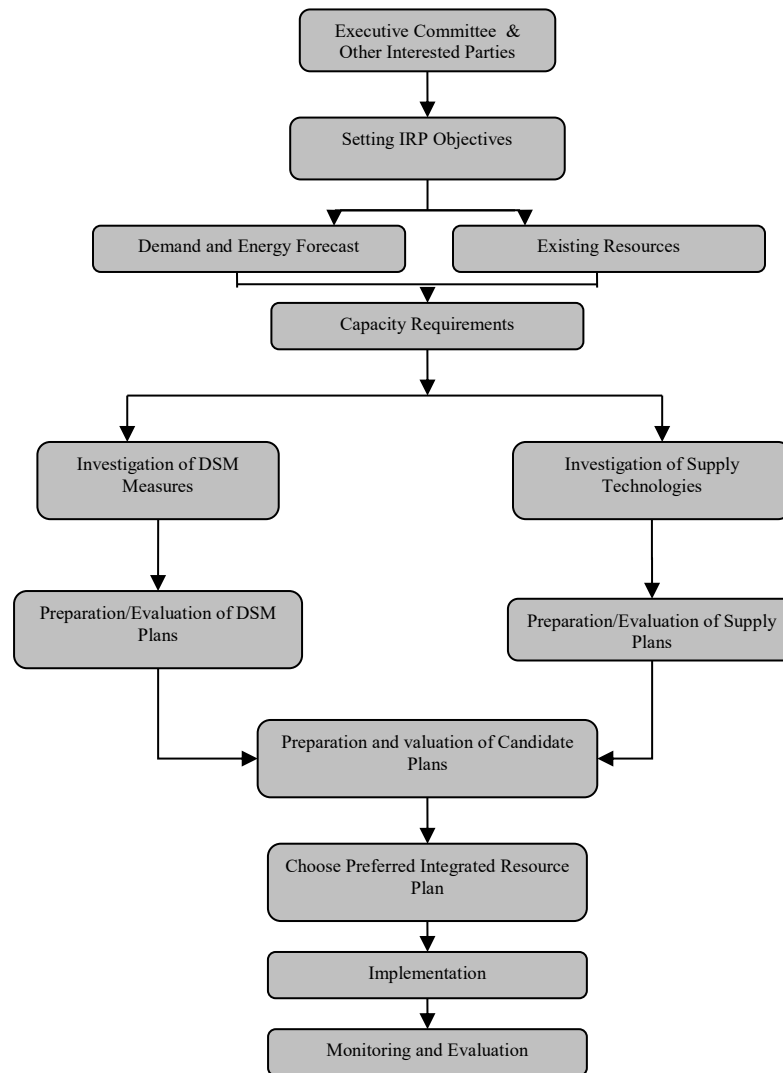
Agency Risk Manager shall cause any material deviations from this Policy to be reported according to the guidelines set forth in the FMPA Risk Management Policy, Section 4.1. The Business Development and Planning Manager shall report on the current risk environment affecting planning for long-term power supply resources to the Risk Management Team as needed, and engage any necessary discussion before presenting items to the FC or governing bodies.



**Florida Municipal Power Agency  
Risk Management Reporting Calendar  
Power Supply and Resource Planning Reporting Requirements**

Reporting Item	Frequency of Report	Responsible Party	Policy Section Reference	Policy Category Reference
IRP Major Assumptions	As needed	Business Development and Planning Manager	Section 6.1.1.0	Major Assumptions
IRP Study	Annually	Business Development and Planning Manager	Section 6.1.1.1	IRP Study
10 Year Site Plan	Annually	Business Development and Planning Manager	Section 6.1.2	Ten Year Site Plan
Policy Operation & Effectiveness	Annually	Agency Risk Manager	Section 6.2	Operation and Effectiveness Report
Deviations from Policy	As Needed	Agency Risk Manager	Section 7.0	Oversight Structure

**Integrated Resource Planning Process:**



**Evaluation Process for Candidate Plans:**

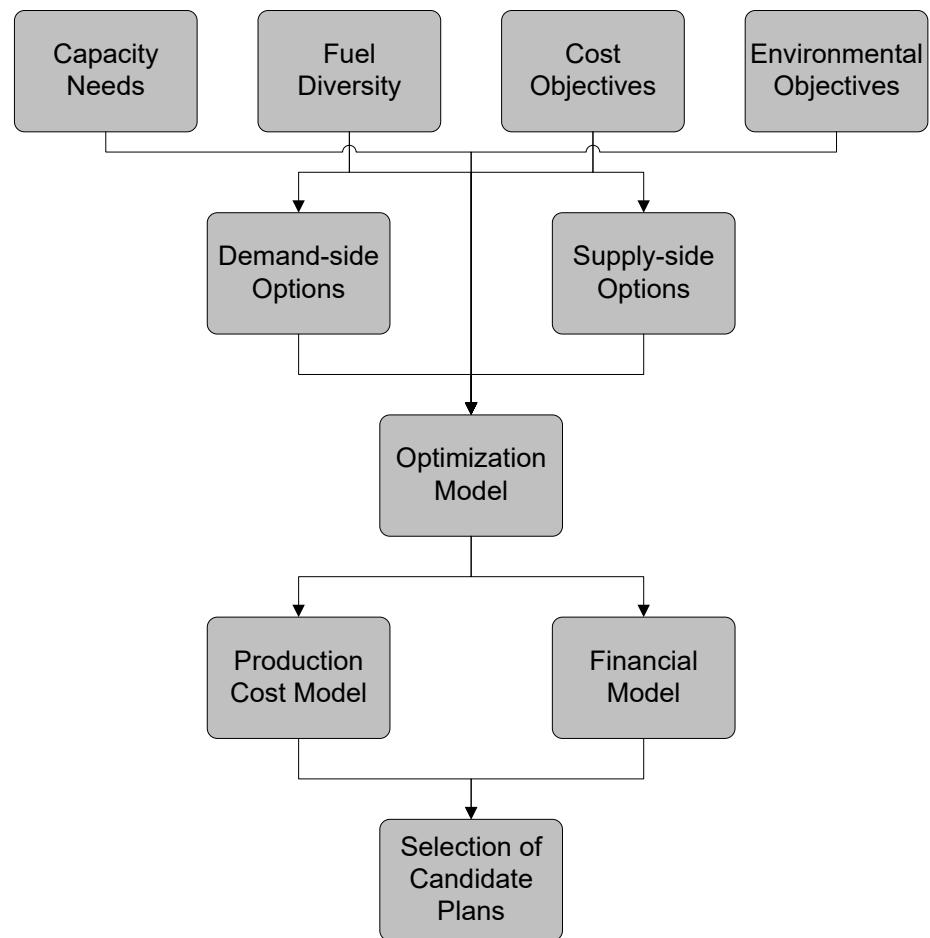
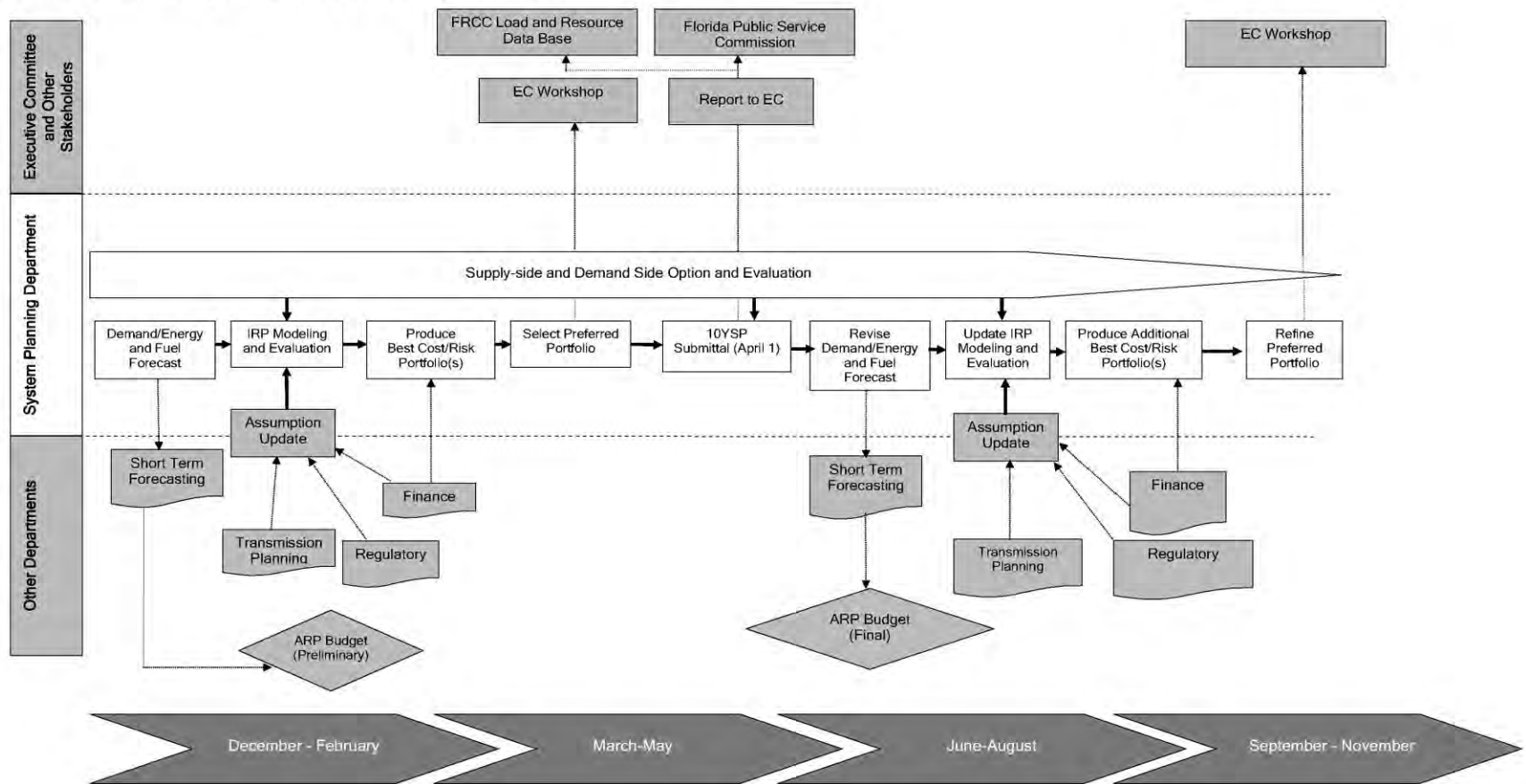


Figure 3: FMPA's Integrated Resource Planning Process Flow



**AGENDA ITEM 9 - POLCIIES**

**d. Fuel Management Policy**

**Finance Committee Meeting  
June 25, 2019**

**FLORIDA MUNICIPAL POWER AGENCY**  
**RISK MANAGEMENT POLICY - APPENDIX A**  
**FUEL MANAGEMENT RISK POLICY**

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## **FUEL PORTFOLIO RISK MANAGEMENT POLICY FOR FLORIDA MUNICIPAL POWER AGENCY**

This Fuel Portfolio Risk Management Policy (the “Policy”) and any effective subordinate procedures establish the governance, framework and controls under which Florida Municipal Power Agency (“FMPA” or “Agency”) may engage in activities to identify, measure and minimize future business risk impacting the All Requirements Power Supply Project (“ARP”) resulting from price and/or supply uncertainty in the natural gas and fuel oil markets. This Policy is Appendix A of the FMPA Risk Management Policy.

### **1.0 Policy Statement**

The Executive Committee (“EC”) of FMPA recognizes that FMPA is exposed to various risks specific to generation fuel as an integral aspect in the normal course of business activities. There may be times when FMPA will determine that certain risks are above the risk tolerance levels expressed by FMPA’s members. As such, FMPA staff is hereby authorized to implement various mechanisms, such as those more fully described throughout Sections 5 and 6 of this Policy, which will control, transfer, or mitigate these risks to help safeguard the Agency’s ability to provide reliable power.

The design standards of this Policy ensure that the risk control oversight functions are independent from any asset management or daily operational activities. Further, any and all actions taken by FMPA are strictly to provide reliable power to the ARP members and manage any associated risks deemed appropriate by the ARP members and will not be speculative in nature to achieve additional monetary gain using the commodity market.

The following summarizes the Policy of the EC:

- ❖ FMPA is granted authority to enter into natural gas transportation contracts, storage agreements, or physical purchase and sales contract commitments, subject to the details on authorized products are contained in Section 5.4 of this policy.
- ❖ FMPA is authorized to enter into “Enabling Agreements” that define the terms and conditions of any subsequent transaction agreements related to generation fuel commodity purchases, sales, storage, transportation or risk mitigation transactions. Details of these authorized Enabling Agreements are contained in Section 5.3 of this policy.



- ❖ FMPA may undertake natural gas or fuel oil risk mitigation transactions with the specific prior approval of the EC.
- ❖ FMPA shall maintain a Generation Review & Assessment Management (“GR&A”) Group as detailed in Section 5.1.
- ❖ Section 6.1 of this Policy sets defined limits for purchased physical natural gas volumes.
- ❖ Section 6.2 of this Policy sets defined limits for purchased fuel oil quantities.
- ❖ All individuals authorized to execute trades shall be approved by the General Manager/ CEO and reported to the GR&A Group and Finance Committee (“FC”).
- ❖ Authority is delegated to the Chief Operating Officer (COO) (or designee) and the Agency Risk Manager to cause the creation of and subsequent administration of any underlying procedures defined by this Policy and deemed appropriate and/or necessary.
- ❖ Deviations from this Policy shall be reported to the FC as prescribed in Section 4.1 of the FMPA Risk Management Policy.
- ❖ FMPA may not enter into transactions to mitigate natural gas price fluctuation exposure related to (i) energy sales by FMPA when the contract sales price is not concurrently based upon a corresponding (fixed or floating) natural gas purchase price or (ii) the volume of gas related to net energy sales to the Florida Municipal Power Pool (“FMPP”) as detailed in Section 5.4.

## 2.0 Scope

FMPA is exposed to risk by its participation in the physical natural gas and fuel oil commodity market and the corresponding financial derivative market for each respective underlying commodity. FMPA participates in various mitigation efforts in order to manage exposure to these risks. Without risk management, FMPA’s ARP is subject to potentially significant energy rate volatility and operational reliability limitations that result from generation fuel cost changes, fuel receipt/delivery constraints, and cash flow requirements to meet operational cost liabilities and obligations.

Mitigation efforts would consist of executing physical and financial transactions designed reduce the ARP’s exposure to energy rate volatility and operating risks associated with its need to participate in the physical commodity market to ensure delivery of generator fuel, as required, for generating power to meet its obligations and commitments. Currently, the EC has not authorized any program designed to mitigate near term price risk associated with spikes in natural gas fuel costs, as detailed in Section 5.2. As such, no near term price hedging type transactions will be entered

into without obtaining specific EC guidelines, goals and the subsequent approval for such transactions related to natural gas fuel.

### **3.0 Objectives**

The objective of the risk management program described in this Policy is to identify risk exposures; to understand their potential impact on the ARP's financial statements and continued economic well-being; to measure and report these impacts; and to take appropriate steps to manage or mitigate any adverse effect to an acceptable level as specified by the EC. This will be accomplished through the use of operational techniques and trading instruments which are consistent with this policy.

#### **3.1 Manage Generation Fuel Requirement Projections:**

FMPPA shall strive to effectively manage its natural gas and fuel oil programs. It is expressly understood that risk management is intended to mitigate exposure to adverse outcomes and is not intended to result in increased financial profitability or result in the lowest cost for natural gas and fuel oil. The purpose of this Policy is to ensure that planning and control methods are in place and utilized to manage generation fuel supply reliability.

#### **3.2 Manage Volumetric Exposure:**

FMPPA shall only manage its physical natural gas and fuel oil volumetric requirements related to serving the needs of the ARP. Fuel volume requirements are based on dynamically changing variables such as load forecasts, weather forecasts, generation resource availability, and projections of optimal generation unit dispatch. Changes in any of these variables will impact the ARP's required quantities of natural gas and/or fuel oil and inhibit the intended effectiveness of this Policy. To mitigate these impacts, this Policy defines review and update parameters to revise volumetric exposure projections in Section 5.4.4.

#### **3.3 Maintaining Balance between Cost and Reliability:**

FMPPA efforts strive to control costs and ensure reliable delivery of electric power to its members and other commitments, if any. Ensuring the highest level of reliability is in

opposition to achieving the lowest possible cost. The less focus placed upon reliability to control costs increases the risk that energy delivery and regulatory obligation failures may occur. Balancing between these opposing objectives is a primary focus of staff at all times. The equilibrium point between cost and reliability to achieve the desired balance is defined and established by the EC.

## **4.0 Types of Risk**

This Policy establishes minimum standards to support an Agency-wide atmosphere of risk control measures to provide reliable power at market prices. The COO and the Agency Risk Manager will ensure that procedures, as needed, are created and followed specific to the areas of risk noted below and define ways for measuring and controlling these risks to within defined levels of exposure as established by the EC. The FMPA Risk Management Policy identifies ten areas comprising FMPA's key risk areas. While not intended to be a comprehensive listing of all risks encountered in its normal business cycle by FMPA, the framework provides insight into the major areas of exposure. The following identified areas are the risks most typically faced when managing any commodity intensive business like the power generation industry.

### **4.1 Market Risk:**

The risk of potential change in the value of an asset caused by adverse changes in market factors. An example is the commodity price risk occurs when FMPA purchases fuel, usually natural gas, for its generating facilities. The timing and unit price of these fuel purchases expose FMPA to potential adverse or beneficial cost impacts with changing market conditions.

#### **4.1.1 Price Risk:**

The uncertainty associated with changes in the unit price of an underlying commodity. For example:

A fixed price fuel purchase can create market risk. The fixed purchase price set for a future delivery period may not reflect the then current market price when delivery is made. If the market price is less than the pre-established purchase price, the purchase cost

would be higher than market. Conversely, if the market price was higher, then the purchase cost would be less than market.

Price risk can be caused by any one or a combination of the following:

- 1) Changes in the value of wholesale energy transactions (i.e. \$/MWh),
- 2) Commodity fuel costs (i.e. \$/MMBtu),
- 3) Basis exposure due to the value difference of a commodity at different geographic locations (i.e. gas price at a pipeline receipt point versus the pipeline delivery point),
- 4) Index Price Risk is the exposure created by the process to establish a unit index value of an underlying commodity at a given location. This generally entails surveys of buyers and sellers at that location and weighing the results to determine the “Index” value,
- 5) Intra-Month Price Risk is the daily changes in the unit price of a commodity at a given geographic location during a given month of flow (the monthly index price vs the daily index price, etc.).

#### **4.1.2 Liquidity Risk:**

The risk associated with a constrained or limited ability for transacting trades, causing a potential inability to acquire a commodity when needed or to liquidate a previously acquired commodity that is no longer needed. For example:

In the fixed price fuel purchase example above, finding a buyer of the fuel purchase might prove difficult to find if, prior to the delivery period, it was desired to eliminate the purchase obligation. In general, a physical trade has greater liquidity risk than a financial trade.

#### **4.1.3 Margin Risk:**

The risk that a portfolio’s overall net value might decrease to certain predetermined credit exposure thresholds that requires the portfolio holder to post collateral. This can be measured by margin-at-risk metrics which gauges 1) the probability that a portfolio’s value will adversely change sufficiently to initiate a margin call and 2) the magnitude of any resulting required collateral posting.

#### **4.1.4 Volumetric Risk:**

The risk that the quantity of fuel supply projected to be required during a future period is either over or under estimated from actual requirements during the period. For example:

Volume risk occurs when a sudden change in the daily fuel needs resulting from a forced outage of a generation facility causing a fuel quantity surplus. Volume risk can also include circumstances where supply was acquired using a previous longer term forecast that later exceeds the defined limits of this Policy as a result of reductions of fuel needs in subsequent forecasts.

#### **4.1.5 Calendar Risk:**

The risk associated with differences of unit commodity value resulting from the time disparity between the settlement date of a financial instrument (contract index posting, swap, option, etc.) and the actual market price of the underlying physical commodity at time of delivery.

### **4.2 Credit Risk:**

The potential for financial loss due to adverse changes to the credit rating of a counterparty that increases the potential of their inability to fulfill the terms of a contract or financial commitment. An example of this type of risk would be the exposure of a counterparty failing to pay the financial gains due that resulted from the settlement of a financial transaction. FMPA would be exposed to the current market price for the corresponding quantity defined by the transaction in addition to the costs related to establishing the transaction's position(s), if any (i.e. broker fees, transport commitments, etc.).

Credit risk exposure is significantly lower when transacting on the New York Mercantile Exchange (NYMEX) versus transacting via the Over-the-Counter (OTC) market, though there are exceptions. The credit risk associated with exchange traded instruments is mitigated since the government regulated institutional exchanges guarantee financial performance through margin posting and then further backed up by the actual exchange members, if necessary.

Credit risk exposure does exist for OTC traded transactions because the financial integrity of the trade is totally dependent upon the counterparty's ability or willingness to perform. Credit risk primarily applies to physical commodity transactions. The failure to deliver or receive purchased natural gas or fuel oil under a long-term commitment could expose FMPA to purchasing/selling quantizes above or below cost, especially during periods of fuel shortages and/or surplus.

#### **4.3 Administrative Risk:**

The potential of financial loss rising from deficiencies of internal control structures and/or management reporting resulting from human error, fraud and/or system failures. An example would be failing to implement the necessary accounting system modifications required by changes in generally accepted accounting practices (GAAP) and any associated reporting requirements. The Agency must ensure that proper accounting treatment is being used for booking transactions and that processes comply with changes in applicable financial accounting standards that impact the timing of financial recognition and/or rate determination.

### **5.0 Fuel Portfolio Risk Management Program**

The natural gas and fuel oil risk management program will be based on the following components:

#### **5.1 Generation Review & Assessment Group:**

The General Manager shall maintain a Generation Review & Assessment ("GR&A") Group. The GR&A Group shall, at a minimum, be composed of the Agency Risk Manager, a Risk Analyst, the System Operations Manager, Generation Fleet Manager, and may include other participants such as the Power Resource Managers or a fuel agent representative. Other participant participation will depend upon the subject matter and relevance for their respective areas of responsibility and expertise. The Agency Risk Manager shall serve as the chairman with no actual voting responsibilities. Other delegates may be assigned/removed as deemed appropriate by the General Manager.

In addition to the duties listed below, the GR&A Group shall review and approve (by consensus of its voting members) any new natural gas and fuel oil purchase, sale, storage, or transportation strategy(s) and/or risk mitigation transaction instrument(s) under consideration by Agency staff/management. If, upon review, unanimous consensus cannot

be obtained by the GR&A, the General Manager and CEO will be requested to review and resolve any non-consensus items. In the event that a new strategy, transaction or risk mitigation instrument requires governing body approval, the new strategy, transaction or risk mitigation instrument will be presented to and approved by the appropriate governing body prior to being implemented in any manner.

The GR&A Group responsibilities for oversight of other natural gas and fuel oil functions shall include:

- Review third party performance in managing contracted natural gas storage capacity.
- Evaluate proposed risk mitigation strategies, asset optimization opportunities or other applicable transactions including, but not limited to:
  1. Purpose of proposed strategy or applicable transactions.
  2. Type of pricing instruments, market(s) and counterparties to be used
  3. Expected results and associated probabilities of their achievement.
  4. Potential adverse outcomes associated with the strategy and/or applicable transaction(s).
  5. Margin Risk for each counterparty, total Margin Risk, and other analytical metrics that may be used to assist the GR&A Group in the performance of their duties.
- Review any trading/origination transaction being negotiated pursuant to the Annual Reporting requirements of Section 6.2 of the Origination Transaction Policy, Appendix K of this FMPA Risk Management Policy.
- Review any generation capital/maintenance expenditure item being contemplated during the annual budget process pursuant to Section 4.2 of the Asset Management and Operations Policy, Appendix I of this FMPA Risk Management Policy.

## **5.2 Authorized Strategies:**

FMPA currently has no approved fuel price risk mitigation strategy approved by the EC. Until such time that a fuel price risk mitigation goal and corresponding strategy is defined and approved by the EC, no fuel price risk mitigation transactions will be entered into by FMPA staff.

### **5.3 Enabling Agreements:**

Master Agreements or enabling agreements establish the general terms and conditions that govern any subsequent commodity or derivative product transaction with a counterparty. These Master Agreements are a prerequisite for doing business in today's commodity marketplace. They, by their very nature, only define general terms and conditions and do not commit FMPA to any form of financial or physical obligation. As such, FMPA is authorized to execute these types of enabling agreements without individual EC approval and their execution is governed pursuant to the Contract Management Risk Policy. All other aspects of any subsequent transaction is governed by the Origination Risk Policy. Types of these enabling agreements include utility interchange agreements, NAESB form contracts, EEI form contracts, and ISDA form contracts.

### **5.4 Authorized Transactions:**

The following types of risk mitigation instrument transactions are authorized by the EC but are limited to only the purchase or sale of these instruments solely for near term price risk mitigation of projected physical fuel requirements and/or financial exposure to the fuel purchase requirements of others for serving FMPA generation assets (Stanton A would be an example of this exposure where OUC manages the fuel supply) and/or long-term energy supply purchase commitments.

It should be noted that the EC has not approved any near-term price hedging risk mitigation program as discussed in Section 2.0. Until such a program is authorized, these instruments can only be used for managing natural gas storage inventory valuations.

#### **5.4.1 Exchange Based Futures:**

FMPA is authorized to set up accounts with one or more licensed brokerage firms in order to purchase or sell futures contracts or other exchange offered products through a recognized exchange such as the NYMEX. Alternatively, FMPA is authorized to designate an agent through which to transact exchange traded products.



#### **5.4.2 Over-the-Counter Transactions (OTC):**

FMPA is authorized to negotiate and execute ISDA agreements (refer to Section 5.3) and subsequently, pursuant to an approved risk mitigation program (refer to Section 5.2), transact with counterparties in order to purchase and/or sell derivative products such as forwards, swaps, and options on forwards or any combination of the same.

A comparison is included in Exhibit B of the characteristic features of Exchange versus OTC transactions.

New and existing transactions using the OTC market are subject to the Credit Risk Policy, Appendix E of the FMPA Risk Management Policy.

#### **5.4.3 Forward Physical Purchases:**

FMPA is authorized to negotiate, contract with, and purchase physical quantities of natural gas and fuel oil pursuant to the Credit Risk Policy and the Origination Risk Policy.

All physical purchases of natural gas shall be coordinated through an FMPA designated fuel agent in order to schedule, receive, transport and deliver such purchased gas volumes. Any forward purchases of natural gas or fuel oil must be limited to the physical volume requirements forecast for only serving the energy requirements of the ARP and its obligations, if any.

Any natural gas purchases or sales greater than a one-month (thirty one day) duration shall be pursuant to the approval process defined by the Origination Policy prior to any commitment, i.e. defined approval authority of FMPA staff member making such commitment

#### **5.4.4 Physical Natural Gas Purchases:**

Physical natural gas purchases with a term of one month (thirty- one days) or greater will not exceed 75% of the respective monthly fuel needs based upon the most recent load forecast and generation dispatch projection at the time of the commitment of such purchases.

To ensure monthly fuel needs are as current as possible, each month an updated load forecast/dispatch projection will be generated no later than five (5) business days

prior to the beginning of the following month. This forecast projection will be the basis for determining the 75% fuel need maximum described above.

#### **5.4.5 Fixed Price Physical Natural Gas Purchases:**

Any fixed price purchase with a duration of greater than one month is viewed as a near term price risk mitigation transaction and requires the approval of the EC prior to commitment unless such fixed price purchase is pursuant to an approved price risk mitigation strategy as described in Section 5.2 above.

#### **5.4.6 Natural Gas Storage:**

Upon approval of both the FC and the EC, FMPA may enter into natural gas storage agreements. Counterparties are subject to the Credit Risk Policy. The primary purpose of any natural gas storage agreement shall be to ensure the reliability of natural gas supplies. Secondly, natural gas storage may be used as an operational pipeline balancing tool or in conjunction with other authorized energy management transactions when financially advantageous for the ARP, as determined by a storage management agent and/or the GR&A Group if no such agent is authorized.

#### **5.4.7 Fuel Oil Storage:**

The primary purpose for maintaining a minimum amount of fuel oil shall be to ensure that a reasonable level of alternate fuel is available for dual fuel fired generating units in the event that natural gas deliveries are reduced or interrupted due to supply and/or pipeline constraints. Recognizing that the Stock Island generating units operate solely with fuel oil, the minimum inventory criteria applies to the Island's fuel oil storage inventory as well.

## **6.0 Risk Limits and Measurement**

FMPA may only enter into transactions to manage risks associated with the physical and financial exposure related to meeting the ARP's forecast fuel requirements of natural gas and/or fuel oil related only to fulfilling all applicable ARP energy obligations.

Proactive monitoring of current market performance, existing and potential risk exposure, risk management alternatives (acquiring or liquidating positions), and evaluation of prior strategic results are necessary to ensure the goals and expectations defined by this Policy are achieved.

The GR&A Group shall use the following limits and measurements, as calculated using applicable reference pricing, to monitor the performance of and compliance with current approved risk management strategies and procedures.

Before any transaction is executed, the individual executing the transaction is required to ensure that it is compliant with the parameters of this Policy, any approved price risk mitigation program, if any, and respective periodic reviews by the GR&A Group. This requirement will be fulfilled by analyzing the natural gas portfolio and any associated risk mitigation transactions to ensure that the resulting incremental credit and market exposures do not exceed any defined limits set forth in this Policy.

## **6.1 Natural Gas Storage Limits:**

The minimum inventory volume of natural gas in storage during the primary hurricane season (June through November) shall be 50% of FMPA's contracted storage capacity. During all other months the minimum level of storage inventory shall be 10% of contracted storage capacity.

### **6.1.1 Outsourcing:**

FMPA may outsource the management of its natural gas storage capacity for optimizing this asset by issuing a Request for Proposal. Final selection of the qualified storage management agent ("Agent") must be approved by the FC and EC.

The Agent shall provide information to the Agency Risk Manager for review and discussion during monthly GR&A Group meetings. The Agent must comply with FMPA Directives and the terms and conditions of FMPA's managed natural gas storage contracts and all applicable tariffs and other legal requirements. The agent will be granted access to trading platforms or other needed counterparty information required to execute transactions within FMPA's contractual relationships. The Agent must agree to the obligations of this Policy and FMPA's respective counterparty trading account(s) requirements.

### **6.1.2 Annual Storage Plan:**

The Agent must provide an Annual Storage Plan for the upcoming fiscal year to FMPA by August 1 of each year for approval by the GR&A Group.

### **6.1.3 Storage Optimization Restrictions:**

Storage management activities shall strive to generally maintain a net zero optimization position. Net zero optimization is when all physical gas stored in the ground (Storage) and/or financial long/short positions (i.e. purchased/sold NYMEX natural gas contracts or their equivalent) representing volumes to be injected/withdrawn in a forward period has an off-setting financial long/short position (i.e. purchased/sold NYMEX natural gas contracts or their equivalent) representing volumes to be withdrawn/injected in a forward period (Transaction).

- 1) Any “net zero” tolerance deviation greater than 10,000 MMBtu and less than 50,001 MMBtu (“Minor Tolerance Deviation”) must be corrected by the end of the fifth (5<sup>th</sup>) business day following the day on which it occurred and must be reported by the Agent to FMPA’s Risk Department on a monthly basis, with sufficient details to explain why the Minor Tolerance Deviation occurred.
- 2) Any “net zero” tolerance deviation greater than 50,000 MMBtu (“Major Tolerance Deviation”), must be reported by the Agent to FMPA’s Risk Department. Such Major Tolerance Deviation report will be in writing detailing the circumstances of the deviation within three business days of the occurrence.

FMPA’s General Manager must authorize any net zero imbalance outside of approved limits.

### **6.1.4 Optimization Trade Period:**

Storage management transactions are restricted for the settlement date to be no more than 24 months into the future from the transaction date of the trade.

### **6.1.5 Inventory Limit Deviations:**

Storage inventory levels may deviate outside of the above stated limits only when required to meet FMPA’s operational requirements (“Reliability Event”). The Agent shall inform FMPA’s Risk Manager immediately after any such Reliability Event. Within 3 business days after such Reliability Event, the Agent shall provide FMPA’s Risk Manager with a written action plan to reestablish the pre Reliability Event inventory level unless such has already been achieved.

### **6.1.6 Storage Management Reports:**

The Agent shall provide storage management reports for each FC meeting. These reports shall include physical gas inventory and any optimization transactions.

### **6.1.7 Cash Flow Report:**

The Agent shall provide, by the fifth of each month, a cash flow report detailing the impacts of existing and projected storage management activities for review by the GR&A Group. If directed, the Agent must contractually agree to adjust storage inventory to meet FMPA's liquidity requirements.

## **6.2 Fuel Oil Storage Limits:**

The Agency shall maintain, as conditions warrant, a fuel oil inventory of no less than 50% and no more than 100% of available storage tank capacity located solely at each respective generating facility. In the event that the fuel oil inventory falls below 50% at a generation site, the Generation Fleet Manager will implement an action plan to achieve the minimum 50% inventory level within a reasonable period of time or provide justification for a reduced inventory level. This plan or justification will be provided to FMPA's Risk Manager and the COO for review and approval. The GR&A Group will discuss the resulting action plan at its next meeting.

## **7.0 Internal Controls**

The AGM of Power Resources, the AGM of Finance and Information Technology and CFO and the Agency Risk Manager shall be responsible for the establishment of appropriate internal controls and segregation of duties to proper execution of the natural gas and fuel oil risk mitigation program, consistent with this Policy and in accordance with all policies and procedures established by the FMPA Risk Management Policy, or by NERC and FERC regulations.

### **7.1 Segregation of Duties:**

Individuals responsible for legally binding the organization to a transaction will not also perform confirmation, clearing and/or accounting functions related to those transactions. The official book of record of FMPA shall also be maintained by a person(s) other than those executing such transactions. This maintenance responsibility, includes the valuation of mark-to-market positions (when applicable) and the calculation of applicable risk metric(s). Clear separation of duties shall be maintained between the front office (marketing functions and

transaction execution), the middle office (confirmation, valuation, and reporting functions), and the back office (processing, accounting, invoicing and reconciliation activities).

## **7.2 Policy Compliance:**

The Agency Risk Manager shall ensure that compliance with this Policy and associated Procedures are monitored on an ongoing basis. Any unresolved compliance issues will be presented to the FC by the Agency Risk Manager at the next regularly scheduled meeting.

From time to time, but no less than once every five years, the Agency Risk Manager shall direct a review of trading and risk management practices by a party external to the Agency possessing appropriate credentials and expertise to conduct such review.

## **7.3 Conflicts of Interest:**

Personnel responsible for executing and managing the Agency's trading activity shall not engage in any activity that could pose a conflict of interest and interfere with the proper execution of Agency risk mitigation activities or which could impair their ability to make impartial and objective trading decisions. Such personnel shall disclose to the Risk Management Department any personal financial interests in any financial institutions, firms, or other entities that conduct business with FMPA.

## **7.4 Policy Questions:**

The Agency Risk Manager is authorized to provide clarification and explanation on any questions regarding this Policy. All legal matters stemming from this Policy will be referred to the Agency's Office of the General Counsel.

## **7.5 Training:**

Appropriate training on the risks associated with different market conditions, financial products and physical products shall be provided as needed to educate FMPA staff and governing body members.

## **8.0 Reporting**

- Current market conditions affecting FMPA's natural gas and fuel oil costs, risk management programs, or FMPA's current financial and physical risk management strategies shall be reported during each meeting of the FC.

- The following information shall be reported at each meeting of the FC and EC:
  - 1) The volume of all natural gas portfolios.
  - 2) Margin Risk.
  - 3) Monthly financial natural gas portfolio gains or losses.
  - 4) Any additional relevant information about FMPA's natural gas and fuel oil risk management program and activities.
  
- Acceptance of the reported information by both the FC and the EC is required
  
- The Agency Risk Manager shall report any deviations from this Policy according to the guidelines set forth in the FMPA Risk Management Policy, Section 4.1. The Risk Manager shall cause an annual report to be completed on the operation and effectiveness of this Fuel Portfolio Risk Management Policy as described in the FMPA Risk Management Policy, Section 7.0.

## **9.0 Oversight Structure**

The Agency Risk Manager shall cause any material deviations from this Policy to be reported according to the guidelines set forth in Section 4.1 of the FMPA Risk Management Policy. An annual report on the operation and effectiveness of this Policy shall be presented to the Finance Committee as described in Section 7.0 of the FMPA Risk Management Policy. Finance Division managers shall report on the current risk environment affecting FMPA's material financial transactions to the Risk Management Department and engage any necessary discussion before moving items to the appropriate governing body.

## Appendix A

<b>Florida Municipal Power Agency                      Risk Management Reporting Calendar                      Natural Gas and Fuel Oil Risk Management Planning Reporting Requirements</b>				
<b>Reporting Item</b>	<b>Frequency Of Report</b>	<b>Responsible Party</b>	<b>Policy Reference</b>	<b>Policy Reference</b>
Volumetric Projection Update	Monthly	System Operations Manager	Section 5.4.4	Physical Natural Gas Purchases:
Annual Storage Plan and Update	Annually	Agent	Section 6.1.2	Annual Storage Plan:
Storage Balance Restriction Deviations	As Needed	Agent	Section 6.1.3	Storage Optimization Restrictions:
Reliability Event	As Needed	Agent	Section 6.1.5	Inventory Limit Deviations:
Storage Report	Each FC Meeting	Agent	Section 6.1.6	Storage Management Reports:
Storage Cash Flow	Monthly	Agent	Section 6.1.7	Cash Flow Report:
External Review	Every five years	Agency Risk Manager	Section 7.2	Policy Compliance:
Fuel Oil Action Plan	As Needed	Generation Fleet Manager	Section 6.2	Fuel Oil Storage Limits:
Market Conditions	Each FC Meeting	Agency Risk Manager	Section 8.0	Reporting
Fuel Portfolio Update	Each FC and EC Meeting	Agency Risk Manager	Section 8.0	Reporting
Policy Operation & Effectiveness	Annually	Agency Risk Manager	Section 8.0	Reporting
Policy Compliance Deviations	As Needed	Agency Risk Manager	Section 7.2	Policy Compliance:



## Appendix B

### Features of Exchange Traded vs. Over-The-Counter Traded Products

FEATURES	Exchange Traded	Over-The-Counter
Examples	Futures and Options	Swaps, Caps, Floors, Collars, etc.
Market	Organized exchanges in Chicago, New York, Kansas City, and other commodity markets around the world.	Networks consisting of market makers who exchange information, provide bids/offers, and negotiate transactions.
Agreements	Standardized contracts.	Custom-tailored to meet any specific needs of the counter-parties within accepted guidelines (NAESB, EEI, ISDA).
Risk	Guaranteed contract performance.	Performance, default and/or credit risk to the counter-parties.
Regulation	U.S. exchanges regulated by Commodity Futures Trading Commission CFTC).	Not formally regulated.
Ability to Value	Market transparency resulting from the electronic posting of daily settlement and intra-day prices. All prices are generally based upon a single geographic location..	<ul style="list-style-type: none"> <li>- Varies by market and location.</li> <li>No standardized or consistent methodology.</li> <li>- Some have electronic posting or periodic publications,</li> <li>- Some require individual inquiry and valuation.</li> </ul>

**AGENDA ITEM 9 - POLCIIES**

**e. Origination Policy**

**Finance Committee Meeting  
June 25, 2019**

**FLORIDA MUNICIPAL POWER AGENCY**  
**RISK MANAGEMENT POLICY - APPENDIX K**

**ORIGINATION TRANSACTION POLICY**

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## **ORIGINATION TRANSACTION RISK MANAGEMENT POLICY FOR FLORIDA MUNICIPAL POWER AGENCY**

This Origination Transaction Risk Management Policy (the “Policy”) and any effective subordinate procedures establish the governance, framework and controls under which Florida Municipal Power Agency (“FMPA”) may engage in activities for the All Requirements Power Supply Project (“ARP”) to identify, measure and minimize future business risk resulting from the origination of Commodity transactions as defined in Section 2.0 of this Policy. This Policy is Appendix K of the FMPA Risk Management Policy.

### **1.0 Policy Statement**

The Executive Committee (EC) of FMPA recognizes that FMPA is exposed to various risks in the normal course of business activities. There may be times when FMPA will determine that certain risks are above the preferred risk tolerance level of FMPA and its members. FMPA is hereby granted authority to put mechanisms into place, such as those more fully described in Section 4.0 of this Policy, which will control, transfer, or mitigate these risks to avert an adverse impact on the ability of the Agency to provide reliable and affordable power.

The following summarizes the Policy of the EC:

- ❖ FMPA shall follow all applicable laws and/or regulations concerning the origination of Commodity transactions. (Section 5.0)
- ❖ Authority is delegated to the Executive Officer of Power Resources to create procedures and to administer this policy. (Section 2.0)
- ❖ FMPA shall utilize a natural gas fuel Agent for daily physical natural gas trading and scheduling functions subject to the Agent’s policies regarding such activities. (Section 2.5.1)
- ❖ FMPA shall utilize a dispatch Agent for electricity trading and tagging functions up to 8 calendar days into the future subject to the Agent’s policies regarding such activities. (Section 2.5.2)

- ❖ FMPA shall not commit to any firm electric commodity transaction which would reduce its capacity reserve levels below 10% of projected capacity requirements at the time of commitment. (Section 4.3.1)
- ❖ When initiating electric origination transactions, FMPA shall strive to maintain capacity reserve levels above 15%. (Section 4.3.2)
- ❖ FMPA shall maintain a sufficient level of natural gas pipeline capacity entitlements in an economically prudent manner to maintain reliable operations. Such capacity entitlements shall, at a minimum, support the monthly daily average forecast need to serve the ARP Net Energy Load (NEL) and other firm energy obligations, if any. Any excess capacity entitlement above the forecast monthly daily average need may be released with or without recall rights. (Section 4.3.3)
- ❖ Deviations from this Policy shall be reported to the Finance Committee (“FC”). (Section 7.0)

## 2.0 Scope

This Policy creates a framework that enables the Executive Officer of Power Resources to facilitate a process for commodity transactions of the Agency. This Policy applies to commodity transactions not specifically addressed in any other Risk Management Policy.

### 2.1 Commodity Defined:

For the purposes of this Policy, the term **Commodity** shall mean products that are traded in bulk on a commodity exchange or in a spot market and consist of any of the following:

- Natural gas and fuel oil used as fuel for generating electricity
- Electric energy, power capacity, ancillary services, and transmission capacity, firm and/or interruptible
- Natural gas pipeline and storage capacity, firm and/or interruptible
- Emissions, allowances, energy credits, etc.
- For the purposes of this Policy, the term Commodity shall mean any of the products listed above.

## **2.2 Delegated Authority:**

EC grants authority for staff, in accordance with Section 4.1, to initiate Commodity origination and trading transactions which provide opportunities to lock in net revenue or reduce cost. Commodity transactions shall only be authorized if supported by an analysis projecting benefits with no adverse impact on reliable power delivery.

## **2.3 Enabling Agreements:**

Master Agreements or enabling agreements establish the general terms and conditions that govern any subsequent commodity or derivative product transaction with a counterparty. These Master Agreements are a prerequisite for doing business in today's commodity marketplace. They, by their very nature, only define general terms and conditions and do not commit FMPA to any form of financial or physical obligation. As such, FMPA is authorized to execute these types of enabling agreements without individual EC approval and their execution is governed pursuant to the Contract Management Risk Policy. Types of these enabling agreements include utility interchange agreements, NAESB form contracts, EEI form contracts, and ISDA form contracts.

## **2.4 Functional Distinction:**

The term **Trading** shall mean the process of buying, selling, or exchanging commodities at a wholesale level with a term of up to three years. The term Origination is defined as those commodity transactions with a term of greater than three years. Staff, under the direction of the Executive Officer of Power Resources, is responsible for the implementation of origination and trading transactions pursuant to this Policy. Power and energy transactions that fulfill resource needs beyond three years into the future are addressed in the Power Supply and Resource Planning Policy, Appendix H of this FMPA Risk Management Policy.

## **2.5 Outsourcing Authority:**

FMPA may outsource trading and/or origination activities to a third party.

### **2.5.1 Short Term Natural Gas**

FMPA has partnered with a Gas Agent for transacting physical natural gas trading activities. These trading activities are subject to the policies and procedures established such Agent. All trading activity is limited to daily transactions without prior approval from FMPA.

### **2.5.2 Short Term Energy**

FMPA has outsourced electricity trading activities to an energy dispatch Agent. These trading activities are subject to the policies and procedures established by such Agent. All trading activity is limited to not exceed 8 calendar days into the future. Any outsourcing of functions as described above includes granting the Agent the authority to either utilize an associated FMPA agreement or the Agent's agreement and thereby obligate FMPA to the terms and conditions of the transactions and corresponding financial expenditure of funds for such transactions.

### **2.5.3 Longer Term Transactions**

Transactions with a term in excess of those specified in Sections 2.5.1 or Section 2.5.2 may be done by either a designated Agent or by FMPA, as deemed appropriate pursuant to Section 4.1 herein.

## **3.0 Types of Risk**

This Policy establishes minimum standards to support an Agency-wide atmosphere of proper control levels to ensure the effective and efficient origination and trading of commodity transactions. The Executive Officer of Power Resources will cause processes to be documented, as deemed appropriate, that identify risks in the areas noted below and ways to measure, control and mitigate FMPA's exposure to these risks. The FMPA Risk Management Policy identifies ten risks that comprise FMPA's common risk framework. While not intended to be a comprehensive listing of risks potentially encountered by FMPA during the normal course of its business cycle, the framework provides insight into the major areas of risk exposure for FMPA. The following selected framework risks are those risks presented by typical commodity transactions.

### **3.1 Volumetric Risk:**

The potential adverse impact of unanticipated changes in fuel/energy supply and/or demand of resources and/or obligations. An example of volumetric risk might be if the actual volume of natural gas required during a particular period of time is greater than the volume of natural gas purchased through commodity transactions or scheduled for deliver for such period of time. This resulting deficiency of supply could result in FMPA having to buy natural gas at disadvantageous market prices to meet the need for the additional volume.

### **3.2 Credit Risk:**

The potential of financial loss due to the failure of counterparties to fulfill the terms of a contract on a timely basis and/or adverse changes to credit ratings of an organization. An example of credit risk might occur if a counterparty defaults on a commodity delivery obligation due FMPA under the terms of a trading/origination transaction. This default would expose FMPA to potential financial loss as well as operational risk when replacing the quantity of the delivery obligation. Too much reliance upon a single counterparty in the overall trading/origination portfolio can compound the potential exposure to this form of credit risk.

## **4.0 Origination of Commodity Deals**

For all the transmission commodity transactions approved in accordance with Section 4.1, the Executive Officer of Power Resources has delegated the transmission commodity transaction processes not outsourced to third parties to the System Operations Manager. For all other types of commodity transactions approved in accordance with Section 4.1, the Executive Officer of Power Resources will delegate trading/origination transactions not outsourced to third parties to a designated Manager as appropriate. Commodity transactions are also subject to the requirements of the Credit Risk Policy and the Contract Administration Policy, Appendices E and F respectively of this FMPA Risk Management Policy. These Policies provide guidelines for the approval of counterparties and the negotiation and execution of contracts. All commodity transactions shall be entered into in good faith and



must be for a legitimate business purpose (economic, reliability, risk-reducing, etc.) and must comply with other applicable aspects of the FMPA Risk Management Policy.

#### 4.1 Approval Thresholds:

When not otherwise required under the above Policies or other policies and/or resolutions of the governing body to seek approval for spending authority or contract execution, the following approval thresholds shall apply to all commodity transactions:

Transaction Term	Authority to Approve	Risk/GFM Review	EC Approval
Less than or equal to three months	Executive Officer Designated Manager, or Approved Agent	No $\leq$ 1 Month Yes > 1 Month	Required if notional value is over \$5 million
Less than or equal to three years	Executive Officer of Power Resources	Yes	Required if notional value is over \$25 million
Less than seven years	General Manager	Yes	Required if notional value is over \$50 million
Greater than or equal to seven years	Executive Committee	Yes	Required

- The Executive Officer designated Manager is authorized to approve trading transactions with a term no more than three months in duration with a notional value not to exceed \$5 million.
- The Executive Officer of Power Resources is authorized to approve trading/origination transactions less than or equal to three years in duration and a notional value not to exceed \$25 million.
- The General Manager is authorized to approve trading/origination commodity transactions less seven years in duration with a notional value not to exceed \$50 million.
- All trading/origination commodity transactions equal to or greater than seven years in duration or with a notional value in excess \$50 million must be approved by the EC.

## **4.2 Transaction Review Requirement:**

All commodity transactions exceeding three (3) months in duration or \$5 Million of notional value must be presented to the Generation Review & Assessment (“GR&A”) Group as defined in Section 5.1 of the Fuel Portfolio Management Policy, Appendix A of the FMPA Risk Management Policy for a risk review of financial and operational impacts prior to commitment and/or agreement execution. The Agency Risk Manager may delay execution of the transaction until identified impact issues are presented to and resolved by General Manager.

## **4.3 Reliability Standard:**

FMPA shall strive at all times to maintain reliable wholesale power delivery operations pursuant to the standards defined in this Section. Origination transactions with a term greater than three years must maintain reliability standards for long-term planning as detailed in Section 4.1 of the Power Supply and Resource Planning Policy, Appendix H of this FMPA Risk Management Policy.

### **4.3.1 Trading Capacity Reserves**

FMPA shall not commit to any firm electric commodity trading transaction which would result in its capacity reserve levels falling below 10% of projected capacity requirements at the time of commitment.

### **4.3.2 Origination Capacity Reserves**

When initiating electric origination transactions, FMPA shall strive to maintain capacity reserve levels above 15%.

### **4.3.3 Natural Gas Pipeline Capacity**

Natural gas trading/origination transactions shall not be committed to which would result in pipeline capacity entitlement levels falling below the monthly daily average forecast natural gas burn. Any excess natural gas capacity entitlement above the monthly daily average forecast need to serve NEL and other firm energy obligations, if any, may be released without recall rights.

#### **4.4 Book of Record**

FMPA shall internally maintain the official book of record for trading/origination transactions greater than thirty one days in duration if such is not maintained by the applicable Agent. Such transactions shall be maintained through an electronic deal ticket system when applicable to the transaction. The book of record shall be maintained by a department external to Power Resources. This maintenance includes validating, tracking and reporting of transactions as required.

#### **4.5 Settlement and Invoicing:**

The System Operations Department is responsible for confirmation with the counterparty on final delivered quantity and price for those transactions not done by a designated Agent. The responsible manager of each respective transaction shall coordinate with the System Operations Department and forward all invoicing information to the Accounting Department to be entered into the accounts payable/receivable ledgers, as applicable.

### **5.0 Internal Controls**

The Executive Officer of Power Resources shall maintain evidence of a system of internal controls necessary to ensure origination transactions adhere to and are consistent with this Policy and applicable Origination Procedures, if any, and in accordance with all policies and procedural guidelines established in the FMPA Risk Management Policy. FMPA shall use a cost-benefits analysis when making decisions regarding the implementation of internal controls.

#### **5.1 Ethical Standards:**

FMPA shall not engage in any activity which would amount to market abuse, manipulation, or fraud, nor relay information known to be false or misleading. The trading/origination of commodity transactions shall comply with the Federal Energy Regulatory Commission (“FERC”) Code of Conduct.

## **5.2 Segregation of Duties:**

The Executive Officer of Power Resources or the assigned designee is responsible for entering into origination transactions and reporting all such transactions to the individual(s) responsible for maintaining the official book of record. The individual entering into origination transactions shall not have the ability to directly change the book of record or resulting reports. Any modifications to the book of record must be verified by a person outside of Power Resources.

## **5.3 Continuing Education:**

Each Manager with responsibilities related to trading/origination activity shall ensure that appropriate staff develop and maintain an applicable level of knowledge regarding the trading/origination of commodity transactions.

# **6.0 Reporting**

## **6.1 Power Resources**

The Executive Officer of Power Resources is responsible for causing the completion of the following reporting requirements:

### **6.1.1 Reserve Levels:**

The System Operations Manager shall cause current relevant reserve levels to be reported to at least each regular meeting of the FC.

### **6.1.2 Origination Transaction Report:**

The Agency Risk Manager shall coordinate a FC report of all FMPA staff committed trading/origination transactions, if any, in the prior year that had a term greater than three (3) months. This report shall be attached to the annual report relating to the operation and effectiveness of this Policy pursuant to Section 6.2.

## **6.2 Operation and Effectiveness Report**

An annual report on the operation and effectiveness of this Policy shall be presented to the FC as described in Section 7.0 of the FMPA Risk Management Policy.

## **7.0 Oversight Structure**

The Agency Risk Manager shall cause any material deviations from this Policy to be reported according to the guidelines set forth in the FMPA Risk Management Policy, Section 4.1. Each Manager responsible for trading/origination activities shall report on the current risk environment affecting the origination of commodity transactions to the Risk Management Team as needed, and engage any necessary discussion before moving items to the FC or governing bodies.

## Appendix A

**Florida Municipal Power Agency  
Risk Management Reporting Calendar  
Origination Transaction Policy**

Reporting Item	Frequency of Report	Responsible Party	Policy Section Reference	Policy Category Reference
Reserve levels	Each FC	System Operations Manager	Section 6.1.1	Reserve Levels:
Annual transactions report	As required	Agency Risk Manager	Section 6.1.2	Origination Transaction Report:
Policy Operation & Effectiveness	Annually	Agency Risk Manager	Section 6.2	Operation and Effectiveness Report
Deviations from Policy	As Needed	Agency Risk Manager	Section 7.0	Oversight Structure

**AGENDA ITEM 10 – REPORTS**

**a. FGU May Storage Report**

**Finance Committee Meeting  
June 25, 2019**

FMPA Storage Management Report

Florida Gas Utility

May 2019



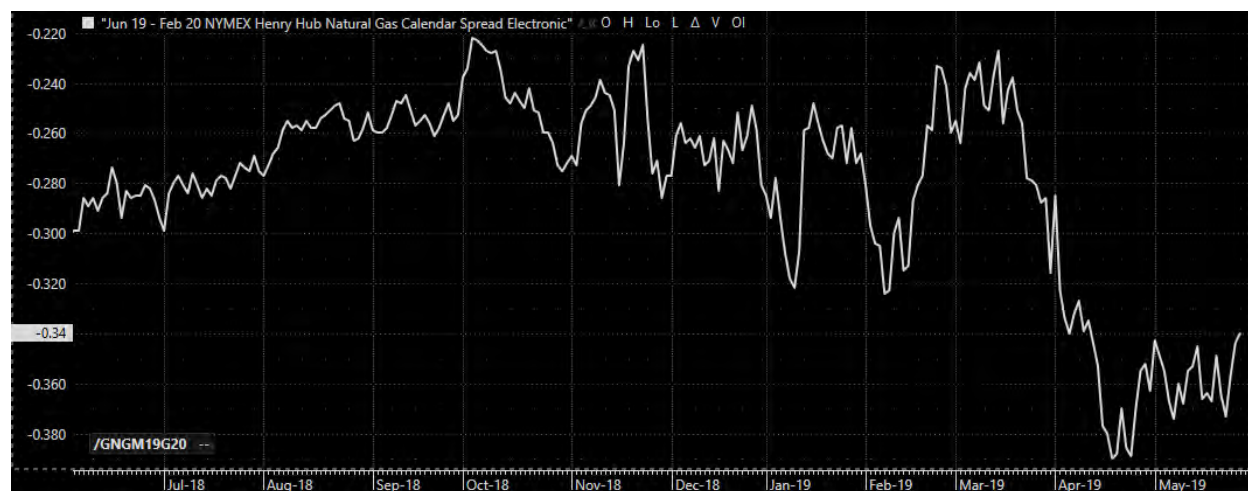


## Executive Summary – May 2019 Activity

In May 2019, FGU conducted no physical gas activity related to storage inventory due to the lack of market opportunities. Daily cash prices traded in lock-step with prompt-month NYMEX prices throughout the month, except for late month heat in Florida that drove FGT Zone 3 cash prices to a \$0.05 - \$0.10/Dth premium over the June NYMEX price. However, this spread was not enough to incent storage withdrawals given the variable costs of re-injection combined with the uncertainty of when the FGT Zone 3 basis would decline to the necessary level for re-injection. FMPA's optimized storage position, as of May 31, 2019 is long 254,264 Dths of storage inventory and short a total of 255,000 Dths of financial hedges (short 100,000 Dths of July 2019 futures, and short 155,000 Dths of February 2020 futures). These financial positions are housed in FGU's clearing account with Rosenthal Collins Group (RCG) with associated margining requirements. FMPA's net optimized storage position decreased in value by \$800 during the month of May 2019 due to the strengthening of the June 2019 contract (where FGU held short hedges) relative to the July 2019 contract (where FGU moved the June hedges upon expiration). The negative effects of the change in that spread were mitigated because of the diversification of the storage hedges (i.e., 60% of the hedges being in the February 2020 contract ) which avoided the full impact of the relative strength in the June 2019 contract.

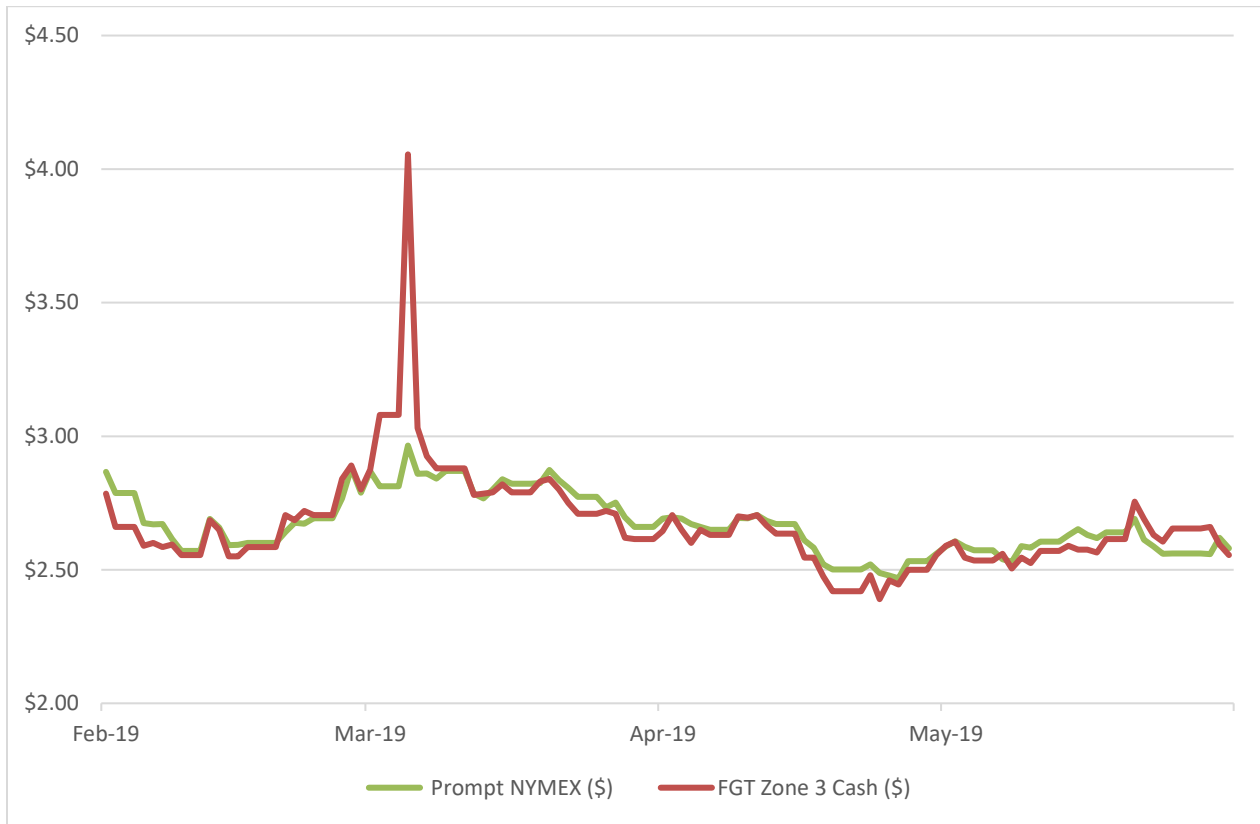
As discussed in last month's storage report, FGU staff placed a portion of the storage hedges in the February 2020 contract in response to market conditions that were reflecting a historically high premium for that February contract price. After trading to as much as a \$0.39/Dth premium over the June 2019 contract, that spread closed somewhat during late April and traded between \$0.34 and \$0.37/Dth before June expired \$0.34/Dth below the February 2020 contract.

The chart below reflects the June 2019 vs February 2020 NYMEX as it has traded over the past year (the negative values on the x-axis reflect the pricing as a discount of the June 2019 contract vs the February 2020 contract).

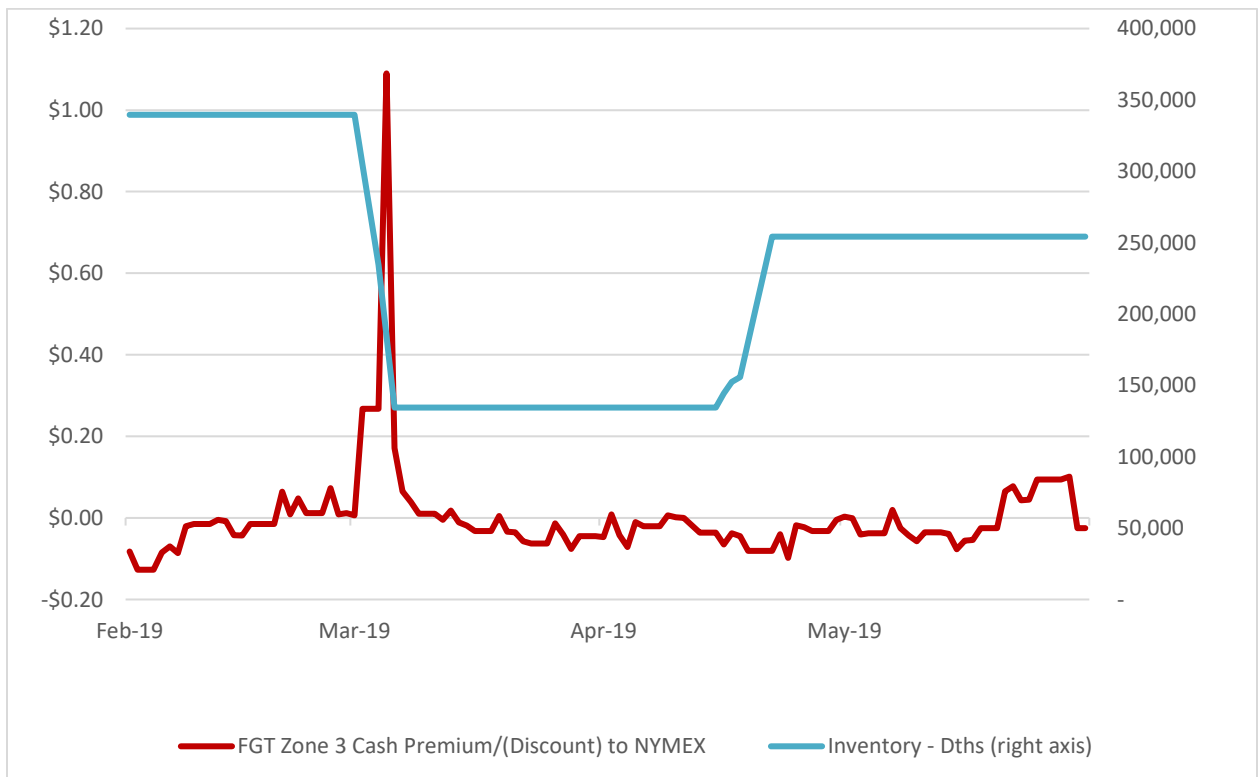


In June, additional injections may take place as part of load balancing but otherwise, significant economic injections are not currently projected until the September/October timeframe ahead of the winter withdrawal season.

**FGT Zone 3 Cash Market vs NYMEX Prompt-Month Futures**



**Cash Market Spread to NYMEX Prompt-Month vs FMPA Storage Inventory Level**



**Summary of Existing Physical Inventory Position (5/31/2019)**

Total Inventory Volume	Total Inventory Cost	Inventory WACOG	Market Value	Marked to Market	Unrealized Gain/(Loss)
254,264	\$691,123	\$2.72	\$2.47	\$627,778	(\$63,345)

**Summary of Existing Financial and Forward Physical Risk Management Positions (5/31/2019)**

Delivery Month	Net Position	Realized Gain/(Loss) to Date	Open Equity	Total Value
May-19	0	\$23,568	\$0	\$23,568
Jun-19	0	(\$1,373)	\$0	(\$1,373)
Jul-19	(100,000)	\$0	\$13,198	\$13,198
Aug-19	0	\$0	\$0	\$0
Sep-19	0	\$0	\$0	\$0
Oct-19	0	\$0	\$0	\$0
Nov-19	0	\$0	\$0	\$0
Dec-19	0	\$0	\$0	\$0
Jan-20	0	\$0	\$0	\$0
Feb-20	(155,000)	\$0	\$13,198	\$13,198
Mar-20	0	\$0	\$0	\$0
Apr-20	0	\$0	\$0	\$0
May-20	0	\$0	\$0	\$0
Jun-20	0	\$0	\$0	\$0
Jul-20	0	\$0	\$0	\$0
Aug-20	0	\$0	\$0	\$0
Sep-20	0	\$0	\$0	\$0
Oct-20	0	\$0	\$0	\$0
Nov-20	0	\$0	\$0	\$0
Dec-20	0	\$0	\$0	\$0
Jan-21	0	\$0	\$0	\$0
Feb-21	0	\$0	\$0	\$0
Mar-21	0	\$0	\$0	\$0
Apr-21	0	\$0	\$0	\$0

**Summary of Historical Value - Physical and Financial (December 2009 through May 2019)**

Optimization Activity	Net Position (Dths)	Total Realized Gain/(Loss)	Unrealized Gain/(Loss)	Total Storage Net Benefit
Current Physical/Financial Positions (5/31/2019)	254,264	\$2,720,780	(\$36,937)	\$2,683,842
Fees & Commissions		(\$46,026)		\$2,637,816
NJRES Capacity Release		\$477,598		\$3,115,414
Sale of Call Options (Jan 2015)		\$26,000		\$3,141,414

## Schedule of FMPA Gas and Cash Flows Related to FGU Storage Services

Month	Actual Injection Cost/ NYMEX Curve (5/31/19)	Actual/Anticipated Cash Flow (\$)	Net Injection Volume (Dths)	Net Withdrawal Volume (Dths)	Running Inventory Balance at End of Month (Dths)	Running Inventory Cost Balance (\$)	WACOG (\$/Dth)
Jan-19	\$0.00	(\$371,378)	0	128,214	339,571	\$999,883	\$2.9445
Feb-19	\$0.00	\$0	0	0	339,571	\$999,883	\$2.9445
Mar-19	\$0.00	(\$603,931)	0	205,102	134,469	\$395,952	\$2.9446
Apr-19	\$2.46	\$295,171	119,795	0	254,264	\$691,123	\$2.7181
May-19	\$2.57	\$0	0	0	254,264	\$691,123	\$2.7181
Jun-19	\$2.63	\$0	0	0	254,264	\$691,123	\$2.7181
Jul-19	\$2.45	\$0	0	0	254,264	\$691,123	\$2.7181
Aug-19	\$2.46	\$0	0	0	254,264	\$691,123	\$2.7181
Sep-19	\$2.45	\$441,000	180,000	0	434,264	\$1,132,123	\$2.6070
Oct-19	\$2.50	\$124,950	50,000	0	484,264	\$1,257,073	\$2.5958
Nov-19	\$2.59	\$0	0	0	484,264	\$1,257,073	\$2.5958
Dec-19	\$2.77	\$0	0	0	484,264	\$1,257,073	\$2.5958
Jan-20	\$2.87	(\$648,960)	0	250,000	234,264	\$608,112	\$2.5958
Feb-20	\$2.84	(\$454,272)	0	175,000	59,264	\$153,840	\$2.5958
Mar-20	\$2.73	\$0	0	0	59,264	\$153,840	\$2.5958
Apr-20	\$2.52	\$0	0	0	59,264	\$153,840	\$2.5958
May-20	\$2.49	\$547,140	220,000	0	279,264	\$700,980	\$2.5101
Jun-20	\$2.52	\$0	0	0	279,264	\$700,980	\$2.5101
Jul-20	\$2.56	\$0	0	0	279,264	\$700,980	\$2.5101
Aug-20	\$2.57	\$0	0	0	279,264	\$700,980	\$2.5101
Sep-20	\$2.56	\$524,185	205,000	0	484,264	\$1,225,165	\$2.5300
Oct-20	\$2.58	\$0	0	0	484,264	\$1,225,165	\$2.5300
Nov-20	\$2.64	\$0	0	0	484,264	\$1,225,165	\$2.5300
Dec-20	\$2.81	\$0	0	0	484,264	\$1,225,165	\$2.5300
Jan-21	\$2.91	(\$632,488)	0	250,000	234,264	\$592,677	\$2.5300
Feb-21	\$2.88	(\$442,742)	0	175,000	59,264	\$149,935	\$2.5300
Mar-21	\$2.76	\$0	0	0	59,264	\$149,935	\$2.5300
Apr-21	\$2.51	\$0	0	0	59,264	\$149,935	\$2.5300
May-21	\$2.48	\$496,400	200,000	0	259,264	\$646,335	\$2.4930
Jun-21	\$2.51	\$0	0	0	259,264	\$646,335	\$2.4930

Winter months

**Bold = actual data**

- Negative values reflect withdrawals of storage gas that have already been paid for.
- Positive values reflect charges to FMPA for gas purchases to be injected into storage.
- Months above reflect the period of storage activity and the actual charge/credit from FGU would occur the following month.

**AGENDA ITEM 11 – COMMENTS**

**Finance Committee Meeting  
June 25, 2019**

**AGENDA ITEM 12 – ADJOURNMENT**

**Finance Committee Meeting  
June 25, 2019**