



ARP EXECUTIVE COMMITTEE AGENDA PACKAGE

June 18, 2020

**9:15 a.m. [NOTE TIME] (or immediately
following the Board of Directors Meeting)**

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

Meeting Number 852 201 366#

Meeting Password: 8553

Committee Members

Howard McKinnon, Havana - Chairman

Lynne Tejeda, Key West – Vice Chairwoman

Jody Young, Bushnell
Lynne Mila, Clewiston
Jan Bagnall, Fort Meade
Paul Jakubczak, Fort Pierce
Robert Page, Green Cove Springs
Allen Putnam, Jacksonville Beach

Larry Mattern, Kissimmee
Brad Chase, Leesburg
Bill Conrad, Newberry
Eric Weaver, Ocala
John Holman, Starke

Meeting Location

**Florida Municipal Power Agency
8553 Commodity Circle
Orlando, FL 32819
(407) 355-7767**



MEMORANDUM

TO: FMPA Executive Committee
FROM: Jacob A. Williams, General Manager and CEO
DATE: June 9, 2020
RE: FMPA Telephonic Executive Committee Meeting
Thursday, June 18, 2020 at 9:15 a.m. [NOTE TIME]
(or immediately following the Board of Directors meeting)
PLACE: Via Telephone at Florida Municipal Power Agency
8553 Commodity Circle, Orlando, FL 32819
Fredrick M. Bryant Board Room

**DIAL-IN: (877) 668-4493 or 650-479-3208, Meeting Number 852 201 366#
PASSWORD 8553#**

(If you have trouble connecting via phone or internet, call 407-355-7767)

Chairman Howard McKinnon, Presiding

AGENDA

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***Item also on the Board of Directors Agenda.**

**** Item(s) Subject to Super Majority Vote**

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

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

**Executive Committee
June 18, 2020**

AGENDA ITEM 2 – SET AGENDA (By Vote)

**Executive Committee
June 18, 2020**

**AGENDA ITEM 3 – RECOGNITION OF
GUESTS**

**Executive Committee
June 18, 2020**

**AGENDA ITEM 4 –PUBLIC COMMENTS
(INDIVIDUAL COMMENTS TO BE LIMITED
TO 3 MINUTES)**

**Executive Committee
June 18, 2020**

VERBAL REPORT

**AGENDA ITEM 5 – COMMENTS FROM THE
CHAIRMAN**

**Executive Committee
June 18, 2020**

VERBAL REPORT

AGENDA ITEM 6 – REPORT FROM THE GENERAL MANAGER

**Executive Committee
June 18, 2020**

AGENDA ITEM 7 – CONSENT AGENDA

- a) Approval of Meeting Minutes – Meeting
Held May 21, 2020 and ARP Telephonic Rate
Workshop Held May 12, 2020**

**Executive Committee
June 18, 2020**

CLERKS DULY NOTIFIED MAY 12 (REVISED MAY 15), 2020
AGENDA PACKAGES POSTED MAY 12 (REVISED MAY 18), 2020

MINUTES
TELEPHONIC EXECUTIVE COMMITTEE MEETING
THURSDAY, MAY 21, 2020
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL 32819

PARTICIPANTS Jody Young, Bushnell
PRESENT: Lynne Mila, Clewiston
VIA Paul Jakubczak, Fort Pierce
TELEPHONE Bob Page, Green Cove Springs
Howard McKinnon, Havana (In Person)
Allen Putnam, Jacksonville Beach
Lynne Tejeda, Key West
Larry Mattern, Kissimmee
Bill Conrad, Newberry (In Person)
Eric Weaver, Ocala

*arrived after roll call

OTHERS John Tompeck, Fort Pierce
PRESENT Craig Dunlap, Dunlap & Associates, Inc.
VIA
TELEPHONE

STAFF Jacob Williams, General Manager and CEO
PRESENT Jody Finklea, Deputy General Counsel
Ken Rutter, Chief Operating Officer
Linda Howard, Chief Financial Officer
Carol Chinn, Chief Information and Compliance Officer
Cairo Vanegas, Manager of Member Services Development
Dan O'Hagan, Assistant General Counsel (via
Rich Popp, Treasurer and Risk Director
Mark McCain, Assistant General Manager, Member Services
and Public Relations
Sharon Adams, Human Resources Director
Sue Utley, Executive Asst. /Asst. Secy. to the Board
Susan Schumann, Manager of External Affairs and Solar Projects
Mike McCleary, Manager of Member Services Development
David Schumann, Power Generation Fleet Director
Luis Cruz, IT Manager
Isabel Montoya, IT Specialist

ITEM 1 - CALL TO ORDER, ROLL CALL, AND DECLARATION OF QUORUM

Chairman Howard McKinnon, Havana, called the FMPA telephonic Executive Committee Meeting to order at 12:21 p.m., Thursday May 21, 2020 via telephone with staff present in the Frederick M. Bryant Board Room at Florida Municipal Power Agency 8553 Commodity Circle, Orlando, Florida. The roll was taken, and a quorum was declared with 10 members present out of a possible 13.

ITEM 2 – SET AGENDA (BY VOTE)

MOTION: Allen Putnam, Jacksonville Beach, moved approval of the agenda as the staff amended to bring Information Item 9b to before the Action Items. Lynne Tejeda, Key West, seconded the motion. Motion carried 13 – 0.

ITEM 3 – RECOGNITION OF GUESTS

None

ITEM 4 – PUBLIC COMMENTS

None

ITEM 5 – COMMENTS FROM THE CHAIRMAN

Chairman McKinnon said he is confident the Executive Committee will make wise decisions and the Committee works well together. He appreciates that the FMPA staff thinks outside the box for the good of the members.

ITEM 6 – REPORT FROM GENERAL MANAGER

None

ITEM 7 –CONSENT AGENDA

Item 7a – Approval of Meeting Minutes – Held April 16, 2020 and ARP Telephonic Rate Workshops Held April 14, 2020

Item 7b – Approval of Treasury Reports – As of March 31, 2020

Item 7c – Approval of the Agency and All-Requirements Project Financials as of March 31, 2020

MOTION: Paul Jakubczak, Fort Pierce, moved approval of the Consent Agenda as presented. Allen Putnam, Jacksonville Beach, seconded the motion. Motion carried 13 – 0.

ITEM 8 – ACTION ITEMS

a. Approval of Budget Increase for nFront Assistance with FPL Transmission Rate Case

MOTION: Larry Mattern, Kissimmee, moved approval of increasing the authorized budget for nFront Task Order #30 for assistance in connection with FPL's transmission formula rate and reactive power charge filing by \$200,000, for a total authorized budget of \$400,000. Allen Putnam, Jacksonville Beach, seconded the motion. Motion carried 13 – 0.

b. Approval of Resolution 2020-EC1 – JP Morgan Line of Credit Extension

MOTION: Bill Conrad, Newberry, moved approval of Resolution 2020-EC1 Paul Jakubczak, Fort Pierce, seconded the motion. Motion carried 13 – 0.

c. Approval of the ARP Conservation Program Funding for FY 2021

MOTION: Lynne Tejeda, Key West, moved approval of funding the ARP Conservation Program at \$750,000 for Fiscal Year '21. The program will be funded out of revenues collected through the ARP Energy Rate at an approximate rate impact of \$0.12/MWh. Allen Putnam, Jacksonville Beach, seconded the motion. Motion carried 13 – 0.

d. Approval of the Finance Committee's Proposed Charter Changes

MOTION: Paul Jakubczak, Fort Pierce, moved approval of Finance Committee charter change regarding the appointment of committee members. Allen Putnam, Jacksonville Beach, seconded the motion. Motion carried 13 – 0.

ITEM 9 – INFORMATION ITEMS:

Item 9a – Summary of Finance Committee Items

Linda S. Howard summarized the action items approved at the previous day's Finance Committee meeting that will come before the Executive Committee for approval at the Board of Directors meeting and there was no further discussion.

Item 9b – Discussion on Potential to Secure Pricing on Physical Natural Gas

This item was moved to before the Action Items and the information was presented by Ken Rutter. FMPA Staff will bring back a recommendation to the Executive Committee.

ITEM 10 – MEMBER COMMENTS

None

ITEM 11 – Adjournment

There being no further business, the meeting was adjourned at 1:17 p.m.

Howard McKinnon
Chairman, Executive Committee

Sue Utley
Assistant Secretary

Approved: _____

Seal

PUBLIC NOTICE SENT TO CLERKSMAY 8, 2020
AGENDA PACKAGES SENT TO MEMBERSMAY 8, 2020

**MINUTES
EXECUTIVE COMMITTEE
ALL-REQUIREMENTS POWER SUPPLY PROJECT
TELEPHONIC RATE WORKSHOP
TUESDAY, MAY 12, 2020
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FLORIDA 32819**

COMMITTEE MEMBERS PRESENT VIA TELEPHONE

Lynne Mila, Clewiston
Paul Jakubczak, Fort Pierce
Bob Page, Green Cove Springs
Don Cuevas, Jacksonville Beach
Lynne Tejada, Key West
Larry Mattern, Kissimmee
Sabrina Hubbell, Leesburg
Maria Brooke, Ocala

*arrived after roll call.

COMMITTEE MEMBERS ABSENT

Christina Simmons, Bushnell
Fred Hilliard, Fort Meade
Howard McKinnon, Havana
Bill Conrad, Newberry
Bob Milner, Starke

STAFF PRESENT

Jacob Williams, General Manager and CEO
Linda S. Howard, Chief Financial Officer
Sue Utley, Executive Assistant to General Manager and CEO / Asst.
Secy. to the Board
Jason Wolfe, Financial Planning, Rates and Budget Director
Steve Ruppel, Financial Planning, Senior Financial Analyst
Bianca Scott, Human Resources, Administrative Specialist

Item 1 – Call to Order

Lynne Tejada called the Executive Committee All-Requirements Telephonic Rate Workshop to order at 2:02 p.m. on Tuesday, May 12, 2020, via telephone. A speaker telephone for public

attendance and participation was located in the Accounting Conference Room at Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, Florida.

Item 2 – Information Items

Steve Ruppel gave a verbal update on the natural gas markets; provided an overview of the April loads and reviewed the April ARP rate calculation.

Item 3 – Member Comments

Jacob mentioned that gas prices have gone back to being significantly higher than the March lows, despite them still being cheaper than they were this time last year.

There being no further business, the meeting was adjourned at 2:12 p.m.

Approved

AP/bs

AGENDA ITEM 7 – CONSENT AGENDA

- b) Approval of Treasury Reports as of April 30, 2020**

**Executive Committee
June 18, 2020**



AGENDA PACKAGE MEMORANDUM

TO: FMPA Executive Committee
FROM: Gloria Reyes
DATE: June 9, 2020
ITEM: EC 7(b) – Approval of the All-Requirements Project Treasury Reports as of April 30, 2020

- Introduction
- This report is a quick summary update on the Treasury Department's functions.
 - The Treasury Department reports for April are posted in the member portal section of FMPA's website.
-

Debt Discussion

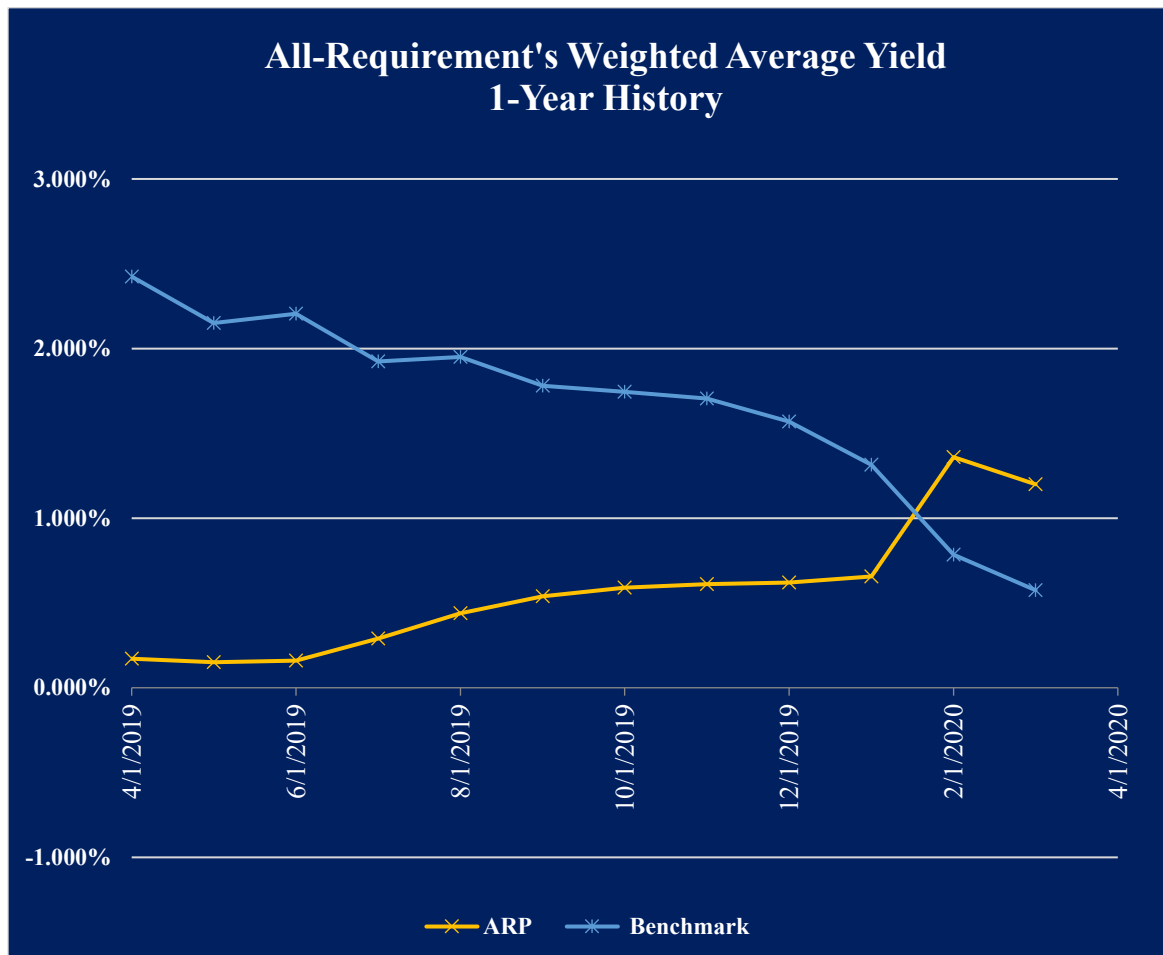
The All-Requirements Project has fixed and variable rate debt. The variable rate debt is a line of credit and equals 0.63% of total debt. The fixed rate percentage of total debt is 99.37%. The estimated debt interest funding for fiscal year 2020 as of April 30, 2020 is \$38,747,561.28. The total amount of debt outstanding is \$790,140,000.¹

Investment Discussion

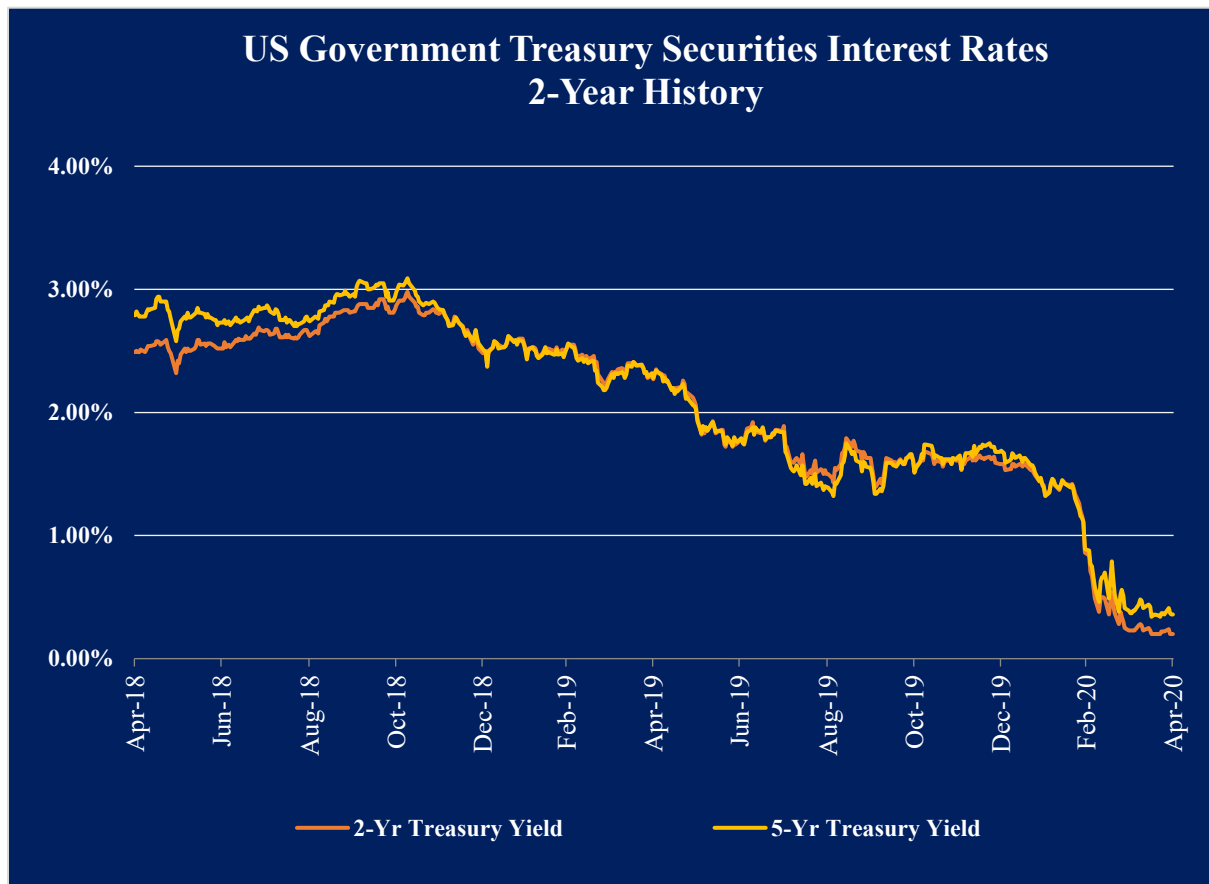
The investments in the Project are comprised of debt from the government-sponsored enterprises such as the Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae), as well as investments in U.S. Treasuries, Municipal Bonds, Certificates of Deposits, Corporate Notes, Commercial Paper, Local Government Investment Pools and Money Market Mutual Funds.

¹ Although still on deposit, the line of credit draw amount of \$5,000,000 is included in the total amount of debt outstanding.

As of April 30, 2020, the All-Requirements Project investment portfolio earned a weighted average yield of 1.39%, reflecting the All-Requirements Project need for liquidity given its 60-day cash position. The benchmarks (SBA's Florida Prime Fund and the 2-year US Treasury Note) and the Project's yields are graphed below:



Below is a graph of US Treasury yields for the past 2 years. The orange line is the 2-year Treasury which closed the month of April at .20%. The yellow line is the 5-year Treasury which was .36%.



The Investment Report for April is posted in the “Member Portal” section of FMPA’s website.

Recommended
Motion

Move for approval of the Treasury Reports for April 30, 2020

AGENDA ITEM 7 – CONSENT AGENDA

- c) Approval of the Agency and All-Requirements Project Financials as of April 30, 2020**

**Executive Committee
June 18, 2020**



Linda S. Howard, CPA, CTP
Chief Financial Officer

MEMORANDUM

TO: FMPA Executive Committee
FROM: Linda Howard
DATE: June 2, 2020
SUBJECT: EC 7c – Approval of the Agency and All-Requirements Project Financials for the period ended April 30, 2020

Discussion: The summary and detailed financial statements of the Agency and All- Requirements Project for the period ended April 30, 2020 are posted on the Document Portal section of FMPA’s website.

Recommended Motion: Move approval of the Agency and All-Requirements Project Financial reports for the month of April 30, 2020.

LH/GF

AGENDA ITEM 8 – ACTION ITEMS

- a) Approval of Resolution 2020-EC 2 –
Approval of Agency General and All-
Requirements Project Budgets for Fiscal
Year 2021**

**Executive Committee
June 18, 2020**



EC 8a – Approval of Resolution 2020-EC2: Agency General and All-Requirements Project Budgets for Fiscal Year 2021

FMIPA Executive Committee
June 9, 2020



Agency Budget



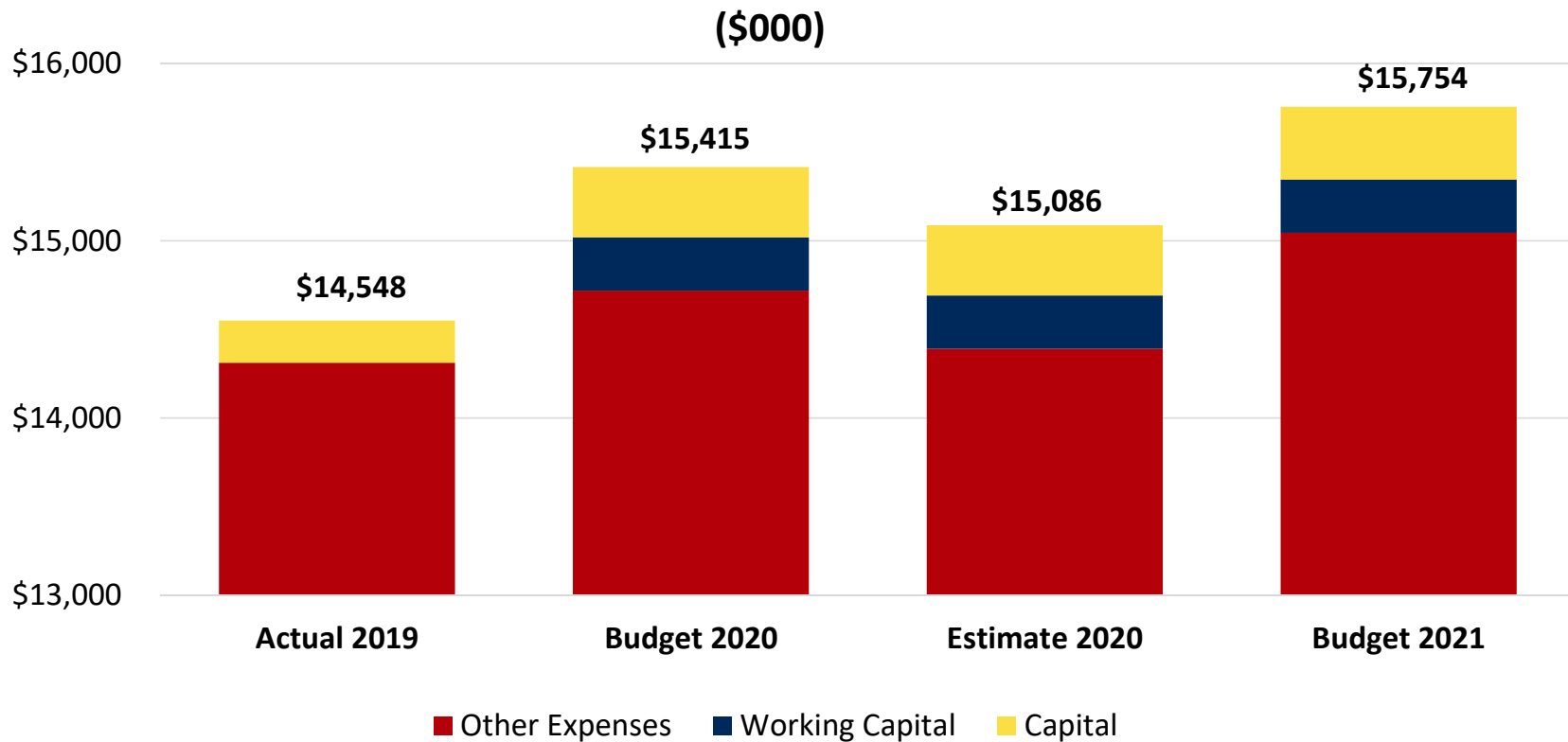
Key Points to Note

FY 2021 Agency Budget

- FY 2021 budget is 2.2% > FY 2020 Budget including \$300,000 in additional working capital (~.3% increase excluding working capital)
- Gross payroll costs reflect a slight (0.1%) increase over the FY 2020 budget
- Continued high consulting expenses due to no project financing to assign financial advisor expenses
- Capital expenditures of \$409,500 are 3% above FY 2020 budget
- Budget process began prior to COVID-19 effects, but staff has adjusted FY 2020 estimates and 2021 budget as Florida has become impacted
- Budgeted GM contingency increased by \$25k to manage uncertainty of COVID-19 Impacts given spending held in check throughout Budget
- Change in spending authority levels

FY 2021 Agency Budget is ~\$15.8M

2.2% increase from FY20 budget



FY 2021 Drivers Budget over FY 2019 Actuals

Lower than Expected Payroll Costs in 2019 Are Biggest Driver

- FY 2019 payroll costs were below expectations due to unplanned vacancies and length of time to fill them
- \$150k increase in healthcare costs due to higher anticipated costs
- FY 2019 OPEB expense higher than anticipated due to decrease in discount rate used to compute OPEB liability (\$410k impact)
- \$180k increase in software expenses due to acquisition of new software, including cloud-based solutions
- \$57k increase in training to provide necessary and appropriate training for staff
- \$114k increase in consulting expenses due to inclusion of FA contract costs in Agency budget in FY 2021
- \$79k increase in building & equipment repairs due to several projects planned for FY 2021
- \$172k increase in capital expenses
- \$220k decrease in debt costs due to the payoff of the building loan

FY 2021 Key Budget Drivers

Gross Payroll ~ FY 2020 Budgeted Amount

- Budget adjusted to take into account some of COVID-19 impacts
- Gross payroll increase of \$9k (0.1%) includes:
 - Merits, promotions, market adjustments, bonuses, re-purpose, attract and retain budgeted at 3% increase (down from 4% for FY 2020)
 - No change in FTE compared to FY 2020 budget
 - In an effort to keep payroll cost down and account for vacancies throughout the year we continue to not fund the equivalent of 2 FTEs
 - CEO and CLO salaries are included in this number

FY 2021 Key Budget Drivers Continued

- \$66k increase in healthcare costs due to higher expected premiums
- \$23k decrease in consultant costs due to the expected completion of projects and reduction in costs and scope of other projects
 - Financial Advisor contract payments (\$145k) again included in Agency Budget due to no project-specific financing to which to assign them
- Budgeted software costs are \$689k, ~30% increase from FY 2020 budget
 - Driven by new cloud-based software acquisitions
- Training expenses (excluding soft-skills training) reflect changes made to focus more on web-based or local training options in FY 2021 due to COVID-19

Change in Spending Authority Levels

- IT Department reporting to General Manager
 - IT Manager – increase spending authority to \$10,000 for items in the IT budget
- HR Director – approve all benefit, health care and payroll related expenses that are within the approved budget. Any other HR related expenses up to \$10,000

FY 2020 Estimate \$15.1M (\$0.3M < 2020 Budget)

Reflects COVID-19 Impacts, but Actual 2020 OPEB Costs Highly Uncertain

- FY 2020 Agency expenses currently projected ~\$330k < budget
- Travel and training reduced due to COVID-19
- OPEB expense for FY 2020 is biggest unknown due to uncertainty over interest rate levels used in OPEB liability calculation
- Staff will continue to monitor and, if necessary, come back for a budget amendment closer to year-end

FY 2021 Agency Budget Package

Questions?



All-Requirements Project Budget

ARP Budget Summary

Key Points to Note

- FY 2021 budgeted ARP Participant cost is \$71.07/MWh, ~5% below FY 2020 Budget cost of \$74.58/MWh
- FY 2021 budgeted total expenses 3.0% < FY 2020 budget
- Natural gas forward prices volatile recently but budgeted ~ FY 2020 Budget
- Continuing to focus on reducing Stanton coal output & O&M costs – ARP's highest cost risk assets
- Transmission costs are biggest increase from FY 2020 Budget
- Budgeted FY 2021 energy sales essentially flat to FY 2020 Budget, but long-term economic effects of COVID-19 are unknown

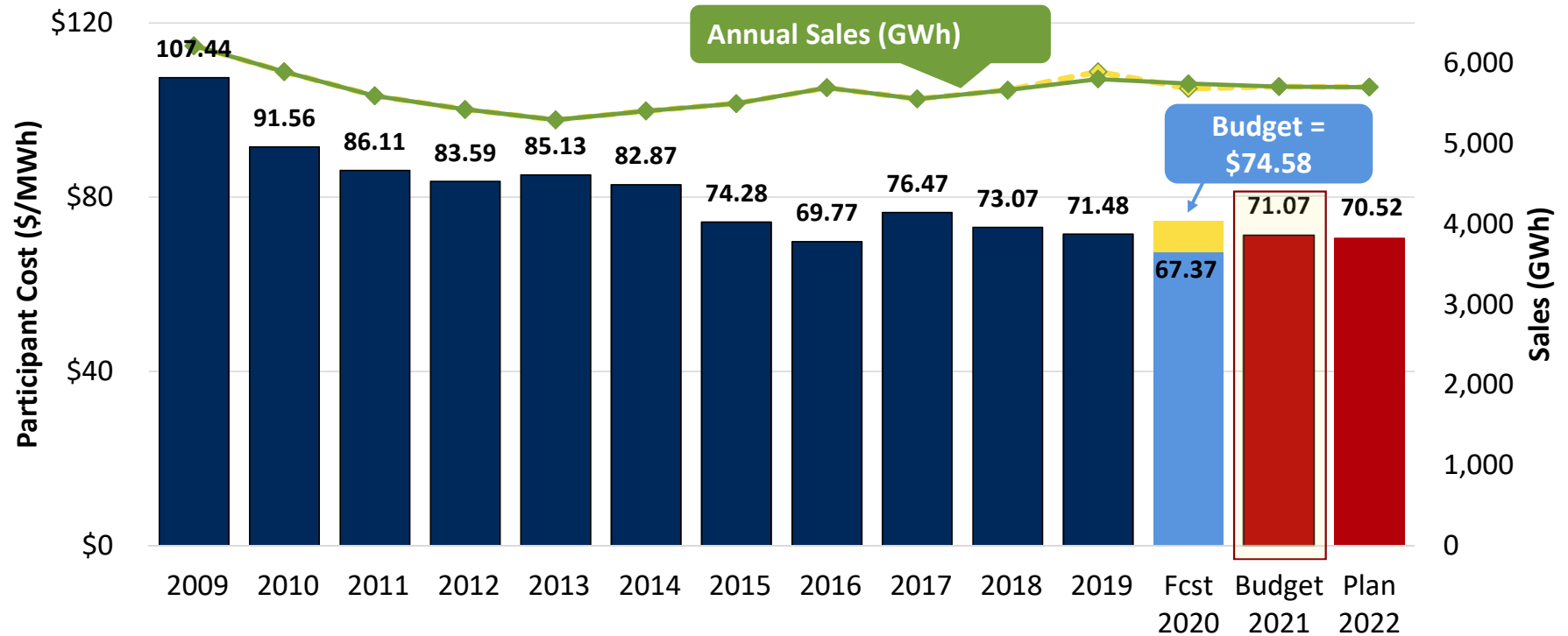
Other Key Assumptions in FY 2021 Budget

- Gas prices based on avg. of forward curves from 4/15/20 – 5/14/20 due to recent volatility in the market
- Combined cycle availability of 88% assumed
- Overall contingency included at \$5M for spending authority; not included in rates
- Continued high levels of planned ARP capital spending with major plants in their second decade; R&R funding held at FY 2020 level (\$12M)
- Bartow, Winter Park, Homestead, TECO and Reedy Creek sales reflected, with \$200k of margin also budgeted for assumed additional future sales
- ARP Phase 1 Solar reflected in FY 2021
- Proposing changing customer charge to \$1,000 per delivery point per month (currently \$1,345 for East cities vs. \$740 for West cities)

FY 2021 ARP Participant Cost is \$71.07/MWh

\$3.51/MWh (4.7%) < FY 2020 Budget

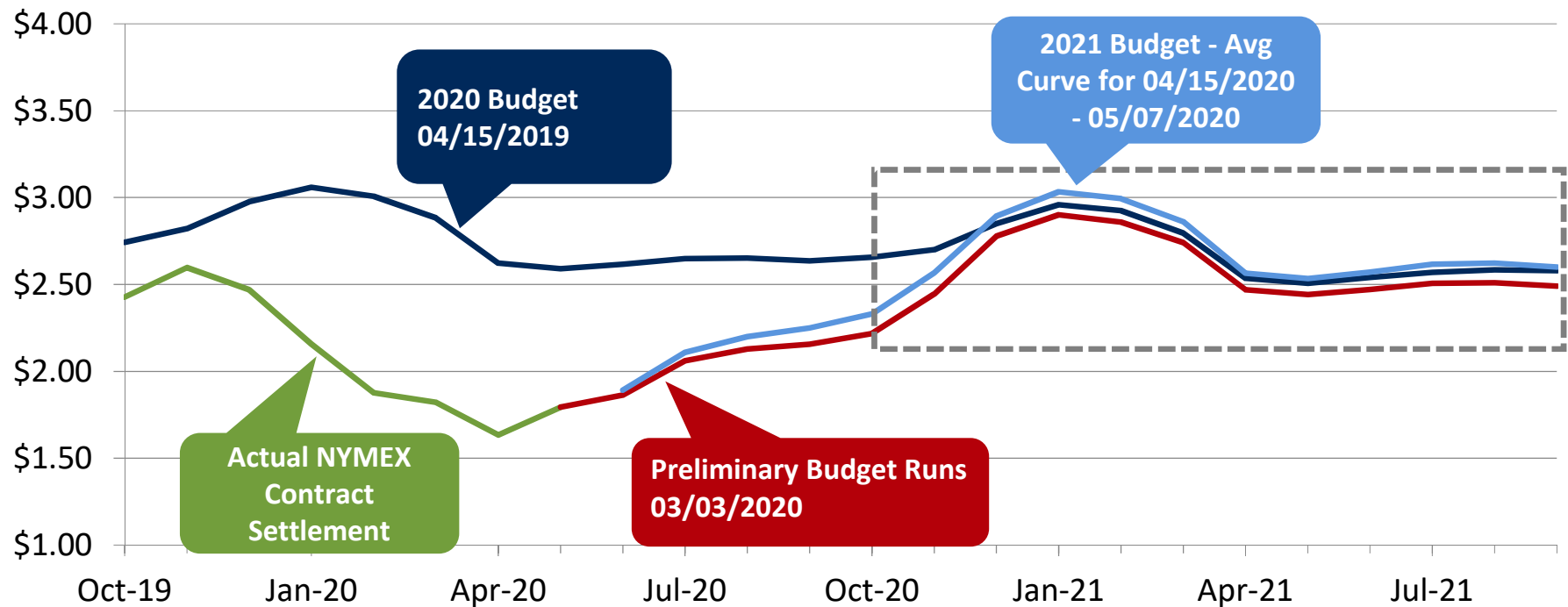
ARP – Historical & Budgeted All-in Participant Cost (\$/MWh)* and Sales (GWh)



Costs shown reflect incurred costs, which differ from billed costs due to rate setting process. For FY 2019, actual billed costs were \$71.22/MWh vs. incurred costs of \$71.48/MWh.

FY 2021 Natural Gas Price \$2.74/MMBtu

Avg. FY 2021 Budget Curve is ~ FY 2020 Budget

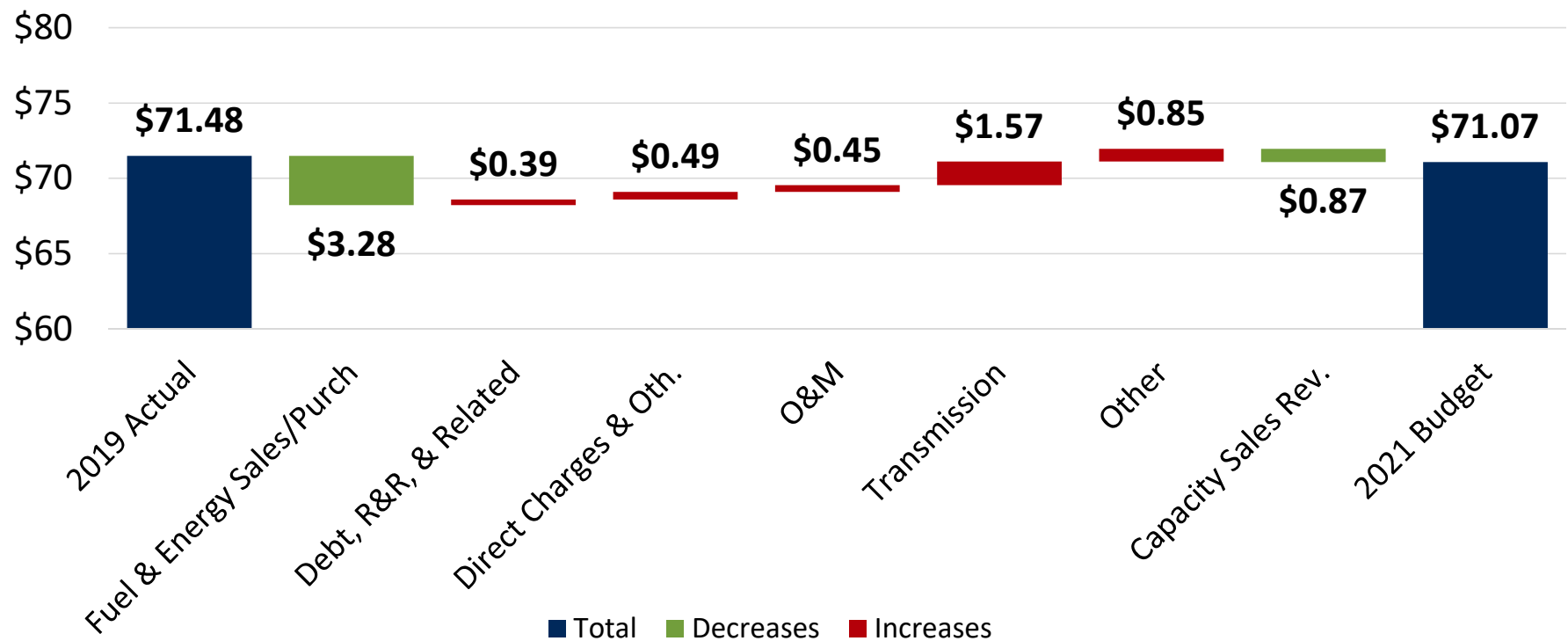


*** Natural gas prepaids will provide additional \$0.06/MMBtu savings on FMPA's overall natural gas costs for FY 2021**

FY 2021 Participant Costs ~1% < FY 2019 Actual

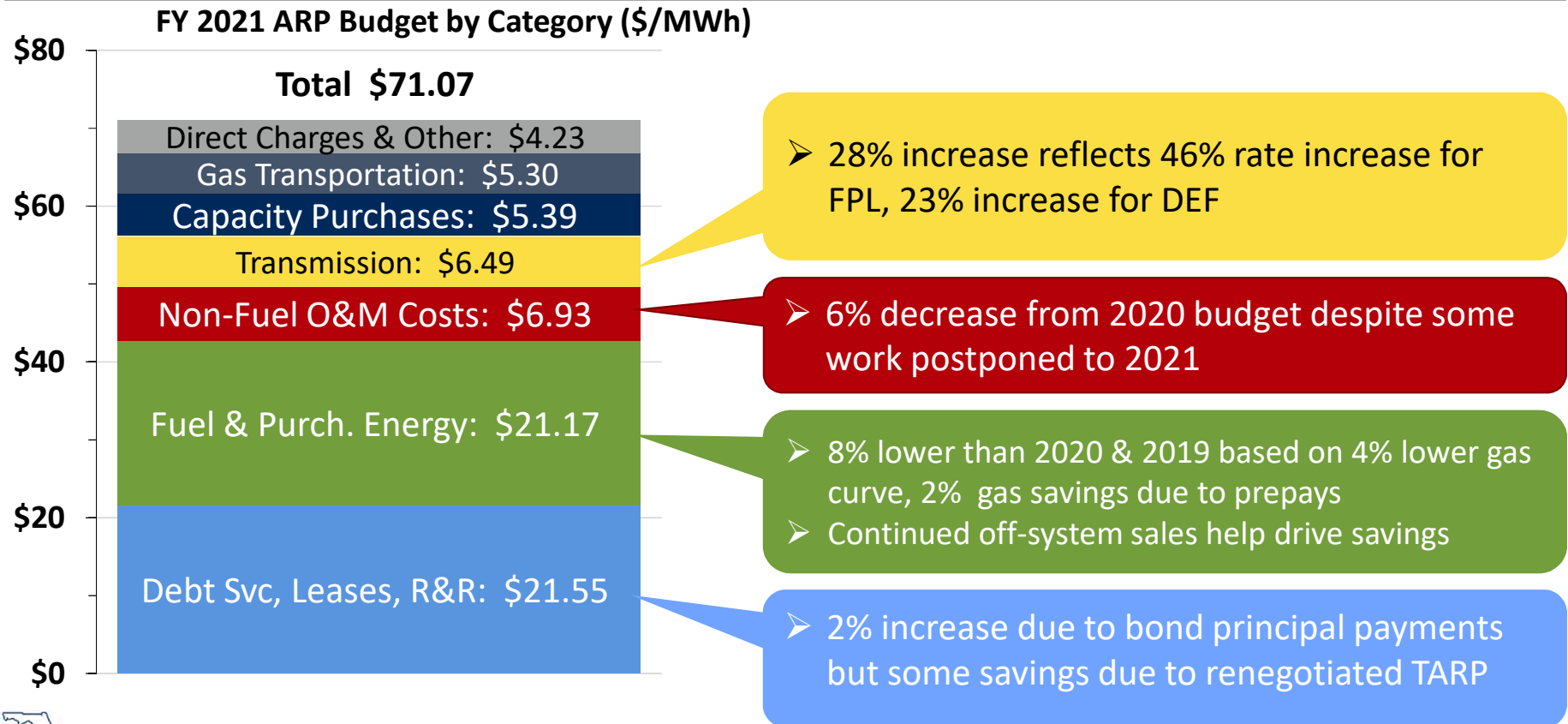
Gas Prices, Off-System Sales Revenues Help Offset Cost Increases

ARP – 2019 Actual to 2021 Budget All-in Participant Cost (\$/MWh)



FY 2021 Participant Costs = \$71.07/MWh

Fuel & Debt Combined ~ 60% of Costs



\$17M Savings Reflected in FY 2021 Budget

~\$3/MWh Cost Benefit to Participants

- \$6.6M savings for FY 2021 from refinancing of Series 2008A Bonds in July 2018
- \$4.5M savings from capacity sales to Bartow, Winter Park, Homestead, & TECO (net of deposits to Rate Protection Account)
 - Bartow deal converts from 20 MW peaking product to Full Requirements (~60 MW average) in January 2021
- \$2.8M savings from gas prepay transactions
- \$2.4M savings from renegotiation of KUA TARP C&E payments
- \$0.2M savings in assumed future energy sales to 3rd parties

Large Capital Items in 10-Year Plan

Planning to Finance Some Items

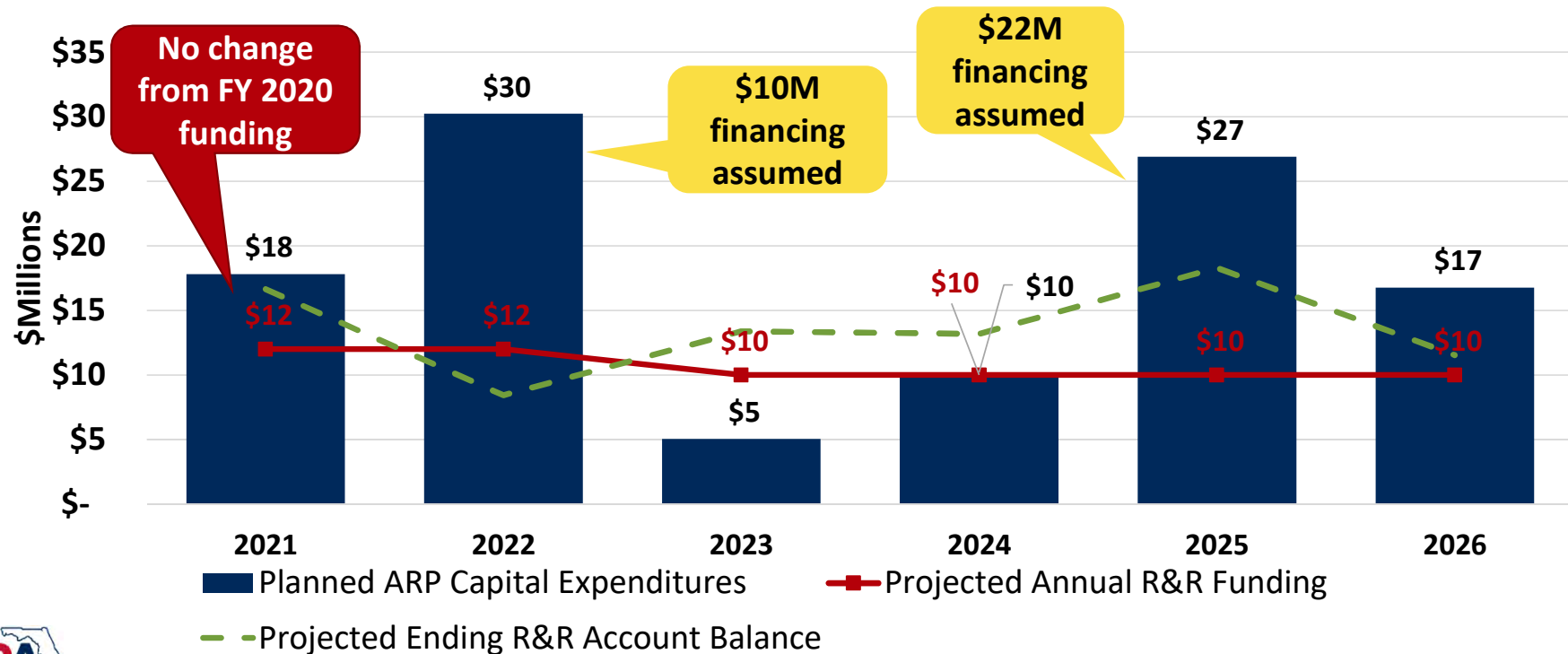
- 2022 – TCEC Advance Gas Path upgrades: \$10 M*
- 2022 – CI 3 replacement rotor: \$5.2 M
- 2024 - CI 2 hot gas path inspection: \$4.4 M
- 2025 – CI 4 Advance Gas Path upgrades: \$11.2 M*
- 2025 - Spare AGP set (for rotation between units) \$10 M*
- 2026 – TCEC rotor life extension: \$6.8 M

** Current plan is to finance these items*

R&R Funding Steady to Cover Future Capital Expenditures

Current R&R Level \$12M, Financing of Future Capital Expenditures Anticipated vs. Near-Term Rate Impact of Entirely Funding Through R&R

Comparison of Projected ARP Capital Expenditures and R&R Fund

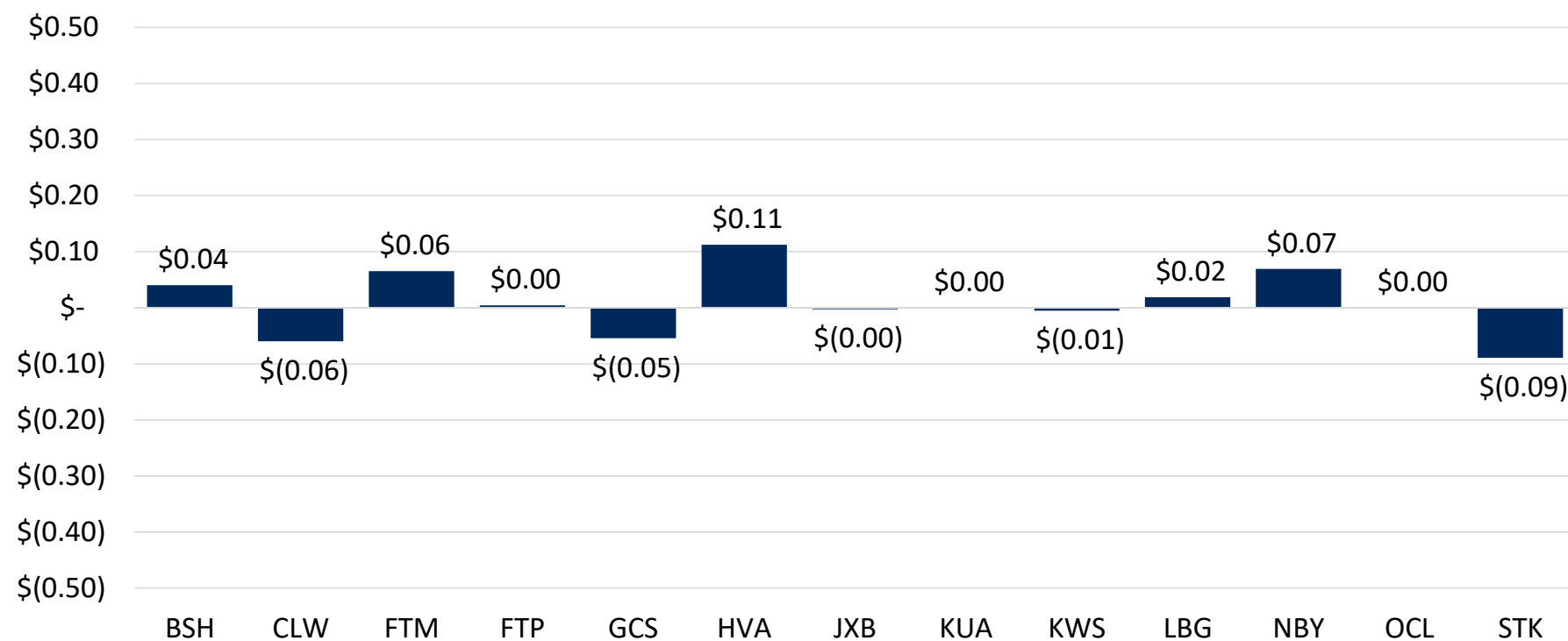


Proposed Customer Charge Changes

All Participants Would Pay Same Rate

- Current customer charge differs by geography, dates to when ARP had different rates schedules for “East” and “West” cities
 - East cities pay \$1,345/delivery point/month – Intended to cover meter maintenance costs (FMPA owns meters)
 - West cities pay \$740/delivery point/month – Intended to cover DEF monthly meter charges
 - KUA pays at the rate for the West cities
- Rates have not changed since at least 1991
- Proposed 2021 budget reflects change to \$1,000/delivery point/month for all cities
- Would increase total annual customer charge revenue from \$256k to \$324k
 - \$36k of this is correction to number of delivery points for Fort Pierce, Jacksonville Beach, Ocala
- Overall, no cost impact to ARP – increasing customer charge revenue lowers Demand Rate

\$/MWh Cost Impact to Participants from Proposed Customer Charge Change



FY 2021 ARP Budget

Questions?

Motion

Executive Committee

Move Approval of Resolution 2020-EC2, which will approve the Agency Fund and the All-Requirements Budgets for FY 2021.

RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE FLORIDA MUNICIPAL POWER AGENCY: (I) ESTABLISHING, APPROVING, AND ADOPTING THE ANNUAL FLORIDA MUNICIPAL POWER AGENCY GENERAL BUDGET, IN THE AMOUNT OF FIFTEEN MILLION SEVEN HUNDRED FIFTY-FOUR THOUSAND THREE HUNDRED FIFTY-SIX DOLLARS (\$15,754,356), AND THE ALL-REQUIREMENTS POWER SUPPLY PROJECT BUDGET, IN THE AMOUNT OF FOUR HUNDRED SEVENTY MILLION NINE HUNDRED THIRTY-EIGHT THOUSAND DOLLARS (\$470,938,000), FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2020, AND ENDING SEPTEMBER 30, 2021, AND THE CORRESPONDING BUDGET DOCUMENTS; (II) DEFINING BUDGET AMENDMENTS; (III) ESTABLISHING LEVELS OF APPROVAL REQUIRED FOR BUDGET AMENDMENTS; (IV) PROVIDING FOR ACCOUNT ADJUSTMENTS; (V) PROVIDING FOR LAPSE OF UNEXPENDED FUNDS; (VI) APPROVING STAFFING LEVELS; (VII) PROVIDING FOR INTERIM FUNDING AND REIMBURSEMENT FROM DEBT FINANCING OF CAPITAL IMPROVEMENTS AND PROVIDING FOR THE RELATED DELEGATION TO AUTHORIZED OFFICERS; (VIII) MAKING A DETERMINATION OF A PUBLIC PURPOSE FOR BUDGETED EXPENDITURES; (IX) PROVIDING FOR A CAP ON FINANCIAL ADVISOR FEES; (X) PROVIDING FOR SEVERABILITY; AND (XI) PROVIDING AN EFFECTIVE DATE.

Whereas, the Interlocal Agreement Creating the Florida Municipal Power Agency, as amended (the “**Interlocal Agreement**”), requires the Executive Committee of the Florida Municipal Power Agency (the “**Agency**”) to annually approve and adopt an annual Agency general budget, and an annual All-Requirements Power Supply Project budget, for the succeeding fiscal year; and

Whereas, pursuant to these requirements the annual budget documents for the Agency general budget and the All-Requirements Power Supply Project budget for the fiscal year beginning October 1, 2020, and ending September 30, 2021, (“**Fiscal Year 2021**”) have been prepared and presented by Agency staff, reviewed and approved by the Agency’s Finance Committee, and recommended for approval to the Executive Committee.

BE IT RESOLVED BY THE EXECUTIVE COMMITTEE OF THE
FLORIDA MUNICIPAL POWER AGENCY THAT:

SECTION I. **Annual Agency General and All-Requirements Power Supply Project Budgets.** (A) The Agency general budget for Fiscal Year 2021 is hereby established as \$15,754,356. The All-Requirements Power Supply Project budget for Fiscal Year 2021 is hereby established as \$470,938,000. The Agency general and All-Requirements Power Supply Project budgets for Fiscal Year 2021 are established hereby as finally approved by the Finance Committee, and described in detail in the “**Fiscal Year 2021 Budget Book**” (collectively, the “**Agency and ARP Fiscal Year 2021 Budgets**”). The Fiscal Year 2021 Budget Book as it relates to the Agency and ARP Fiscal Year 2021 Budgets is incorporated by this reference as a material part of this resolution.

(B) The Agency and ARP Fiscal Year 2021 Budgets, as established in subsection (A) above and described in detail in the Fiscal Year 2021 Budget Book, are hereby approved and adopted. Approval is also hereby given to those documents in the Fiscal Year 2021 Budget Book related to the plan for the Agency general budget and the All-Requirements Power Supply Project budget for the fiscal year beginning October 1, 2021, and ending September 30, 2022 (“**Fiscal Year 2022**”), which are hereby approved as the plan to be used to prepare the Fiscal Year 2022 Agency general and All-Requirements Power Supply Project budgets.

SECTION II. **Definition of Budget Amendments.** For purposes of this Resolution, “**Budget Amendment**” means an increase or decrease in any expenditure within the Agency general budget or the All-Requirements Power Supply Project budget, the effect of which alters the total dollar amount of the Agency general budget or the All-Requirements Power Supply Project budget, respectively.

SECTION III. **Approval of Budget Amendments.** The Agency and ARP Fiscal Year 2021 Budgets may only be amended by the Executive Committee at a duly called meeting of the Executive Committee by resolution and in accordance with Agency requirements and requirements of law.

SECTION IV. **Account Adjustment.** The General Manager may adjust the appropriate accounts for the Agency and ARP Fiscal Year 2021 Budgets by a maximum amount of unexpended funds for approved and appropriated Agency and All-Requirements Power Supply Project expenditures for undertakings remaining active as of September 30, 2020. However, any such adjustment must be reported to and approved by the Executive Committee, in accordance with Section III.

SECTION V. **Lapse of Unexpended Funds.** Any funds in the Agency and ARP Fiscal Year 2021 Budgets appropriated but not expended, unless otherwise amended pursuant to Section III, automatically lapse upon FMPA's close of business on September 30, 2021, unless otherwise approved by a resolution of the Executive Committee.

SECTION VI. **Approval of Staffing Levels; Merit and Promotion.** (A) There are a total of 72 authorized Agency staff positions set forth in the Fiscal Year 2021 Budget Book, as shown on the sheet entitled "FMPA Organization Chart." The General Manager has the authority to manage and control the organization of Agency staff as appropriate to meet the needs of the Agency, including making changes to position descriptions, salary grades, functional duties, employee classifications, and organizational structure, except that no increases to the number of Agency staff in addition to the 72 positions authorized by this resolution may be made without prior Executive Committee approval.

(B) Increases in Agency employee wages for merit raises and promotions have been budgeted at 3% of gross wages, as shown in the Fiscal Year 2021 Budget Book (the "**Merit and Promotions FY 2021 Budget**"). No budget authority in the Agency general budget for Fiscal Year 2021 may be used for merit increases and promotions, other than the Merit and Promotions FY 2021 Budget. The Merit and Promotions FY 2021 Budget includes merit increases for the General Manager and Chief Executive Officer and the General Counsel and Chief Legal Officer, who serve as appointed officers of the Agency. However, to the extent that either of these appointed officers receives a merit increase of greater than 3%, the General Manager and Chief Executive Officer may use any available budget authority from the Agency general budget outside the Merit and Promotions FY 2021 Budget to make up the difference so that the amount available in the Merit and Promotions FY 2021 Budget is not less than 3% of gross wages for Agency employees, other than the appointed officers of the Agency. If there is not sufficient available budget authority from the Agency general budget to make up such difference, the General Manager and Chief Executive Officer shall bring such matter to the attention of the Executive Committee. If appointed officers of the Agency receive merit increases of less than 3%, any remaining amount is authorized to be used for merit increases and promotions for the Agency's other employees.

SECTION VII. **Interim Funding of Total Capital Financed.** Capital improvements described in the Agency and ARP Fiscal Year 2021 Budgets under the heading of "Capital Funded from Financing" or otherwise described as expected to be financed with loans or other debt obligations may initially be paid with other temporarily available funds of the Agency or the All-Requirements Power Supply Project, respectively, pending issuance of such loans or other debt; it is the expectation of Florida Municipal Power Agency that such expended amounts will be reimbursed

when the proceeds of such debt become available, that the maximum principal amount of debt issued for such purposes will also include the amount necessary to fund associated issuance costs, debt reserve funds, capitalized interest and similar items customarily included in a debt financing of such capital expenditures (as grossed up, for purposes of this Section VII, the “**Maximum Principal Amount**”), and it is the Florida Municipal Power Agency’s intention that this Section VII be treated as a statement of the Florida Municipal Power Agency’s “official intent” within the meaning of IRS regulations section 1.150-2. While this is the current intention of the Florida Municipal Power Agency, it does not in any way obligate it to proceed with tax-exempt financing for any such expenditures, or to reimburse itself from the proceeds of any such loan or debt financing or financings which may be undertaken, in the event that the Florida Municipal Power Agency later determines that such action is not in its best interest. In addition, in the event that it becomes apparent during Fiscal Year 2021 that the actual costs of capital improvements for Fiscal Year 2021 may or will exceed the amount set forth in the Agency and ARP Fiscal Year 2021 Budgets as hereby adopted, and the Florida Municipal Power Agency determines that the amount expected to be financed with loans or other debt obligations will exceed the Maximum Principal Amount described in the Agency and ARP Fiscal Year 2021 Budgets, a further statement of “official intent” under applicable federal income tax regulations may be subsequently adopted by the Authorized Officers (as set forth further in this Section VII) in a timely manner in order to preserve the ability to reimburse such excess from the proceeds of additional loans or debt obligations. For purposes of this Section VII, “**Authorized Officers**” means (i) the Chairperson of the Executive Committee or the Vice Chairperson of the Executive Committee or the elected Treasurer of the Agency, and (ii) the General Manager and CEO of FMPA or the Chief Financial Officer of FMPA.

SECTION VIII. **Determination of a Public Purpose.** (A) Except as specifically provided for in subsection (B) below, the Executive Committee hereby determines that all budgeted expenditures described in the Agency and ARP Fiscal Year 2020 Budgets, and those otherwise permitted and within the limits established in the Agency and ARP Fiscal Year 2021 Budgets, have and do serve a public purpose and further the purposes of the Agency and the All-Requirements Power Supply Project, as provided for in the Interlocal Agreement, the All-Requirements Power Supply Project Contracts between FMPA and each of the Project Participants (as defined therein), and applicable law.

(B) Certain expenditures within the Agency and ARP Fiscal Year 2021 Budgets have been explicitly given a “Public Purpose Designation,” for the account descriptions of Meetings, Employee Activities, and Awards & Recognition (totaling \$69,660 in the Agency and ARP Fiscal Year 2021 Budgets). Such Public Purpose Designation expenditures have been reviewed by the Executive Committee and are hereby specifically and expressly determined to have and serve a

public purpose and further the purposes of the Agency and the All-Requirements Power Supply Project. During the Fiscal Year 2021, Agency staff shall designate and track expenditures made under all account descriptions that have been given such a Public Purpose Designation, pursuant to the requirements of the Agency's Public Purpose Policy and procedures issued to implement such policy.

SECTION IX. **Cap on Financial Advisor Fees.** In March 2018 the FMPA Board of Directors and FMPA Executive Committee approved engaging Dunlap & Associates, Inc. ("**Dunlap**") and PFM Financial Advisors LLC ("**PFM**") as the Managing Financial Advisor and Co-Financial Advisor, respectively, with the understanding that the total fees paid for both firms would not exceed the total fees paid for financial advisor services in the previous year. The Executive Committee hereby caps the budgetary authority for financial advisor fees paid to both Dunlap and PFM, together, at no more than a total of \$219,000 for Fiscal Year 2021, regardless of whether those financial advisor fees are provided for in the Agency and ARP Fiscal Year 2021 Budgets, or elsewhere.

SECTION X. **Severability.** If one or more provisions of this resolution should be determined by a court of competent jurisdiction to be contrary to law, such provisions shall be deemed to be severable from the remaining provisions hereof, and shall in no way affect the validity or enforceability of such remaining provisions.

SECTION XI. **Effective Date.** This resolution shall take effect immediately upon its adoption.

This Resolution 2020-EC2 is hereby approved and adopted by the Executive Committee of the Florida Municipal Power Agency on June 18, 2020.

Chairperson of the Executive Committee

I HEREBY CERTIFY that on June 18, 2020, the above Resolution 2020-EC2 was approved and adopted by the Executive Committee of the Florida Municipal Power Agency, and that this is a true and conformed copy of Resolution 2020-EC2.

ATTEST:

Secretary or Assistant Secretary

SEAL

FISCAL YEAR 2021 BUDGET BOOK
AGENCY BUDGET

MEMORANDUM

TO: Executive Committee
FROM: Jason Wolfe
DATE: June 9, 2020
SUBJECT: Agency FY 2021 Budget Overview

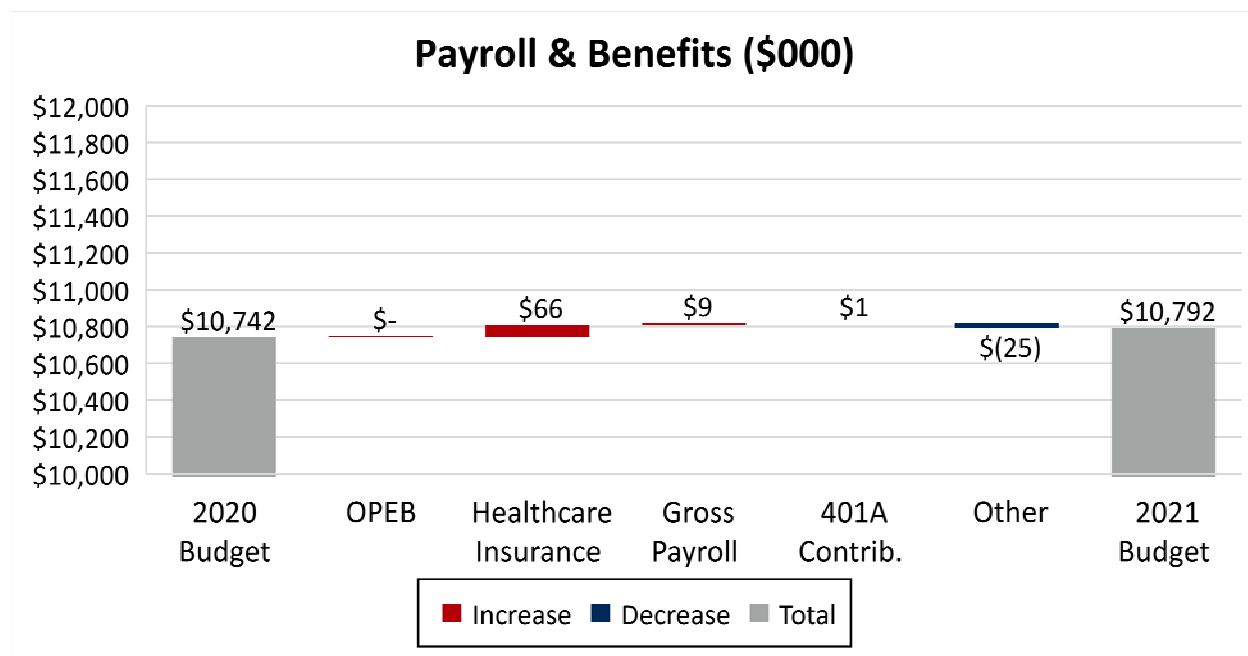
Overview and Highlights

- The proposed Agency budget for Fiscal Year Ending September 30, 2021 is attached for review, discussion and approval with the FMIPA Executive Committee (EC).
- Total budgeted Agency expenses for FY 2021 are \$15,754,356, which represents an increase of approximately \$339,818 or 2.2%, from the FY 2020 budget.
- The proposed FY 2021 budget includes \$300,000 to provide for additional working capital for the agency. Excluding this amount, the increase from the FY 2020 budget is .3%.
- The proposed FY 2021 budget includes several cost increases (e.g., travel, meetings, soft skills training, and member services costs) that are tied to the Agency's strategic priorities
- The proposed FY 2021 budget includes 72 authorized positions and 68 full-time equivalents (FTEs), which represents no change from the FY 2020 budget. Also, in keeping with the FY 2019 & FY 2020 budgets, the proposed FY 2021 budget does not fund the equivalent of two FTEs due to assumed turnover.
- While the largest impact is reflected in the year-end estimates for FY 2020, the proposed FY 2021 budget does include some recognition of likely long-term impacts due to COVID-19, primarily in the areas of training and business travel.
- At its May 20 meeting, the EC approved and recommended the final Agency budget to the Executive Committee (EC) for adoption at the EC's June 18 meeting.

Selected cost centers are discussed below.

Payroll & Benefits

The budgeted Payroll and Benefit costs have a slight increase of .5% over the FY2020 budget, with a \$66,000 increase coming from Healthcare Insurance and \$9,000 from Gross Payroll.



Other Post-Employment Benefits - No change

The budgeted OPEB accrual for FY 2021 is \$50,000, which is unchanged from the FY 2020 budget. However, the primary driver for the actual change in OPEB liability will be the change in the discount rate (based on the change in actual long-term interest rates) utilized in the OPEB calculation. Based on sensitivities performed in 2019 by FMPA's OPEB consultant, a 100 basis point increase/(decrease) in interest rates could cause the Agency's OPEB liability to (decrease)/increase by ~\$700,000, respectively. Since staff is unable to predict future interest rates, the proposed FY 2021 budget assumes rates stay essentially flat with FY 2020.

Healthcare Insurance - \$66,000 increase

Healthcare costs are estimated to increase based on increases in premiums this year.

Gross Payroll - \$9,000 increase in payroll

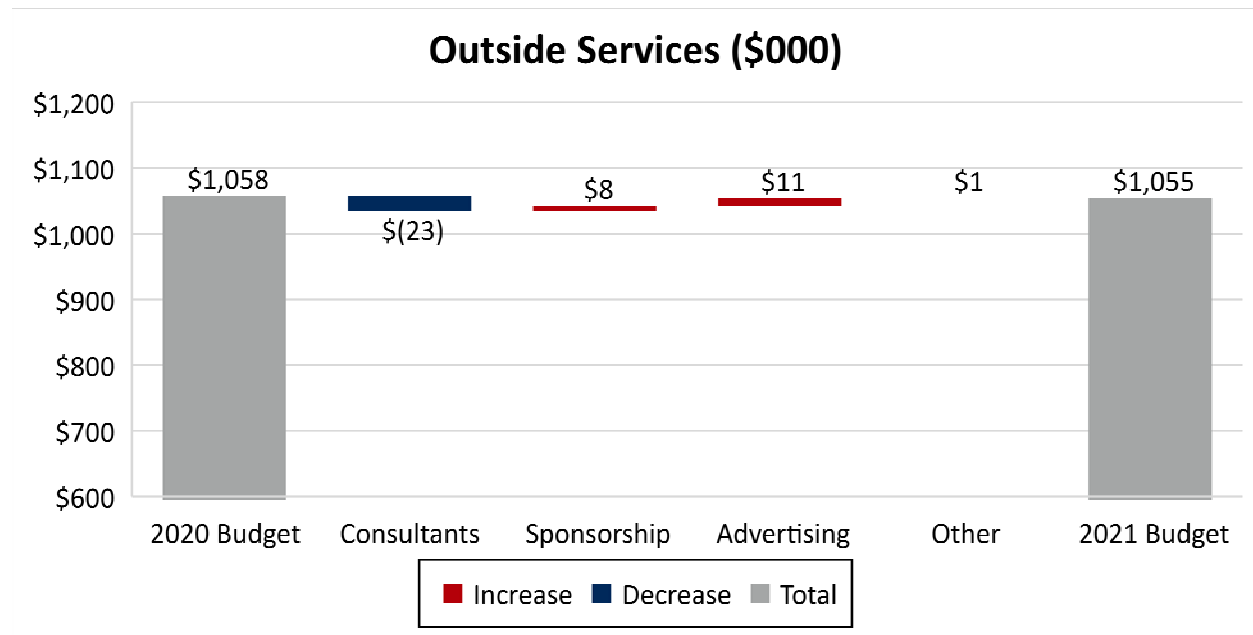
Gross Payroll costs reflect a slight increase over the FY2020 budget to include merit increases and promotions (3% average increase assumed). There are no new added positions and the FY 2021 budget continues the assumption of not funding the equivalent of two full-time equivalents due to assumed turnover.

401A Contributions - \$1,000 increase

The slight increase in Pension 401A costs is related to the increase in payroll.

Outside Services

Total budgeted costs for Outside Services are essentially even with FY 2020. Within the category, there is a decrease of \$23,000 in Consulting expenses, which is offset by increases of \$8,000 in sponsorships and \$11,000 in Advertising.



Consultants - \$23,000 decrease

The decrease in Consulting costs is due to the expected completion of projects during FY 2020, reduction in costs and reduction in scope of other projects.

Sponsorship - \$8,000 increase

The increase in Sponsorship costs is due to continuing to develop and enhance FMPA's external affairs efforts with industry stakeholders.

Advertising - \$11,000 increase

The increase in advertising is due to a subscription to Energy Central that was added back per continued posting requests by members.

Balance Sheet Items

The budgeted Balance Sheet items increased 1.9% or \$13,500 for 2021 over the FY 2020 budget. While there was no change to the \$80,000 annual contribution to the Building Maintenance Fund and \$300,000 continued annual contribution for Agency working capital, the increase is driven by a higher level of capital expenditures budgeted for in FY 2021.

Capital Expenditures - \$13,500 increase

Planned major capital projects included in the FY 2021 budget are as follows:

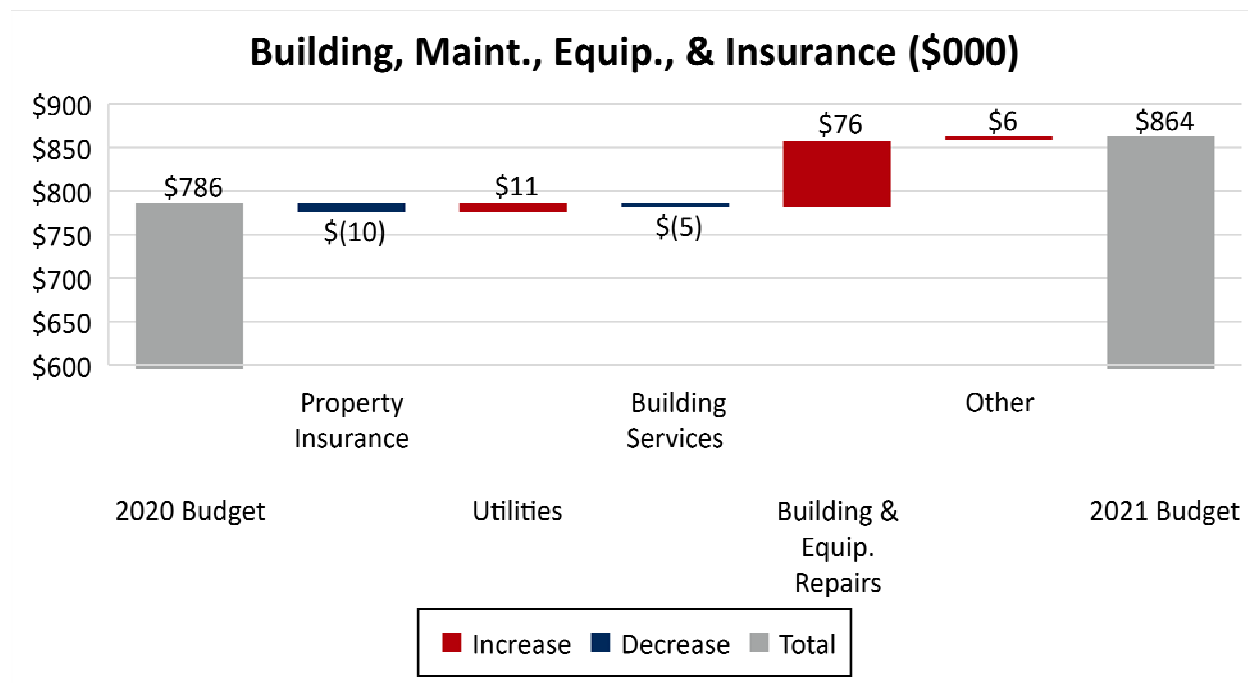
- \$25,000 for new chairs for the meeting rooms
- \$304,500 for various IT Hardware/Software capital expenditures, including \$125,000 to replace aging staff laptops. A full list of capital projects and breakdown of associated costs is included with the budget package.

Working Capital Funding – No change

Due to higher budgeted expenses for FY 2021, as well as staff's review of historical Agency expenses and available cash levels, staff is recommending an additional \$300,000 be budgeted in FY 2021 to ensure that the Agency has sufficient working capital to avoid having to utilize amounts set aside for the Development Fund or OPEB.

Building, Maintenance, Equipment & Insurance

The budgeted costs for Building, Maintenance, and Equipment for FY 2021 increased 9.9% or \$78,000. This is primarily due to an increase in building maintenance and utilities costs, partially offset by a decrease in property insurance and building services costs.



Property Insurance - \$10,000 decrease

The net decrease in insurance was \$10,000. All insurance, Crime, Lawyers C&O and Property went up slightly but were offset by a decrease in Cyber Insurance. Last year's Cyber insurance was estimated, and this year's budgeted amount was reduced based on actual costs.

Utilities - \$11,000 increase

Budgeted Utility (Electric/Garbage/Water) expenses have increased due to higher actual costs.

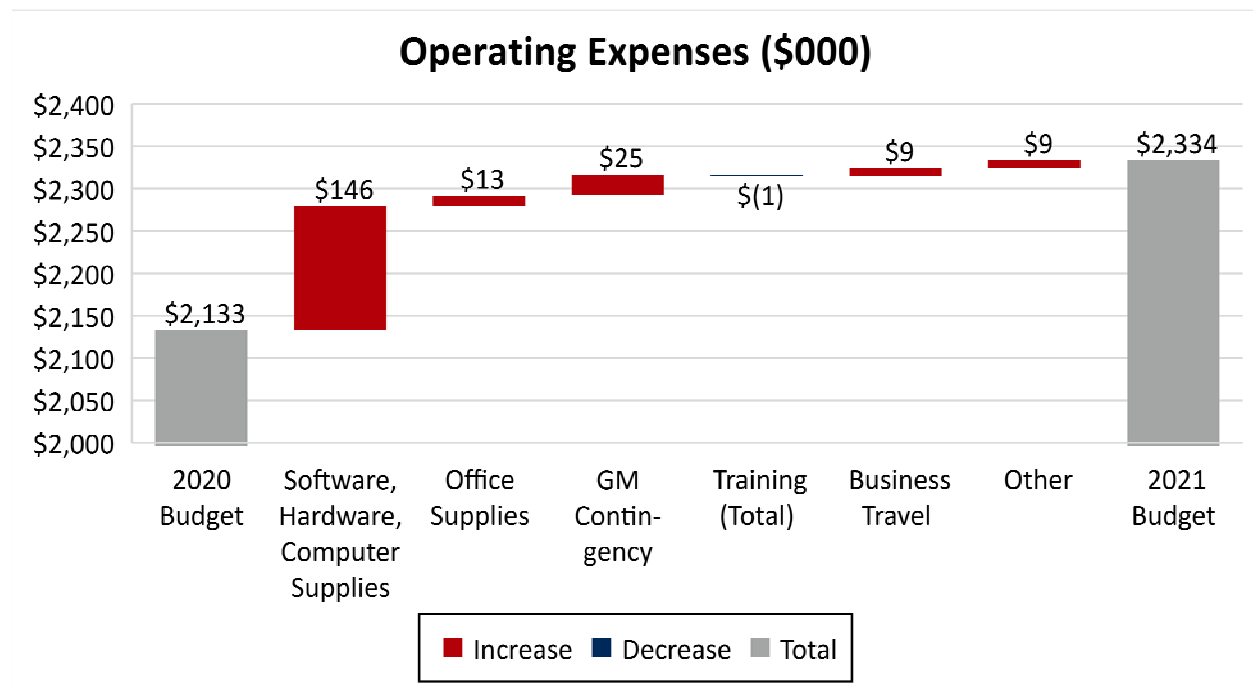
Building & Equipment Repairs - \$76,000 increase

The increase is driven by several projects in building maintenance for FY 2021 including:

- \$40,000 for space utilization planning or relocation exploration
- \$22,000 for asphalt repairs and seal coat, restriping
- \$18,000 for unforeseen repairs

Operating Expenses

Budgeted Operating expenses are expected to have a net increase of 9.4% or \$200,000, with increases of \$12,500 in Office Supplies, \$159,000 in Software, \$13,000 in Telephone, \$25,000 in GM's Contingency and \$15,000 in HR training for Company. These increases are partially offset by the following: decreases of \$12,000 in Hardware, \$12,000 in Printing and \$16,000 in other Training.



Software - \$159,000 increase

The increase in Computer Software costs is primarily due to new cloud-based software that either has been recently acquired or will be acquired in FY 2021, including a new budgeting and financial forecasting system.

Office Supplies - \$12,500 increase

The budgeted increase for Office Supplies in FY 2021 is primarily due to the purchase of a Phasetrakker tool to assist in mapping efforts.

Telephone - \$13,000 increase

The increase is due to the acquisition of more hotspots for the storm team.

GM's Contingency - \$25,000 increase

The requested GM's contingency for FY 2021 is being increased by \$25,000 to \$200,000 to manage uncertainty of COVID-19 impacts given spending held in check throughout the budget.

Management Staff Training - \$15,000 increase

This represents soft skills training for Agency employees that was not included in the FY 2020 budget but is being added back to the HR budget for FY 2021.

Training - \$16,000 decrease

While the Agency continues to recognize the importance of ensuring employees receive appropriate and necessary training, the decrease in training expenses for FY 2021 is primarily due to plans to focus more on web-based or local training options for FY 2021 due to COVID-19.

Hardware - \$12,000 decrease

Most hardware related expenses for FY 2021 will be associated with the replacement of staff's aging computers, which are planned to be capitalized.

Printing - \$12,000 decrease

Printing costs have decreased due to revamping of the annual report to reduce expenses.

Business Travel - \$9,000 increase

Business travel expenses are projected to increase due to more travel to assist member cities with various efforts; however, this increase has been reduced from original projections due to the uncertain long-term impact of COVID-19.

Florida Municipal Power Agency								
Agency Operating Budget - Fiscal Year 2021 Snapshot								
Expenses	FY 2019	FY 2020	FY 2020	FY 2020	FY 2021	FY 2021 Budget	FY 2021 Budget	FY 2021 Budget
	Actual	YTD	Estimate	Budget	Budget	Above/(Below)	Above/(Below)	Above/(Below)
		<i>As of February, 2020</i>						
						FY 2019 Actuals	FY 2020 Estimates	FY 2020 Budget
I. Payroll and Benefits								
Gross Payroll	7,407,316	2,982,465	7,794,000	7,944,256	7,953,389	546,073	159,389	9,133
FICA & Medicare	518,299	202,641	600,000	607,735	516,970	(1,329)	(83,030)	(90,765)
401A	734,703	298,017	779,400	794,426	795,338	60,635	15,938	912
Long Term Care	8,387	4,019	8,500	8,739	10,984	2,597	2,484	2,245
Healthcare Insurance	1,117,322	504,554	1,311,687	1,201,676	1,267,723	150,401	(43,964)	66,047
Other Post Employment Benefits	440,563		50,000	50,000	50,000	(390,563)	-	-
Workers Comp Insurance	33,505	14,051	33,600	38,500	38,500	4,995	4,900	-
Unemployment Compensation	-927	0	0	0	0	927	-	-
Recruit & Relocate	52,599	122,195	100,000	30,000	90,000	37,401	(10,000)	60,000
Wellness	24,090	10,186	28,000	26,700	30,500	6,410	2,500	3,800
Tuition Reimbursement	15,191	3,327	5,000	18,113	13,314	(1,877)	8,314	(4,799)
Employee Recognition	6,560	0	8,500	8,500	9,750	3,190	1,250	1,250
Employee Activities	10,203	6,805	13,500	13,100	16,000	5,797	2,500	2,900
TOTAL PAYROLL & BENEFITS	\$ 10,367,808	\$ 4,148,259	\$ 10,732,187	\$ 10,741,745	\$ 10,792,468	\$ 424,660	\$ 60,281	\$ 50,723
II. Operating Expenses								
Employer Dues	212,789	140,005	219,184	219,450	220,550	7,761	1,366	1,100
FCG-Florida Electric Power Coord Group	56,825	12,646	53,000	55,000	55,000	(1,825)	2,000	-
Subscriptions	54,982	38,801	56,135	55,135	58,782	3,800	2,647	3,647
Employee Dues	8,130	4,471	12,550	12,007	13,688	5,558	1,138	1,681
Office Supplies	29,485	13,158	28,326	28,219	40,783	11,298	12,457	12,564
Bank Charges	27,431	15,769	40,000	31,500	30,000	2,569	(10,000)	(1,500)
Software	508,178	285,777	503,000	529,724	688,605	180,427	185,605	158,881
Hardware	73,202	38,176	75,000	51,700	39,950	(33,252)	(35,050)	(11,750)
Computer Supplies	17,618	6,808	20,900	20,900	19,900	2,282	(1,000)	(1,000)
Postage	6,987	3,015	6,715	9,823	6,415	(572)	(300)	(3,408)
Printing	19,762	7,706	31,000	31,000	19,000	(762)	(12,000)	(12,000)
Telephone & Fax	28,088	14,359	31,380	23,080	35,980	7,892	4,600	12,900
Internet Charges	199,420	74,993	185,000	178,240	182,340	(17,080)	(2,660)	4,100
GM's Contingency	178,669	30,985	0	175,000	200,000	21,331	200,000	25,000
Business Travel	346,616	174,404	293,374	336,810	345,565	(1,051)	52,191	8,755
Training	115,057	50,515	169,479	188,640	172,190	57,134	2,711	(16,450)
Management Staff Training	25,085	21,957	25,000	5,000	20,000	(5,085)	(5,000)	15,000
Meetings	34,419	14,168	31,350	43,900	43,910	9,491	12,560	10
FMPA Board of Directors	32,552	7,500	27,000	27,000	30,000	(2,552)	3,000	3,000
Readiness to use auto allow. (7 cars)	54,454	23,627	60,039	60,039	61,844	7,390	1,805	1,805
Phone Stipend	26,936	11,589	30,550	30,550	32,500	5,564	1,950	1,950
All Other Operating Costs	6,209	4,909	13,210	20,310	16,505	10,296	3,295	(3,805)
TOTAL OPERATING EXPENSES	\$ 2,062,892	\$ 995,339	\$ 1,912,192	\$ 2,133,027	\$ 2,333,507	\$ 270,615	\$ 421,315	\$ 200,480
III. Outside Services & Consultants								
Consultants	722,673	294,297	797,900	859,527	836,450	113,777	38,550	(23,077)
Lobbying	156,029	74,937	154,800	154,800	155,501	(528)	701	701
Sponsorships	16,700	12,500	15,000	15,000	23,000	6,300	8,000	8,000
Advertising	11,706	18,903	10,150	10,300	21,700	9,994	11,550	11,400
Communications Projects & Special Events	32,420	7,089	18,170	18,170	18,170	(14,250)	-	-
TOTAL OUTSIDE SERVICES	\$ 939,528	\$ 407,725	\$ 996,020	\$ 1,057,797	\$ 1,054,821	\$ 115,293	\$ 58,801	\$ (2,976)

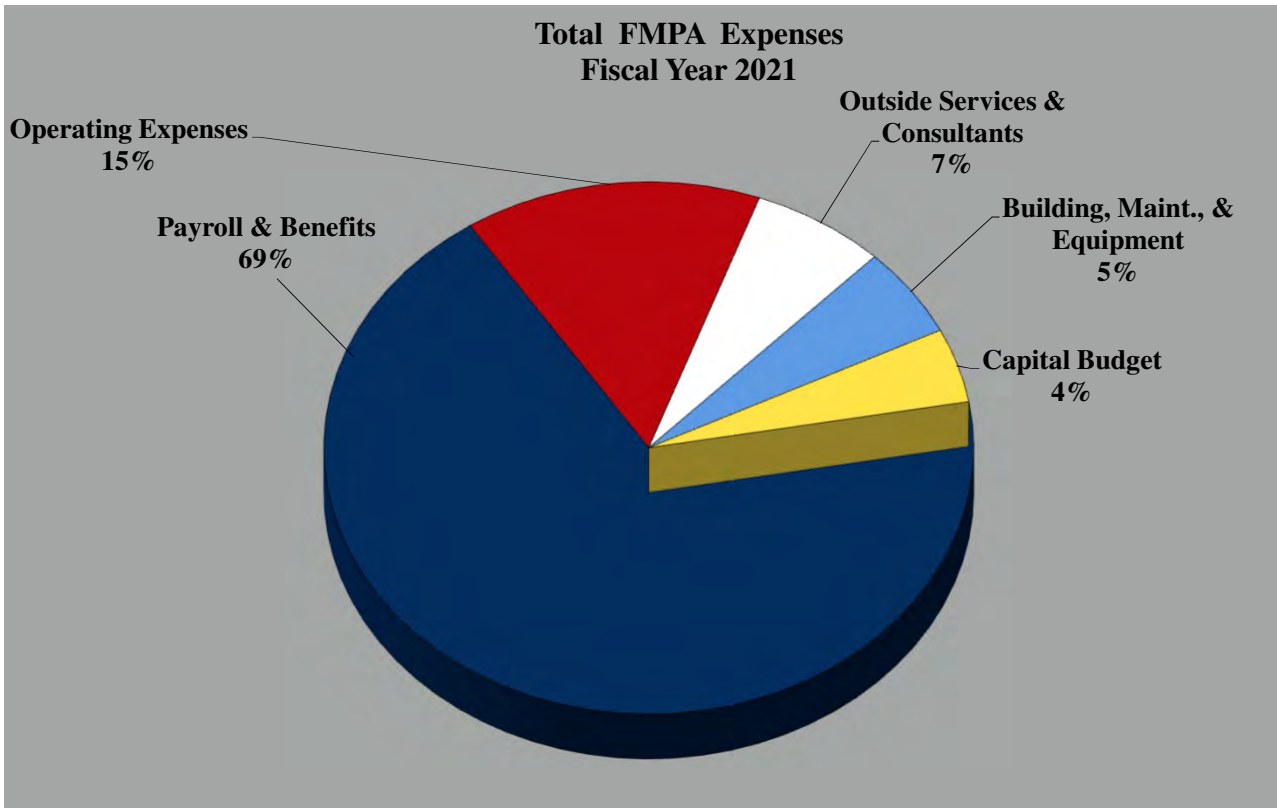
Florida Municipal Power Agency								
Agency Operating Budget - Fiscal Year 2021 Snapshot								
Expenses	FY 2019	FY 2020	FY 2020	FY 2020	FY 2021	FY 2021 Budget	FY 2021 Budget	FY 2021 Budget
	Actual	YTD	Estimate	Budget	Budget	Above/(Below)	Above/(Below)	Above/(Below)
		<i>As of February, 2020</i>				FY 2019 Actuals	FY 2020 Estimates	FY 2020 Budget
IV. Building, Maintenance, Equipment & Insurance								
Property Insurance	63,489	34,508	86,500	111,500	101,750	38,261	15,250	(9,750)
Excess Liability Insurance	253,359	105,190	256,000	265,000	265,000	11,641	9,000	-
Auto Insurance	6,213	2,750	6,900	6,500	7,200	987	300	700
Officers Liability Insurance	128,230	53,100	130,500	130,000	134,000	5,770	3,500	4,000
Interest Expense Admin Building	4,840	0	0	0	0	(4,840)	-	-
Utilities (Electric/Garbage/Water)	84,214	35,010	84,178	76,240	86,925	2,711	2,747	10,685
Office Furniture	20,307	5,612	17,500	17,580	17,252	(3,055)	(248)	(328)
Building Services	49,986	22,988	59,568	65,308	60,298	10,312	730	(5,010)
Building & Equipment Repairs	98,353	15,093	95,410	101,160	177,405	79,052	81,995	76,245
Alarm Systems	7,022	3,765	7,610	7,610	8,010	988	400	400
Property Dues	4,181	4,957	5,870	5,070	6,220	2,039	350	1,150
TOTAL BUILDING, MAINT. EQUIP. & INSURANCE	\$ 720,194	\$ 282,973	\$ 750,036	\$ 785,968	\$ 864,060	\$ 143,866	\$ 114,024	\$ 78,092
V. Balance Sheet Items								
Capital Expenditures	237,747	33,333	396,000	396,000	409,500	171,753	13,500	13,500
Principal Pymt on Building	220,000	0			0	(220,000)	-	-
Agency Budget Working Capital Funding	0	0	300,000	300,000	300,000	300,000	-	-
TOTAL BALANCE SHEET ITEMS	\$ 457,747	\$ 33,333	\$ 696,000	\$ 696,000	\$ 709,500	\$ 251,753	\$ 13,500	\$ 13,500
TOTAL AGENCY EXPENSE	\$ 14,548,170	\$ 5,867,630	\$ 15,086,435	\$ 15,414,537	\$ 15,754,356	\$ 1,206,186	\$ 667,920	\$ 339,818

Florida Municipal Power Agency
Agency Operating Budget - Fiscal Year 2021
Whole Thousands (US\$)

Cost Summary by Department

				FY20	FY21	Bdgt Increase/	%
Department	Manager	Dept #	#	Budget	Budget	[Decrease]	Change
I. Executive Division							
Administration	Williams, J.	AGN		\$ 242	\$ 274	\$ 32	13%
Total Executive Division				242	274	32	13%
II. Human Resources Division							
Human Resources/Payroll	Adams, S.	HRD		10,906	11,003	96	1%
Total Human Resources Division				10,906	11,003	96	1%
III. Information, Security, and Compliance Division							
Information Services	Cruz, L.	ITD		1,074	1,227	153	14%
Regulatory Compliance	Finklea, J.	REG		128	117	(11)	(9%)
Cyber Security	Manuey, C.	CBR		60	59	(1)	(2%)
Total Information, Security, and Compliance Division				1,262	1,402	140	11%
IV. Power Resources Division							
Power Resources	Rutter, K.	PWR		34	37	3	8%
Business Development & Planning	Nowakhtar, N.	PLN		26	16	(11)	(40%)
Fleet Generation	Schumann, D.	GEN		43	43	(1)	(1%)
Transmission Planning	Turner, C.	TPS		19	40	21	106%
System Operations	Gowder, C.	OPS		35	35	0	1%
Total Power Resources Division				158	170	12	8%
V. Finance Division							
CFO Finance	Howard, L.	FIN		10	8	(2)	(15%)
Accounting	Sullivan-Marrero, D.	ACC		167	138	(29)	(18%)
Treasury	Popp, R.	TSY		278	262	(16)	(6%)
Risk Management	Popp, R.	RSK		582	578	(4)	(1%)
Financial Planning and Analysis	Wolfe, J.	FPA		39	29	(11)	(28%)
Contract Compliance	Woerner, L.	CNT		10	17	7	71%
Total Finance Division				1,087	1,032	(54)	(5%)
VI. Public Relations & Mbr Svcs Division							
Public Relations	Schumann, S.	PRD		325	322	(3)	(1%)
Member Services	McCleary, M.	MBR		282	296	14	5%
Building Maintenance	McCleary, M.	ADM		282	368	86	30%
Total Public Relations & Mbr Svcs Division				890	986	96	11%
VII. Legal Division							
	Finklea, J.	LGL		174	177	3	2%
Total Legal Division				174	177	3	2%
VIII. Balance Sheet Items - To be Capitalized							
				696	710	14	2%
Grand Total				\$ 15,415	\$ 15,754	\$ 340	2%

**Florida Municipal Power Agency
Operating Budget - Fiscal Year 2021**



In \$Millions

Payroll & Benefits		Operating Expenses		Outside Services & Consultants		Building, Maint., & Equipment		Capital Budget	
Payroll	\$7.953	Dues & Subscpts.	\$0.348	Consulting Fees	\$0.836	Bldg Svc & Repair	\$0.238	Capital Expenditures	\$0.410
FICA	0.517	Office Supplies	0.110	Lobbying	0.156	Insurance Premiums	0.508	Prin Pymt on Bldg	0.000
401A Contributions	0.795	Postage	0.006	Advertising	0.022	Utilities	0.087	Working Capital	0.300
Med/Life Insur./OPEB	1.329	Telephone & Internet	0.218	Comm Proj & Special Even	0.018	Office Furniture	0.017		
Wrkm Comp	0.039	Mtgs., Confs, Trvl, Trng	0.612	Sponsorships	0.023	Alarm System	0.008	Total	\$0.710
Recruit & Reloc.	0.090	Autos	0.062			Property Dues	0.006		
Tuition Reimb	0.013	Contingency	0.200			Interest Expense	0.000		
Employee EOC & Wellness	0.056	Software	0.689						
		Hardware	0.040						
		Other Operating Costs	0.049						
Total	\$10.792	Total	\$2.334	Total	\$1.055	Total	\$0.864		

**Florida Municipal Power Agency
FY2020 VS. FY2021 Capital Budgets**

Capital Budget for FY2021

Building Maintenance

Contribution to the Building Maintenance Fund
Chairs for Meeting Rooms

Total

80,000
25,000

HARDWARE/SOFTWARE

Description

Description	Qty	Unit Price	Ext. Price
Upgrade Boardroom Mics and Wall Screens	1	30,000	30,000
Dell Storage Blades (Replace Current Aging Units)	2	25,000	50,000
Avigilon Network Video Recorder	1	17,500	17,500
Core Network Switch Replacement (Phase 1)	2	10,000	20,000
FIS Integrity Cloud Service	1	15,000	15,000
Budget Software	1	12,000	12,000
Replacement of Core Firewalls W/Palo Alto	2	10,000	20,000
Additional Security Cameras (FMPA Office)	5	3,000	15,000
Upgrade Staff Laptops	50	2,500	125,000

304,500

Total Agency Capital Budget FY2021

409,500

Capital Budget for FY2020

Building Maintenance

Contribution to the Building Maintenance Fund
IT Area Security Enhancements

Total

80,000
30,000

HARDWARE/SOFTWARE

Description

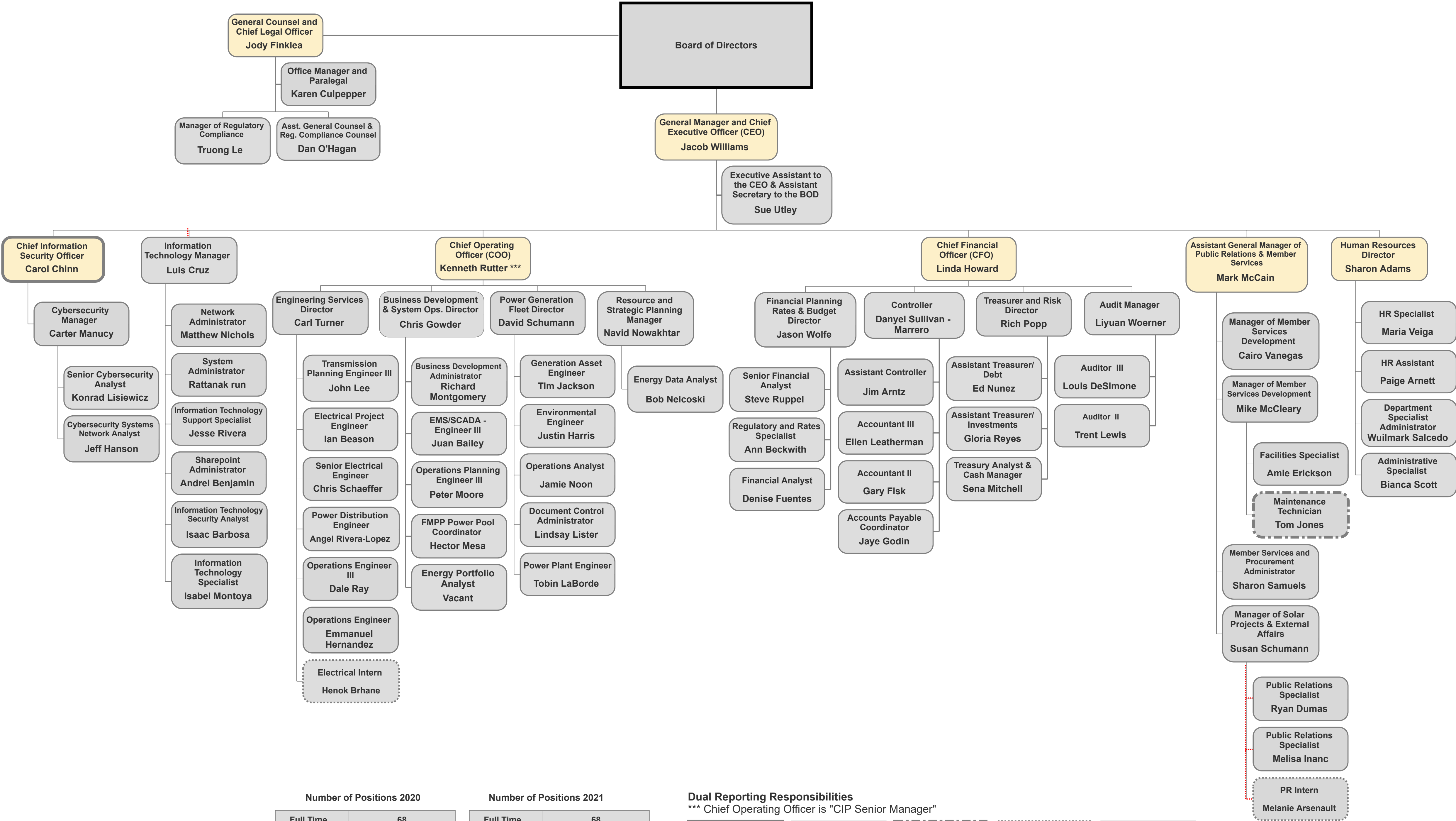
Description	Qty	Unit Price	Ext. Price
Upgrade all virtual host servers	2	75,000	150,000
Upgrade boardroom audio/visual equipment	1	40,000	40,000
Video conferencing equipment for Orlando & Tallahassee	2	8,000	16,000
Addition of security cameras (5 Orlando, 2 Tallahassee) + labor	1	15,000	15,000
Upgrade of financial system (Solomon) phase 2	1	45,000	45,000
Securelogix phone system firewall	1	10,000	10,000
Palo Alto firewall (replace main unit)	1	10,000	10,000

286,000

Total Agency Capital Budget FY2020

\$ 396,000

FMPA Organization Chart
Proposed FY 2021



Number of Positions 2020		Number of Positions 2021	
Full Time	68	Full Time	68
Part Time	1	Part Time	1
Casual Part Time	1	Casual Part Time	1
Intern	2	Intern	2
Total	72	Total	72

Dual Reporting Responsibilities
*** Chief Operating Officer is "CIP Senior Manager"

Casual Part Time

Full Time

Part Time

Intern

Executive Leadership Team

..... Temporary reporting Inters not subject to position reclassification

FMPA FY21 Salary Ranges
Proposed Fiscal 2021 with 3.0% Adjustment

Grade	Minimum	Midpoint	Maximum	Title
BOARD APPOINTED POSITIONS				General Manager and Chief Executive Officer General Counsel and Chief Legal Officer
EXECUTIVE				
EX05	\$137,941 \$142,079.23	\$202,083 \$208,145.49	\$266,225 \$274,211.75	Chief Operating Officer
EX04	\$130,133 \$134,037	\$190,644 \$196,363	\$251,156 \$258,691	Chief Financial Officer Chief Information Security Officer
EX03	\$122,767 \$126,450	\$179,853 \$185,249	\$236,940 \$244,048	AGM of Public Relations and Member Services
EX02	\$115,719 \$119,191	\$169,529 \$174,615	\$223,338 \$230,038	Human Resources Director
EXEMPT				
E19	\$120,807 \$124,431	\$151,008 \$155,538	\$181,210 \$186,646	Power Generation Fleet Director Treasurer and Risk Director Assistant General Counsel & Regulatory Compliance Counsel
E18	\$113,968 \$117,387	\$142,461 \$146,735	\$170,953 \$176,082	Engineering Services Director Business Development and System Operations Director
E17	\$107,517 \$110,743	\$134,397 \$138,429	\$161,276 \$166,114	Financial Planning, Rates and Budget Director
E16	\$101,432 \$104,475	\$126,789 \$130,593	\$152,147 \$156,711	Audit Manager Resource and Strategic Planning Manager Controller
E15	\$95,690 \$98,561	\$119,613 \$123,201	\$143,535 \$147,841	Senior Financial Analyst Cybersecurity Manager Information Technology Manager Manager of Member Services Development Manager of Member Services Development Manager of Solar Projects and External Affairs Operations Engineer III
E14	\$90,274 \$92,982	\$112,842 \$116,227	\$135,411 \$139,473	EMS/SCADA Engineer III Manager of Regulatory Compliance FMPP Power Pool Coordinator Operations Planning Engineer III Regulatory and Rates Specialist Transmission Planning Engineer III Assistant Controller Senior Power Generation Electrical Engineer Generation Asset Engineer
E13	\$85,164 \$87,719	\$106,455 \$109,649	\$127,746 \$131,578	Auditor III Electrical Project Engineer Power Plant Engineer Senior Cybersecurity Analyst Energy Portfolio Analyst Power Distribution Engineer
E12	\$80,343 \$82,753	\$100,429 \$103,442	\$120,515 \$124,130	Ex Asst to CEO/Asst Sec Bd Dir Business Development Administrator Environmental Engineer
E11	\$75,796 \$78,070	\$94,744 \$97,586	\$113,693 \$117,104	Cybersecurity Systems and Network Analyst Energy Data Analyst Network Administrator Assistant Treasurer - Debt Accountant III Assistant Treasurer - Investments
E10	\$71,505 \$73,650	\$89,381 \$92,062	\$107,257 \$110,475	SharePoint Administrator Operations Analyst System Administrator
E09	\$67,458 \$69,482	\$84,322 \$86,852	\$101,187 \$104,223	Treasury Analyst and Cash Manager
E08	\$63,639 \$65,548	\$79,549 \$81,935	\$95,459 \$98,323	Member Services Programs and Procurement Administrator Human Resources Sepcialist Auditor II
E07	\$60,037 \$61,838	\$75,046 \$77,297	\$90,056 \$92,758	Information Technology Support Specialist Financial Analyst Operations Engineer
E06	\$56,639 \$58,338	\$70,799 \$72,923	\$84,958 \$87,507	Accountant II Public Relations Specialist Public Relations Specialist
E03	\$47,555 \$48,982	\$59,444 \$61,227	\$71,333 \$73,473	Information Technology Security Analyst Office Manager and Paralegal
NON-EXEMPT				
N05	\$44,458 \$45,792	\$52,905 \$54,492	\$61,352 \$63,193	Facilities Specialist
N03	\$39,567 \$40,754	\$47,085 \$48,498	\$54,603 \$56,241	HR Assistant Document Control Administrator Department Specialist Administrator Information Technology Specialist
N02	\$37,328 \$38,448	\$44,420 \$45,753	\$51,512 \$53,057	Accounts Payable Coordinator Administrative Specialist
N01	\$32,215 \$33,181	\$41,906 \$43,163	\$48,596 \$50,054	Maintenance Technician

Public Purpose Designations

Meetings

FMPA often holds governing board/committee meetings, trainings, roundtables and other events for the benefit of FMPA and its members that include its member-owners from around the state. In addition, FMPA holds meetings with business-related groups (e.g., Florida Gas Utility, Florida Municipal Power Pool, etc.) or meetings involving staff working through the lunch hour that are necessary and important for the benefit of FMPA's members. Given that meeting attendees travel to FMPA from varying distances and that the meetings often last several hours, making the combined travel and meeting time equivalent up to a full working day or more, and that these meetings are important to address FMPA's business needs, it is hereby determined that meeting-related expenses for meals, refreshments, snacks and catering supplies provided for in this subcategory constitute a public purpose and are hereby authorized, within the otherwise applicable limits of the Agency and its personnel, for this public purpose established.

Employee Activities

Employees connect with their employer through the people they work with, as well as the mission and values of the organization and the work that is performed. People engage with people, and they give more when they feel valued and appreciated. Studies show that employees who feel connected with their co-workers and the organization are prone to think more, do more and care more with the organization's best interests in mind. These types of engaged employees are more productive, more committed and more valuable to the organization. Organizations of all types have long held social events with employees outside the workplace—such as picnics and holiday gatherings—to build relationships, show appreciation and foster employee engagement. The time-honored traditions of company picnics and holiday gatherings are still customary annual events for many public and private organizations. It is hereby determined that expenses for employee activities, as described herein and provided in this subcategory, constitute a public purpose and are hereby authorized, within the otherwise applicable limits of the Agency and its personnel, for this public purpose established.

Awards & Recognition

While competitive compensation is important for attracting and retaining employees, it is also well documented that using non-pay incentive, such as awards and recognition programs, is an important element in maintaining and retaining employees. Awards and recognition programs can be designed to reward individual employees or employees collectively for their contributions to the organization. Recognition can take various forms, formal and informal, monetary and non-monetary. By acknowledging employee efforts and making them feel valued and appreciated, organizations can increase the employees' satisfaction, morale and self-esteem. Employers who create a culture of recognition see measurable results. The benefits to organization typically include higher employee engagement, higher productivity, lower turnover and a higher ability to attract and retain employees. It is hereby determined that expenses for employee awards and recognition, as described herein and provided in this subcategory, constitute a public purpose and are hereby authorized, within the otherwise applicable limits of the Agency and its personnel, for this public purpose established.

Florida Municipal Power Agency
Expenses with a Public Purpose Designation
Summary

Meetings

Department	Actual 2018	Actual 2019	Budget 2020	Budget 2021
Accounting	\$ -	\$ 361	300	300
Executive Administration	10,484	15,253	13,000	12,000
Cyber Security	728	379	1,450	1,450
Contract Compliance	-	-	-	-
Finance	327	-	-	-
Financial Planning and Analysis	-	-	-	-
Fleet Generation [1]	(68)	405	1,500	1,500
Human Resources	14,029	10,342	13,300	13,900
Information Services	365	1,407	2,500	3,000
Member Services	6,201	3,271	8,650	8,650
Legal	253	14	500	500
Operation Short-Term Planning	-	39	200	500
Business Development & Planning	1,154	551	1,000	-
Public/Government Relations	-	619	-	-
Power Resources	541	434	600	600
Regulatory Compliance	142	504	300	510
Risk Management	65	-	100	100
Engineering Services	2,242	128	-	400
Treasury	435	712	500	500
Total	\$ 36,900	\$ 34,419	\$ 43,900	\$ 43,910

Employee Activities

Human Resources	\$ 10,109	\$ 11,200	13,100	16,000
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Awards & Recognition

Human Resources	\$ 9,705	\$ 6,000	8,500	9,750
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[1] Negative amount in FY2018 is due to an incorrect reclass

**FLORIDA MUNICIPAL POWER AGENCY
FY 2021 Agency Budget**

Calculation of Agency Revenues

METHODOLOGY

Allocated Power Supply Project Revenues

The methodology used to allocate Agency expenses to be billed to the St. Lucie, Stanton, Tri-City, ~~and Stanton II, Solar, Solar II, and Pooled Loan~~ Projects ~~(Projects) has been revised for Fiscal Year 2021. was created in response to comments from FMIPA's external auditor that a defined and rational approach to allocating such costs to these projects needed to be established. The process was further refined with the establishment of the Solar Project and re-establishment of the Pooled Loan Program.~~ The process is as follows:

- 1) Staff determines the FMIPA positions ~~that would be essential to effective management of the Projects and providing member services to members of the Projects.~~¹ In instances in which departments have more than one person involved in Project administration, the positions utilized reflect a representative FTE for that department.
- 2) Staff determines the percent time each position spends serving the needs of each of the Projects and the participating members, recognizing that the level of effort required for Projects that involve ownership in the same unit and/or plant may be lower.
- 3) ~~With certain exceptions,~~ the allocable cost of each position to each of the Projects is the percent of time this position spends serving the needs of each of the Projects determined in step 2) above multiplied by the current mid-point² of the salary range of the position as maintained by FMIPA's Human Resources Department and approved by the Board.
- ~~4) For positions that pertain more to member services than Project administration, the allocable cost of the position to each of the Projects is based on the relative number of participants in each Project.~~
- ~~5) The amounts developed in 3) and 4) above are adjusted to include FMIPA's current overhead adder percentage.~~
- ~~6) The sum of these annual salaries and overhead adders is the annual allocable amount to be charged to each Project, which amount is divided by 12 to arrive at the monthly allocable A&G Costs, except that:~~
 - a. Unless the Power Sales Contract for a Project contains provisions that would conflict with this requirement, the minimum annual allocable A&G cost (in dollars) to be assigned to each ownership-based generation Project (i.e., the Stanton, Tri-City, Stanton II, and St. Lucie Projects) shall not be less than 2.5% of the total Agency budget.
 - b. Unless the Power Sales Contract for a Project contains provisions that would conflict with this requirement, the minimum annual allocable A&G cost (in dollars) to be

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¹ Staff will review these positions annually to ensure that ~~For Fiscal Year 2021, staff has revised and expanded the positions included in the calculation~~ is to be more representative of the services currently provided.

² If the Human Resources department determines that the mid-point is not an appropriate representation of the current salary levels, a more appropriate level may be recommended.

FLORIDA MUNICIPAL POWER AGENCY FY 2021 Agency Budget

Calculation of Agency Revenues

assigned to each PPA-based generation Project (i.e., the Solar and Solar II Projects) shall not be less than 1.0% of the total Agency budget.³

- ~~a. The total A&G allocated to the Solar Project will not exceed 100% of the cost associated with the single highest cost non-executive level FMFA position essential to the effective management of the Projects, and annual increases in total A&G allocated shall be commensurate with annual salary increases of such highest costs non-executive level FMFA position;~~
- ~~b-c.~~ Additional charges, such as joint owner contract compliance costs, may be directly assignable to a Project; and,
- ~~c-d.~~ Additional Agency costs are allocated to the ARP as outlined below

Member Cash Assessments

Cash assessments are charged to FMFA members that neither participate in nor receive power from any FMFA power supply project. The current methodology for computing member assessments is set forth in the Interlocal Agreement and is based on the member's most recent reported annual kWh retail sales multiplied by the following rates:

- a) \$6.75 per million kWh for the first 300 million kWh
- b) \$4.05 per million kWh for the next 500 million kWh
- c) \$0.39 per million kWh for all sales over 800 million kWh

The minimum assessment is \$500, and the maximum assessment is \$15,000.

This methodology was established in 1984, and the rates and minimum and maximum assessment levels have not changed since.

For the Fiscal Year 2021 Budget, in recognition that (1) the current member assessments capture neither the value provided to members by the Agency nor the Agency's cost incurred to support members, and (2) the current methodology of basing the assessments charged to members on their kWh retail sales does not appropriately capture the cost to support individual members, staff is recommending that the member cash assessments be changed to a flat charge of \$5,000 per year per member. This change would require an amendment to the Interlocal Agreement.

Joint Owner Contract Compliance Revenues

³ The Power Sales Contract for the Solar Project states that the total A&G allocated to the Solar Project will not exceed 100% of the cost associated with the single highest cost non-executive level FMFA position essential to the effective management of the Projects, and annual increases in total A&G allocated shall be commensurate with annual salary increases of such highest costs non-executive level FMFA position

**FLORIDA MUNICIPAL POWER AGENCY
FY 2021 Agency Budget**

Calculation of Agency Revenues

The budgeted revenues are based on the actual cost estimated to be incurred to perform such services, based on historical efforts and any expected changes. Such costs are direct-billed to the parties for whom the service is provided.

Additional ARP Revenues

The ARP is allocated all remaining expenses of the Agency not recoverable through the above mechanisms or direct billings to Member cities.

Interest Income

Interest Income is calculated by the Treasury department using expected fund balances and applying the expected overall interest earned on investments.

AGENCY REVENUE ALLOCATION CALCULATION FOR FY 2021 BUDGET

Tables 1 and 2 show the development of the A&G Allocation used for the FY 2021 Budget. For development of the FY 2021 Budget, it was assumed that neither the FMPA Solar Project nor the FMPA Solar II Project becomes operational during FY 2021.

Table 1 (Revised Methodology)
Agency A&G Allocation for FY 2021 (Without Solar Projects)

Position	FY 2021 Salary Used	ARP/General Membership	Stanton	Tri-City Project	Stanton II Project	St. Lucie Project	Pooled Loan Project	Solar Project	Solar II Project
General Manager	\$440,000	80.00%	2.96%	2.96%	5.92%	7.91%	0.25%	0.00%	0.00%
Administrative Specialist	\$65,300	50.00%	7.42%	7.42%	14.84%	19.82%	0.50%	0.00%	0.00%
Chief Operating Officer	\$222,291	75.00%	3.75%	3.75%	7.50%	10.00%	0.00%	0.00%	0.00%
Accountant III (New)	\$104,218	45.00%	8.25%	8.25%	16.50%	22.00%	0.00%	0.00%	0.00%
Chief Financial Officer	\$209,708	80.00%	2.93%	2.93%	5.86%	7.78%	0.50%	0.00%	0.00%
Auditor III	\$117,100	50.00%	7.31%	7.31%	14.62%	19.51%	1.25%	0.00%	0.00%
Senior Financial Analyst	\$131,574	40.00%	8.81%	8.81%	17.62%	23.51%	1.25%	0.00%	0.00%
Accounts Payable Coordinator	\$48,862	45.00%	8.06%	8.06%	16.12%	21.51%	1.25%	0.00%	0.00%
Human Resources Specialist	\$87,504	80.00%	2.95%	2.95%	5.90%	7.95%	0.25%	0.00%	0.00%
Energy Data Analyst	\$104,218	50.00%	7.50%	7.50%	15.00%	20.00%	0.00%	0.00%	0.00%
PR Specialist	\$77,879	45.00%	10.65%	5.32%	12.42%	26.61%	0.00%	0.00%	0.00%
Operations Planning Engineer III/ Senior Power Generation Electrical Engineer	\$124,126	50.00%	7.50%	7.50%	15.00%	20.00%	0.00%	0.00%	0.00%
Network Administrator	\$81,935	80.00%	3.11%	3.11%	6.22%	7.56%	0.00%	0.00%	0.00%
Assistant Treasurer-Debt/Investments	\$104,218	30.00%	12.50%	12.50%	20.00%	25.00%	0.00%	0.00%	0.00%
Treasury Analyst and Cash Manager III	\$104,218	40.00%	15.00%	15.00%	15.00%	15.00%	0.00%	0.00%	0.00%
Associate General Counsel & Regulatory Compliance Counsel	\$166,109	80.00%	3.00%	3.00%	6.00%	8.00%	0.00%	0.00%	0.00%
Manager of Member Services Development	\$131,574	45.00%	10.65%	5.32%	12.42%	26.61%	0.00%	0.00%	0.00%
Remove	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	\$2,320,834	\$1,449,017	\$143,243	\$132,079	\$247,043	\$343,039	\$6,413	\$0	\$0
Overhead Adder	90.05%	90.05%	90.05%	90.05%	90.05%	90.05%	90.05%	90.05%	90.05%
Annual Allocable A&G [1]	\$4,410,858	\$2,753,927	\$393,859	\$393,859	\$469,517	\$651,963	\$12,188	\$0	\$0
Monthly Allocable A&G	\$367,571	\$229,494	\$32,822	\$32,822	\$39,126	\$54,330	\$1,016	\$0	\$0

[1] Reflects adjustments as necessary to bring the Project to its minimum annual allocable A&G cost.

Table 2 (Revised Methodology)
Agency A&G Allocation for FY 2021 (With Solar Projects) [1]

Position	FY 2021 Salary Used	ARP/General Membership	Stanton	Tri-City Project	Stanton II Project	St. Lucie Project	Pooled Loan Project	Solar Project	Solar II Project
General Manager	\$440,000	76.00%	2.96%	2.96%	5.92%	7.91%	0.25%	2.00%	2.00%
Administrative Specialist	\$65,300	46.00%	7.42%	7.42%	14.84%	19.82%	0.50%	2.00%	2.00%
Chief Operating Officer	\$222,291	71.00%	3.75%	3.75%	7.50%	10.00%	0.00%	2.00%	2.00%
Chief Financial Officer	\$209,708	74.00%	2.93%	2.93%	5.86%	7.78%	0.50%	3.00%	3.00%
Auditor III	\$117,100	44.00%	7.31%	7.31%	14.62%	19.51%	1.25%	3.00%	3.00%
Senior Financial Analyst	\$131,574	34.00%	8.81%	8.81%	17.62%	23.51%	1.25%	3.00%	3.00%
Accounts Payable Coordinator	\$48,862	39.00%	8.06%	8.06%	16.12%	21.51%	1.25%	3.00%	3.00%
Human Resources Specialist	\$87,504	76.00%	2.95%	2.95%	5.90%	7.95%	0.25%	2.00%	2.00%
Energy Data Analyst	\$104,218	45.00%	7.50%	7.50%	15.00%	20.00%	0.00%	3.00%	2.00%
PR Specialist	\$77,879	35.00%	9.29%	4.64%	10.83%	23.21%	0.00%	9.29%	7.74%
Operations Planning Engineer III/ Senior Power Generation Electrical Engineer	\$124,126	44.00%	7.50%	7.50%	15.00%	20.00%	0.00%	3.00%	3.00%
Network Administrator	\$81,935	77.25%	2.80%	2.80%	5.60%	7.55%	0.00%	2.00%	2.00%
Assistant Treasurer-Debt/Investments	\$104,218	28.00%	12.50%	12.50%	20.00%	25.00%	0.00%	1.00%	1.00%
Treasury Analyst and Cash Manager III	\$104,218	36.00%	15.00%	15.00%	15.00%	15.00%	0.00%	2.00%	2.00%
Associate General Counsel & Regulatory Compliance Counsel	\$166,109	76.00%	3.00%	3.00%	6.00%	8.00%	0.00%	2.00%	2.00%
Manager of Member Services Development	\$131,574	35.00%	9.29%	4.64%	10.83%	23.21%	0.00%	9.29%	7.74%
Remove	\$0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	\$2,320,834	\$1,330,971	\$140,140	\$130,401	\$243,204	\$335,910	\$6,413	\$69,042	\$64,753
Overhead Adder	90.05%	90.05%	90.05%	90.05%	90.05%	90.05%	90.05%	90.05%	90.05%
Annual Allocable A&G [2]	\$4,410,858	\$2,529,575	\$393,859	\$393,859	\$462,222	\$638,413	\$12,188	\$157,544	\$157,544
Monthly Allocable A&G	\$367,571	\$210,798	\$32,822	\$32,822	\$38,518	\$53,201	\$1,016	\$13,129	\$13,129

[1] Provided for illustration purposes only. Neither solar project is projected to begin operation during FY 2021.

[2] Reflects adjustments as necessary to bring the Project to its minimum annual allocable A&G cost.

Florida Municipal Power Agency
Agency Operating Budget - Fiscal Year 2021
Revenue Summary

REVENUES	FYE 2019 ACTUAL	FYE 2020 BUDGET	FYE 2021 BUDGET	FYE2021 BUDGET INCLUDING SOLAR	FYE 21 Budget/ FYE 20 Budget Increase / (Decrease)	
					\$'s	%
<u>PROJECT REVENUES</u>						
Member Assessments	\$ 27,842	\$ 27,966	\$60,000	\$60,000	32,034	114.5%
St. Lucie Project	428,171	438,276	651,963	638,413	213,687	48.8%
Stanton Project	428,171	438,276	393,859	393,859	(44,417)	-10.1%
All-Requirements Project	12,865,266	13,510,832	13,654,970	13,360,728	144,138	1.1%
Tri-City Project	428,171	438,276	393,859	393,859	(44,417)	-10.1%
Stanton II Project	428,171	438,276	469,517	462,222	31,241	7.1%
Pooled Loan Project	0	10,235	12,188	12,188	1,953	19.1%
Solar Project	0	0	0	157,544	0	100.0%
Solar Project II	0	0	0	157,544	0	100.0%
Joint Owner Contract Compliance	126,105	112,400	118,000	118,000	5,600	5.0%
	\$ 14,731,896	\$ 15,414,537	\$ 15,754,356	\$ 15,754,356	339,819	2.2%
Interest Income	219,097	240,000	120,000	120,000	(120,000)	-50.0%
Total Revenues	\$ 14,950,993	\$ 15,654,537	\$ 15,874,356	\$ 15,874,356	\$ 219,819	1.4%

Financial Commitment Authority – Defined as the authorized personnel who have the ability to financially commit (sign on behalf of) the Agency (contracts, work orders, purchase orders, etc.). Authority levels are shown in the following table.

FMPA Financial Commitment Authority Levels

Authority Levels	Agency	ARP (Non-Commodity)	ARP (Commodity) [1]
General Manager	Up to \$200,000. For emergency events declared by the GM, GM has unlimited authority and must report to chairpersons of the EC and BOD within 5 days and the governing bodies at the next scheduled meeting	Up to total non-fuel Operations and Maintenance Budget and total Project Capital Budget, with non-budgeted items over \$200,000 reported at the next EC Meeting	<ul style="list-style-type: none"> Up to \$50 million notional value for transactions > 2 years but ≤ 7 years Up to \$15 million notional value for transactions > 1 month but ≤ 2 years Up to \$5 million notional value for transactions ≤ 1 month
Chief Operating Officer (COO) [2]	Up to \$50,000	Up to \$100,000	<ul style="list-style-type: none"> Up to \$15 million notional value for transactions > 1 month but ≤ 2 years Up to \$5 million notional value for transactions ≤ 1 month
Power Generation Fleet Director	Up to \$5,000	Up to \$50,000	N/A
CFO, AGMs, Chief Information Compliance <u>Security</u> Officer, and General Counsel	Up to \$20,000	Up to \$20,000	N/A
System Operations Manager and Business Development Manager and System Operations Director	Up to \$5,000	Up to \$5,000	<ul style="list-style-type: none"> Up to \$5 million notional value for transactions ≤ 1 month
<u>Human Resources Director</u>	<u>All benefit, health care and payroll related expenses that are within the approved budget. Any other HR related expenses up to \$10,000</u>	<u>All benefit, health care and payroll related expenses that are within the approved budget. Any other HR related expenses up to \$10,000</u>	<u>N/A</u>
<u>Information Technology Manager</u>	<u>Up to \$10,000</u>	<u>Up to 10,000</u>	<u>N/A</u>
Managers, Directors & Deputy General Counsel [3]	Up to \$5,000	Up to \$5,000	N/A
Approved Agents [4]	N/A	N/A	<ul style="list-style-type: none"> Up to \$5 million notional value for transactions ≤ 1 month

[1] Amounts shown represent the approval thresholds for spending authority or contract execution for business-related commodity transactions such as fuel, replacement power, and transmission, as set forth in Section 4.1 of FMPA's Origination Transaction Policy.

[2] COO, or the General Manager's designee in the event the COO position is vacant

[3] Except as may be superseded by higher authority levels for certain manager or director positions elsewhere in this table.

[4] Approved agents include, but may not necessarily be limited to, FGU for transacting of physical natural gas trading activities, FMPP for electricity trading activities less than 8 calendar days, and OUC for non-firm transmission transactions less than 8 days.

Once the Procurement Process has been completed and a vendor and total dollar amount have been negotiated, the above-referenced financial commitment authority determines who is authorized to sign contracts, work orders, purchase orders, etc.

Payment Approval Authority – Defined as managers and above who have the ability to approve vendor invoices and contractual obligations for services rendered. This is an administrative function to verify FMPA has received the good or services it contracted for in accordance with the counterparty's obligations and contract terms.

- a. If the goods and services provided are in accordance with work orders/contracts/agreements and doesn't result in expenditures or financial commitments exceeding the governing body approved budget, then the manager and above can approve and process invoice. Additional budget tests may exist, as further set by management.
- b. Should there be any desired change in the financial commitment that results in a higher total financial commitment, then the "Financial Commitment Authority" limits are reapplied to determine authority.

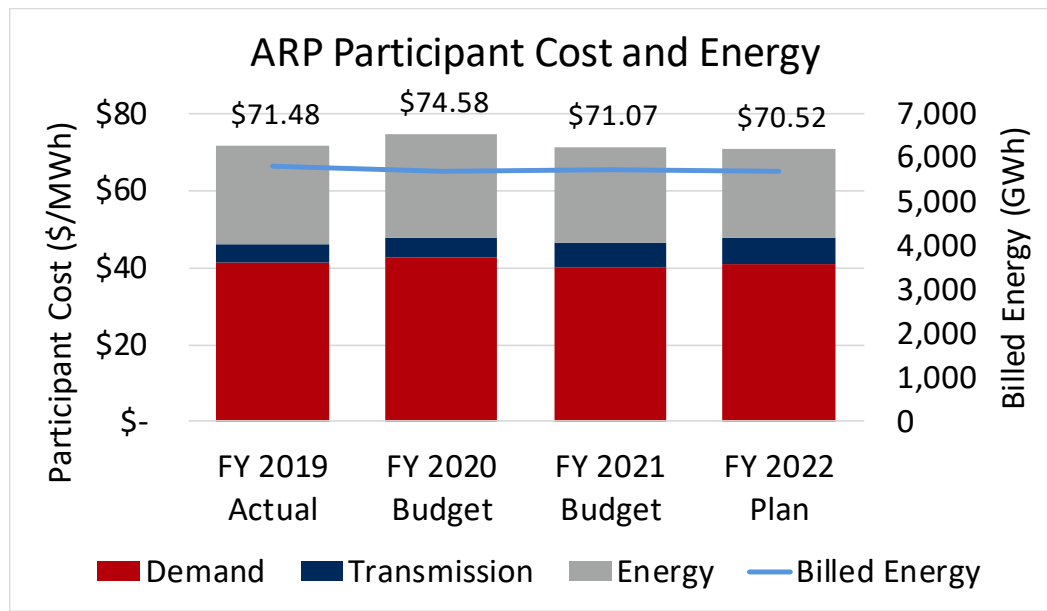
FISCAL YEAR 2021 BUDGET BOOK
ALL-REQUIREMENTS PROJECT BUDGET

MEMORANDUM

TO: Executive Committee
FROM: Jason Wolfe
DATE: June 9, 2020
SUBJECT: All-Requirements Power Supply Project Fiscal Year 2021 Budget and Fiscal Year 2022 Plan Overview

The budgeted all-in cost to Participants for Fiscal Year 2021 is \$71.07/MWh, which is \$3.51/MWh (4.7%) below the Fiscal Year 2020 budget cost of \$74.58/MWh. The projected all-in cost to Participants for the plan year of Fiscal Year 2022 is \$70.52/MWh, which is \$0.55/MWh (~1%) lower than the FY 2021 budget.

The following chart summarizes recent historical and budgeted ARP \$/MWh costs and energy.



Budgeted capacity-related purchased power payments are \$17 million lower than Fiscal Year 2020, a significant portion of which is due to lower budgeted costs for assigned member FMIPA Project entitlements. The FY 2021 budget includes Capacity revenues from sales to Bartow, Winter Park, TECO, and Homestead are budgeted at \$5.9 million. Of that amount, \$4.6 million will be used to reduce demand costs to Participants, while the remaining \$1.3 million will be deposited to the Rate Protection Account to help keep ARP Participants cost-neutral due to the Vero Beach transaction.

Budgeted plant O&M costs are \$2.6 million lower than the budgeted amount for Fiscal Year 2020. O&M costs for the FMPA-owned units are projected to be approximately \$0.8 million lower than FY 2020, partially due to outage work that was postponed until FY 2021 due to COVID-19. O&M costs for the joint-owned generating units are projected to decrease \$1.6 million from 2020. For FY 2021, no amounts are budgeted to be funded to the self-insurance account within to the General Reserve Fund (maintained at a level equal to two times FMPA's highest non-storm property deductible), which is a reduction of \$0.3 million from the FY 2020 budget.

Debt, Capital Leases and R&R are \$2.6 million higher than Fiscal Year 2020. The FY 2021 budget includes a reduction of \$670,000 from the FY 2020 budget due to the final Keys TARP payment having been made, as well as a reduction of \$1.7 million due to the renegotiation of the KUA TARP payments. These savings are offset by a \$5 million increase in debt service payments for FY 2021. Deposits to the R&R account for FY 2021 will be held constant from the FY 2020 budget at \$12 million to help fund anticipated future capital expenditures.

Budgeted Direct Charges & Other increased by \$1 million from the Fiscal Year 2020 budget primarily due to a \$0.5 million increase in property insurance costs from the FY 2020 budget due to market conditions.

Gas Transportation charges were decreased \$0.5 million from Fiscal Year 2020 primarily due to the expiration of the ARP's gas storage contract.

Energy costs billed to Participants are budgeted to decrease \$14.2 million from the Fiscal Year 2020 budget. The forward curve for natural gas utilized for the Fiscal Year 2020 budget (based on the average curve over the period April 15, 2020, through May 14, 2020) averages \$2.74/MMBtu, which is almost equal to the \$2.76/MMBtu average curve utilized for the Fiscal Year 2020 Budget. The ARP will achieve an average of \$0.06/MMBtu savings in gas cost savings from the natural gas prepay transactions, which will save the ARP \$2.8 million in FY 2021. An additional \$0.2 million in savings is expected from assumed future energy sales to third parties.

Transmission expenses for Fiscal Year 2021 are anticipated to increase by \$8 million from the Fiscal Year 2020 budget due to transmission provider rate increases. This includes an 11% rate increase for Duke Energy Florida (DEF) effective June 2020 and an additional 15% increase effective June 2021 based on projections provided by DEF. DEF has also increased its storm charge adder and ancillary services charges, which total an additional \$1.3 million. The 2021 budget also includes a full year impact (\$3.6 million) of the Florida Power & Light (FPL) transmission rate increase. Settlement discussions continue with FPL on the rate case, but the outcome of those discussions is uncertain at this time. Finally, the FY 2021 budget assumes a 5% transmission rate increase for OUC.

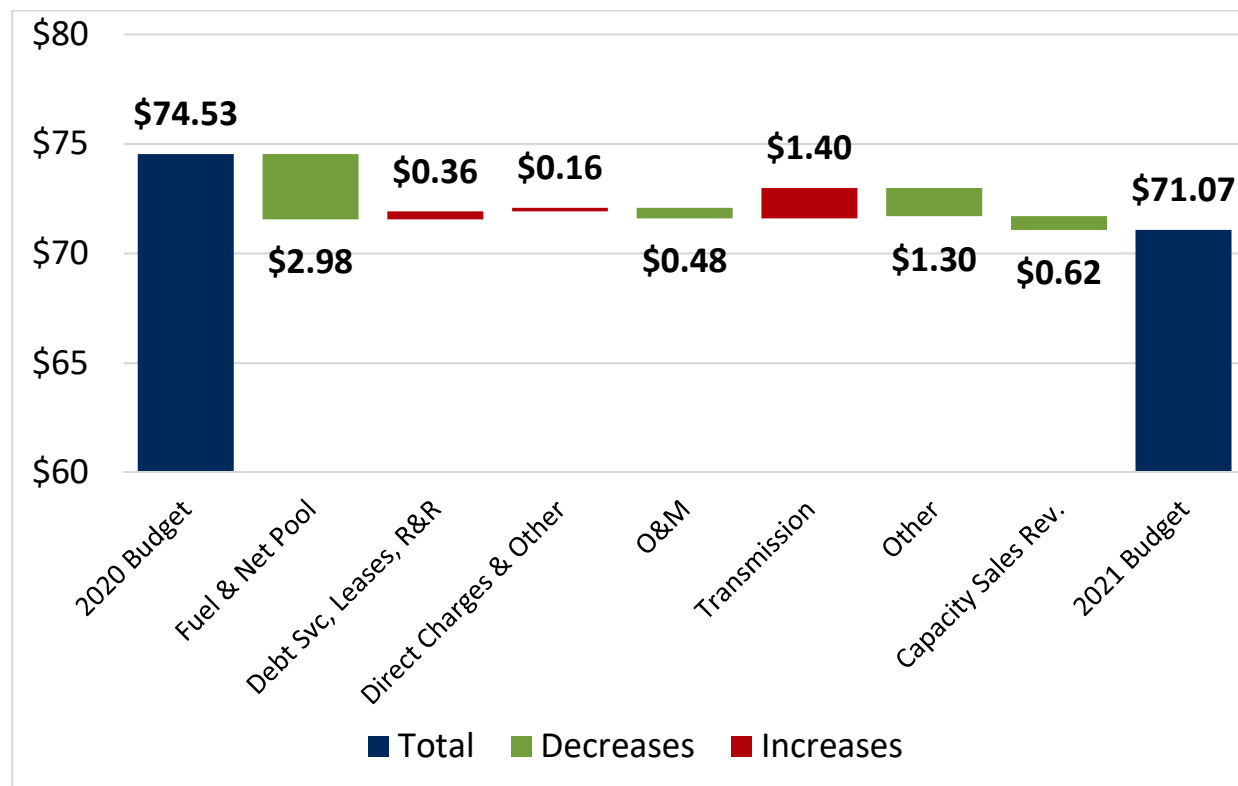
Contingency

A \$5 million contingency line is included to allow for unexpected expenses that may occur during the year, which is consistent with the contingency level that was included in each of the FY 2018 and FY 2019

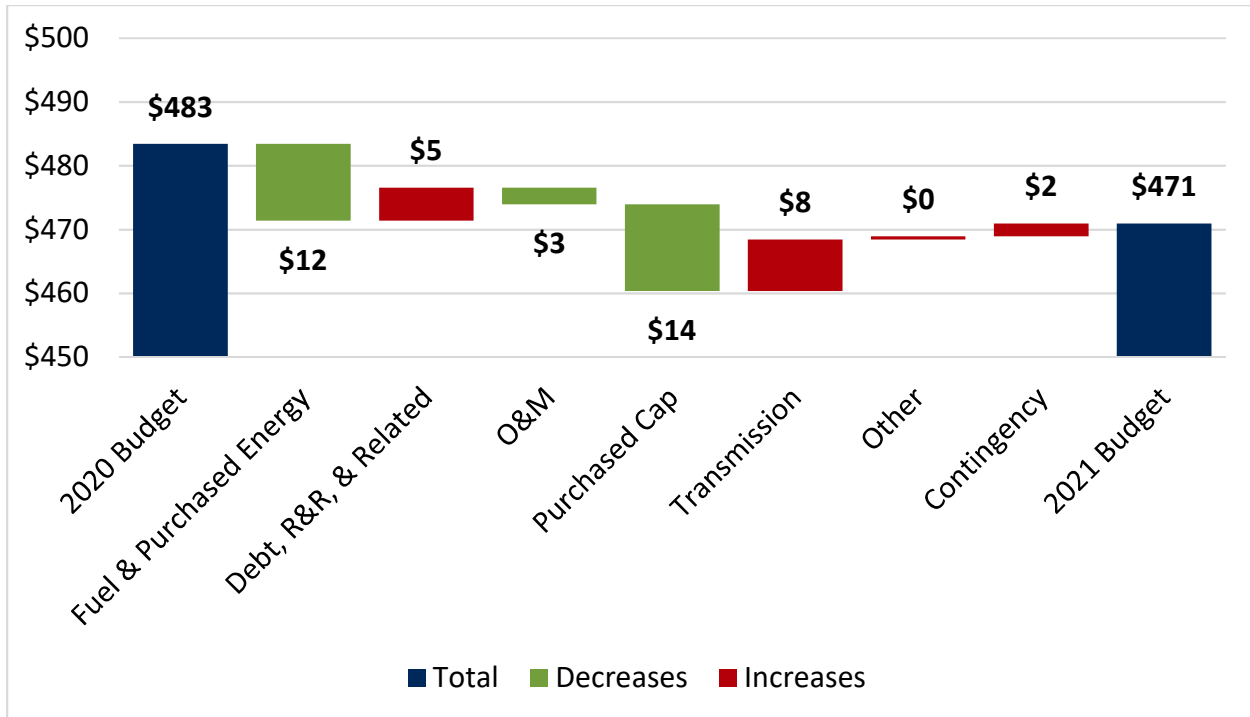
budgets (the contingency amount for FY 2020 was reduced to \$3 million due to contingencies that were already embedded within the plant O&M budgets). This \$5 million contingency will not be used in calculating the base rates but will be included in the authorizing resolution amount which will provide expenditure authorization for unexpected expenses. Rate Schedule B-1 will allow for contingency expenses to be collected if they are incurred.

The following charts compare the budgeted Participant costs (\$/MWh) and total Project expenses for Fiscal Years 2020 and 2021.

**All-Requirements Power Supply Project
 FY 2021 Budgeted Participant Costs Compared to FY 2020 (\$/MWh) [1]**



All-Requirements Power Supply Project FY 2021 Budgeted Expenses Compared to FY 2020 (\$Millions)



Capital Plan and Renewal and Replacement Account

A summary of the Five-Year Capital Plan and funding of the Renewal and Replacement (R&R) Account is shown in Exhibit 4. Total budgeted capital expenses for FY 2021 are \$18 million. Over the five-year period, the ARP has significant levels of capital expenditures projected for FY 2022 (\$30 million) and 2025 (\$27 million). Staff currently anticipates that \$10 million of the expenditures planned for FY 2022 and \$22 million of the expenditures planned for FY 2025 will be financed. This will help avoid the adverse rate impact to Participants that would be required to fund these capital projects in advance.

FMPA targets an \$10 million balance for the R&R Account for the Project to fund for future capital needs and unanticipated capital expenditures. R&R Account funding for FY 2021 is budgeted at \$12 million, which is consistent with funding level for FY 2020, with a step-down to \$10 million per year targeted by FY 2023 based on the current capital forecast.

Project Participants

Participant	Participant
Bushnell	Key West [1]
Clewiston	Kissimmee Utility Authority [1]
Fort Meade	Leesburg
Fort Pierce [1]	Newberry
Green Cove Springs	Ocala [1]
Havana	Starke
Jacksonville Beach [1]	

[1] ARP Phase 1 Solar Participant

**FLORIDA MUNICIPAL POWER AGENCY
ALL-REQUIREMENTS POWER SUPPLY PROJECT**

Exhibit 1
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**Fiscal Year 2021 Budget and Fiscal Year 2022 Plan
Operating Budget (\$000)**

Line No.	Description	ACTUAL FY 2018	ACTUAL FY 2019	BUDGET FY 2020	Year-End PROJECTION FY 2020	Proposed BUDGET FY 2021	Proposed PLAN FY 2022	20 Bdgt / 21 Bdgt Increase / Decrease%	21 Bdgt / 22 Plan Increase Decrease%
REVENUES									
Demand Revenue									
1	Participant Billings- Demand [1]	\$ 236,658	\$ 238,748	\$ 240,882	\$ 230,702	\$ 228,748	\$ 233,096	-5.0%	1.9%
2	Customer Charge	273	257	257	257	324	324	26.2%	0.0%
3	Sales of Capacity to Others	517	908	2,347	3,782	5,886	4,969	150.8%	-15.6%
4	Interest Income	2,056	4,210	948	3,946	1,128	1,071	18.9%	-5.0%
5	Other Demand Revenues	417	742	(136)	460	(206)	(130)	50.9%	-36.6%
6	Withdrawals from Rate Protection Account	0	90,199	18,473	17,169	12,872	13,111	-30.3%	1.9%
7	Total Demand Revenue	239,921	335,064	262,770	256,315	248,751	252,441	-5.3%	1.5%
Energy Revenue									
8	Participant Billings- Energy [1]	148,433	147,062	153,805	120,629	139,580	130,192	-9.2%	-6.7%
9	Solar Energy Surcharge	0	0	0	581	1,196	1,382	NA	15.6%
10	Sale of Physical Natural Gas	8,685	11,717	6,000	12,371	6,000	6,000	0.0%	0.0%
11	Sale of Interchange Energy	18,322	17,853	15,296	9,862	13,035	16,441	-14.8%	26.1%
12	Sale of Energy to Others	461	2,409	11,867	11,241	18,602	15,934	56.8%	-14.3%
13	Other Energy Revenues	392	6,057	407	782	418	412	2.6%	-1.4%
14	Withdrawals from Rate Protection Account	0	0	0	0	0	0	NA	NA
15	Total Energy Revenue	176,293	185,097	187,375	155,466	178,830	170,362	-4.6%	-4.7%
Transmission Revenue									
16	Participant Billings- Transmission [1]	25,106	25,414	25,936	30,685	33,747	35,124	30.1%	4.1%
17	Participant Billings - KUA Transmission [1]	2,612	2,668	2,927	2,998	3,146	3,146	7.5%	0.0%
18	Standby Transmission	588	619	0	141	0	0	NA	NA
19	Low Voltage Delivery Charge	105	111	141	139	163	163	15.8%	-0.1%
20	Seminole Agreement	500	500	500	500	500	500	0.0%	0.0%
21	Withdrawals from Rate Protection Account	0	554	764	636	800	800	4.8%	0.0%
22	Total Transmission Revenue	28,911	29,866	30,267	35,100	38,356	39,733	26.7%	3.6%
23	TOTAL REVENUES	\$ 445,125	\$ 550,028	\$ 480,411	\$ 446,881	\$ 465,938	\$ 462,536	-3.0%	-0.7%
EXPENSES									
Demand - Cost Centers									
24	Capacity Purchased through FMPA Projects	\$ 29,723	\$ 47,963	\$ 48,342	\$ 45,002	\$ 31,502	\$ 33,225	-34.8%	5.5%
25	Capacity Purchased from Others	16,725	17,313	17,620	17,321	17,812	18,051	1.1%	1.3%
26	ARP Plant Fixed O&M	34,617	38,044	42,556	39,129	39,992	39,400	-6.0%	-1.5%
27	Debt, Leases & R&R	123,945	193,773	116,823	117,466	119,390	103,812	2.2%	-13.0%
28	Direct Charges & Other - Fixed	18,866	20,989	22,415	21,773	23,422	23,124	4.5%	-1.3%
29	Gas Transportation	31,496	31,136	30,737	30,564	30,228	29,595	-1.7%	-2.1%
30	Variable O&M to Energy	(15,451)	(17,418)	(20,496)	(19,713)	(18,368)	(17,942)	-10.4%	-2.3%
31	Deposit to Rate Protection Account	0	3,265	4,773	4,773	4,773	23,176	0.0%	385.6%
32	Total Demand Expense	239,921	335,064	262,770	256,315	248,751	252,441	-5.3%	1.5%
Energy - Cost Centers									
33	Firm Energy Purchased from Others	2,108	2,834	4,299	4,635	7,333	10,532	70.6%	43.6%
34	Direct Charges & Other - Variable	750	751	750	751	750	750	0.0%	0.0%
35	Non-Firm Energy Purchases	3,712	7,167	3,861	6,028	4,717	5,177	22.2%	9.8%
36	Fuels	154,271	157,049	157,125	122,992	144,250	132,573	-8.2%	-8.1%
37	APR Plant Non-Fuel Variable O&M	15,452	17,418	20,496	19,713	18,368	17,942	-10.4%	-2.3%
38	Deposit to Rate Protection Account	0	(121)	843	1,347	3,413	3,387	304.7%	-0.8%
39	Total Energy Expense	176,293	185,097	187,375	155,466	178,830	170,362	-4.6%	-4.7%

**FLORIDA MUNICIPAL POWER AGENCY
ALL-REQUIREMENTS POWER SUPPLY PROJECT**

Exhibit 1
Page 2 of 2

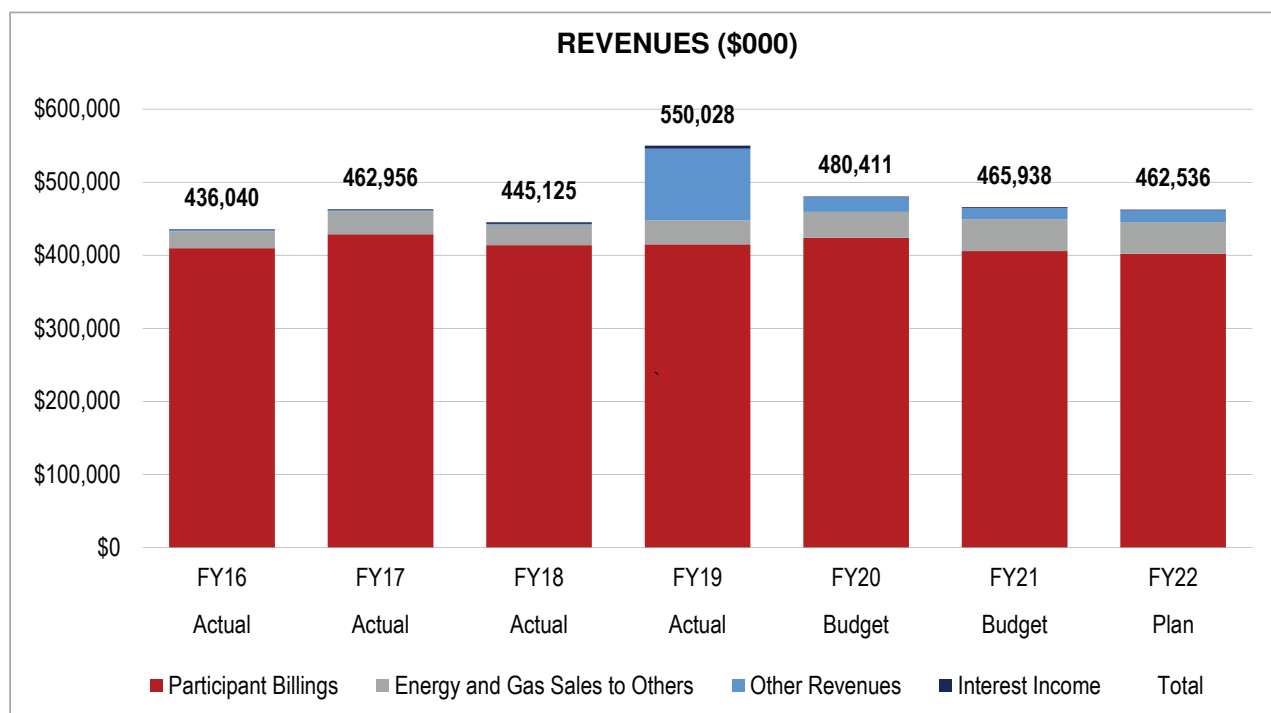
**Fiscal Year 2021 Budget and Fiscal Year 2022 Plan
Operating Budget (\$000)**

Line No.	Description	ACTUAL FY 2018	ACTUAL FY 2019	BUDGET FY 2020	Year-End PROJECTION FY 2020	Proposed BUDGET FY 2021	Proposed PLAN FY 2022	20 Bdgt / 21 Bdgt Increase / Decrease%	21 Bdgt / 22 Plan Increase Decrease%
40	Transmission - Cost Centers								
41	Transmission - Others	26,299	27,198	27,340	32,102	35,210	36,587	28.8%	3.9%
	KUA Transmission	2,612	2,668	2,927	2,998	3,146	3,146	7.5%	0.0%
42	Total Transmission	28,911	29,866	30,267	35,100	38,356	39,733	26.7%	3.6%
43	Total Expenses for Base Rate Calculation	445,125	550,028	480,412	446,881	465,938	462,536	-3.0%	-0.7%
44	Contingency	0	0	3,000	0	5,000	5,000	NA	0.0%
45	TOTAL EXPENSES & CONTINGENCY	\$ 445,125	\$ 550,028	\$ 483,412	\$ 446,881	\$ 470,938	\$ 467,536	-2.6%	-0.7%
46	NET INCOME BEFORE REGULATORY ADJ	\$ (0)	\$ -	\$ (3,000)	\$ -	\$ (5,000)	\$ (5,000)		
	<u>Total Annual Billing Determinants:</u>								
47	Demand (MW)	12,078	12,531	12,312	12,327	12,374	12,394	0.5%	0.2%
48	Energy (GWh)	5,665	5,804	5,685	5,745	5,708	5,701	0.4%	-0.1%
49	Transmission - All but KUA (MW)	9,028	9,290	9,199	9,237	9,237	9,243	0.4%	0.1%
50	Transmission - KUA (MW)	3,485	3,675	3,547	3,572	3,572	3,585	0.7%	0.4%
51	Annual Project Coincident Peak (MW)	1,239	1,292	1,255	1,254	1,254	1,257	-0.1%	0.2%
	<u>Participant Costs:</u>								
52	Demand \$ / KW	<u>\$19.59</u>	<u>\$19.05</u>	<u>\$19.56</u>	<u>\$18.72</u>	<u>\$18.49</u>	<u>\$18.81</u>	-5.5%	1.7%
53	Transmission \$ / KW (all except KUA)	<u>\$2.78</u>	<u>\$2.74</u>	<u>\$2.82</u>	<u>\$3.32</u>	<u>\$3.65</u>	<u>\$3.80</u>	29.6%	4.0%
54	Transmission \$ / KW (KUA)	<u>\$0.75</u>	<u>\$0.73</u>	<u>\$0.83</u>	<u>\$0.84</u>	<u>\$0.88</u>	<u>\$0.88</u>	6.8%	-0.4%
55	Energy \$ / MWh	<u>\$26.20</u>	<u>\$25.34</u>	<u>\$27.06</u>	<u>\$21.00</u>	<u>\$24.45</u>	<u>\$22.84</u>	-9.6%	-6.6%
56	Average All-in Cost to Participants \$/MWh [2]	<u>\$73.04</u>	<u>\$71.48</u>	<u>\$74.58</u>	<u>\$67.11</u>	<u>\$71.07</u>	<u>\$70.52</u>	-4.7%	-0.8%
	Total Expense (Excluding Contingency) \$/MWh								
57	Annual Load Factor - Project Average	<u>52.19%</u>	<u>51.26%</u>	<u>51.71%</u>	<u>52.29%</u>	<u>51.96%</u>	<u>51.79%</u>		

[1] Amounts shown assume full recovery of costs in the period in which they are incurred and do not reflect rates as be billed through Rate Schedule B-1, which include adjustments for such factors as cash adjustments and prior period over- or under- recoveries. As such, amounts shown for historical periods do not reflect actual revenues that were collected.

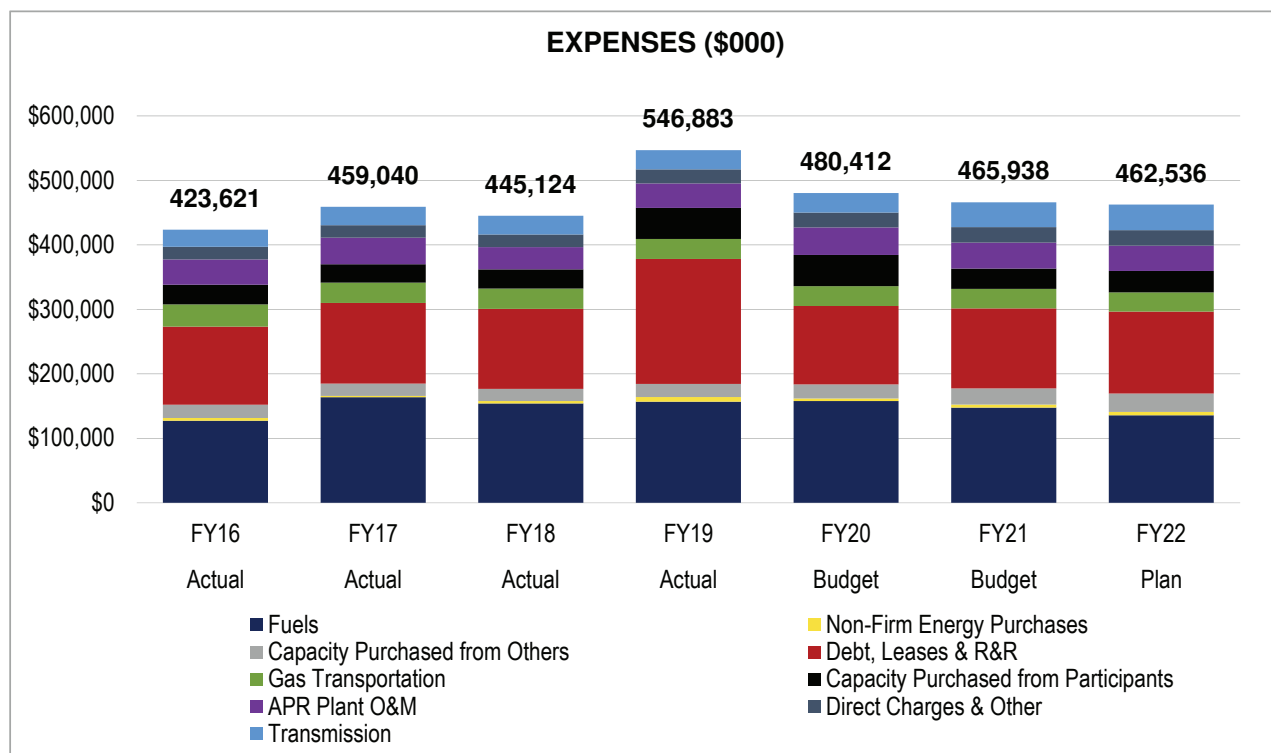
[2] Calculation has been changed from prior years to include Customer Charge revenues in the calculation.

FLORIDA MUNICIPAL POWER AGENCY
ALL-REQUIREMENTS POWER SUPPLY PROJECT
Fiscal Year 2021 Budget and Fiscal Year 2022 Plan
Comparison of Budget to Historical Revenues and Expenses



REVENUES	(\$000)						
	Actual FY16	Actual FY17	Actual FY18	Actual FY19	Budget FY20	Budget FY21	Plan FY22
Participant Billings	409,709	428,636	413,775	414,879	423,947	405,708	402,045
Interest Income	790	1,442	2,056	4,210	948	1,128	1,071
Energy and Gas Sales to Others	23,273	31,653	27,985	32,886	35,510	43,523	43,344
Other Revenues	2,269	1,225	1,309	98,052	20,007	15,580	16,075
Total	436,040	462,956	445,125	550,028	480,411	465,938	462,536

FLORIDA MUNICIPAL POWER AGENCY
ALL-REQUIREMENTS POWER SUPPLY PROJECT
Fiscal Year 2021 Budget and Fiscal Year 2022 Plan
Comparison of Budget to Historical Revenues and Expenses



EXPENSES	(\$000)						
	Actual FY16	Actual FY17	Actual FY18	Actual FY19	Budget FY20	Budget FY21	Plan FY22
Transmission	26,550	28,471	28,911	29,866	30,267	38,356	39,733
Capacity Purchased from Participants	30,519	28,659	29,723	47,963	48,342	31,502	33,225
Capacity Purchased from Others	20,753	19,229	18,833	20,146	21,919	25,145	28,583
APR Plant O&M	39,045	41,102	34,617	38,044	42,556	39,992	39,400
Debt, Leases & R&R	121,025	124,916	123,945	193,773	121,596	124,163	126,988
Direct Charges & Other	19,684	19,375	19,616	21,739	23,165	24,172	23,874
Gas Transportation	34,440	31,486	31,496	31,136	30,737	30,228	29,595
Non-Firm Energy Purchases	4,178	1,799	3,712	7,167	3,861	4,717	5,177
Fuels	127,429	164,004	154,271	157,049	157,969	147,663	135,960
Total	423,621	459,040	445,124	546,883	480,412	465,938	462,536
Total Billed MWhs (In 000)	5,694	5,554	5,665	5,804	5,685	5,708	5,701

FLORIDA MUNICIPAL POWER AGENCY
All-Requirements Power Supply Project
Fiscal Year 2021 Budget and Fiscal Year 2022 Plan
Project Fund Balances

FISCAL YEAR 2021 BUDGET

OPERATION AND MAINTENANCE FUND

	Beginning Balance 10/1/2020	Deposits	Withdraw- als/ Payments	Ending Balance 9/30/2021	Minimum Recomm. Balance
Operation & Maintenance (O&M) Account	\$39,033			\$39,033	\$39,033
Working Capital Account	20,967			20,967	20,967
Rate Stabilization Account	10,000			10,000	10,000
Total Operating and Maintenance Fund	\$70,000	\$0	\$0	\$70,000	\$70,000 [1]

[1] Minimum recommended balance is amount required to meet operating & maintenance fund expenses for the next 60 days.
Minimum per bond resolution is amount to meet operating & maintenance fund expenses for the next 30 days.

DEBT SERVICE FUND

	Beginning Balance 10/1/2020	Deposits	Withdraw- als/ Payments	Ending Balance 9/30/2021
* Debt Service Accounts				
Principal	\$48,490	\$55,280	\$48,490	\$55,280
Interest	18,310	34,317	35,468	17,159
Total Debt Service Accounts	\$66,800	\$89,597	\$83,958	\$72,439

*Account minimums will be in compliance with Bond Resolution.

SUBORDINATED DEBT SERVICE

	Beginning Balance 10/1/2020	Deposits	Withdraw- als/ Payments	Ending Balance 9/30/2021
* Loans				
Principal	\$0	\$0	\$0	\$0
Interest	0	0	0	0
Total Debt Service Accounts	\$0	\$0	\$0	\$0

* Subordinated Debt paid from O&M Account.

FLORIDA MUNICIPAL POWER AGENCY
All-Requirements Power Supply Project
Fiscal Year 2021 Budget and Fiscal Year 2022 Plan
Project Fund Balances

FISCAL YEAR 2021 BUDGET

RESERVE AND CONTINGENCY FUND

	Beginning Balance 10/1/2020	Deposits	Withdraw- als/ Payments	Ending Balance 9/30/2021	Minimum Recomm. Balance
* Renewal & Replacement (R&R) Account	\$18,282	\$16,178	\$17,812	\$16,648	\$10,000
Loan Proceeds for Capital Additions	\$0	\$0	\$0	\$0	
Bond Proceeds for Public Gas Partners	\$2,537	\$0	\$1,176	\$1,361	
* Contingency Account	\$1,396	\$0	\$0	\$1,396	\$1,396
* Minimum requirement as set in budget process.					

GENERAL RESERVE FUND

	Beginning Balance 10/1/2020	Deposits	Withdraw- als/ Payments	Ending Balance 9/30/2021
General Reserve Fund - Insurance Deductible	\$3,018	\$0	\$0	\$3,018
General Reserve Fund - Bullet Debt Amortization	\$0	\$0	\$0	\$0

RATE PROTECTION ACCOUNT

	Beginning Balance 10/1/2020	Deposits	Withdraw- als/ Payments	Ending Balance 9/30/2021
Rate Protection Account	\$8,220	\$8,243	\$13,672	\$2,791

FLORIDA MUNICIPAL POWER AGENCY
All-Requirements Power Supply Project
Fiscal Year 2021 Budget and Fiscal Year 2022 Plan
Project Fund Balances

FISCAL YEAR 2021 BUDGET

CAPITAL PLAN

Fiscal Year
2021

Capital Funded from Loan Proceeds

Total Capital Financed \$0

Capital Funded from Renewal & Replacement

Stanton Unit 1	\$1,431
Stanton Unit 2	877
Stanton A	15
NERC Compliance Related Capital	490
Cane Island Units 1-4 - Including Transmission Line Upgrade	9,461
Treasure Coast	2,284
Key West	2,009
Indian River Units	1,058
Critical Infrastructure Capital	188
Contribution in Aid of Construction	
From Duke Energy on CI Transmission Line	(4,178)

Total Capital from R&R \$13,634

FLORIDA MUNICIPAL POWER AGENCY
All-Requirements Power Supply Project
Fiscal Year 2021 Budget and Fiscal Year 2022 Plan
Project Fund Balances

FISCAL YEAR 2022 PLAN

OPERATION AND MAINTENANCE FUND

	Beginning Balance 10/1/2021	Deposits	Withdraw- als/ Payments	Ending Balance 9/30/2022	Minimum Recomm. Balance
Operation & Maintenance (O&M) Account	\$39,033			\$39,033	\$39,033
Working Capital Account	\$20,967			20,967	20,967
Rate Stabilization Account	\$10,000			10,000	10,000
Total Operating and Maintenance Fund	\$70,000	\$0	\$0	\$70,000	\$70,000 [1]

[1] Minimum recommended balance is amount required to meet operating & maintenance fund expenses for the next 60 days.
Minimum per bond resolution is amount to meet operating & maintenance fund expenses for the next 30 days.

DEBT SERVICE FUND

	Beginning Balance 10/1/2021	Deposits	Withdraw- als/ Payments	Ending Balance 9/30/2022
* Debt Service Accounts				
Principal	\$55,280	\$42,190	\$55,280	\$42,190
Interest	17,159	63,560	33,048	47,671
Total Debt Service Accounts	\$72,439	\$105,750	\$88,328	\$89,861

*Account minimums will be in compliance with Bond Resolution.

SUBORDINATED DEBT SERVICE

	Beginning Balance 9/30/2021	Deposits **	Withdraw- als/ Payments	Ending Balance 9/30/2022
* Loans				
Principal	\$0	\$10,000	\$0	\$10,000
Interest	0	120	0	120
Total Debt Service Accounts	\$0	\$10,120	\$0	\$10,120

* Subordinated Debt paid from O&M Account.

** Borrowing planned for April 1, 2022.

FLORIDA MUNICIPAL POWER AGENCY
All-Requirements Power Supply Project
Fiscal Year 2021 Budget and Fiscal Year 2022 Plan
Project Fund Balances

FISCAL YEAR 2022 PLAN

RESERVE AND CONTINGENCY FUND

	Beginning Balance 10/1/2021	Deposits	Withdraw- als/ Payments	Ending Balance 9/30/2022	Minimum Recomm. Balance
* Renewal & Replacement (R&R) Account	\$16,648	\$12,000	\$20,217	\$8,431	\$10,000
Loan Proceeds for Capital Additions	\$0	\$10,000	\$10,000	\$0	
Bond Proceeds for Public Gas Partners	\$1,361	\$0	\$1,000	\$361	
* Contingency Account	\$1,396	\$0	\$0	\$1,396	\$1,396
* Minimum requirement as set in budget process.					

GENERAL RESERVE FUND

	Beginning Balance 10/1/2021	Deposits	Withdraw- als/ Payments	Ending Balance 9/30/2022
General Reserve Fund - Insurance Deductible	\$3,018	\$0	\$0	\$3,018
General Reserve Fund - Bullet Debt Amortization	\$0	\$0	\$0	\$0

RATE PROTECTION ACCOUNT

	Beginning Balance 10/1/2021	Deposits	Withdraw- als/ Payments	Ending Balance 9/30/2022
Rate Protection Account	\$2,791	\$26,650	\$13,911	\$15,529

FLORIDA MUNICIPAL POWER AGENCY
All-Requirements Power Supply Project
Fiscal Year 2021 Budget and Fiscal Year 2022 Plan
Project Fund Balances

FISCAL YEAR 2022 PLAN

CAPITAL PLAN

Fiscal Year
2022

Capital Funded from Loan Proceeds

Total Capital Financed \$10,000

Capital Funded from Renewal & Replacement

Stanton Unit 1	\$477
Stanton Unit 2	560
Stanton A	14
NERC Compliance Related Capital	-
Cane Island Units 1-4 - Including Transmission Line Upgrade	15,488
Treasure Coast	11,500
Key West	924
Indian River Units	1,055
Critical Infrastructure Capital	200
Contribution in Aid of Construction	
From Duke Energy on CI Transmission Line	-

Total Capital from R&R

\$30,217

FLORIDA MUNICIPAL POWER AGENCY
ALL-REQUIREMENTS POWER SUPPLY PROJECT
Fiscal Year 2021 Budget and Fiscal Year 2022 Plan
Five-Year Capital Plan (\$000)

Summary of Capital Projects	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Capital Projects > \$1 million					
Advanced Gas Path Upgrades (TCEC)		\$ 10,000			\$ 10,000
ST Major Inspection (TCEC)				\$ 1,051	
Advanced Gas Path Upgrades (Cane 4)					\$ 11,256
CT Rotor Replacement (Cane 3)		5,150			
ST Diaphragms and Packing Rings (Cane 3)	1,500				
Generator Rewind (Cane 3)	1,000	2,000			
HRH Piping & Support Replacement		1,236			
MKVI HMI Upgrade (Cane 2, 3 and 4)			2,472		
Ovation 3.7 DCS System Upgrade (Cane Island units)			1,347		
Generator Rewind - Units Unknown		2,060			
CT Hot Gas Path Inspection (Cane 2)				\$ 4,371	
HRSG Superheater Replacement (Cane 2)				\$ 1,875	
Sabal Trail Gas Pipeline Plant Connection (Cane Island)	1,200				
Transmission Upgrades - KUA/DEF	4,000				
Remaining Capital	10,112	9,771	1,227	2,902	5,636
Total Capital	17,812	30,217	5,046	10,199	26,892
Less Contribution in Aid of Construction	(4,178)	0	0	0	0
Less Amounts Funded through Financing	0	(10,000)	0	0	(22,000)
Capital Funded from Renewal and Replacement	\$ 13,634	\$ 20,217	\$ 5,046	\$ 10,199	\$ 4,892

Renewal & Replacement Account Activity	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Beginning Renewal & Replacement Balance	\$ 18,282	\$ 16,648	\$ 8,431	\$ 13,385	\$ 13,186
Renewal & Replacement Deposits	12,000	12,000	10,000	10,000	10,000
Renewal & Replacement Used for Capital	(13,634)	(20,217)	(5,046)	(10,199)	(4,892)
Ending Renewal & Replacement Balance	\$ 16,648	\$ 8,431	\$ 13,385	\$ 13,186	\$ 18,294
Net Change in Renewal & Replacement Acct	\$ (1,634)	\$ (8,217)	\$ 4,954	\$ (199)	\$ 5,108

AGENDA ITEM 8 – ACTION ITEMS

b) Approval of Proposed New ARP Rate Structure

**Executive Committee
June 18, 2020**



EC 8b: Approval of Proposed New ARP Rate Structure

FMIPA Executive Committee

June 9, 2020

Seeking Approval of Change to Rate Structure for Billing for ARP Demand Costs

- At May EC workshop, discussed 2 alternatives to alter way ARP bills for demand costs
 - CP Option: Demand costs allocated based on Participants' average coincident peak (CP) demand during the summer months (June – September) over prior 3 fiscal years
 - NCP Option: Demand costs allocated based on Participants' average non-coincident peak (NCP) demand over the prior 3 fiscal years
- Participant feedback was to pursue the CP Option
- Seeking EC approval of revised approach in June to be effective 10/1/2020
- Revised rate schedule, along with updated rates for FY 2021, would be brought to EC for approval in October

What Issues are We Looking to Solve?

Based on Discussions with Participants

- Greater certainty to monthly fixed cost billings (i.e., avoiding “weather roulette” inherent in current monthly coincident peak (CP) allocation)
- Fair allocation of fixed costs to Participants
- Ability to meaningfully implement load management at city level, for the benefit of the ARP

Current Methodology for Allocation of Demand Costs

- Monthly demand rate computed based on:
 - Base demand rate
 - Plus adjustment for prior period demand over/under recoveries, spread over the current billing month and next 3 months
- Participant demand billing determinant based on each city's demand during hour of monthly ARP system peak, less Excluded Resource capacity
 - Different weather patterns over ARP's geographically diverse service territory can lead to wide cost spreads, especially during late fall/winter/early spring months
 - Leads to questions of fairness of cost allocation
 - Not tied to how we plan our system (i.e., summer peak)

Proposed Change to Demand Cost Allocator Helps to Address Participant Goals

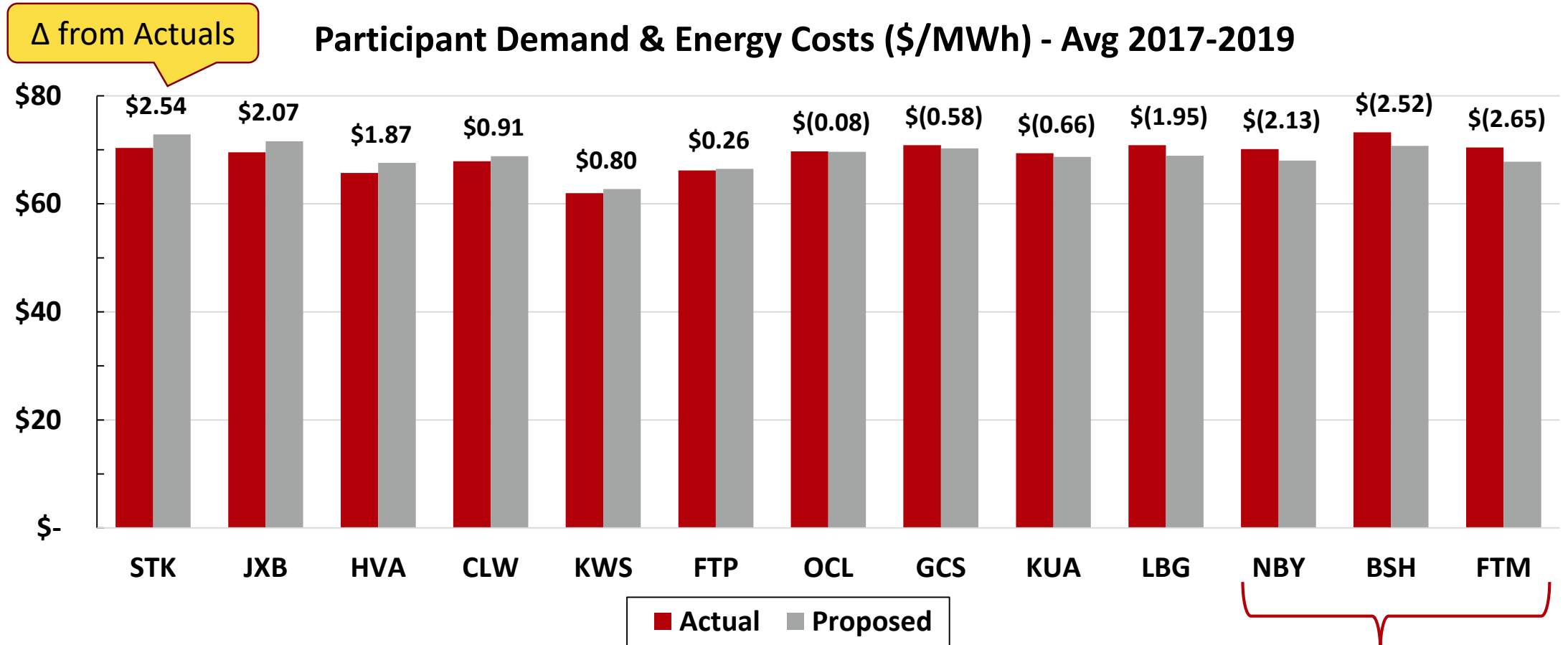
- Pros:
 - Allows greater certainty for monthly demand billings than current methodology, because allocation ratios set once per year and fixed for next 12 months
 - Minimizes the “weather roulette” that can cause Participants to have abnormally high or low costs in a month due to random weather events
 - More closely aligns to how the ARP plans its system – based on summer coincident peak
 - Helps allow for Participant-level load management activities without concerns about shifting current-month costs to others
- Challenges:
 - EC would need to approve manual adjustments if a Participant gained or lost a large load, or in the event a Participant established a CROD w/o a supplemental agreement

Proposed Approach Applied to Historical Data

- Utilized historical ARP cost data from FY 2017 – FY 2019 and historical Participant loads from FY 2014+
- Some weather anomalies (e.g., hurricanes Irma and Michael) occurred during these years, but averaging demand determinants over 3 years helped mitigate
- Rates recalculated as if the proposed approach was in place over the full 3-year period from FY 2017 – FY 2019
- Rates set to recover the same total annual Participant dollars as under actual results

Proposed Demand Cost Approach Yields Reasonable Results

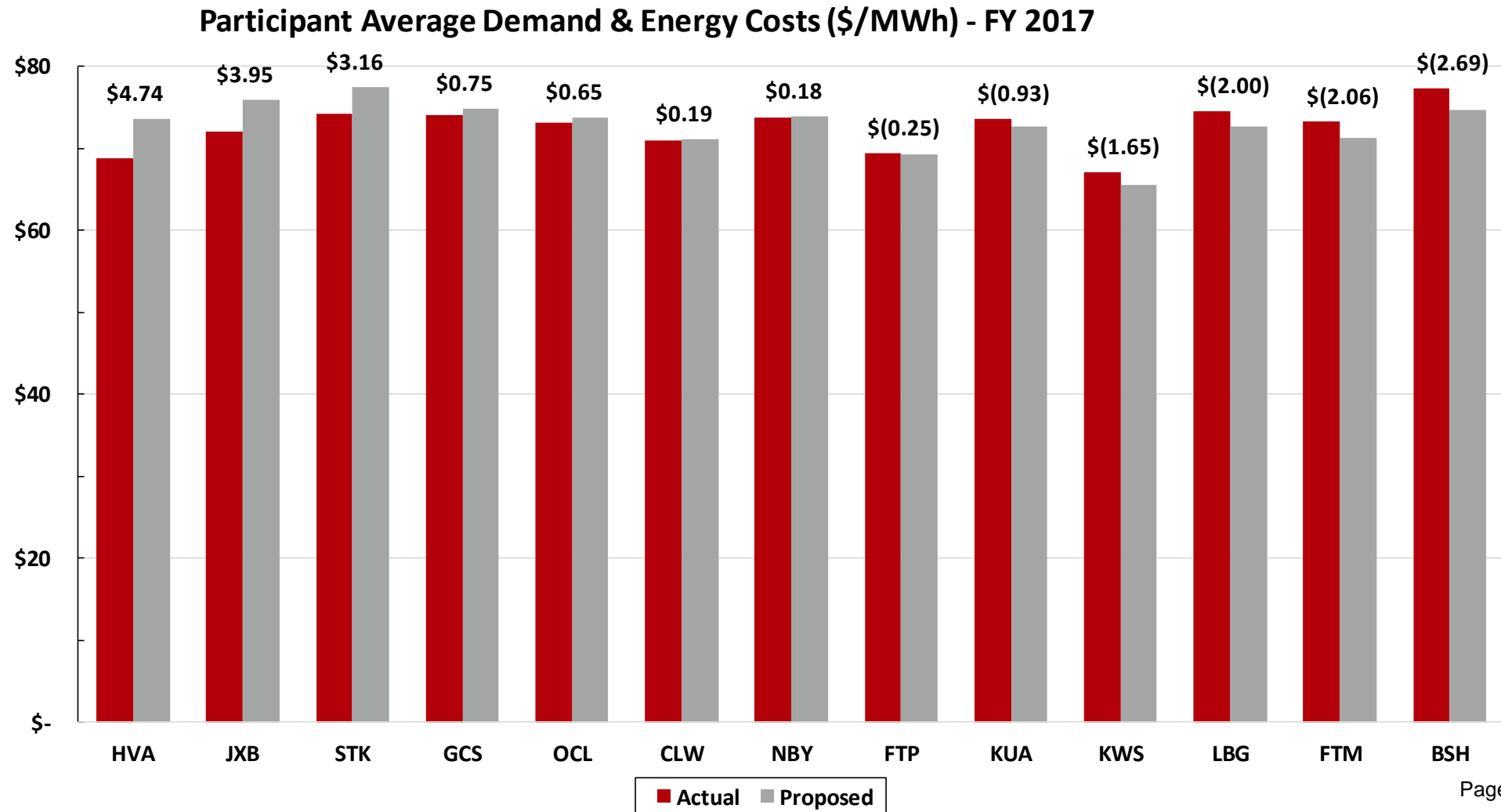
Participants' Avg. Costs \pm \$3/MWh of Actual of 3 Years



Small, centrally-located members saw greatest savings

Proposed Approach vs Actual Costs for FY 2017

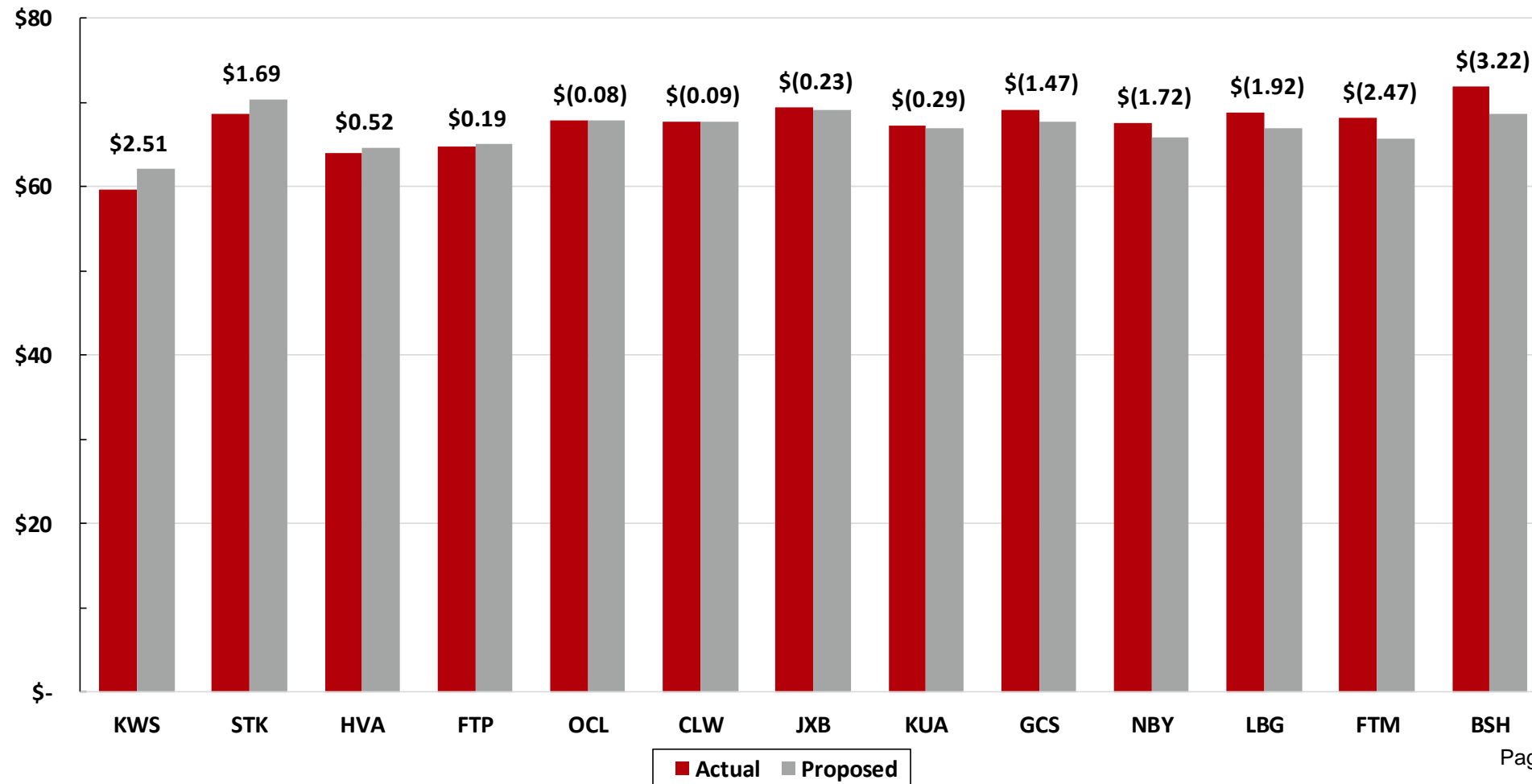
Demand Billings Based on Average CP Demands Over Previous 3 Fiscal Years



Proposed Approach vs Actual Costs for FY 2018

Demand Billings Based on Average CP Demands Over Previous 3 Fiscal Years

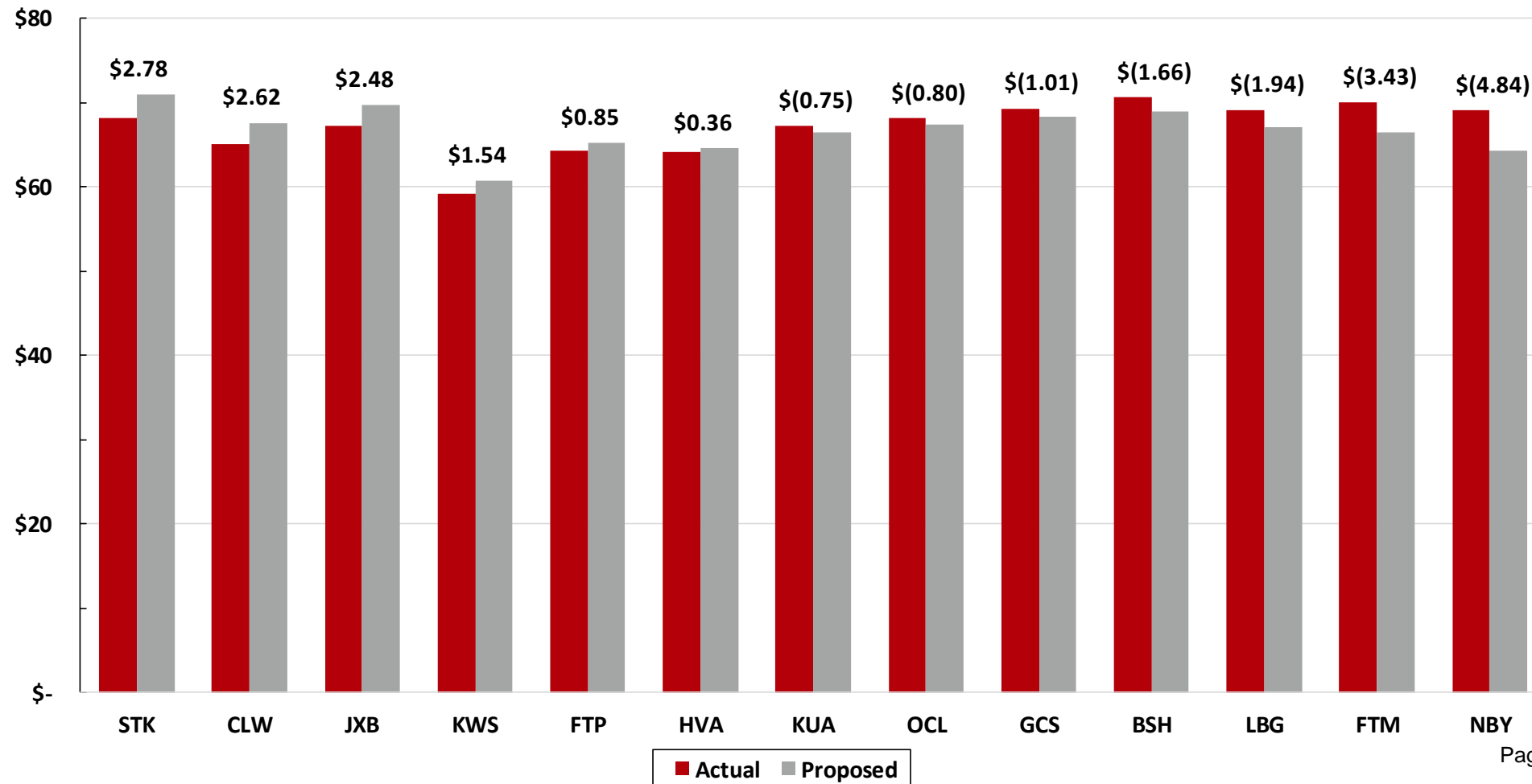
Participant Average Demand & Energy Costs (\$/MWh) - FY 2018



Proposed Approach vs Actual Costs for FY 2019

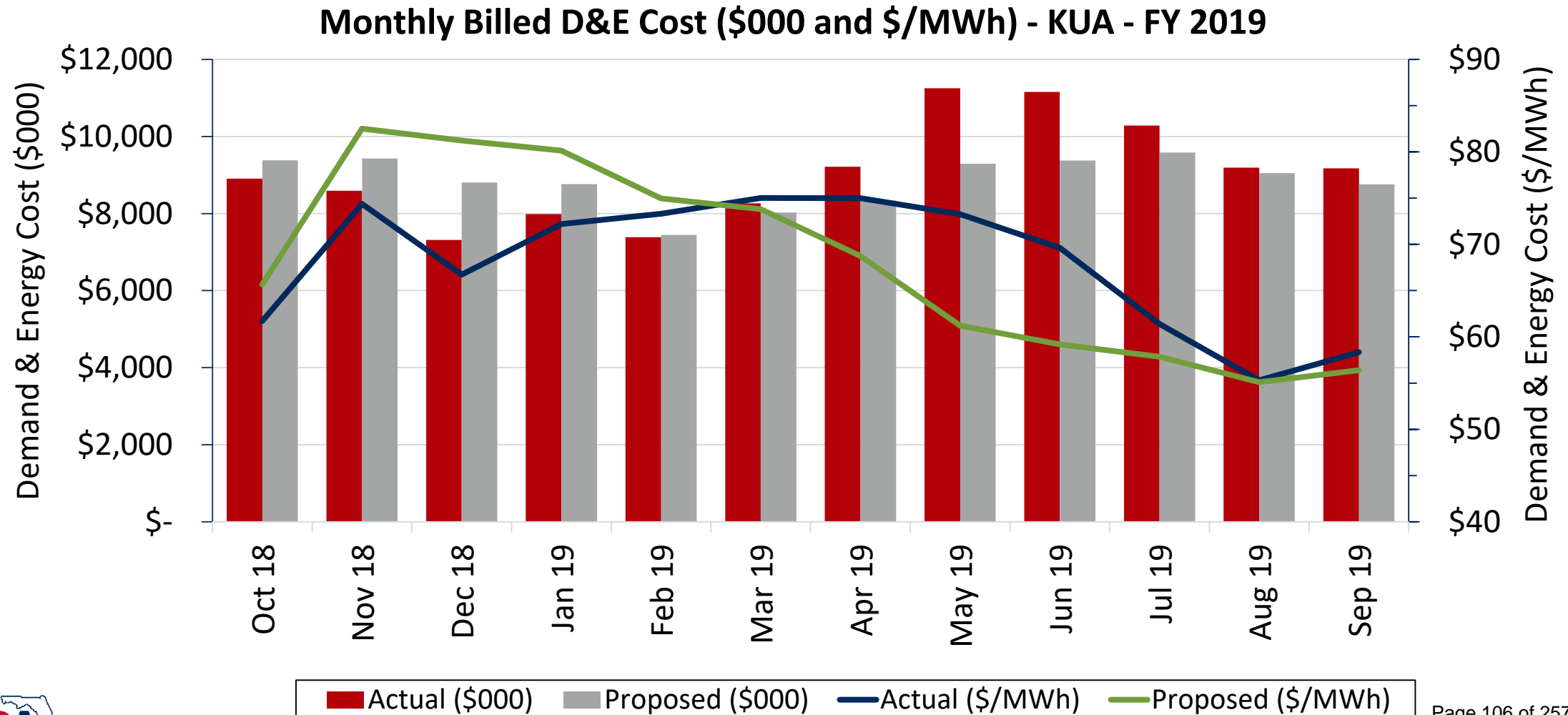
Demand Billings Based on Average CP Demands Over Previous 3 Fiscal Years

Participant Average Demand & Energy Costs (\$/MWh) - FY 2019



KUA Example of Monthly Cost Change: Proposed vs. Actual

Acts More Like a Budget Billing



Proposing to Eliminate Monthly Demand Cost Adjustment

- Once set, each Participant's \$ monthly demand charge would not change over the fiscal year
- Demand over- or under-recoveries would be handled as a true-up in the following fiscal year, except:
- Staff would monitor demand revenues and expenses during the year
- If a significant over-recovery or under-recovery situation becomes apparent, staff would come to EC to seek a demand charge adjustment for remainder of FY
- 60-day cash need continues to be managed through energy rate

Rate Schedule/Other Issues to be Addressed

Would be Brought to EC at Later Date

- Incentive rates (LAIR and Economic Development Rate):
 - As currently written, incentive rates would require that the EC manually adjust Participants' historical demands to include the new load
- CROD Implementation Protocols:
 - Would need to be revised to reflect the new billing demand calculation
- Other adjustments may be needed

Load Management

- Some Participants want ability to implement load management at city level
- Current EC policy prohibits some forms of Participant load management
- ARP Contract requires load management activities benefit ARP as a whole
- Timing good to explore load management options to defer capacity needs and create Participant value
- Moving to proposed demand cost allocation should help alleviate cost shifting concerns
- Staff will bring back proposal this summer for allowing load management

Recommended Motion

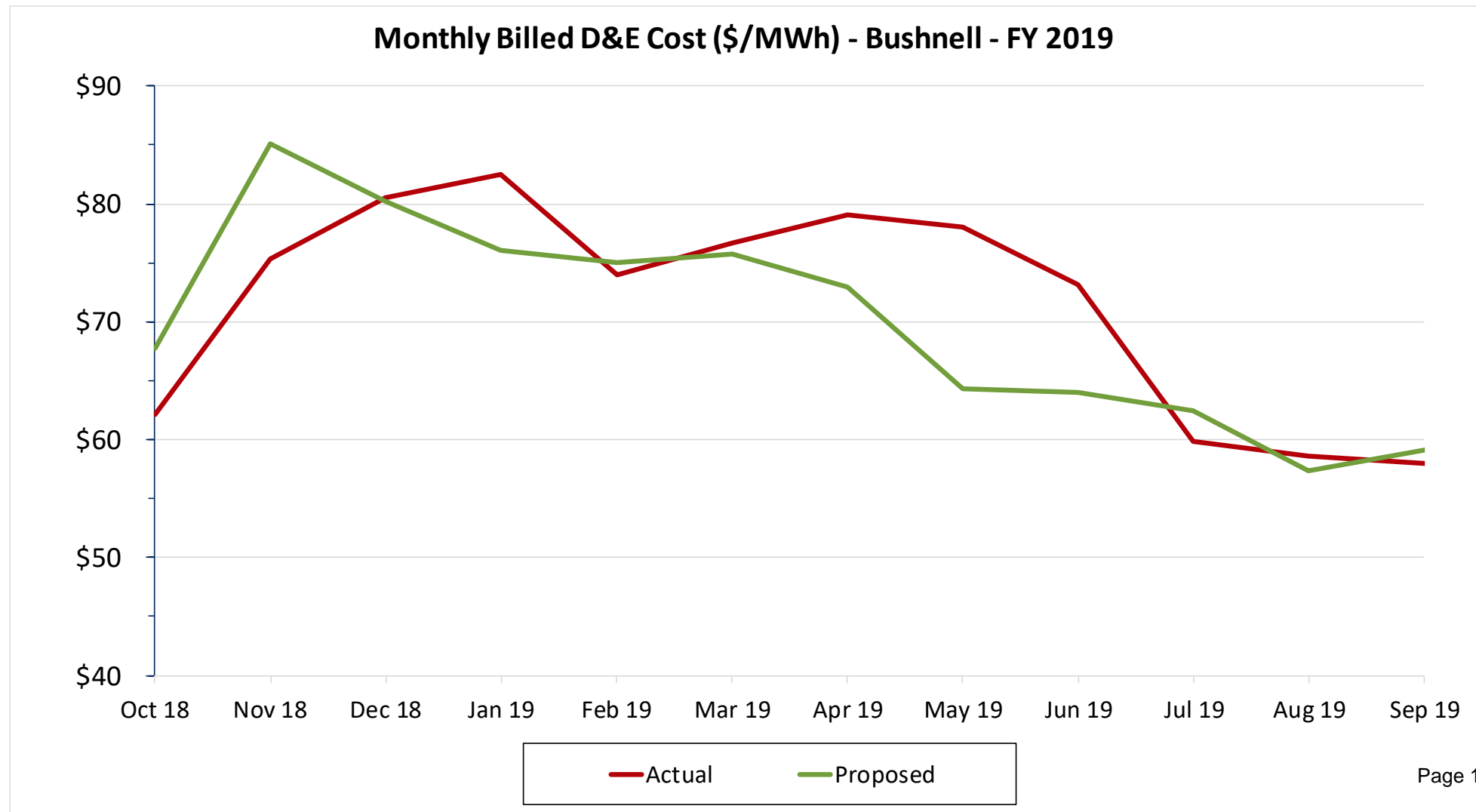
- Move approval of revising the ARP rate structure effective October 1, 2020, such that ARP billed demand costs to Participants will be allocated based on Participants' average coincident peak (CP) demand during the summer months (June – September) over the prior 3 fiscal years.



Supplemental Data

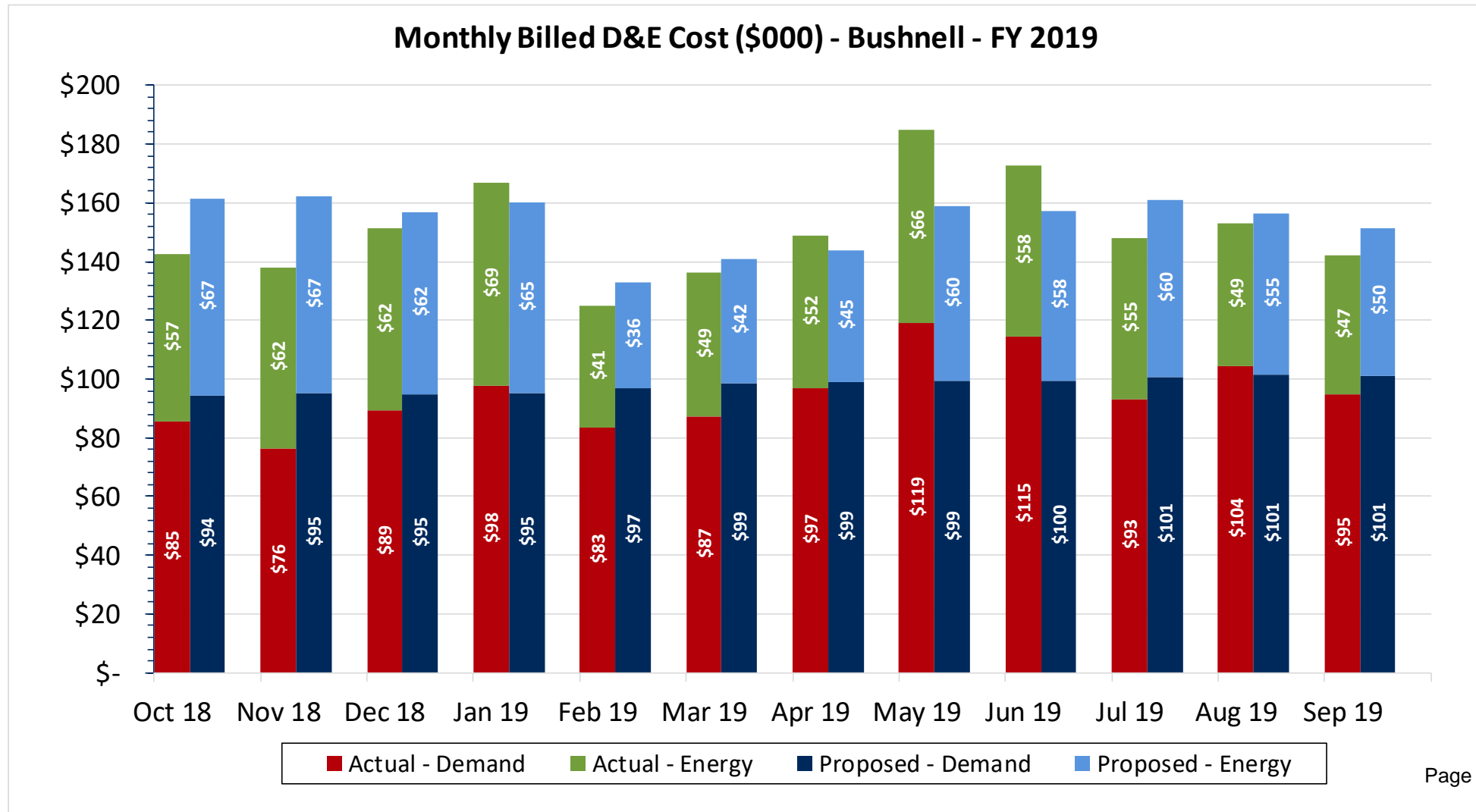
Comparison of Monthly Billed \$/MWh Demand and Energy Cost for Proposed Approach vs. Actual Costs

Bushnell – FY 2019



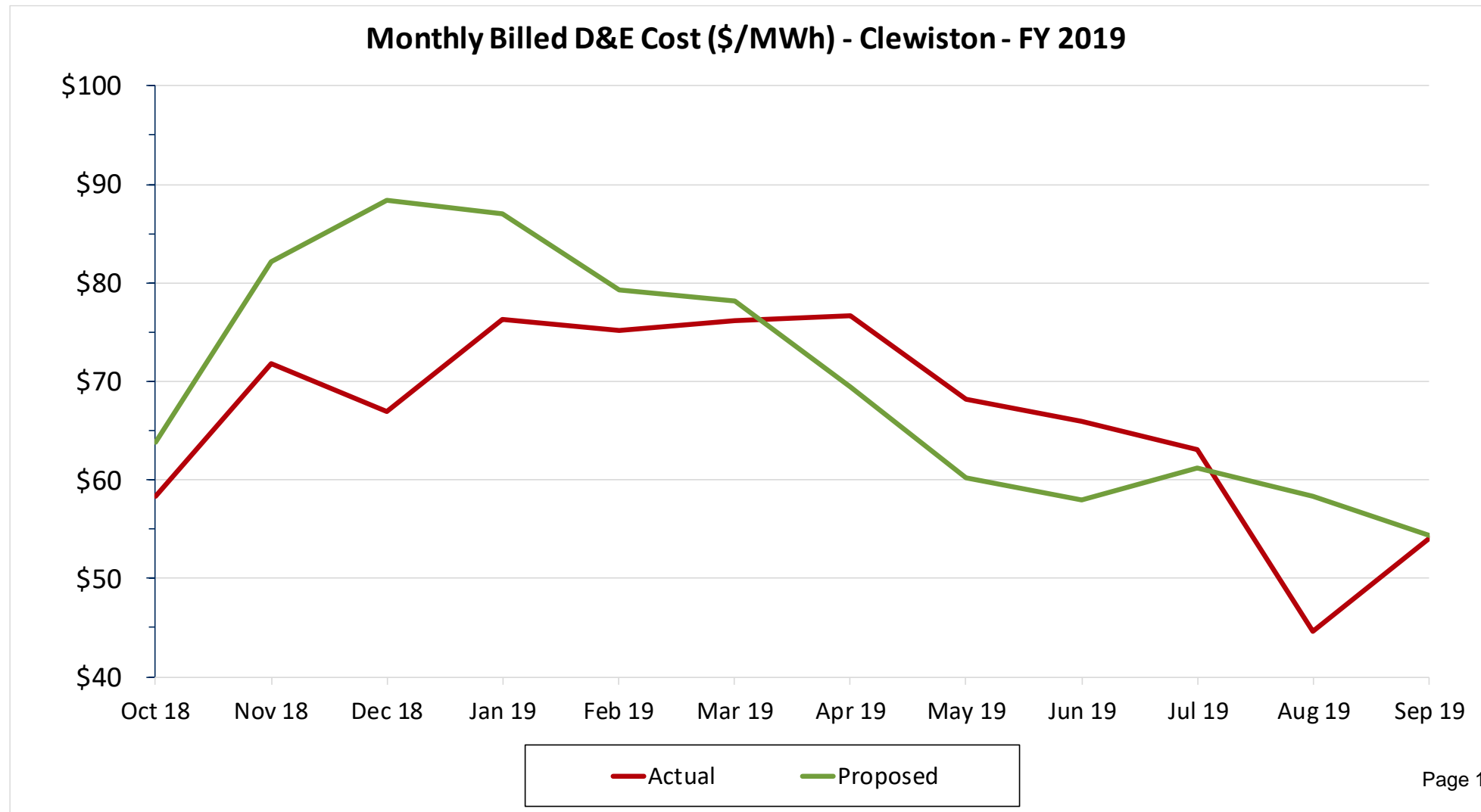
Comparison of Monthly Total Billed D&E Cost (\$000) for Proposed Approach vs. Actual Billed Cost

Bushnell- FY 2019



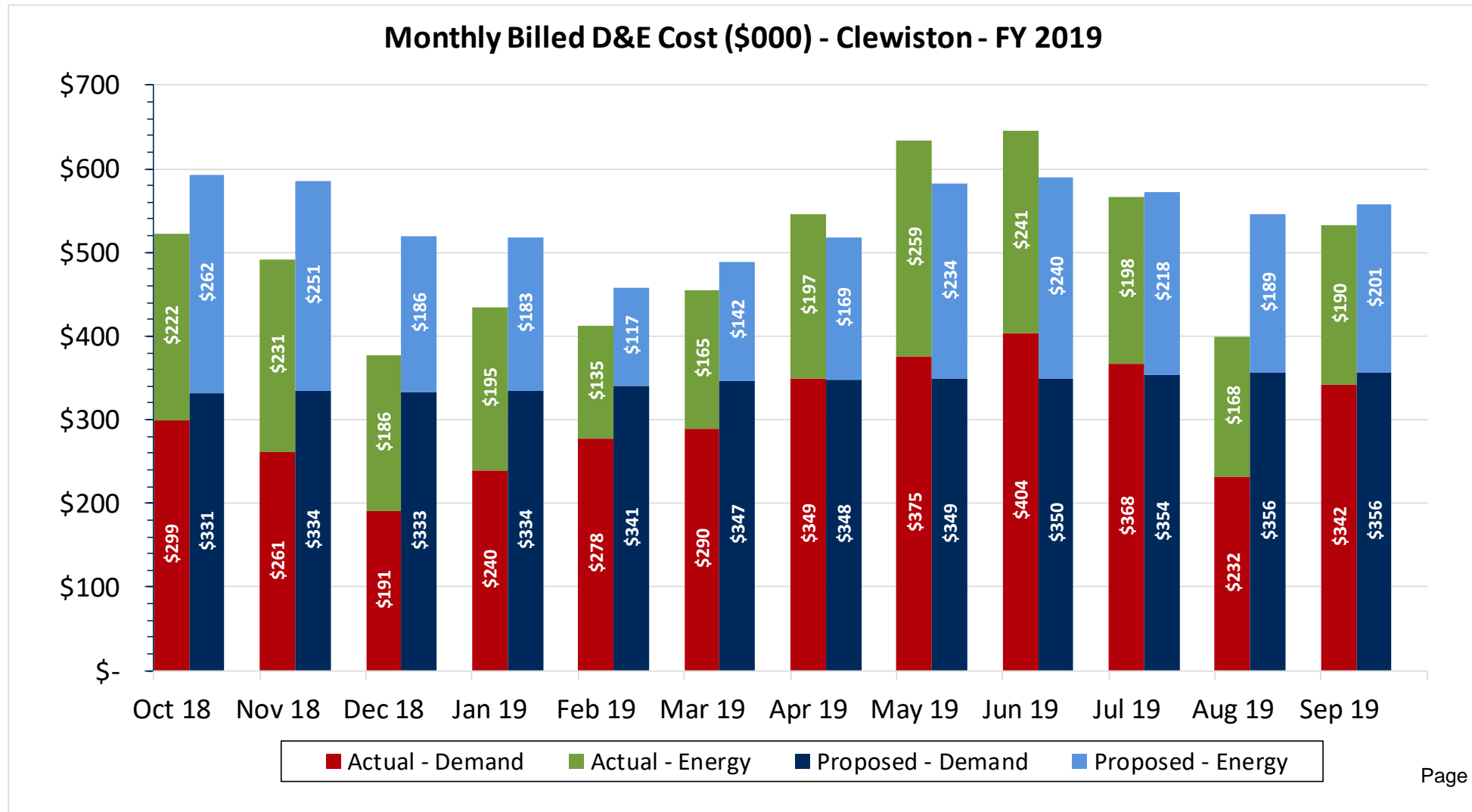
Comparison of Monthly Billed \$/MWh Demand and Energy Cost for Proposed Approach vs. Actual Costs

Clewiston – FY 2019



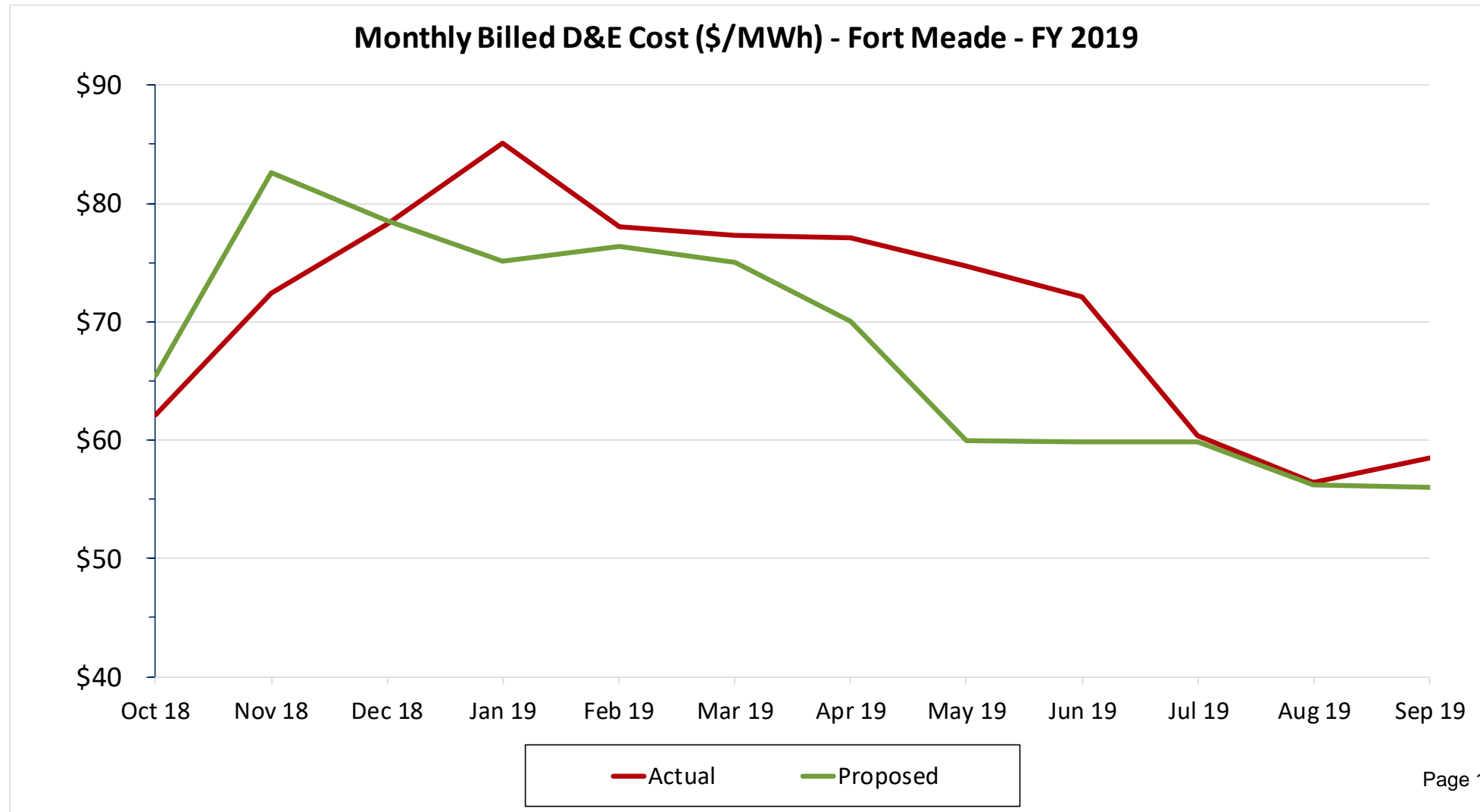
Comparison of Monthly Total Billed D&E Cost (\$000) for Proposed Approach vs. Actual Billed Cost

Clewiston- FY 2019



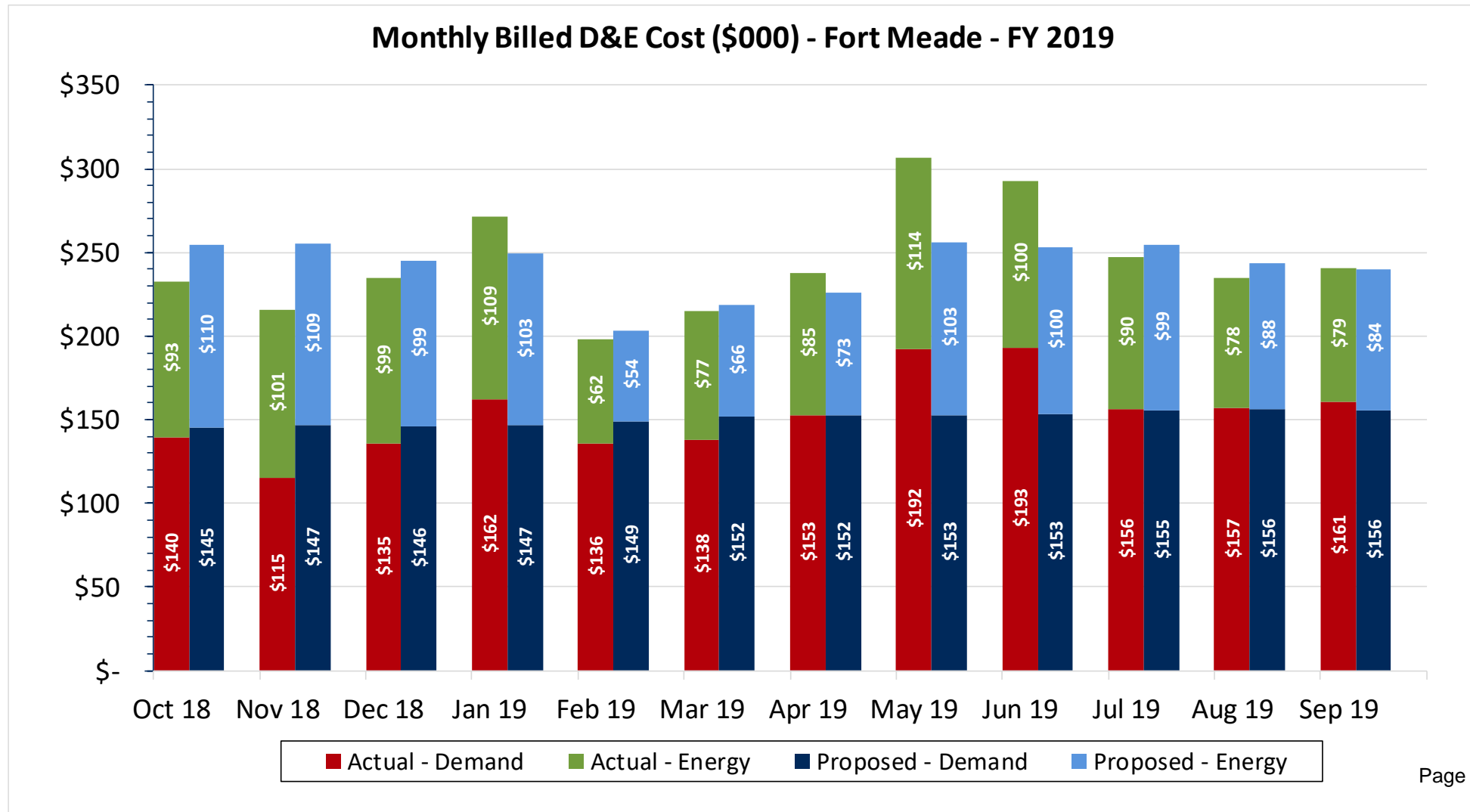
Comparison of Monthly Billed \$/MWh Demand and Energy Cost for Proposed Approach vs. Actual Costs

Fort Meade – FY 2019



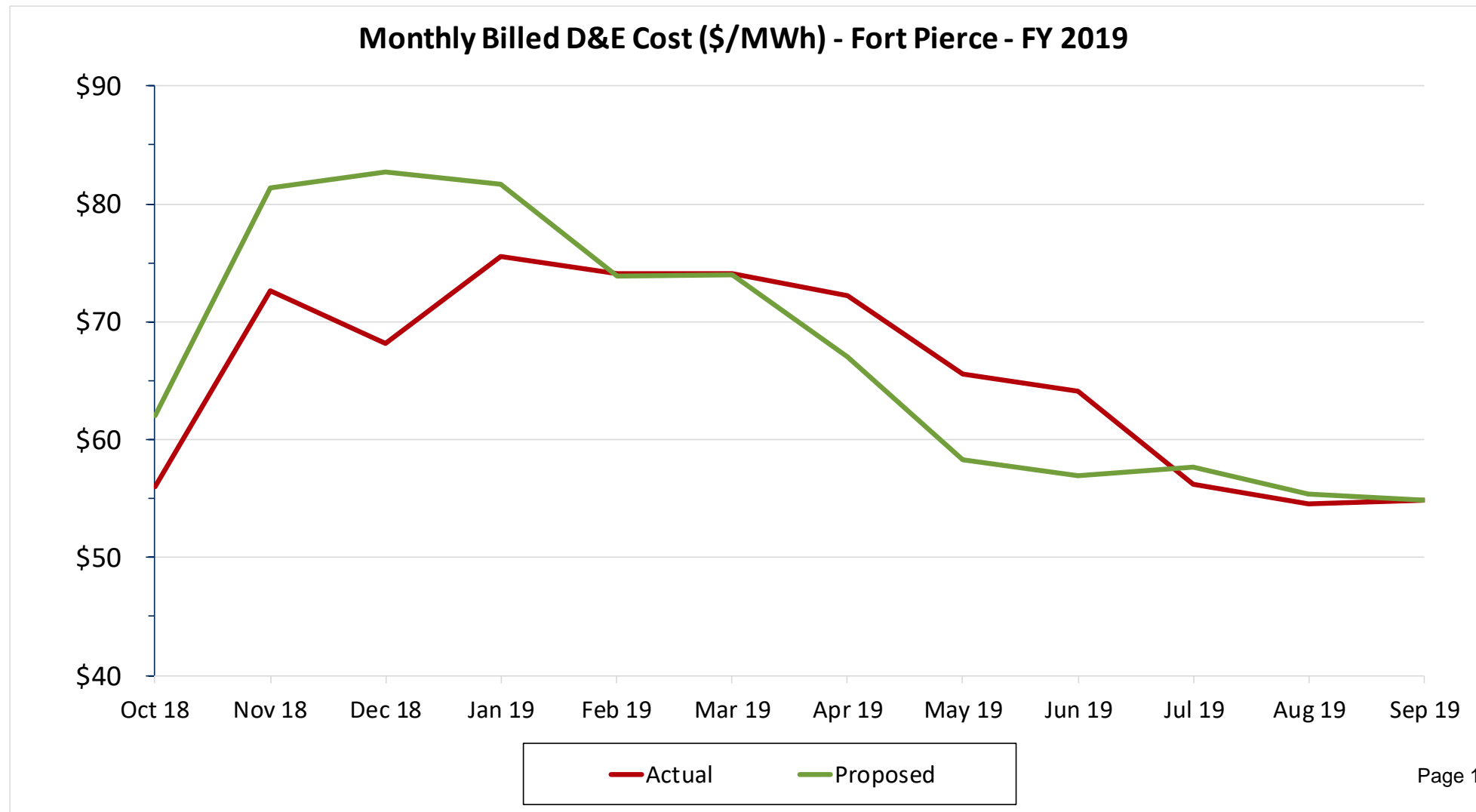
Comparison of Monthly Total Billed D&E Cost (\$000) for Proposed Approach vs. Actual Billed Cost

Fort Meade - FY 2019



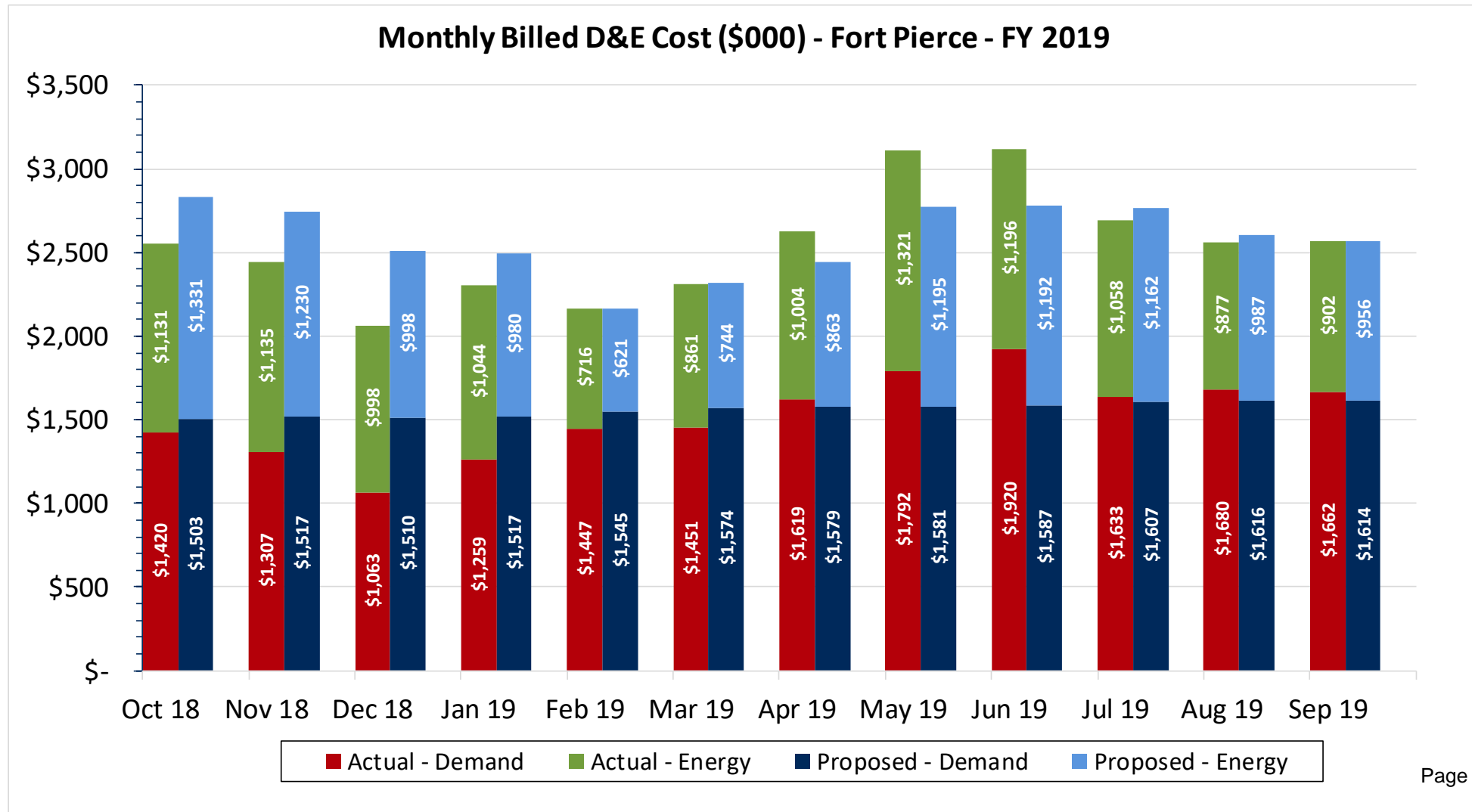
Comparison of Monthly Billed \$/MWh Demand and Energy Cost for Proposed Approach vs. Actual Costs

Fort Pierce – FY 2019



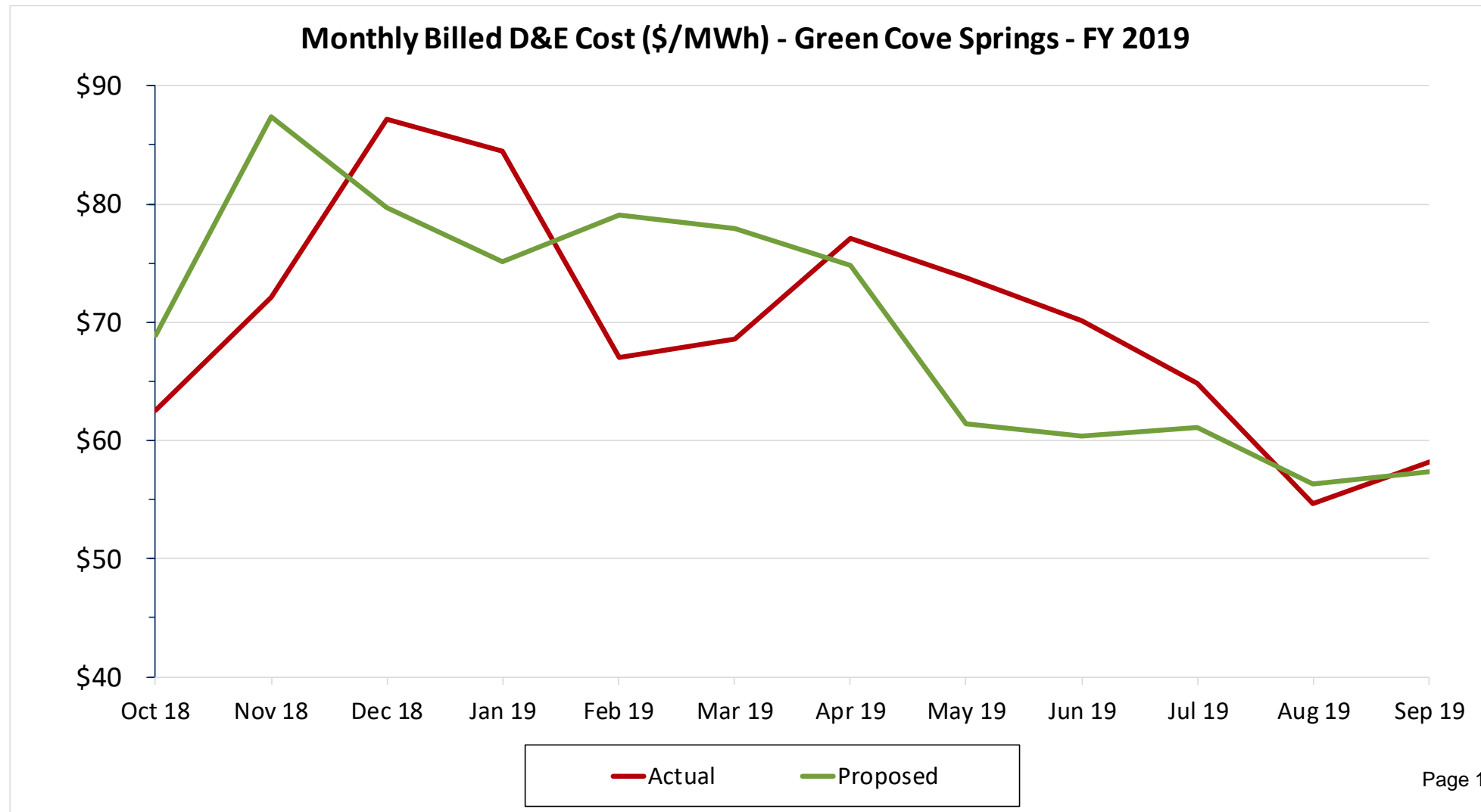
Comparison of Monthly Total Billed D&E Cost (\$000) for Proposed Approach vs. Actual Billed Cost

Fort Pierce - FY 2019



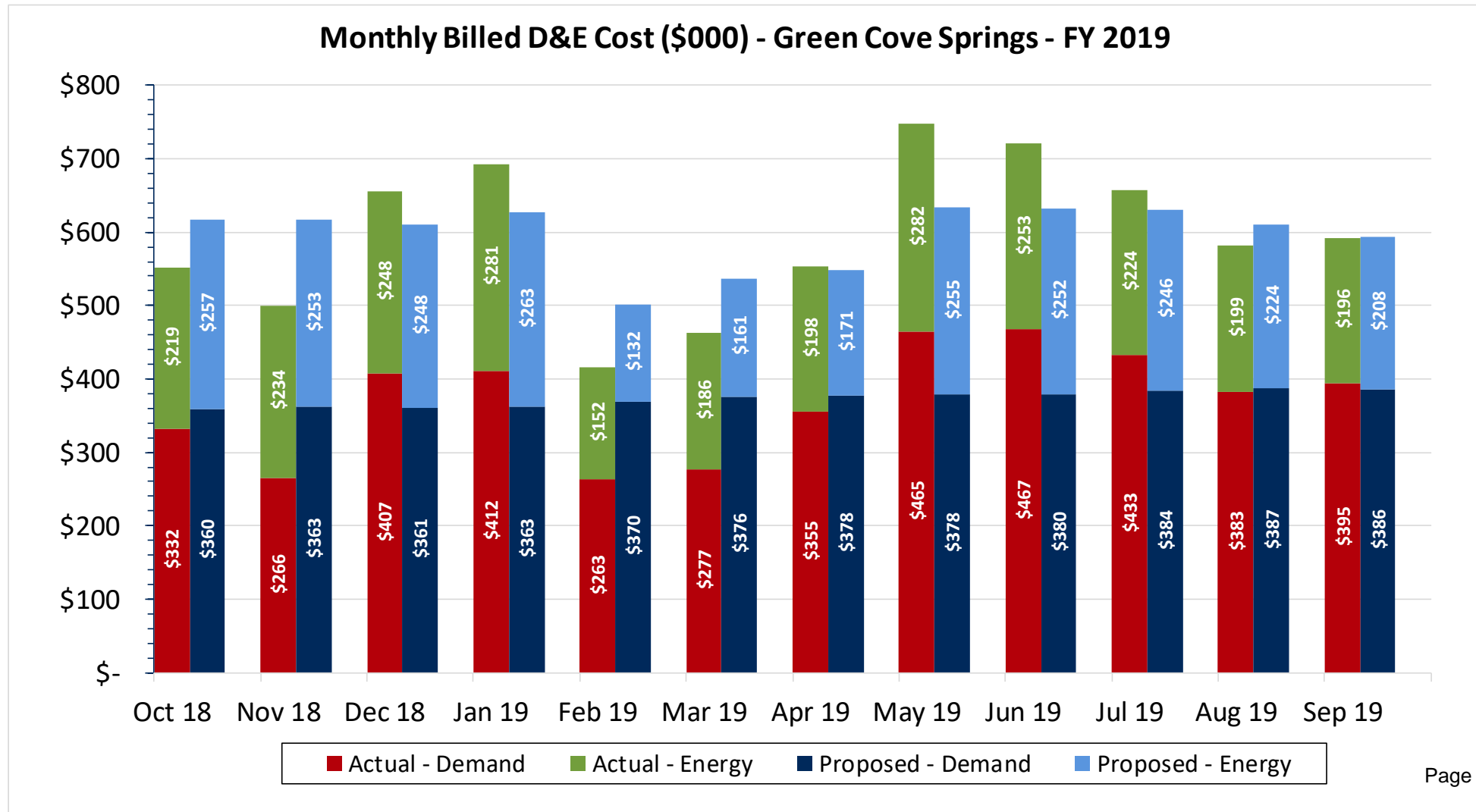
Comparison of Monthly Billed \$/MWh Demand and Energy Cost for Proposed Approach vs. Actual Costs

Green Cove Springs – FY 2019



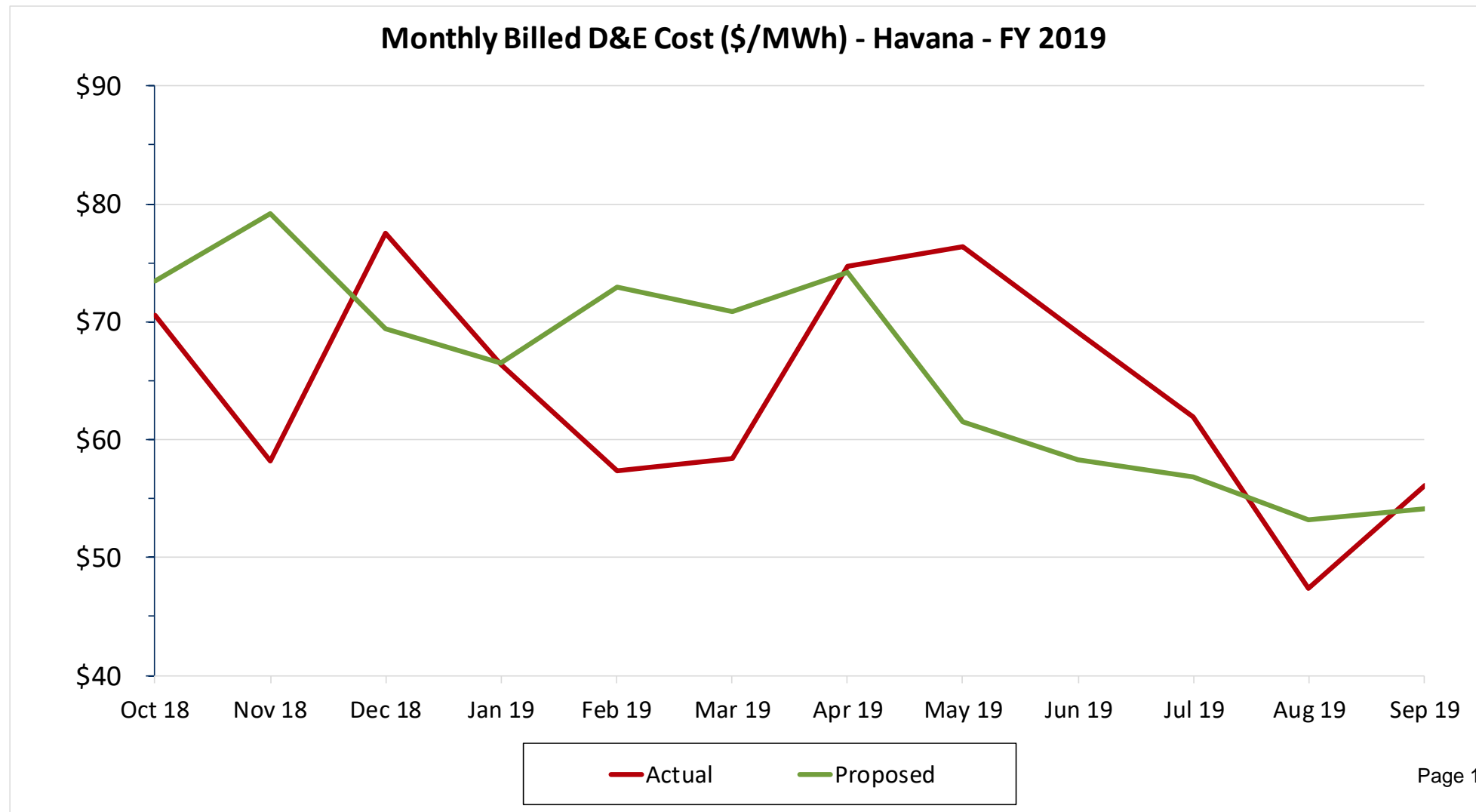
Comparison of Monthly Total Billed D&E Cost (\$000) for Proposed Approach vs. Actual Billed Cost

Green Cove Springs - FY 2019



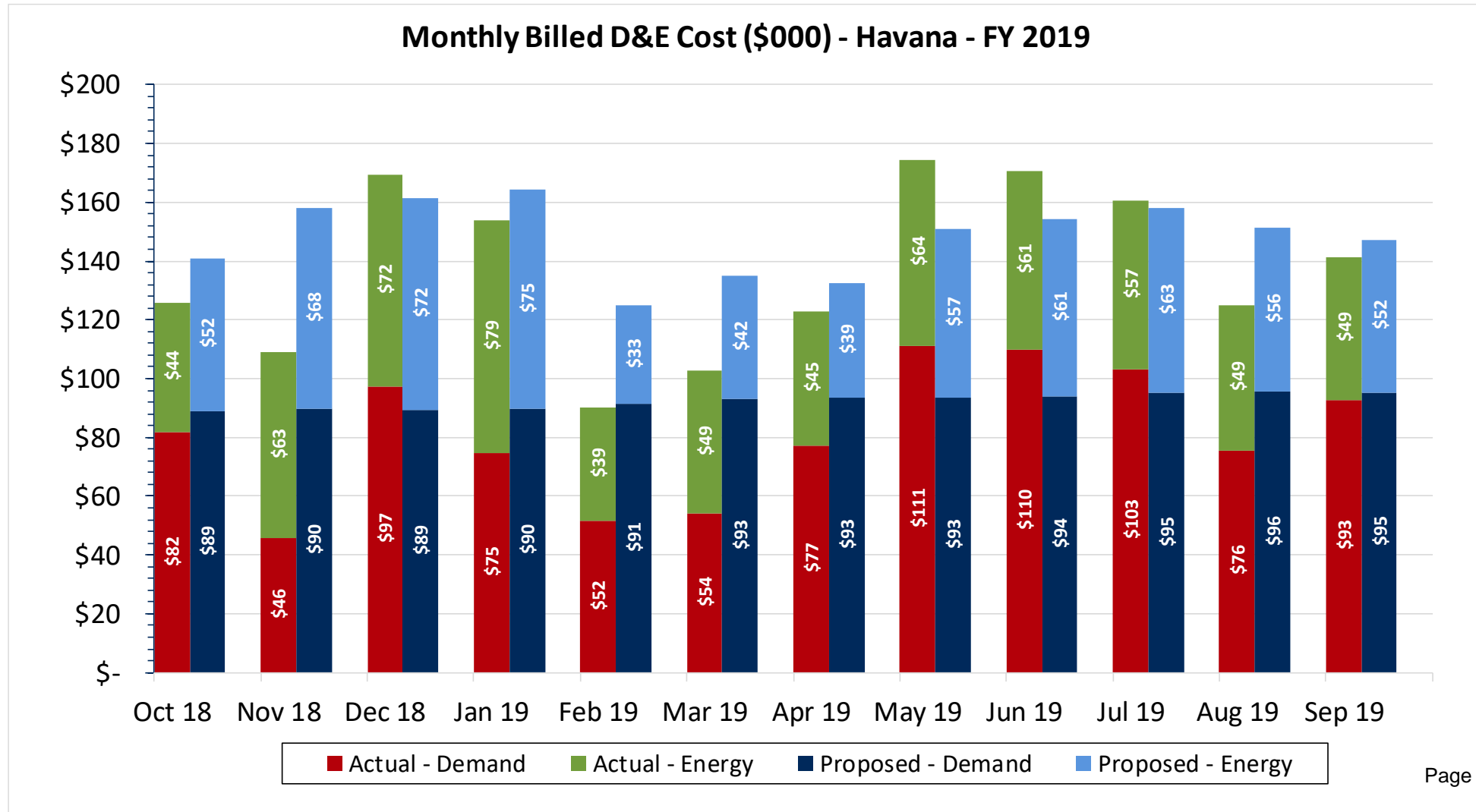
Comparison of Monthly Billed \$/MWh Demand and Energy Cost for Proposed Approach vs. Actual Costs

Havana – FY 2019



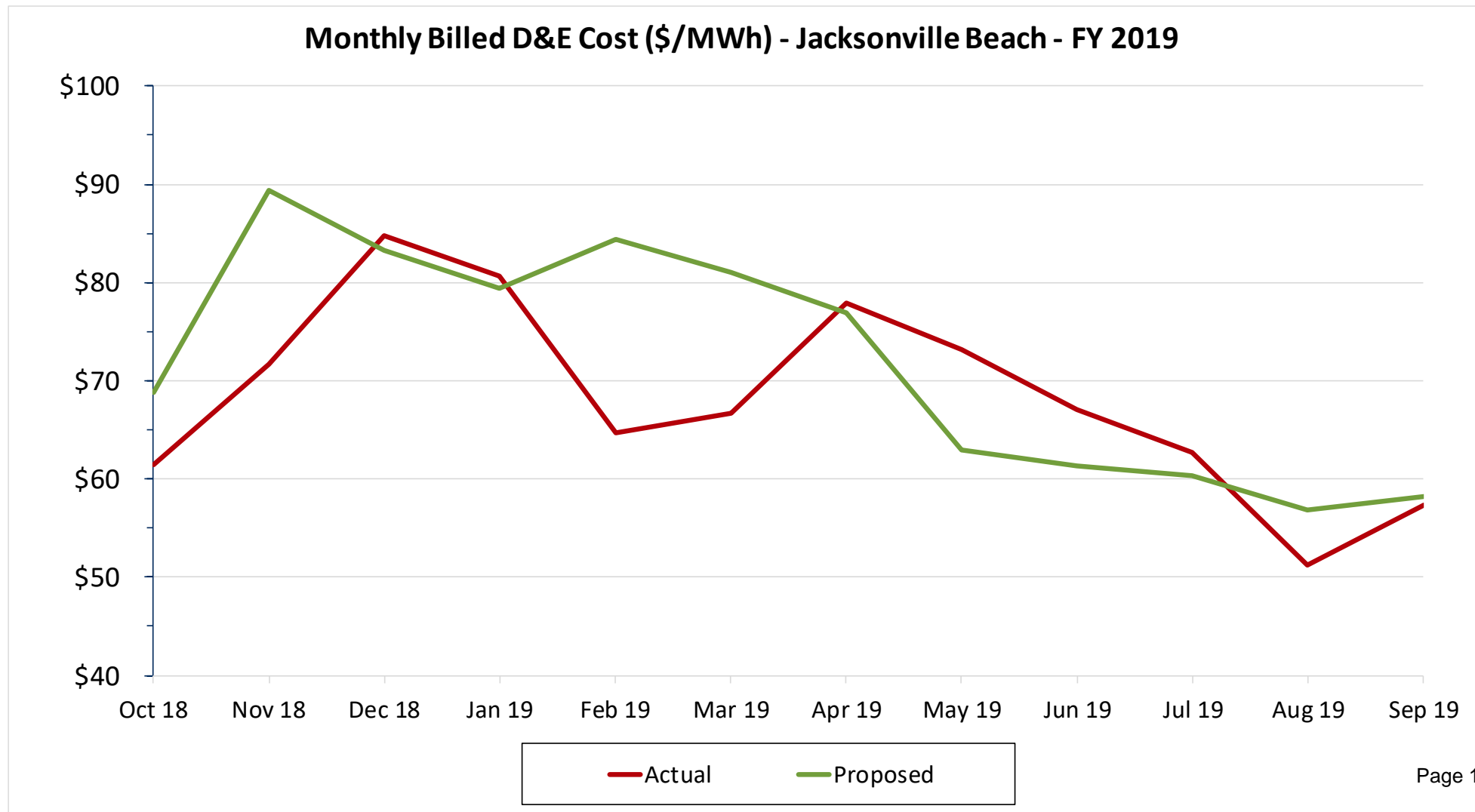
Comparison of Monthly Total Billed D&E Cost (\$000) for Proposed Approach vs. Actual Billed Cost

Havana - FY 2019



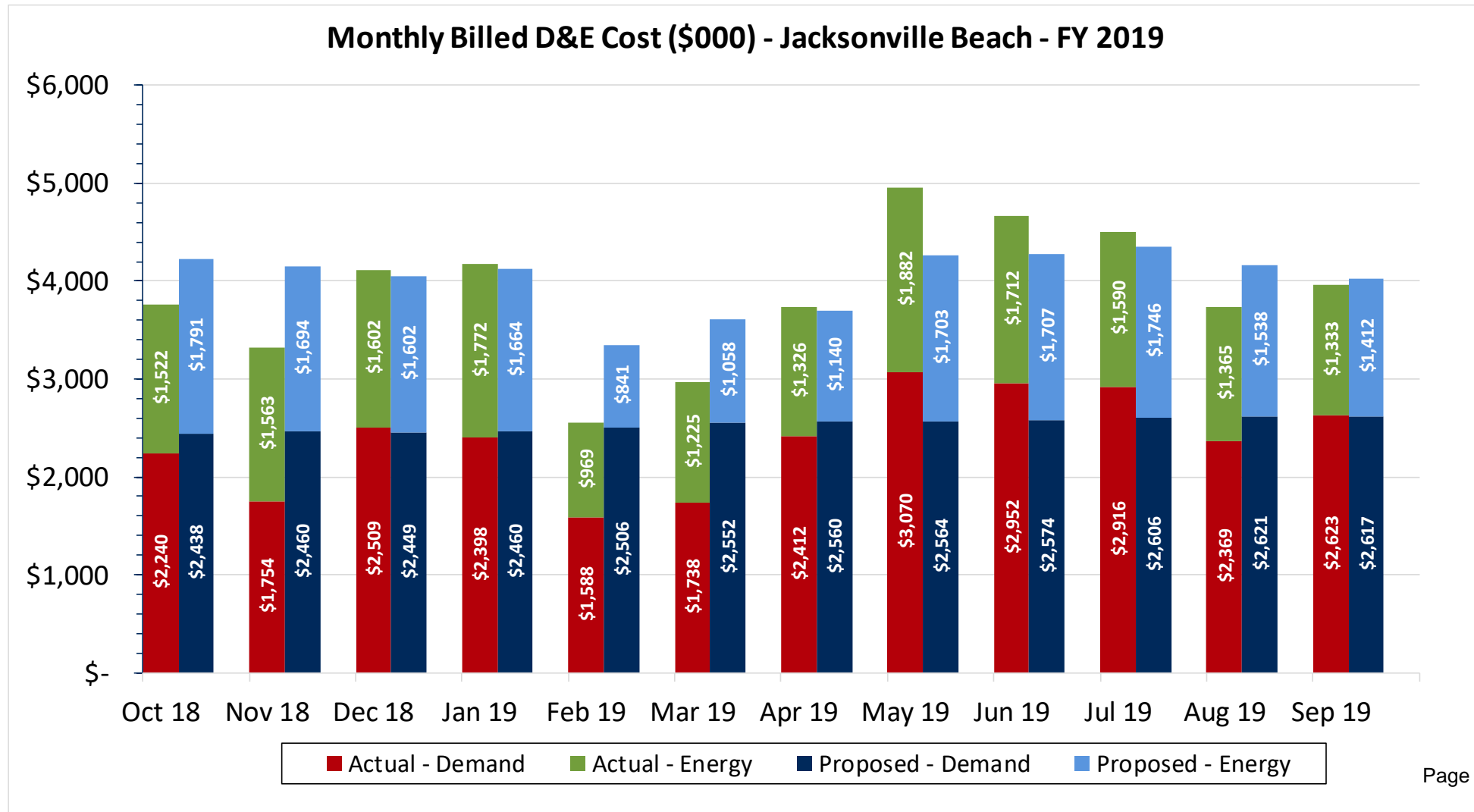
Comparison of Monthly Billed \$/MWh Demand and Energy Cost for Proposed Approach vs. Actual Costs

Jacksonville Beach – FY 2019



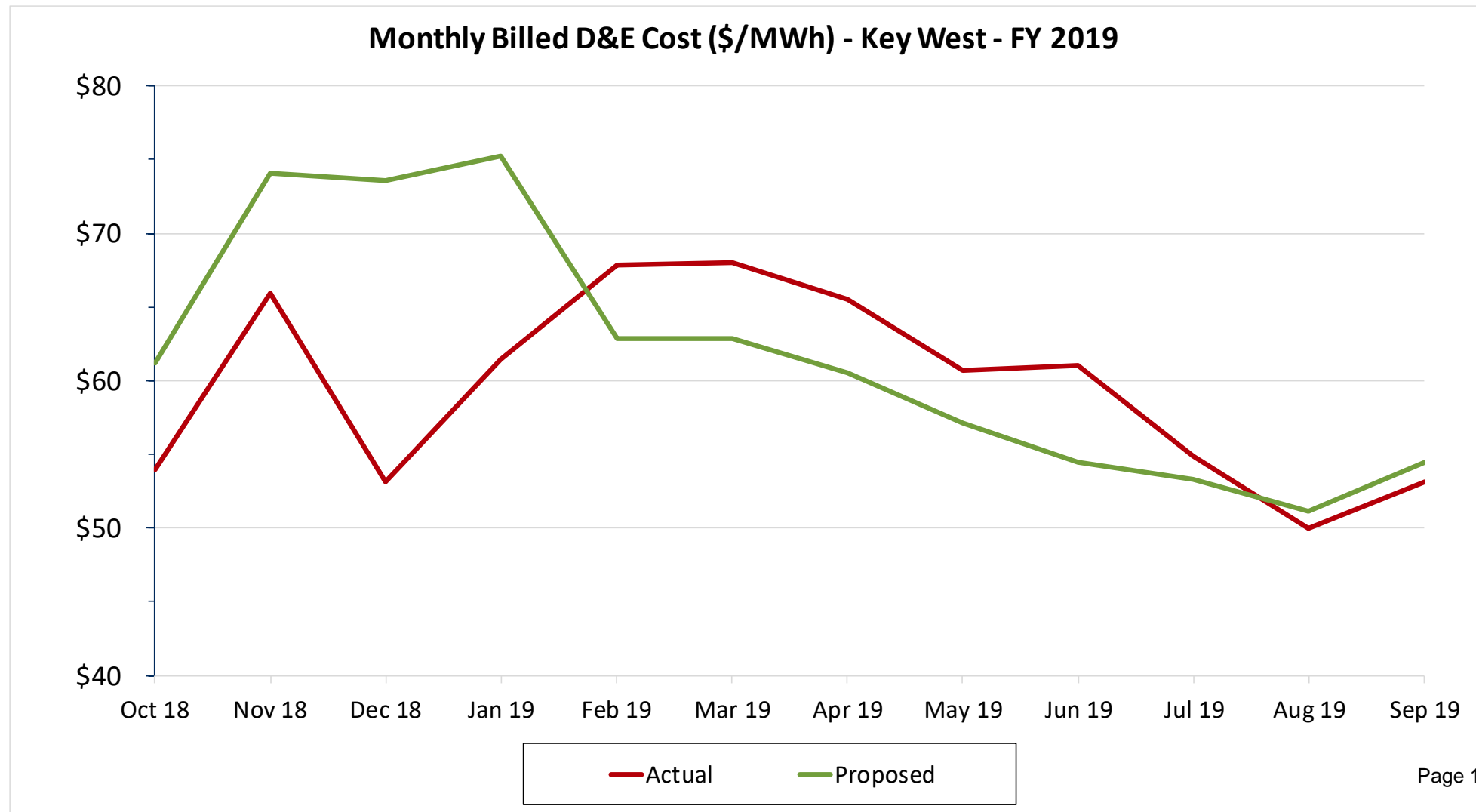
Comparison of Monthly Total Billed D&E Cost (\$000) for Proposed Approach vs. Actual Billed Cost

Jacksonville Beach - FY 2019



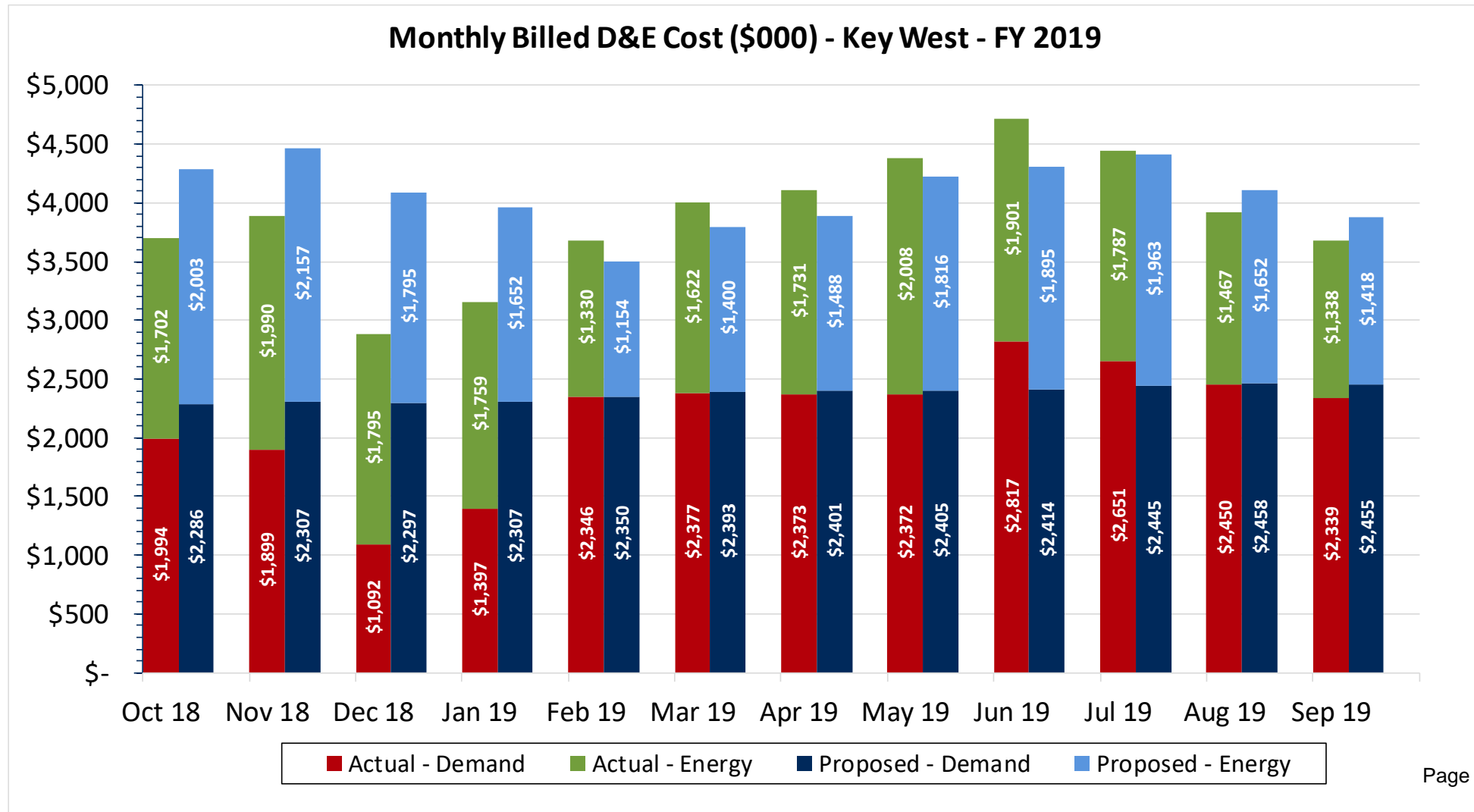
Comparison of Monthly Billed \$/MWh Demand and Energy Cost for Proposed Approach vs. Actual Costs

Key West – FY 2019



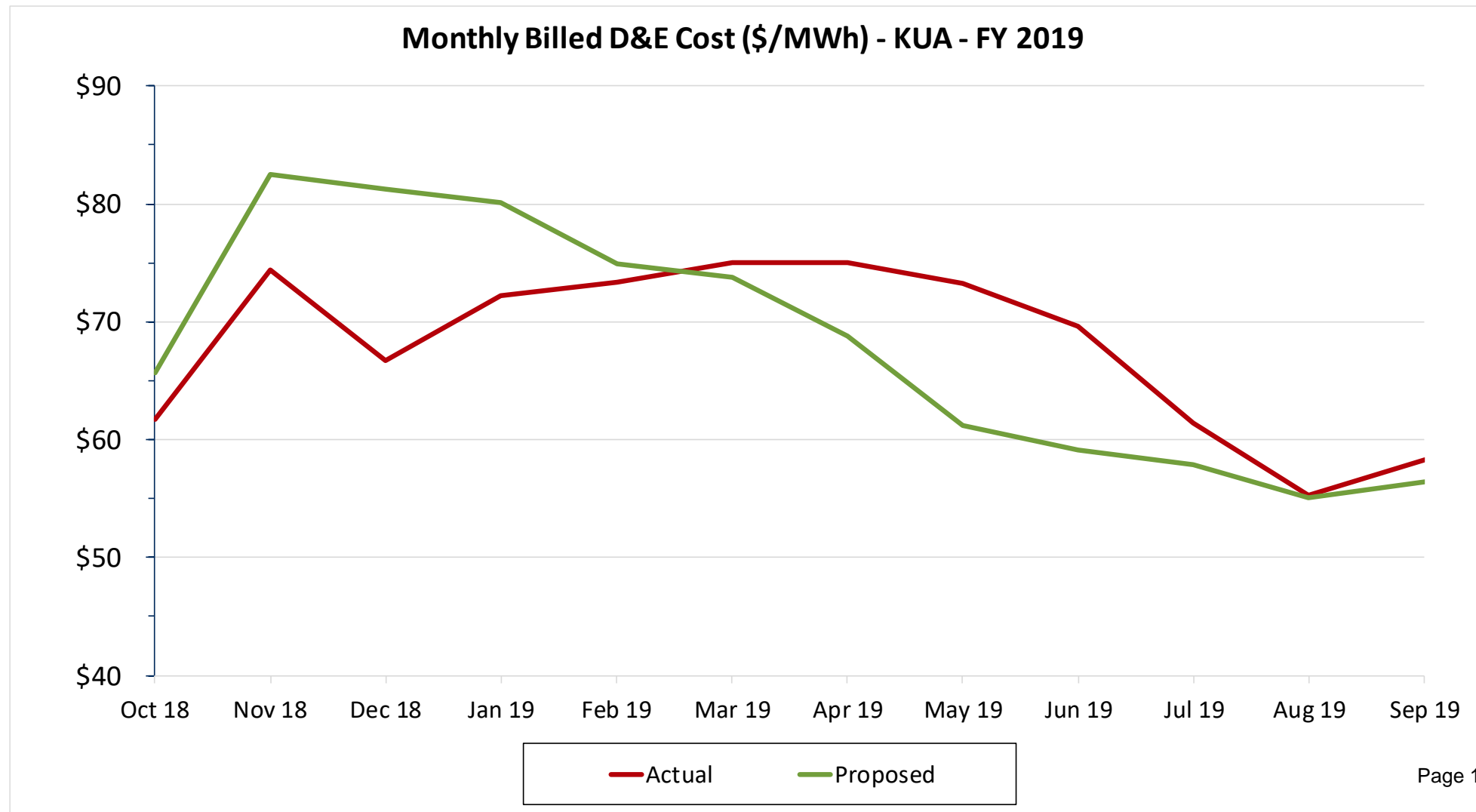
Comparison of Monthly Total Billed D&E Cost (\$000) for Proposed Approach vs. Actual Billed Cost

Key West - FY 2019



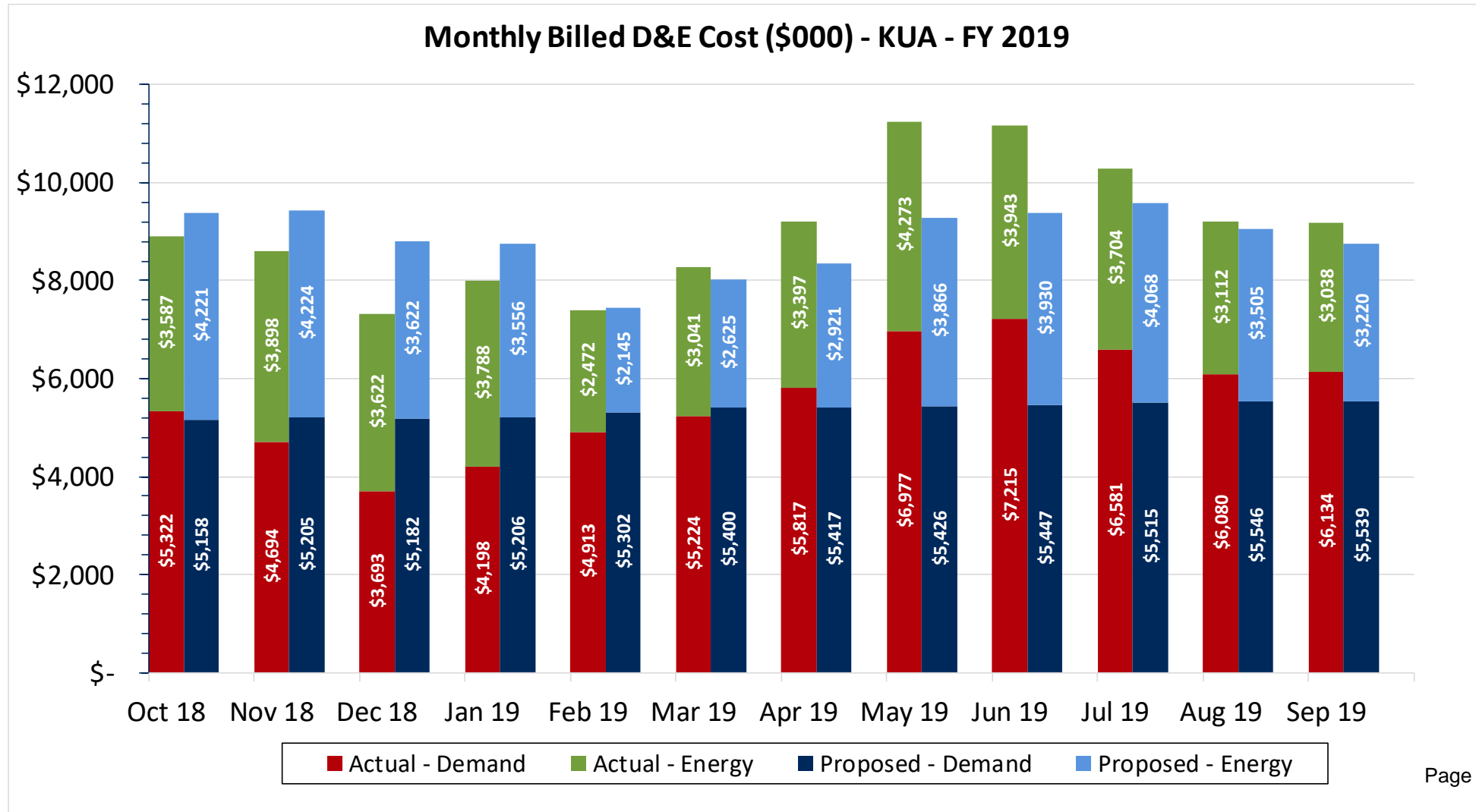
Comparison of Monthly Billed \$/MWh Demand and Energy Cost for Proposed Approach vs. Actual Costs

KUA – FY 2019



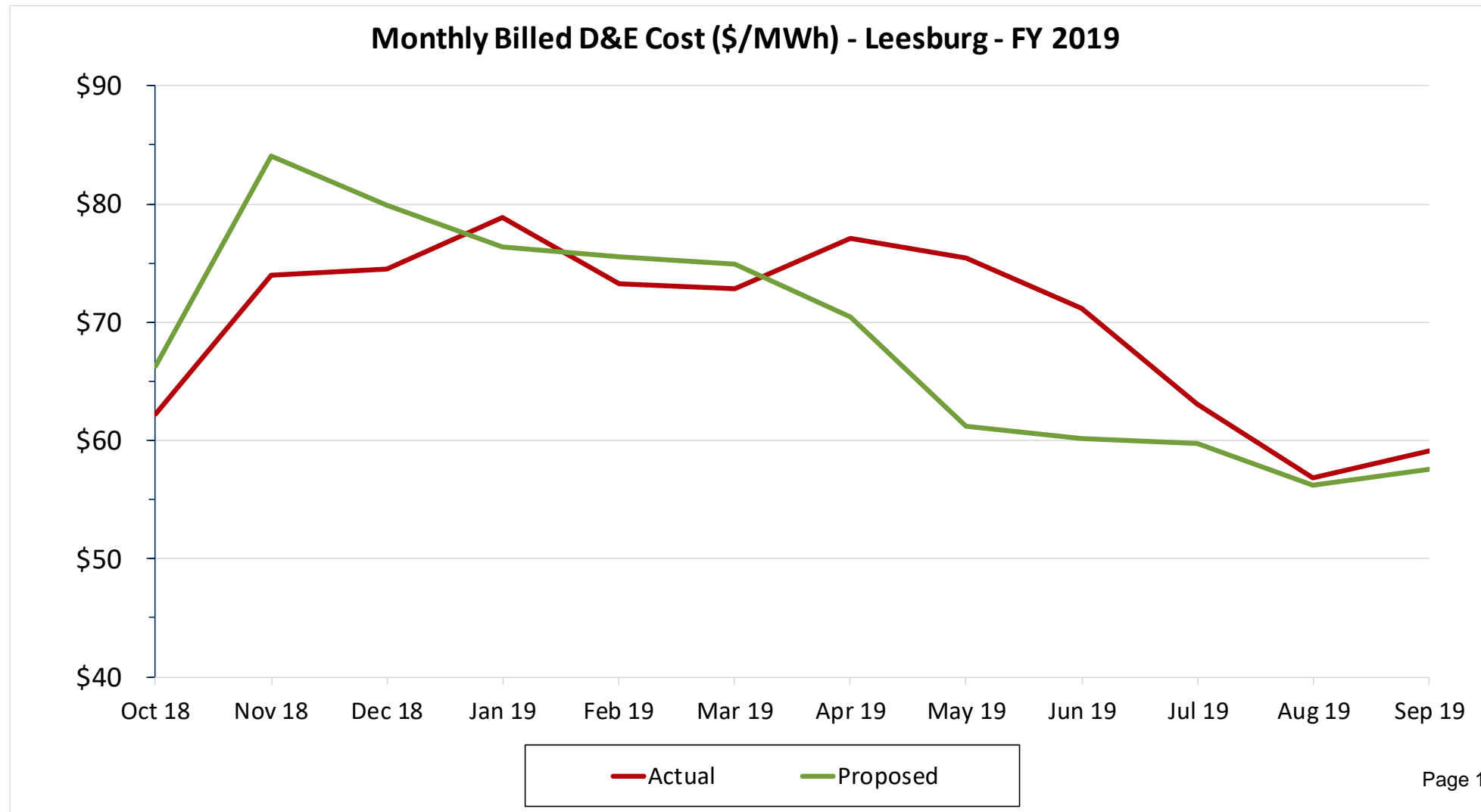
Comparison of Monthly Total Billed D&E Cost (\$000) for Proposed Approach vs. Actual Billed Cost

KUA - FY 2019



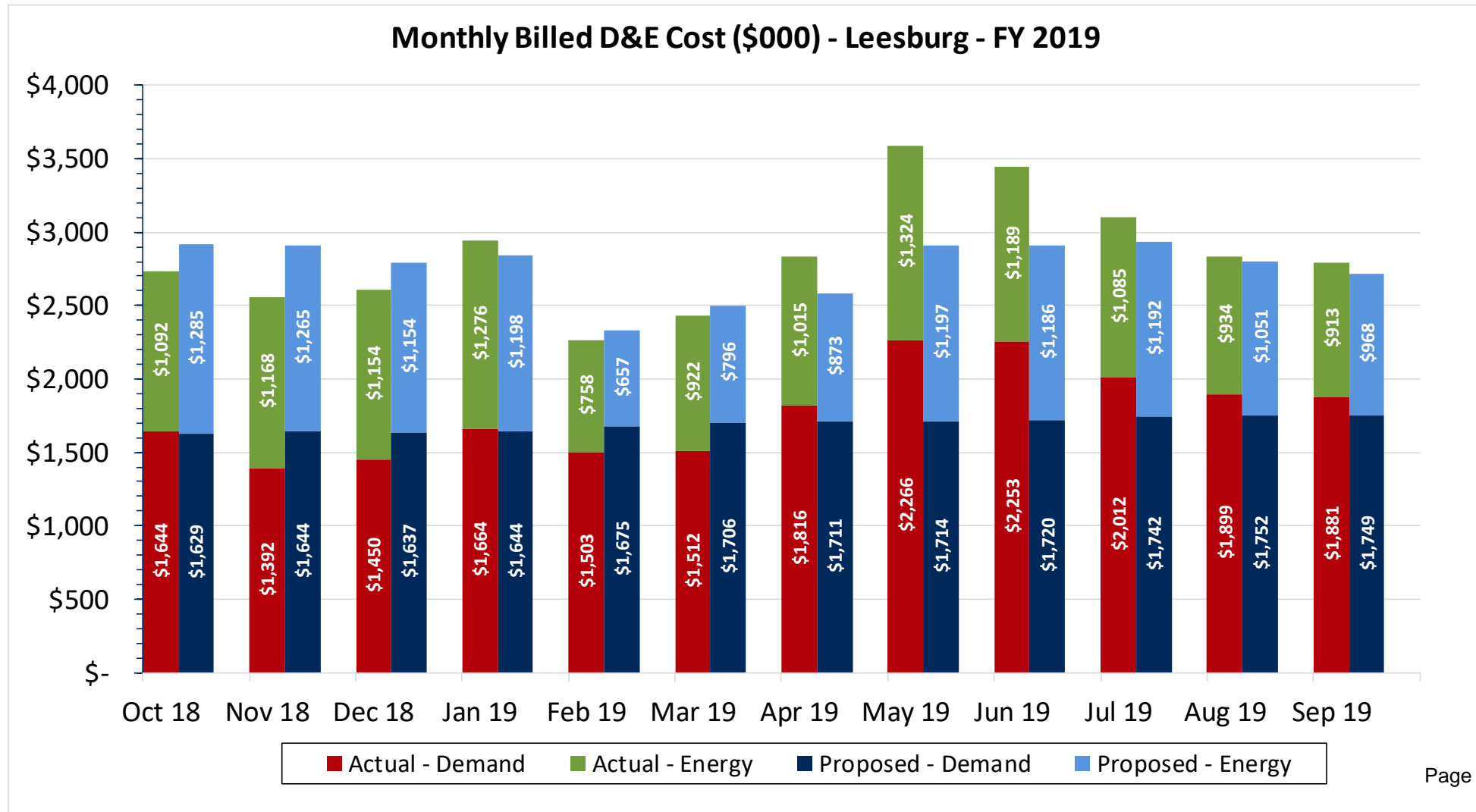
Comparison of Monthly Billed \$/MWh Demand and Energy Cost for Proposed Approach vs. Actual Costs

Leesburg – FY 2019



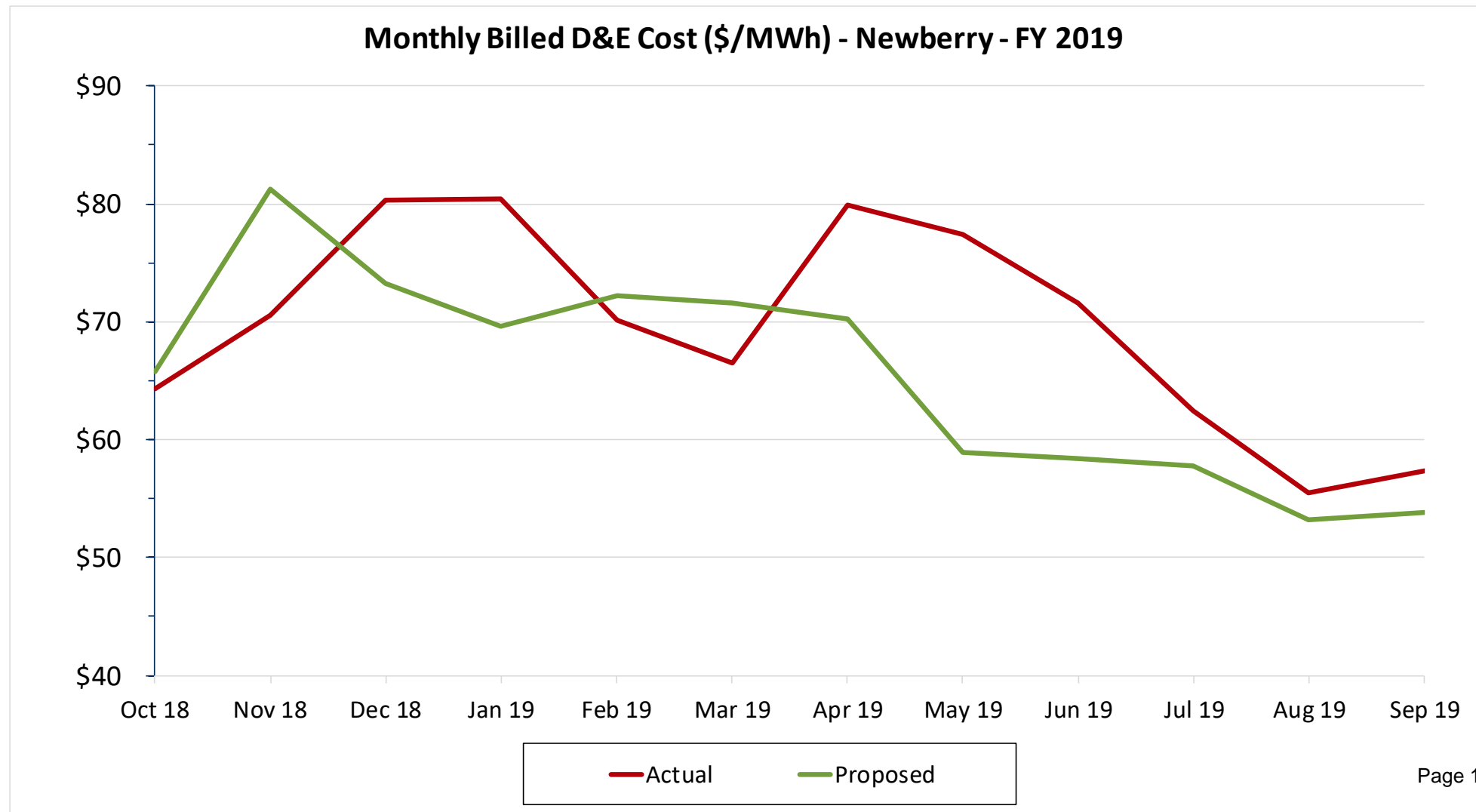
Comparison of Monthly Total Billed D&E Cost (\$000) for Proposed Approach vs. Actual Billed Cost

Leesburg - FY 2019

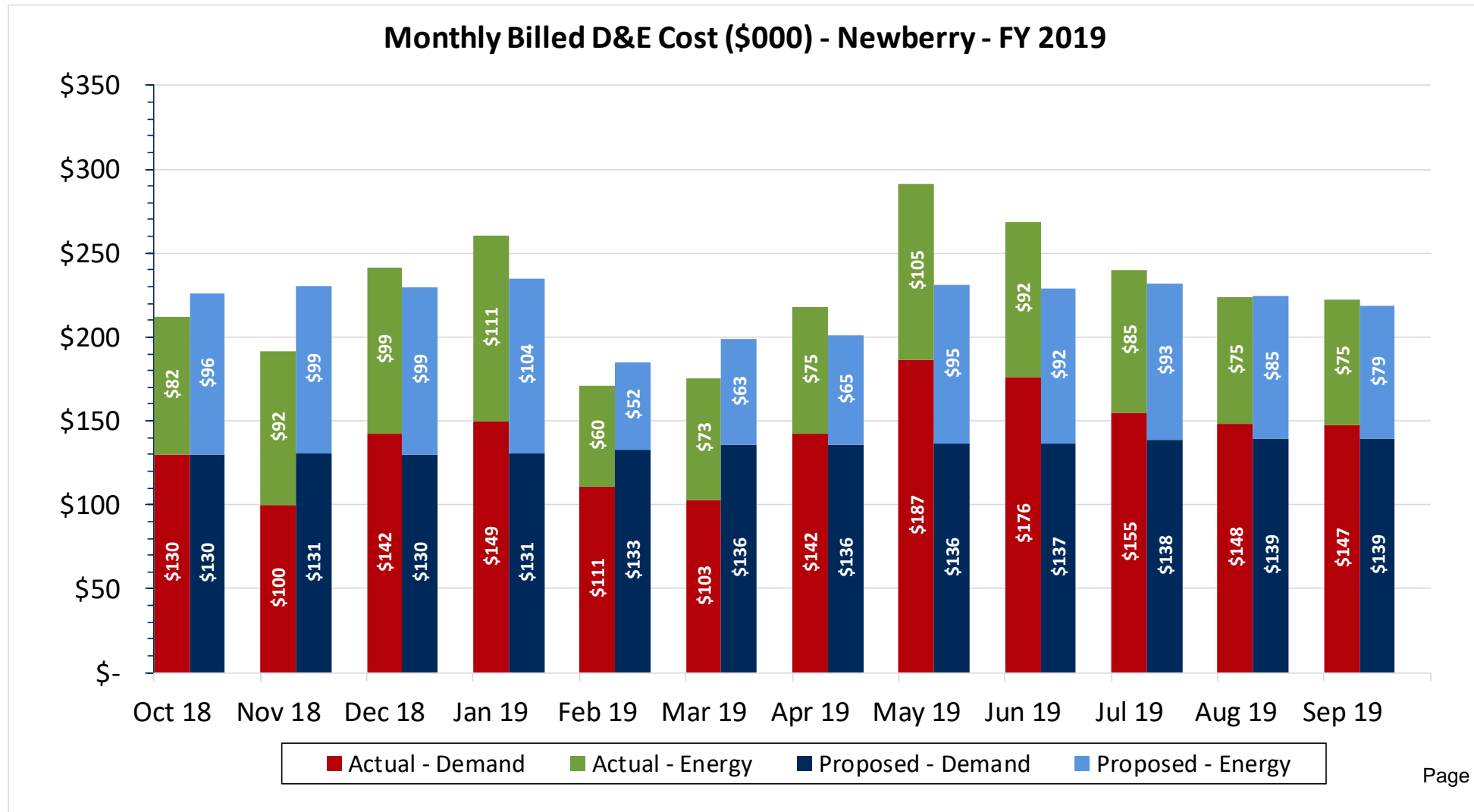


Comparison of Monthly Billed \$/MWh Demand and Energy Cost for Proposed Approach vs. Actual Costs

Newberry – FY 2019

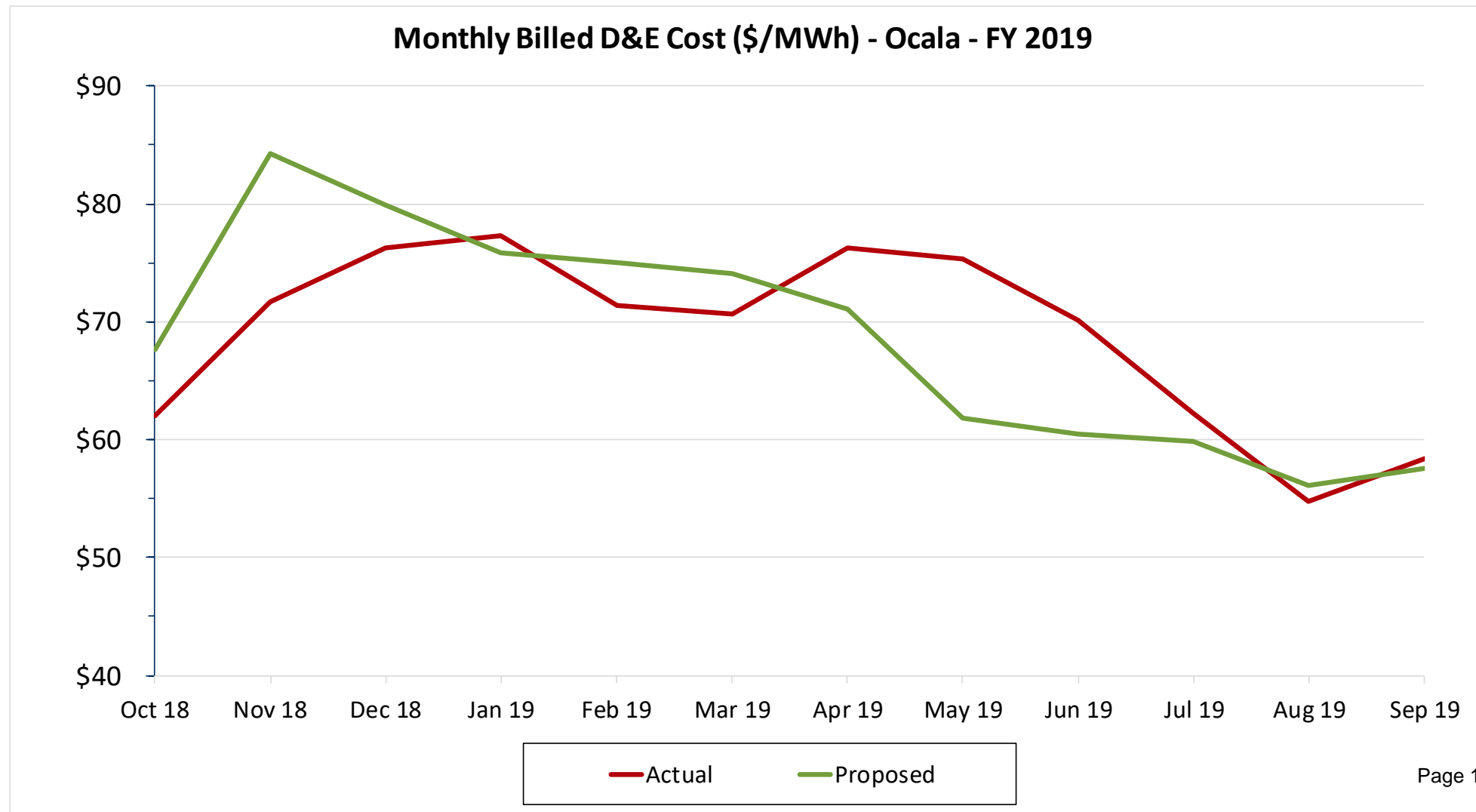


Comparison of Monthly Total Billed D&E Cost (\$000) for Proposed Approach vs. Actual Billed Cost *Newberry - FY 2019*



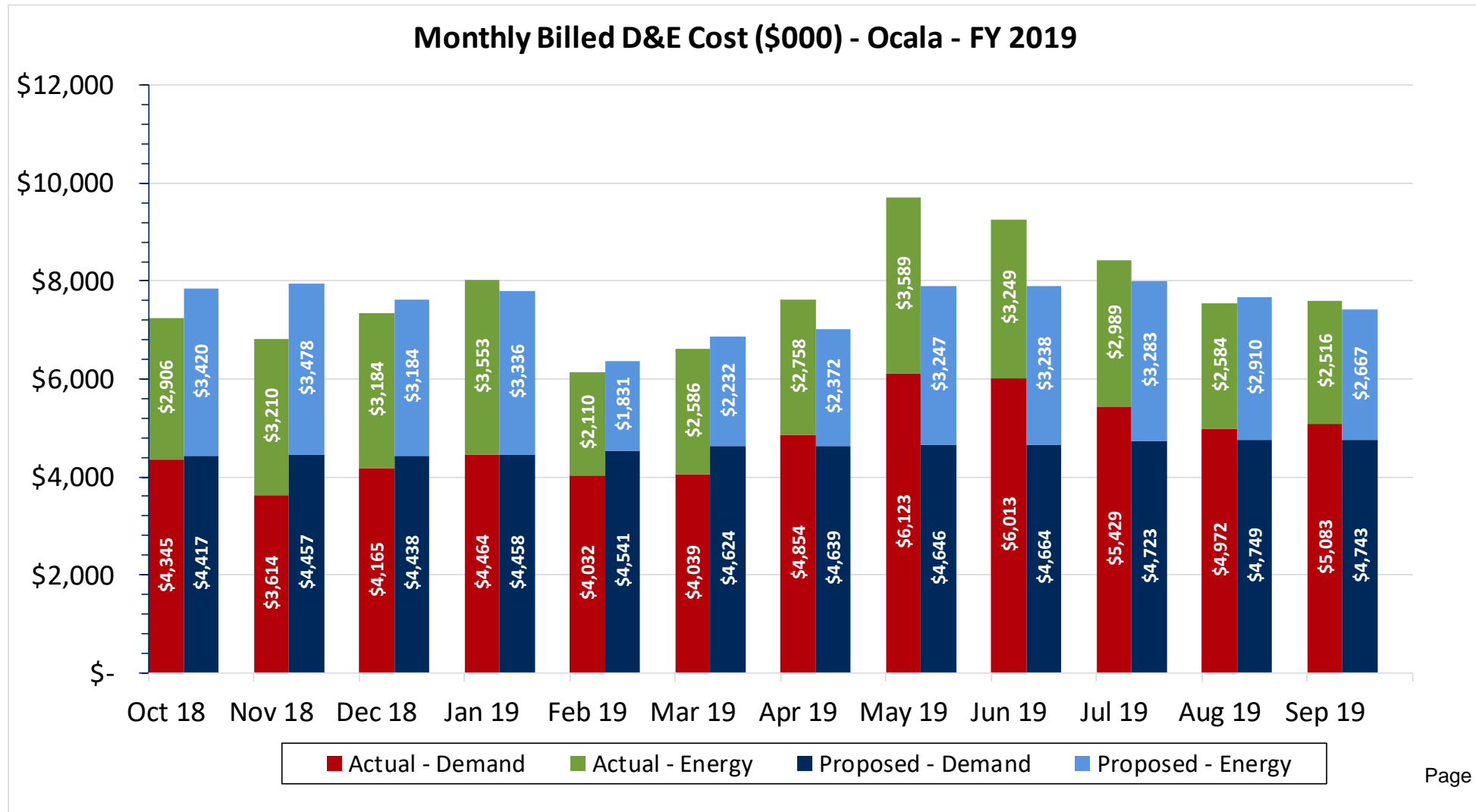
Comparison of Monthly Billed \$/MWh Demand and Energy Cost for Proposed Approach vs. Actual Costs

Ocala – FY 2019



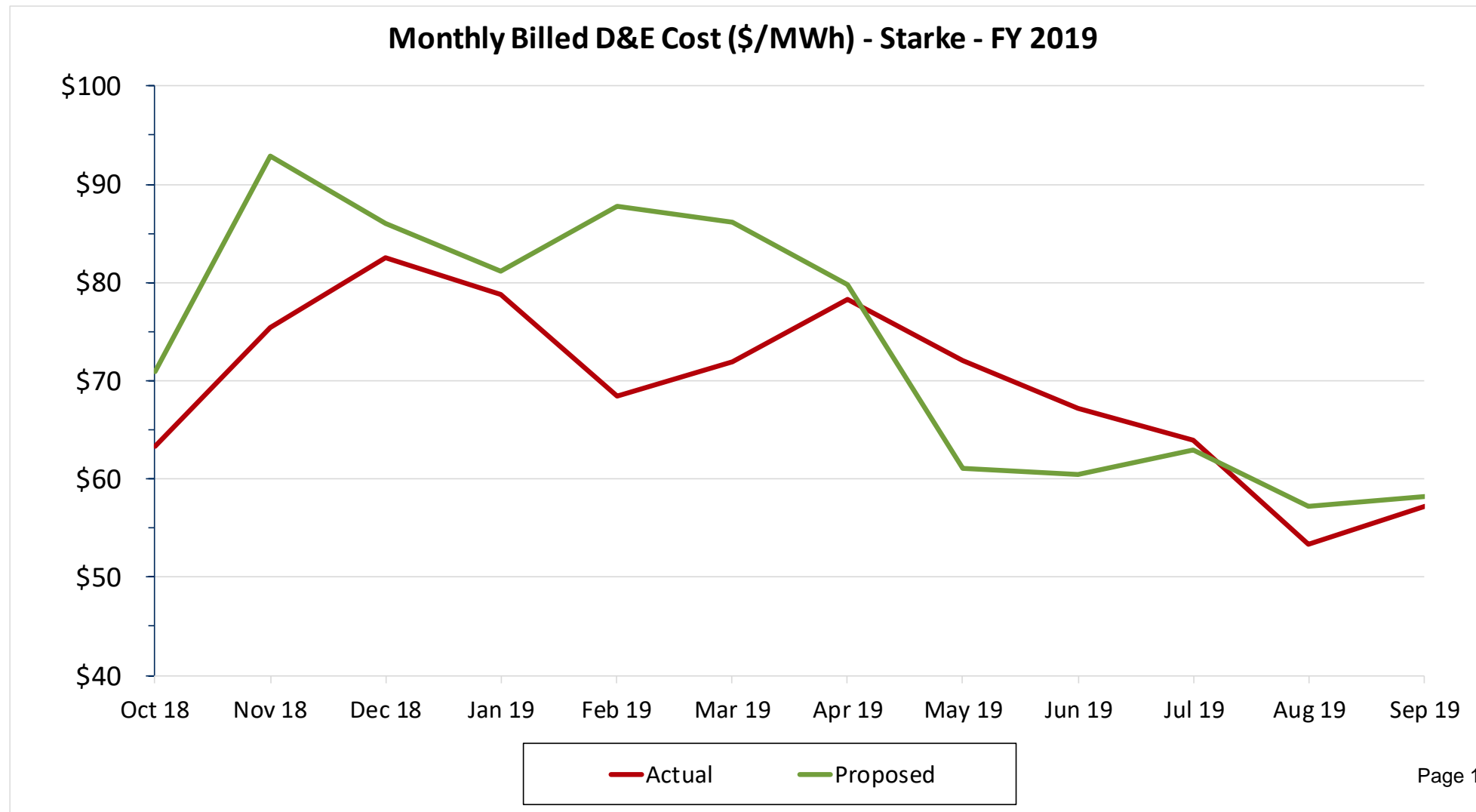
Comparison of Monthly Total Billed D&E Cost (\$000) for Proposed Approach vs. Actual Billed Cost

Ocala - FY 2019



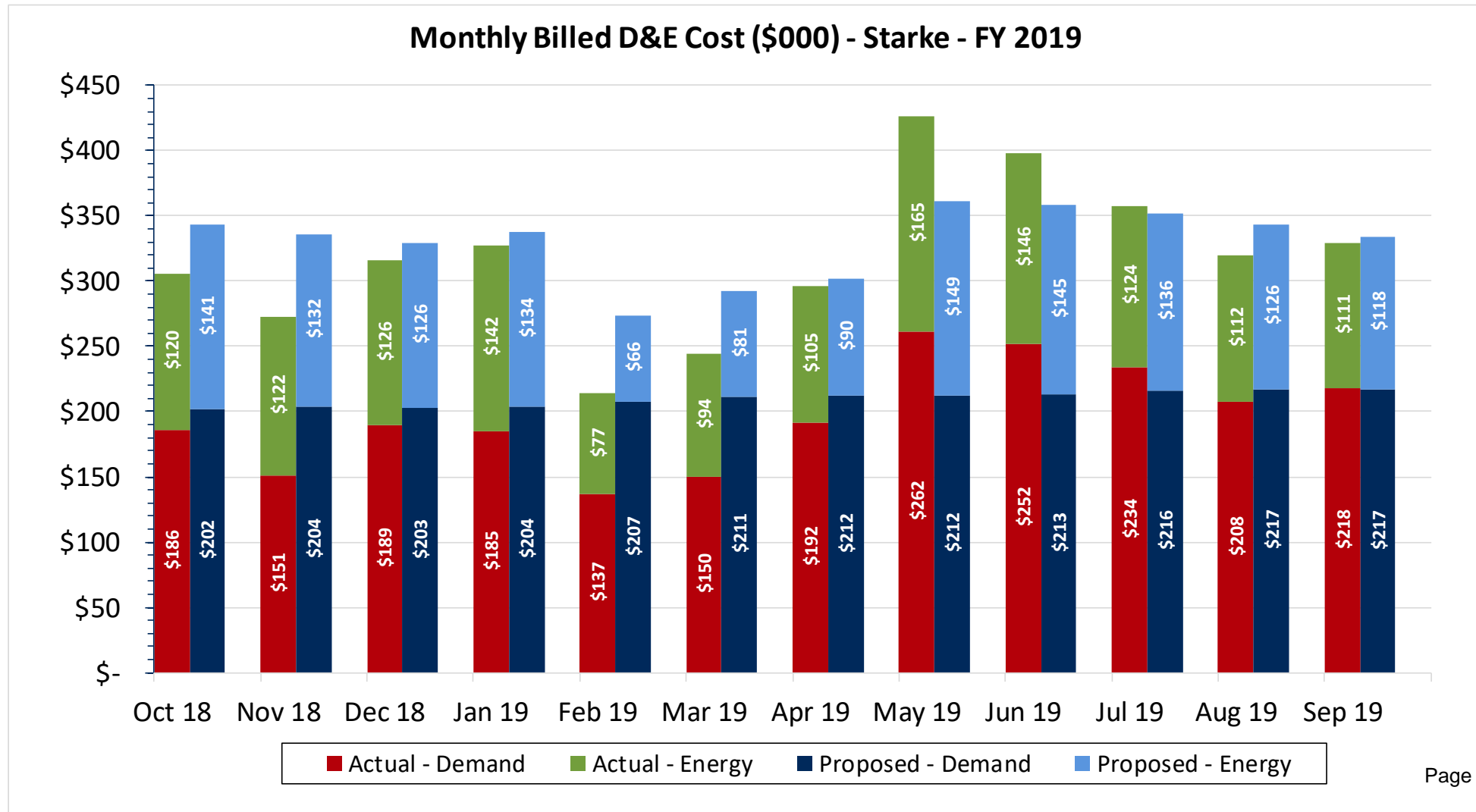
Comparison of Monthly Billed \$/MWh Demand and Energy Cost for Proposed Approach vs. Actual Costs

Starke – FY 2019



Comparison of Monthly Total Billed D&E Cost (\$000) for Proposed Approach vs. Actual Billed Cost

Starke - FY 2019



AGENDA ITEM 8 – ACTION ITEMS

c) Approval of Risk Management Policy Changes

**Executive Committee
June 18, 2020**



BOD 8d / EC 8C

Approval of Risk Management Policy Changes

FMIPA Board of Directors and Executive Committee
June 18, 2020

Finance Committee Responsibility

Risk Management Policies

- 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 FMMPA)
- To fulfill this mission , the FC shall regularly hear detailed reports from staff on the risk management activities.
- 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

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

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

Policies Covered This Cycle

- Fuel Portfolio Management Policy (appendix A)
- Origination Transaction Policy (appendix K)
- Credit Policy (appendix E)
- FMMPA Risk Management Policy (main)

Fuel Portfolio Management Policy

Major Areas Covered

- FMPPA 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.
- Forward physical natural gas purchases were coordinated through an approved fuel agent.
- All fixed price forward physical natural gas purchases with durations greater than one month were approved by the Executive Committee prior to commitment.
- Reviews of storage limits, financial transactions, and reports.
- Existing transaction details presented to FC and/or EC.

Fuel Portfolio Management Policy

Recommended Changes

- Section 9.0: Removal of Finance Division managers and changed to All managers report on current risk environment to the Agency Risk Manager.
- Various Sections: Title changes updated.

Origination Transaction Policy

Major Areas Covered

- Commodity transactions less than or equal to 1 month but over \$5 million were approved by EC.
- 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.
- Commodity transactions greater than 2 years but less than 7 years were approved by CEO or the EC if over \$50 million.
- Commodity transactions greater than or equal to 7 years were approved by the EC.
- Book of record was maintained internally and through deal tickets system when applicable.

Origination Transaction Policy

Recommended Changes

- Section 2.1: Addition of language. Commodity transactions with liquidated damages shall be considered firm.
- Section 4.3.1: Addition of language. Trading capacity reserves for a sale transaction with duration greater than six months. Staff will secure 10% reserve margin within 30 days prior to start of relevant month.
- Section 4.3.4: Addition of section. Capacity shortfalls resulting from planned outages.
- Various Sections: Title changes updated

Credit Policy

Major Areas Covered

- Deviations from the Policy
- Credit Risk Procedures
- Administrative update for personnel title changes
- List of approved counterparty transactions to be maintained
- Credit limit overages
- Approval thresholds

Credit Policy

Recommended Changes

- Updated active counterparty list

FMPA Risk Management Policy (main)

Major Areas Covered

- Review of any policy violations
- Review of processes and procedures for listed Agency activities
- Risk framework methodology utilization
- Reported policy deviations if necessary
- Administrative update for personnel title changes
- External review of enterprise risk management every five years

FMPA Risk Management Policy (main)

Recommended Changes

- Section 5.0:
 - Addressing plan for new SME of Contract Management Appendix F.
 - Planning to have a significant rewrite of Statutory & Regulatory Matters Appendix G



Discussion

Motion on Policy Changes

- Finance Committee approved these changes. Move approval of recommended policy changes.

FLORIDA MUNICIPAL POWER AGENCY

RISK MANAGEMENT POLICY - APPENDIX A

FUEL PORTFOLIO MANAGEMENT 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.

**FUEL PORTFOLIO RISK MANAGEMENT POLICY
FOR FLORIDA MUNICIPAL POWER AGENCY
(Continued)**

- ❖ 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 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 to 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:

FMPA 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:

FMPA 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:

FMPA 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.

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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),

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- 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

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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:

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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 CEO shall maintain a Generation Review & Assessment (“GR&A”) Group. The GR&A Group shall, at a minimum, be composed of the Agency Risk Manager, COO, Business Development and System Operations Director, Power Generation Fleet Director, 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 CEO.

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 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.

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- 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.

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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

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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.

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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.

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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 (5th) business day following the day on which it occurred and must be reported by the Agent to GR&A 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 GR&A. Such Major Tolerance Deviation report will be in writing detailing the circumstances of the deviation within three business days of the occurrence.

FMPA’s CEO 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.

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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 Power Generation Fleet Director 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 COO, CFO and 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:

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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 Agency Risk Manager 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 and/or EC.
- The following information shall be reported at each meeting of the FC and/or EC:
 - 1) The volume of all natural gas portfolios.
 - 2) Margin Risk.
 - 3) Monthly financial natural gas portfolio gains or losses.

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- 4) Any additional relevant information about FMPA's natural gas and fuel oil risk management program and activities.
- Acceptance of the reported information by the FC and/or 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 Agency 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. All managers shall report on the current risk environment affecting FMPA's material financial transactions to the Agency Risk Manager and engage any necessary discussion before moving items to the appropriate governing body.

Appendix A

Florida Municipal Power Agency Risk Management Reporting Calendar Natural Gas and Fuel Oil Risk Management Planning Reporting Requirements				
Reporting Item	Frequency Of Report	Responsible Party	Policy Reference	Policy Reference
Volumetric Projection Update	Monthly	Business Development and System Operations Director	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	Power Generation Fleet Director	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"> - Varies by market and location. No standardized or consistent methodology. - Some have electronic posting or periodic publications, - Some require individual inquiry and valuation.

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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 Chief Operating Officer (COO) 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)

**ORIGINATION TRANSACTION RISK MANAGEMENT POLICY
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(Continued)**

- ❖ FMPA shall not commit to any firm electric commodity **Trading** 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 COO 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.
- Commodity transactions with liquidated damages shall be considered firm
- Natural gas pipeline and storage capacity, firm and/or interruptible
- Emissions, allowances, energy credits, etc.

**ORIGINATION TRANSACTION RISK MANAGEMENT POLICY
FOR FLORIDA MUNICIPAL POWER AGENCY
(Continued)**

- 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 COO, 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:

**ORIGINATION TRANSACTION RISK MANAGEMENT POLICY
FOR FLORIDA MUNICIPAL POWER AGENCY
(Continued)**

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 COO 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

**ORIGINATION TRANSACTION RISK MANAGEMENT POLICY
FOR FLORIDA MUNICIPAL POWER AGENCY
(Continued)**

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 COO has delegated the transmission commodity transaction processes not outsourced to third parties to the Business Development and System Operations Director. For all other types of commodity transactions approved in accordance with Section 4.1, the COO 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

**ORIGINATION TRANSACTION RISK MANAGEMENT POLICY
FOR FLORIDA MUNICIPAL POWER AGENCY
(Continued)**

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	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	COO	Yes	Required if notional value is over \$25 million
Less than seven years	CEO	Yes	Required if notional value is over \$50 million
Greater than or equal to seven years	Executive Committee	Yes	Required

- The 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 COO 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 CEO 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:

**ORIGINATION TRANSACTION RISK MANAGEMENT POLICY
FOR FLORIDA MUNICIPAL POWER AGENCY
(Continued)**

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 CEO.

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 monthly peak capacity reserve levels falling below 10% of projected capacity requirements, exclusive of planned outages, at the time of commitment. However, if a sale transaction with duration greater than six months results in a capacity short fall in no more than a quarter of the term, staff will secure the 10% reserve margin within 30-days prior to the start of the relevant month. Zonal capacity reserve requirements are monitored and controlled by FMPP policy.

4.3.2 Origination Capacity Reserves

When initiating electric origination transactions, FMPA shall strive to maintain annual peak planning 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

**ORIGINATION TRANSACTION RISK MANAGEMENT POLICY
FOR FLORIDA MUNICIPAL POWER AGENCY
(Continued)**

entitlement above the monthly daily average forecast need to serve NEL and other firm energy obligations, if any, may be released without recall rights.

4.3.4 Capacity Shortfalls Resulting from Planned Outages

If any month capacity reserve position falls below 10% due to a planned generation outage, staff must purchase a capacity or firm energy transaction to cover the shortfall within 30 days prior to the start of the relevant month.

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 Business Development and System Operation 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 Business Development and System Operation 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 COO 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:

**ORIGINATION TRANSACTION RISK MANAGEMENT POLICY
FOR FLORIDA MUNICIPAL POWER AGENCY
(Continued)**

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 COO 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 COO is responsible for causing the completion of the following reporting requirements:

6.1.1 Reserve Levels:

The Business Development and System Operations Director 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

**ORIGINATION TRANSACTION RISK MANAGEMENT POLICY
FOR FLORIDA MUNICIPAL POWER AGENCY
(Continued)**

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	Business Development and System Operations Director	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

**RISK MANAGEMENT POLICY
APPENDIX E**

FLORIDA MUNICIPAL POWER AGENCY

CREDIT RISK MANAGEMENT POLICY

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CREDIT RISK MANAGEMENT POLICY FLORIDA MUNICIPAL POWER AGENCY

This Credit 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 extend credit to counterparties. This Policy is Appendix E 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 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 provide reliable, affordable power to its members.

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 to administer this Policy.
- ❖ This Policy shall apply only to those material transactions as defined herein or to transactions otherwise specified by the Finance Committee (FC).
- ❖ Material transactions shall be transacted only with qualified counterparties.
- ❖ Counterparty transactions shall be approved by the appropriate body or bodies according to the approval threshold levels described herein.
- ❖ A list of active approved counterparty transactions shall accompany this Policy in Appendix A, and shall be updated as necessary.

- ❖ The Treasurer and Risk Director shall report deviations and other reports as required in this Policy to the FC.

This Policy serves as a framework that enables the Treasurer and Risk Director to minimize the financial impact of unfavorable outcomes of credit risks by establishing minimum standards to systematically identify potential exposure to credit risks and measure the possible impact of those risks.

2.0 Scope and Authority

This Policy applies to all material counterparty transactions (as defined in 2.2 below) in which FMPA extends credit to a counterparty. For this Policy “extends credit” is defined as any agreement where repayment or satisfaction to FMPA of a debt and/or claim to goods and services is deferred to some future date. Material transactions may include, but are not limited to, contracts, reoccurring vendors, purchase power agreements, construction vendors and limited use vendors.

2.1 Authority: The Board of Directors’ and Executive Committee’s authority to create this Policy is derived from the Interlocal Agreement establishing FMPA. The Board of Directors and Executive Committee have delegated authority to the Team (Treasurer and Risk Director and assigned staff (T&RD), as the operational arm of the FC, to administer this Policy. The T&RD may deviate from this Policy when deemed necessary, but the Treasurer and Risk Director must report all deviations to the FC within 5 business days.

2.2 Materiality: For this Policy, materiality is defined as any transaction(s) involving a single counterparty where the present value of financial loss potential resulting from the counterparty’s non-performance exceeds \$5,000,000. All transactions for a single counterparty shall be included in the calculation of financial loss potential. The T&RD has authority to determine

that specific transactions which are less than the materiality threshold but are determined to represent a significant credit risk to the Agency will be governed by this Policy, on a case-by-case basis.

3.0 Types of Credit Risk

This Policy establishes minimum standards to support an Agency-wide atmosphere of proper control levels to safeguard the Agency's ability to provide reliable affordable power to its Members. The Treasurer and Risk Director shall cause procedures to be written that identify the credit 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 risk encountered by FMPA during the normal course of the business cycle, the following provides insight into FMPA's credit risk exposure.

3.1 Counterparty Risk: The risk that a counterparty will fail to deliver on an obligation. An example of counterparty risk might occur if a Member defaulted on a financial obligation due to FMPA under the terms of a power supply contract. This default would expose FMPA to potential financial loss as well as strategic and reputation risk. The level of concentration of the counterparty in the overall transaction portfolio can compound counterparty risk.

3.2 Transaction Risk: The inherent risk in all transactions that fraud, error, or changes to law, regulation or custom will place the expected performance of the transaction in jeopardy. Transaction risks generally increase as the time between entering into a contract and the delivery of goods and/or services increases. An example of transaction risk might occur if FMPA entered into a prepaid contract with a counterparty for future delivery of natural gas. If the Internal Revenue Service reinterprets their ruling on the legality of such transactions, the prepaid contract may become void and unenforceable. FMPA

would then be exposed to the current market price of natural gas, which may or may not be favorable at the time of the non-performance. Again, the level of concentration of the counterparty can compound this transaction risk.

4.0 Evaluation and Approval of Counterparty Transactions

Managers are responsible for nominating counterparty transactions to the T&RD for evaluation. Upon nomination, T&RD shall calculate the present value of financial loss potential. Transactions determined to be below the materiality threshold are not subject to this Policy. For material transactions, T&RD shall conduct a counterparty credit evaluation and report the results to the nominating manager. The nominating manager shall then submit a formal written plan for managing the identified credit risks to the T&RD. Some tools may be but not limited to for mitigating credit risk are Letter of Credit, deposit, parent company guarantees and netting transactions. The T&RD shall cause to be established Credit Risk Procedures to facilitate the completion of the financial loss potential calculation and the credit evaluation.

4.1 Approval Thresholds: The following credit risk management approval thresholds apply to material counterparty transactions:

Present Value of Financial Loss Potential	Authority to Approve Credit
\$5 million - \$10 million	T&RD and nominating manager
\$10 million - \$50 million	Finance Committee
Greater than \$50 million	Governing Body (BOD/EC)

All material counterparty transactions and the accompanying credit risk management plan must be presented to the T&RD for approval. Upon T&RD approval, transactions greater than \$10 million shall be forwarded to the FC for approval of the credit risk management plan. Upon FC approval, transactions greater than \$50 million shall be forwarded to the appropriate

governing body for approval of the credit risk management plan. The approvals prescribed here address the credit risk management plan for a counterparty transaction; all transactions are also subject to any applicable FMPA Policies on spending authorities or purchasing requirements.

4.2 Counterparty Transaction List: The Treasurer and Risk Director shall cause to be maintained a list of counterparty transactions that have been approved as described in Section 4.0 and are therefore subject to ongoing credit reviews. The Active Counterparty Transaction List is shown in Appendix A of this Policy. Appendix A shall be updated as necessary to reflect changes in active counterparty transactions and approvals by the T&RD, FC, Executive Committee and Board of Directors and is therefore exempt from Section 6.0 of the FMPA Risk Management Policy requiring Board of Director and Executive Committee approval for changes.

5.0 Reporting

The Treasurer and Risk Director shall cause a credit file to be maintained for each approved material counterparty transaction. The Treasurer and Risk Director shall cause each such file to be reviewed annually. This formal review shall include an analysis of credit extended and current credit balance to determine any credit limit overage. Any credit limit overage shall be documented in the counterparty's credit file and reported to the FC within 5 business days. The Treasurer and Risk Director shall cause any other significant changes to the credit file to be reported to the FC as needed.

The Treasurer and Risk Director shall cause any 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 completed by the FC as described in Section 7.0 of the FMPA Risk Management Policy. Managers shall report as needed on the current risk

environment affecting a proposed or current counterparty to the T&RD, and engage any necessary discussion before moving related items to the FC.

APPENDIX A

ACTIVE COUNTERPARTY TRANSACTIONS LIST

This list contains the material counterparty transactions approved by the Team, Executive Committee or Board of Directors on or after the effective date of this Policy. These active counterparty transactions have a credit file and are subject to ongoing credit review.

AEGIS

Florida Power and Light

FM Global

JP Morgan Chase Bank

Lakeland Electric

Orlando Utilities Commission

Wells Fargo

Updated 04/13/2020

APPENDIX B

Florida Municipal Power Agency Risk Management Reporting Calendar Credit Risk Reporting Requirements

Reporting Item	Frequency of Report	Responsible Party	Policy Reference	Link to Policy Reference
Counterparty Evaluation	As needed	Treasurer and Risk Director	Section 4.0	Evaluation and Approval of Counterparty Transactions
Credit File Review	Every 6 months	Treasurer and Risk Director	Section 5.0	Reporting
Credit Limit Overages	As needed	Treasurer and Risk Director	Section 5.0	Reporting
Deviations from Policy	As needed	Treasurer and Risk Director	Section 5.0	Reporting
Policy Operation & Effectiveness	Annually	Finance Committee	Section 5.0	Reporting

FLORIDA MUNICIPAL POWER AGENCY

RISK MANAGEMENT POLICY

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RISK MANAGEMENT POLICY FOR FLORIDA MUNICIPAL POWER AGENCY

This Risk Management Policy (the "Policy") and subordinate policies and procedures establish the governance, framework, and controls under which Florida Municipal Power Agency ("FMPA") engages in enterprise risk management.

1.0 Policy Statement

Enterprise risk management utilizes the Agency's organizational structure, procedures, processes, and resources to identify, measure, monitor and report risks. As a result of these efforts the Agency will manage risk by choosing to eliminate, transfer, reduce, or accept some or all of each identified risk. The Executive Committee (EC) and Board of Directors (BOD) of FMPA recognize that FMPA is exposed to various risks in the normal course of business activities. It is the objective of this Risk Management Policy to formalize the enterprise risk management process so that financial and strategic impacts of unfavorable outcomes are minimized.

The following summarizes the Policy of the EC and BOD:

- ❖ The Finance Committee (FC) is authorized to oversee the administration of this Policy as detailed in Section 4.1.
- ❖ As detailed in Section 4.3, the Risk Management Team (Treasurer and Risk Director, along with designated staff) shall function as the operational arm of the FC to identify, measure, monitor and report on FMPA's business risks
- ❖ The Treasurer and Risk Director is designated the Agency Risk Manager, and shall cause risks to be reported to the FC as described in Section 4.3.
- ❖ Each defined Agency activity will have separately approved risk management policy as an Appendix to this Policy as listed in Section 5.0.
- ❖ This Policy and all Appendices shall consider the credit rating implications of risk management actions as described in Section 5.0
- ❖ The Internal Audit Manager must provide or cause to be provided written risk assessments to the FC at least annually as detailed in Section 7.0.

2.0 Types of Risk

This Policy establishes minimum standards for risk awareness and enterprise risk management to minimize unfavorable outcomes of risk. While not intended to be a comprehensive listing of risks encountered by FMPA during the normal course of the business cycle, the following provides definitions for major categories of risk exposures at FMPA, as established by the 2004 Deloitte & Touche risk assessment. Each Policy Appendix further describes these risks as applicable to specific Agency functions.

2.1 Operational Risk:

The potential economic loss caused by ineffectiveness, inefficiency or loss of power generation, transmission or fuel supply facilities or assets.

2.2 Market Risk:

The risk of potential change in the value of an asset caused by adverse changes in market factors.

2.3 Environmental Risk:

The potential environmental impact associated with a failure to comply with federal and state environmental regulations

2.4 Volumetric Risk:

The potential adverse impact of unanticipated changes in supply or demand of resources and/or obligations.

2.5 Regulatory Risk:

The potential adverse impact of an action or direction from a regulatory body such as, but not limited to, FERC, EPA, DOE, or IRS.

2.6 Strategic Risk:

The risk that the policies and actions of a governing body or management do not promote the successful attainment of strategic goals and objectives.

2.7 Legal Risk:

The potential financial losses incurred through an unauthorized deviation from any legal commitments under local, state, federal law or contracts.

2.8 Reputational Risk:

The potential losses incurred when stakeholders or the public negatively perceive an organization.

2.9 Credit Risk:

The potential of financial losses due to the failure of counterparties to fulfill the terms of a contract on a timely basis, or adverse changes to credit ratings of an organization.

2.10 Administrative Risk:

The potential of financial loss due to deficiencies in internal control structure and management reporting due to human error, fraud or a system failure.

3.0 Enterprise Risk Management Program

This Policy applies to all business activities of the Agency. FMPA has established the following four components for its enterprise risk management program.

3.1 Governance:

Strong organizational governance paths, from employee to governing body, back to employee, are essential for facilitating risk communication up and down the Agency. See Section 4.0 for further details on FMPA's risk management governance structure.

3.2 Internal Control:

Internal control is the system of processes and people designed to provide reasonable assurance that the Agency is able to meet its strategic goals. See Sections 4.0, 5.0 and all Policy Appendices for further details on FMPPA's internal control system.

3.3 Risk Framework:

The risk framework of the Agency provides the general structure of the enterprise risk management program. FMPPA's risk framework components address the following:

- Risk appetite for each risk category
- Risk tolerances within risk appetite
- Risk aware culture
- Risk metrics
- Risk policies

See Sections 4.0 and 5.0 for further details on specific risk management activities and risk assessment.

3.4 Monitoring and Reporting:

The enterprise risk management program of the Agency must be monitored and reported on so that staff and governing bodies can make decisions inclusive of current and emerging risks. The Agency has established a Risk Management Team (RMT) to facilitate risk monitoring and reporting. See Sections 4.3 and 7.0 for further details on risk monitoring and reporting for the Agency

4.0 Risk Management Governance:

The Agency's enterprise risk management program begins with recognition of the parties (employees and governing bodies) with responsibilities under this Policy. The risk management governance structure includes the key elements outlined below:

- Segregation of duties among the parties in the enterprise risk management program.
- Independence of the Agency Risk Manager such that risk and control information flows without restriction or bias due to self-interest.

- All FMPA staff are required to work in cooperation with the RMT to facilitate risk management processes.

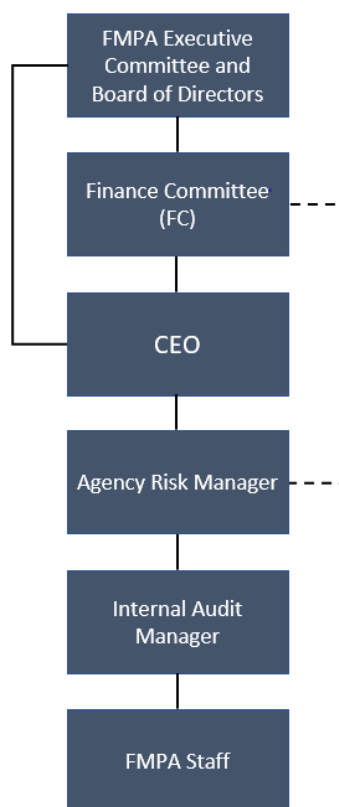
4.1 Oversight Structure- Finance Committee:

Members are appointed to the FC according to the Committee Charter. The FC shall oversee the administration of this Policy and any subsequent procedures relating to Agency risk management activities.

This Policy and all included appendices shall be reviewed on at least an annual basis by the Internal Audit Department. Completed policy compliance reviews shall be reported to the FC. The Agency Risk Manager will from time to time report to the FC on Agency risks as described in Section 2.0.

The Agency Risk Manager may use discretion to report Policy violations directly to the General Manager and/or the FC as deemed necessary. The FC shall advise the Agency Risk Manager and the General Manager on desired next steps for addressing the Policy violation.

4.2 Organizational Structure for Risk Control



4.3 Delegation of Authority:

It is recognized that there are times when a member of the FMPA management team may be absent for some period of time. Through the use of FMPA’s “Delegation of Authority” form, any management team member can designate a direct report to fulfill all of their respective organizational responsibilities during their absence, without limitation.

If a member of the management team has failed to delegate their authority, the manager to whom the member reports has the expanded authority to either assume that member’s organizational responsibilities or to delegate such to a subordinate of the member. Upon such action, any and all rights provided by the “Delegation of Authority” form will be authorized as if the form had been completed prior to their absence.

4.4 Risk Management Team:

The RMT is the operational arm of the FC. The mission of the RMT is to facilitate the effective identification, monitoring and reporting of the Agency's risks in support of achieving the goals of the Agency and all of the Agency's Projects, in accordance with this Policy. The RMT is responsible for facilitating an enterprise risk management culture and fulfilling compliance and reporting roles as appropriate. It remains the responsibility of the CEO and governing bodies to set risk appetites and tolerances and to establish risk management strategies.

The Treasurer and Risk Director is designated FMPA's Agency Risk Manager, and is responsible for causing FMPA's risk exposures to be prioritized and reported to the FC. Risks are prioritized by the RMT using the Agency's risk framework for level of severity, likelihood of occurrence, and quality of controls, as well as the judgment of the Agency Risk Manager.

5.0 Risk Management Strategies:

The Agency is subject to numerous risks. These risks can arise from actions taken (or not taken) by Agency staff, parties external to the Agency and from "acts of God." The following Agency activities shall have risk management policies approved by the FC and appropriate governing body, consistent with this Policy and included as Appendices to it.

Appendices to FMPA Risk Management Policy

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

6.0 Risk Assessment and Evaluation

Section 2.0 of this Policy establishes FMPA's risk categories to assist with identifying critical risk factors during decision-making. These risk categories will be used in the process of assessing risk and to facilitate independent measurement of risk by providing common understanding of risks.

When deciding between two or more competing alternate courses, each course of action or decision should be evaluated using the risk framework (Section 3.3). Components of the Agency's risk framework shall be used as a reference for risk assessments presented to the FC and governing bodies. Specific risk assessment and evaluation criteria are established in each of the Policy Appendices.

7.0 Review and Revisions to Policy

The FC is granted authority by the Board of Directors and Executive Committee of FMPA to oversee this Policy. The FC directs the Internal Audit Manager to cause a review of the operation and effectiveness of this Policy through risk assessment reports. The Internal Audit Manager shall present or cause to be presented a written risk assessment report to the FC for approval at least annually. The risk assessment report shall include a synopsis of the current state of the enterprise risk management program.

Based on the findings of each risk assessment report, the FC may make recommendations regarding risk management processes to the CEO and Internal Audit Manager, and if appropriate, recommend a course of action promoting changes to this Policy to the Board of Directors and/or Executive Committee. This Policy may be changed only with approval of the appropriate governing body.

The appropriate governing bodies may, as business needs arise, approve changes to this Policy outside of the annual review process described above.

AGENDA ITEM 8 – ACTION ITEMS

d) Approval of FMPA's Corporate Risk Inventory Assessment

**Executive Committee
June 18, 2020**



BOD 8e-EC 8d – Approval of FMIPA’s Corporate Risk Inventory Assessment

Board of Directors and
Executive Committee

June 9, 2020

Risk Score Components

Severity/Likelihood/Controls

Severity

1 through 5 (1 = Minor, 5 = Severe)

Likelihood

1 through 3 (1 = Remote, 3 = Almost Certain)

Controls

1 through 3 (1 = Tight Control, 3 = Bare Minimum)

Top Risks and Significant Risk Score Changes

From 2017-2020

Risk	Risk Score			
	2017	2018	2019	2020
ARP generation limited partnership	20	20	20	45
Natural gas price	30	24	24	30
ARP Rates - rate increases/rate instability	24	24	24	24
FERC transmission rate filing activity	16	16	16	24
Transmission - Energy Delivery	36	36	36	24
KEYS delivery point	N/A	N/A	N/A	24
Long-term Transmission	20	30	30	12
Credit rating (ARP)	30	30	30	10

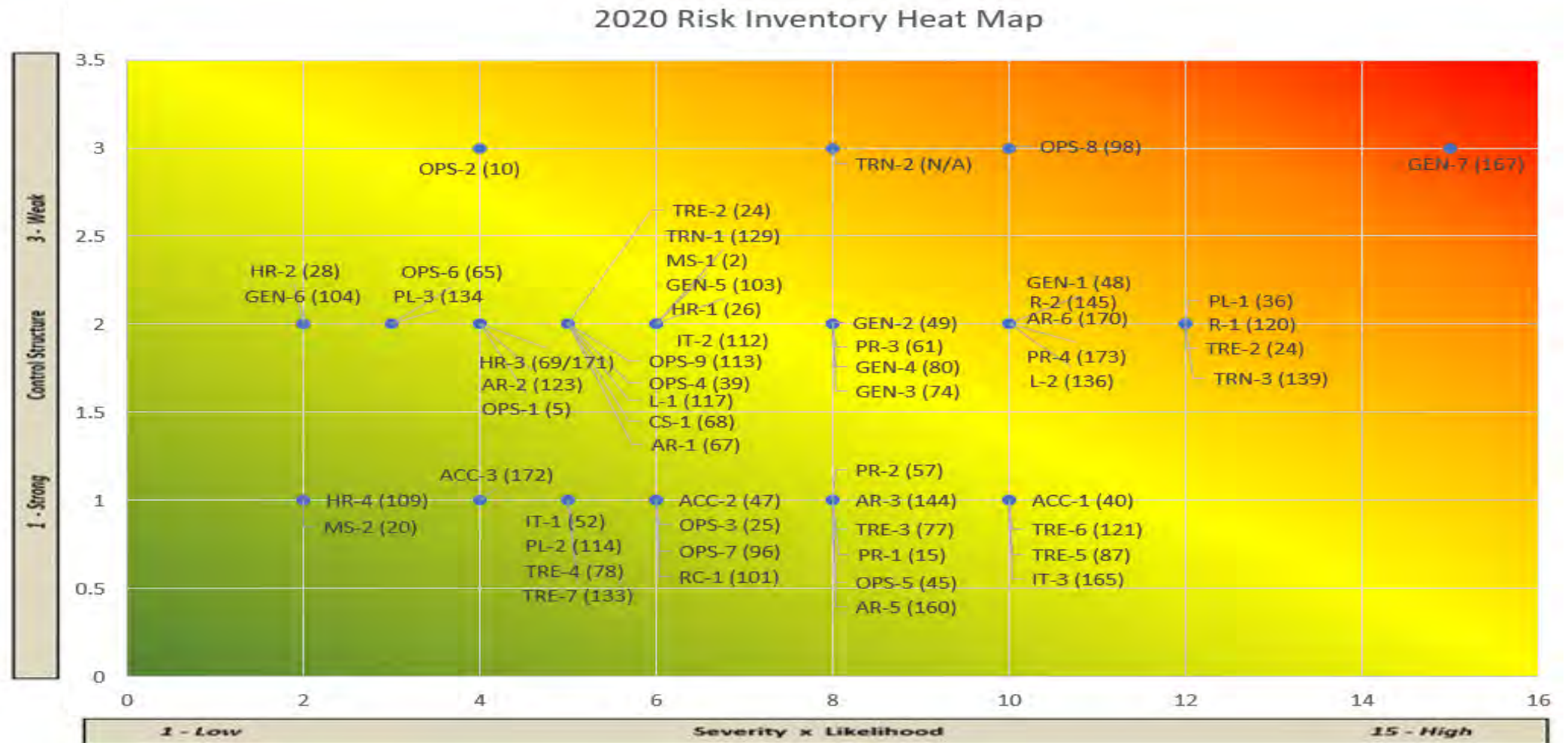
Actions To Manage Risk

- ARP Generation Limited Partnerships
 - Leadership Team meetings with Partners
- Natural Gas
 - Gas & Oil wells shutting down and fixed price gas expired
 - Prepaid gas helps mitigate overall risk
- ARP Rates
 - Workshop to review rate design
- FERC Transmission Rate Filing
 - FPL and Duke activity to increase rate up significantly

Actions To Manage Risk (contd.)

- Transmission Energy Delivery
 - Looking at purchasing firm transmission at time of delivery
- KEYS Delivery Point
 - New for this year (maintaining 60% on island, operations out of economics)
- Long-term Transmission
 - Duke contract mitigated financial exposure
- Credit Rating ARP
 - Fitch upgraded credit rating: Lower Rates, and Paying Down Debt

Risk Heat Map



Action

- Move approval of the 2020 FMPA Risk Inventory

AGENDA ITEM 8 – ACTION ITEMS

- e) Approval to Secure Pricing on Physical Natural Gas**

**Executive Committee
June 18, 2020**



EC - 8e

Potential to Secure Pricing on Physical Natural Gas

FMIPA Executive Committee

06/18/2020

Goal – Discuss & Decide an Appropriate Level of Secured Gas Prices

Certainty Can Help Deliver ARP Power Prices at or Below Historical Lows

- FY21 natural gas prices have trended lower over the last year
- Recent significant changes to the fundamental drivers (oil demand and prices, financial health of producers) leading natural gas price volatility
- Securing natural gas prices at current levels could ensure ARP rates at or below recent lows and protect ARP from gas reverting to longer-term averages
- The Energy Authority (TEA) has recommended price certainty to its Members
- Staff outlines the risk and rewards of locking in gas prices to ensure ARP power prices at or below historical lows
- Staff provides a recommended motion for Executive Committee consideration

ARP Budget Summary

Key Points to Note

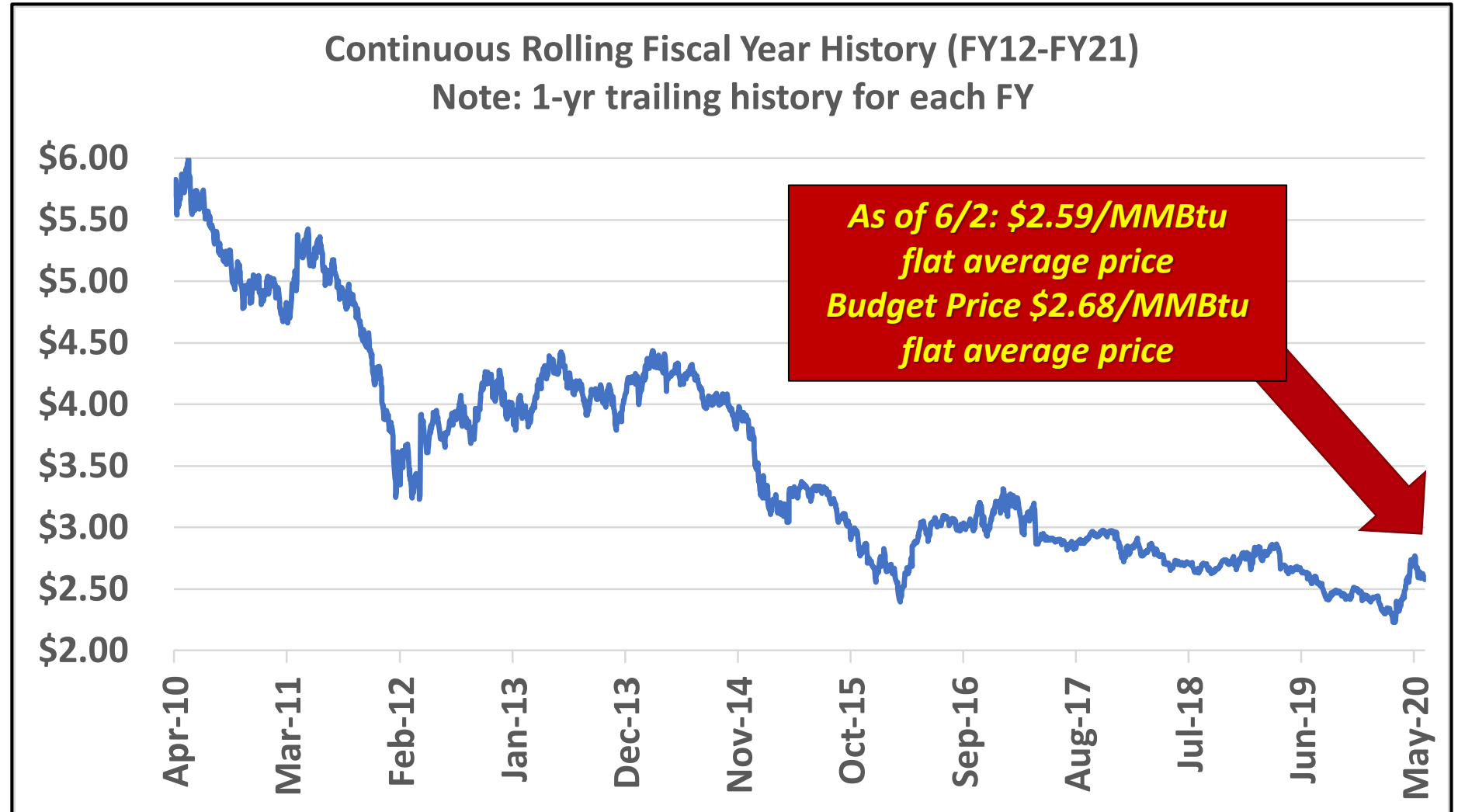
- FY 2021 budgeted ARP Participant cost is \$71.07/MWh, ~5% below FY 2020 Budget cost of \$74.58/MWh
 - This is based on \$2.60/mmbtu gas for FY21 which is 27% below 10 year average
- Natural gas forward prices volatile recently but budgeted ~ FY 2020 Budget
- Continuing to focus on reducing Stanton coal output & O&M costs – ARP's highest cost risk assets
- Transmission costs are biggest increase from FY 2020 Budget
- Budgeted FY 2021 energy sales essentially flat to FY 2020 Budget



FY21 Natural Gas Price Trends

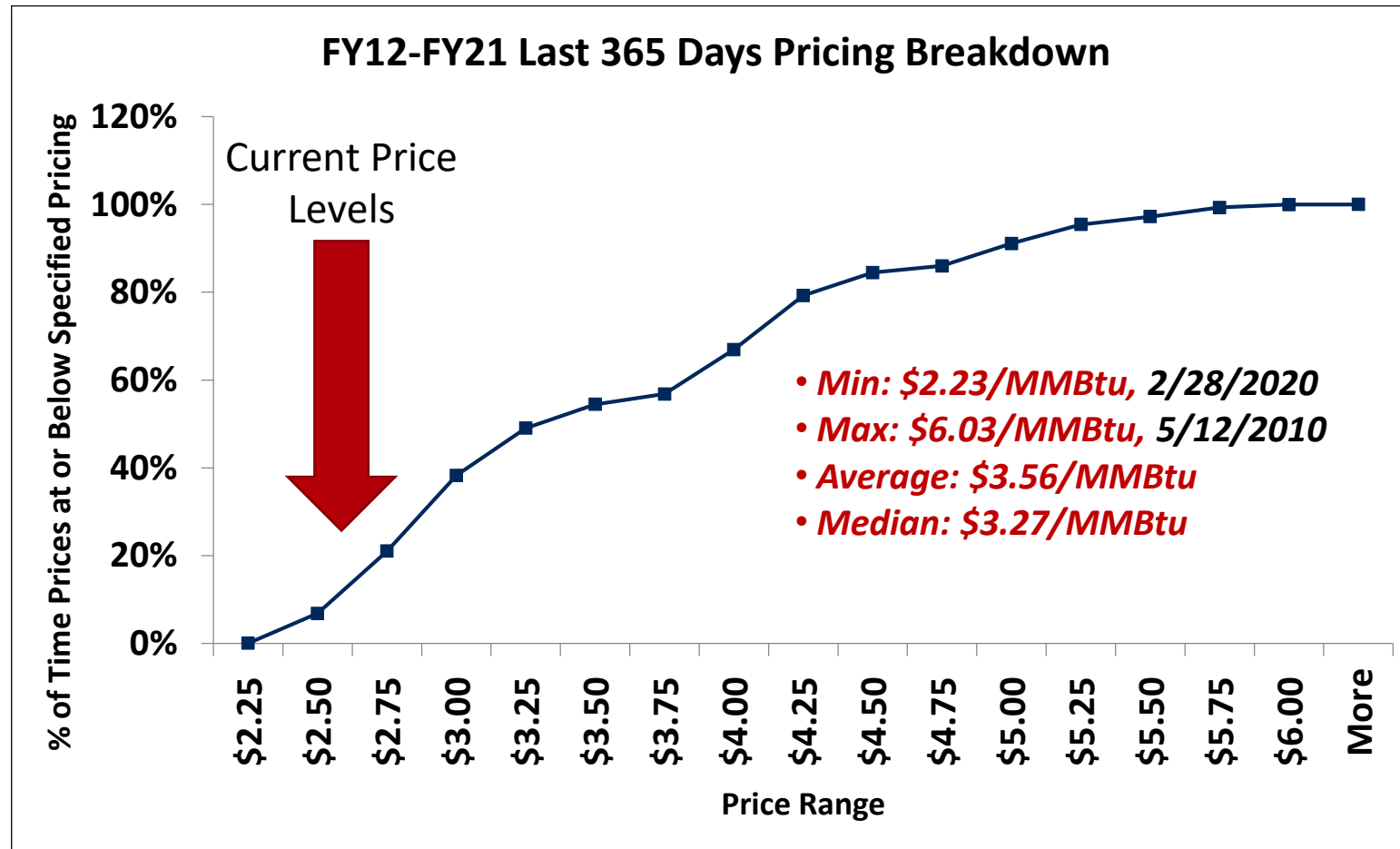
Nymex Futures Fiscal Year Pricing at >15 year lows

FY21
current
average
27% Below
10-year
average
near ***lowest***
in the last
15 years



Last 10 Years Average Price Nearly \$1.00/MMBtu Higher than Current

FY Strip Pricing only sub \$2.50/MMBtu 7% of the time





Fundamental Price Drivers

Drivers Supporting Increasing Price Risk Growing

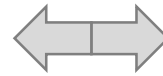
Supply Side Drivers May Offset Demand Side Drivers

Price Decline Opportunity



- Drop in Domestic & Export Demand of Natural Gas due to COVID-19
- High Natural Gas Storage Inventories

No Clear Impact



- Weather
- Fracking Regulation
- Florida Pipeline Constraints

Risk of Price Increase

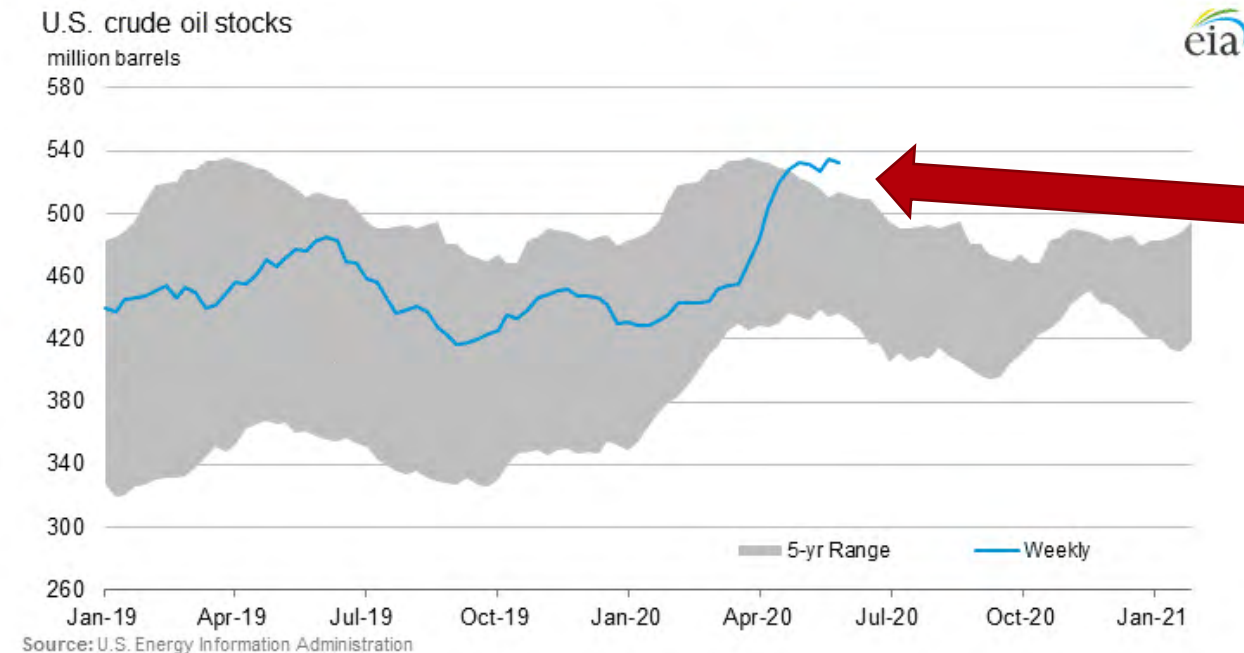


- Return of Industrial Gas Demand post COVID-19
- Increased Gas Generation at Expense of Coal
- Low Oil Prices Reduces Associated Natural Gas Production
- Bankruptcies and Financial Health of Producers – Lower CAPEX

Oil Prices Pushed to 10-Year Lows During COVID-19

Inventories still a significant issue

Crude oil stocks (million barrels) and days of supply



- Pandemic's impact on travel reduced oil demand ~30% drop in April
- Global crude oil inventories nearing storage capacity limits
- U.S. domestic oil production off ~13%
- Therefore, associated natural gas production still high



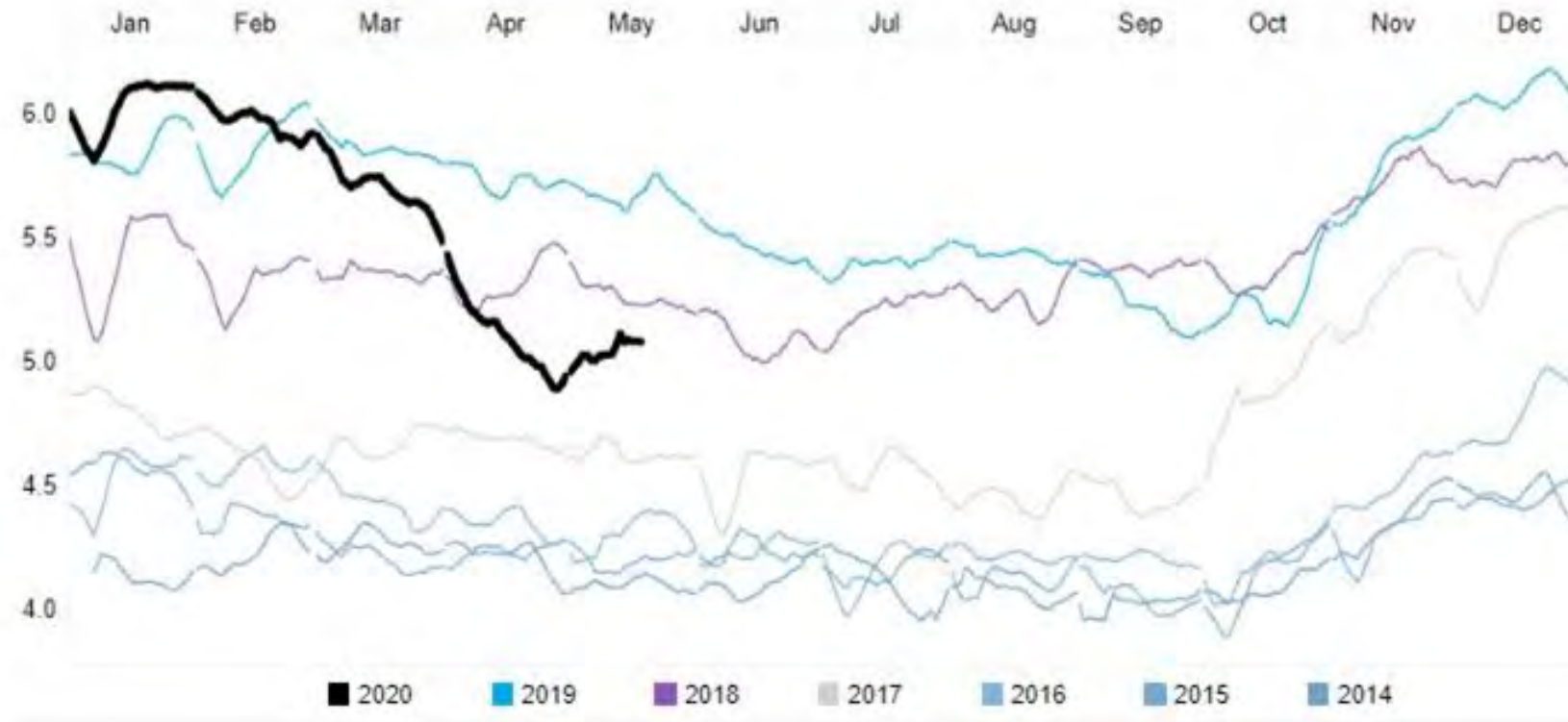
TEA Illustrative Recommendation

TEA Highlights to Members

Gas Loads & LNG Exports Down, Gas Production Falling

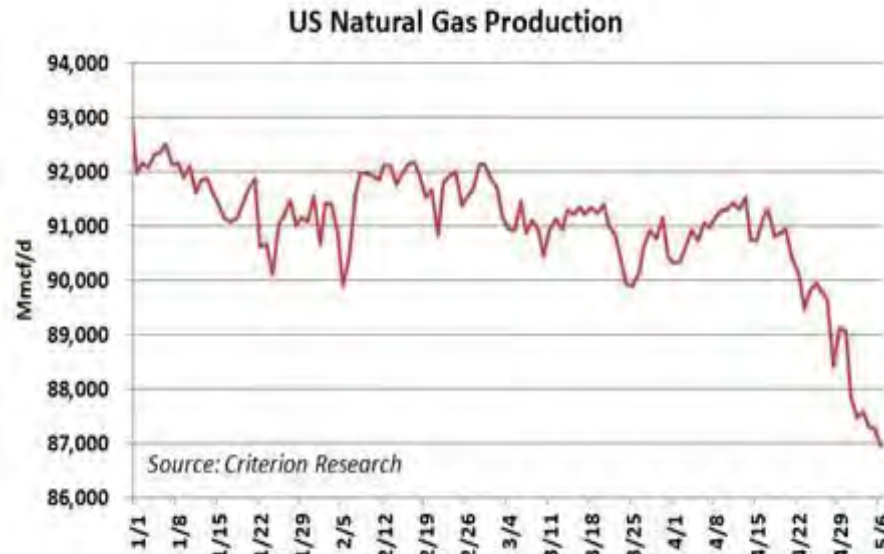
- Natural Gas load reduction is an estimated 6% throughout US
- Industrial gas load loss near 12%
- Natural gas production loss about 8bcf/day since all-time high in Nov 19
- LNG demand is 2-3 bcf/day lower than Jan
- International prices tanked 71% to \$2.00/mmbtu
- Storage – above 5 yr avg by 18.4%
- Natural gas forward curve volatility based on extremely volatile oil
- TEA Recommends managing ~50% of the price uncertainty

Industrial Gas Demand – Down ~12%

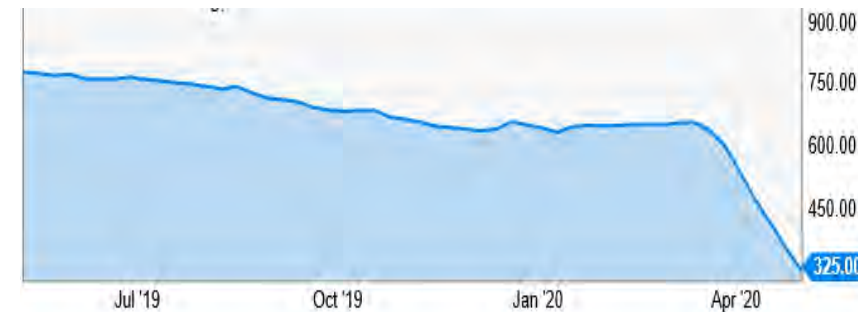


Actual natural gas consumption, year-on-year, billion cubic feet per day (Bcfd)

Natural Gas Production Fallen by 4% Since Mid-April



- Significant rig reductions since mid March
- nearly 60% reduction from one year ago



Goldman Sachs 5/5 reports....

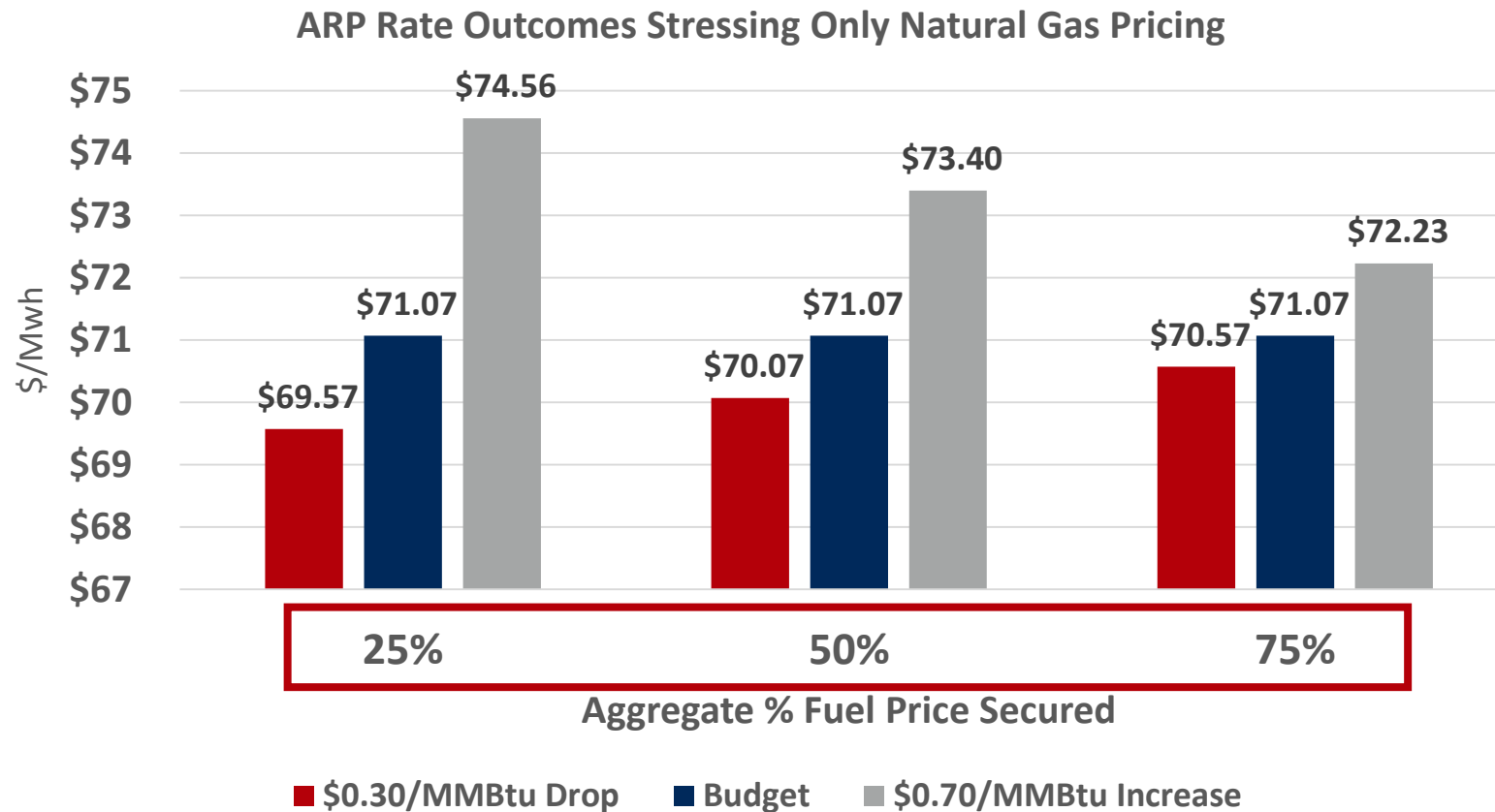
“we believe calendar year 2021 gas prices need to average \$3.25/MMBtu, \$0.47/MMBtu above current forwards, to incentivize lower demand and higher supply to bring US gas storage to manageable (near 5-year average) levels.”



ARP Financial Impacts

Rate Sensitivity Scenario Results

Impacts of Price Scenarios on Rates





Discussion

Recommended Motion

- Move approval to authorize the General Manager to sign an FGU Directive for the purchase of fixed price physical natural gas and/or for a financial fixed price transaction to secure FMPA's prepay physical purchases for monthly volumes for FY21 that equate to 25, 50 or 75% of each month's total forecasted burn requirement.

Pricing for the transaction must be no higher than \$0.10/MMBtu above the approved budget (currently below budget).

AGENDA ITEM 9 – INFORMATION ITEMS

a) Quarterly Regulatory Update

**Executive Committee
June 18, 2020**



Regulatory Compliance Update

BOD 9a & EC 9a

FMIPA Board of Directors & Executive Committee
June 18, 2020

Roles of FMPA Regulatory Compliance Department

- FMPA Regulatory Compliance Department perform three main functions related to NERC mandatory reliability standards
 - FMPA Compliance
 - Generation Plants (GO/GOP/TO/TP)
 - Member Support
 - Standards development, interpretation, and implementation support
 - Peer reviews, spot checks, audit process support
 - Industry Influence
 - Provide inputs to FERC, NERC, and SERC initiatives and policy
 - Balloting and Standards Development

FMMPA Compliance

- FMMPA had no reportable compliance violation since March 2019 update
- Internal Compliance Program (ICP) Review (Last completed Feb 2019)
 - Updating the ICP Document
 - Engineering Services and Fleet Generation teams reviewing and updating Compliance Documents
- Cyber Security
 - Cyber Security team is monitoring conditions at plant sites for continuous improvements
- Supply Chain Risk Management
 - CIP 005-6 (ESP/ “Firewall”), CIP 010-3 (Change Management and Vulnerability Assessments), CIP 013-1 (Supply Change Risk) effective 10/1/2020
 - Executive Order to secure the Bulk Power System (BPS: 69KV+) by limiting equipment supplied from vendors controlled by adversary countries and guidance from DOE

FMPA Compliance

- SMEs and other staff more active in FMPA Compliance
 - Engineering staff are reviewing and developing new procedures for standard requirements
 - Staff submitted a COVID-19 Impact Notification to SERC for MOD-025 (Data reporting of Generator Real and Reactive Power) to delay testing until safe to do so
- Compliance Department is updating its task management tools for better insight and visibility (PRC-005 [Protection systems and relays] & Power Automate)
- Necessity builds innovation and forward progress
 - Increased virtual meetings and collaboration due to COVID-19
 - FMPA adopts MS Teams as collaboration tool aiding productivity

Member Support

- Reduced direct contact due to Pandemic, but increase in volume of discussion and information sharing
 - On average, 25 individuals from 14 member cities on bi-weekly compliance conference call
 - Information sharing on COVID-19 impact, hurricane preparedness and resources, reliability standard implementation (CIP and O&P) on 6 calls for Q2
- Compliance Department is available for support and help with peer reviews as members return to work
- Beginning member cities and plant sites visits alongside Engineering Services and Fleet Generation staff as locations allow visitors

Industry Influence

- Staff continues to play an active role within NERC and with trade organizations such as North American Generator Forum, Transmission Access Policy Study Group and the American Public Power Association.
 - Increased meetings and discussion on NERC Standard Authorization Request and Rules of Procedure Change
 - Discussions on supply chain impact with Executive Order
 - Carol Chinn attended NERC's virtual spring Member Representative Committee and Board of Trustee meetings
- FMPPA staff met with FERC Reliability staff along with other APPA members.
 - Addressed industry concerns including Align and SEL tools' budget and security risk

Industry Influence

- Standards Efficiency Review Phase II
 - Carol Chinn continues to play an active role and is on the SER Advisory Team
 - Phase II in progress
- Staff is engaging with TAPS to provide comments on ROP changes to Section 1003 and Appendix 4B
 - E-ISAC and Sanction Guidelines
- Staff is also engaging with the groups to give input as DOE Secretary issues guidance on Executive Order in the Fall
 - Staff will be providing comment recommendations to NERC on an upcoming NERC alert

AGENDA ITEM 9 – INFORMATION ITEMS

- b) Replacement of FEM Legacy Tools, PCI Gen Portal**

**Executive Committee
June 18, 2020**



EC 9b

Replacement of FEM Legacy Tools, PCI GenPortal

FMIPA Executive Committee

June 9, 2020

Unit Commitment Process Important for Managing Costs

Current Tools Are at Risk of Obsolescence

- Florida Energy Marketing (FEM) is responsible for daily unit commitment and next-day marketing for FMPP
- This critical business processes relies on custom designed tools maintained by a single employee.
- The PCI GenPortal product is capable of managing the complex array of input data needed.
 - GenPortal integrates directly with GenTrader, the production modeling software used by the pool for many years.
- Seeking approval to enter the agreement due to expense beyond spending authority.

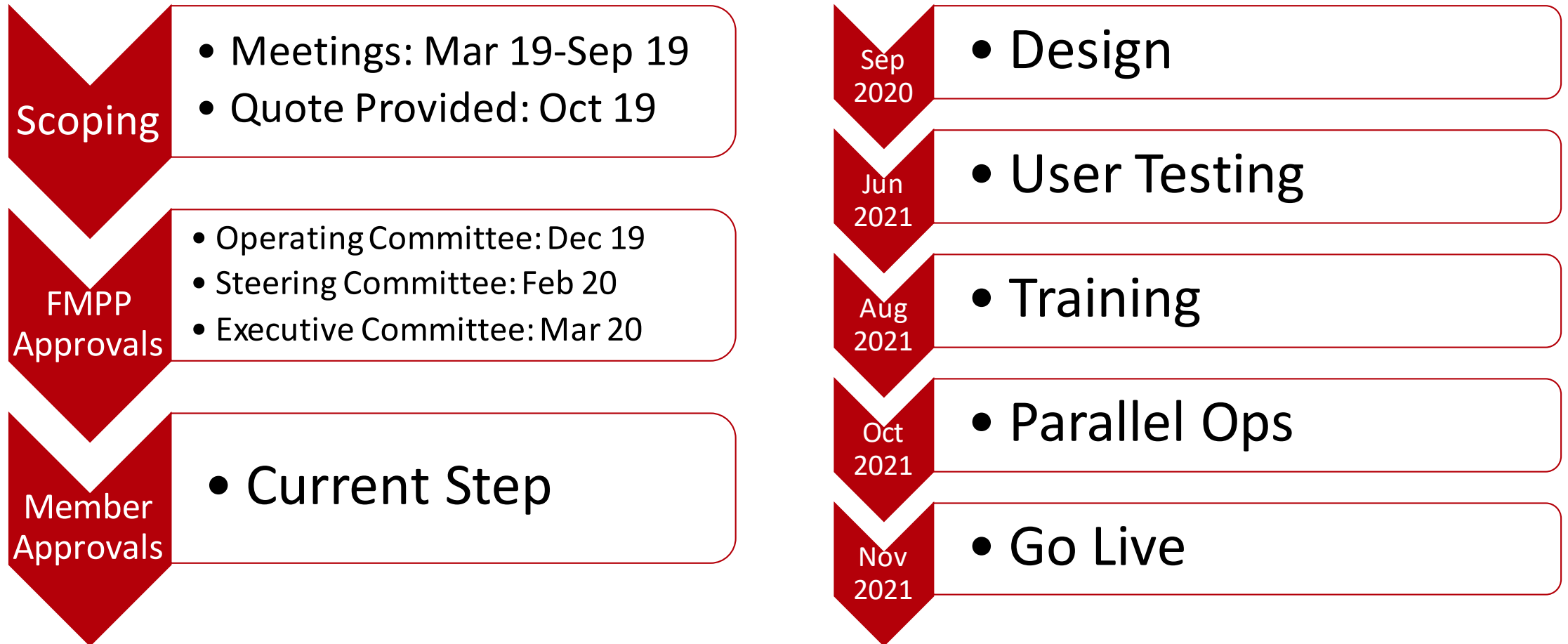
Power Costs, Inc. (PCI) an Industry Leader

Engaged with the Needs of Electric Utilities

- The current process involves processing thousands of data points through custom built spreadsheets and databases.
 - Built over many years, for the most part, by a single employee
 - There is no additional IT or outside support for these tools, which creates risk
- PCI GenPortal and Similar Day Load Forecasting tools a complete replacement solution.
 - Vendor hosted and managed, 24/7 support, upgrades coinciding with GenTrader upgrades.

Transition Will Take Time to Do It Right

Detailed Scoping Reviews, Implementation Will Take > 1 Year



Joint Project Among Three FMPP Members

Each Member Will Pay Equal Share of the Costs

- Perpetual License Fees and Implementation Costs over FY20-FY22

- Total - \$906,000

- Member Share - **\$302,000**

- Annual Maintenance and Hosting Fees (subject to 2% escalation)

- Total - \$165,000

- Member Share - **\$55,000**

- Project Agreements (Change Order #1 and Task Order #1) Attached

- Not yet final, pending legal review of all three FMPP Members



Information Only, Action To Be Requested in July

Change Order No. 1

TO

**SOFTWARE LICENSE AND GENERAL
CONSULTING AGREEMENT**

Dated September 10, 2017

BETWEEN

Power Costs, Inc.

AND

**Orlando Utilities Commission & City of Lakeland and
Florida Municipal Power Agency (All-Requirements
Power Supply Project)**

This Change Order is entered into as of _____ (“Effective Date”) by and between Power Costs, Inc. (“Licensor”) and Florida Municipal Power Pool (“FMPP”) pursuant to the terms and provisions of the Perpetual Software License and General Consulting Agreement (the “Agreement”) dated September 10, 2017 between Power Costs, Inc. and Orlando Utilities Commission, City of Lakeland and Florida Municipal Power Agency (All-Requirements Power Supply Project). FMPP was created by interlocal agreement between Orlando Utilities Commission, City of Lakeland, and Florida Municipal Power Agency. For the purpose of this Change Order, FMPP is acting as agent for the three member systems.

The purpose of this Change Order is to add licenses, Support, and Hosting for the PCI Asset Optimization Suite, comprising PCI GenPortal and Similar-Day Load Forecasting. To accomplish this purpose, the following change are made:

Changes to Exhibit A – License Fees and Payment Terms:

1. Add the following items to Section I – **Licensed Software:**

- PCI GenPortal (8 Named Users)
 - PCI GenBase
 - PCI OASIS Interface
 - PCI Data Position Manager
- PCI Similar-Day Load Forecasting Software (8 Named Users)

The Perpetual License Fee for the new PCI modules is \$150,000, which will be paid by the Licensee in accordance with the following milestone table:

Milestone Payment	Milestone Payment (\$)	Estimated Date
Contract Signature	\$45,000	9/1/2020
Deliver GenPortal (Out-of-the-Box Version)	\$45,000	12/1/2020
Pass Site-Acceptance Tests	\$60,000	9/1/2021
Total PCI License Fees	\$150,000	

Licensee agrees not to use the Software for production purposes until after Acceptance.

2. Add the following items to Section II – **Update and Support Services Fees:**

Annual Support Fees for PCI Asset-Optimization Suite	Support Period	Due Date	Notes
\$37,500	1/1/21-12/31/21	SAT Completion	In 2021, FMPP will pay prorated maintenance fees from the SAT completion date for PCI 7x24 support
\$38,250	1/1/22-12/31/22	1/1/2022	FMPP will pay maintenance fees for full year for PCI 7x24 support
\$39,015	1/1/23-12/31/23	1/1/2023	FMPP will pay maintenance fees for full year for PCI 7x24 support
\$39,795	1/1/24-12/31/24	1/1/2024	FMPP will pay maintenance fees for full year for PCI 7x24 support
\$40,591	1/1/25-12/31/25	1/1/2025	FMPP will pay maintenance fees for full year for PCI 7x24 support

3. Add the following items to Section III – **Hosted Services Fees:**

Annual Hosted Fees for PCI Asset-Optimization Suite	Hosted Period	Due Date	Notes
\$100,000	1/1/21-12/31/21	Out-of-Box delivery	In 2021, FMPP will pay prorated hosted fees from the Out-of-Box delivery date
\$102,000	1/1/22-12/31/22	1/1/2022	FMPP will pay hosted fees for full year
\$104,040	1/1/23-12/31/23	1/1/2023	FMPP will pay hosted fees for full year
\$106,121	1/1/24-12/31/24	1/1/2024	FMPP will pay hosted fees for full year
\$108,243	1/1/25-12/31/25	1/1/2025	FMPP will pay hosted fees for full year

Changes to Exhibit C – System Functional Specifications:

1. Add the PCI GenPortal Functional Specification.



PCI GenPortal
Functional Specification

The parties have caused this Change Order to be executed and delivered and warrant that their respective signatories are authorized to execute and deliver this Change Order as of its Effective Date. Unless otherwise specified herein, all other description, term, condition, and Notes of the Original Agreement.

IN WITNESS WHEREOF, the Parties have caused this to be executed by their duly authorized agents as of the date written below.

LICENSEES

LICENSOR

Orlando Utilities Commission
Company Name

Power Costs, Inc.
Company Name

Signature: _____

Signature: _____

Name:

Name: Sandy B. Ho

Title:

Title: Chief Financial Officer

Date: _____

Date: _____

City of Lakeland

By: _____
H. William Mutz, Mayor

Attest:

By: _____
Kelly S. Koos, City Clerk

Approved as to form and correctness:

By: _____
Palmer C. Davis, City Attorney

Florida Municipal Power Agency
Company Name

Signature: _____

Name:

Title:

Date: _____



PCI Task Order #1: Deploying PCI GenPortal for FMPP

This Task Order is entered into as of _____ (“Effective Date”) by and between Power Costs, Inc. (“Licensor”) and Florida Municipal Power Pool (“FMPP”) pursuant to the terms and provisions of the Perpetual Software License and General Consulting Agreement (the “Agreement”) dated September 10, 2017 between Power Costs, Inc. and Orlando Utilities Commission, City of Lakeland and Florida Municipal Power Agency (All-Requirements Power Supply Project). FMPP was created by interlocal agreement between Orlando Utilities Commission, City of Lakeland, and Florida Municipal Power Agency. For the purpose of this Change Order, FMPP is acting as agent for the three member systems.

Project Scope

The key objective for Task Order is to configure and deploy PCI GenPortal for Florida Municipal Power Pool (FMPP) to automate GenTrader functions and support reporting needs for the Pool and its 3 members: Orlando Utilities Commission (OUC), Lakeland Electric (Lakeland), and Florida Municipal Power Agency (FMPPA). FMPP operates around 32 units totaling 4,500 MW and serves loads in 19 cities in the state of Florida.

The PCI GenPortal system will replace the in-house developed tools (MS Excel spreadsheets, MS Access database, and VBA code), which are currently used to generate input data and process output results for Short Term GenTrader studies.

PCI GenPortal will be installed on AWS hosted servers.

Note that:

- Attachment A summarizes the PCI T&M rates that will be used in this task order to deploy PCI GenPortal at FMPP.
- Attachment B provides the statement of work (SOW), which describes the project scope, deliverables, and schedule for deploying the PCI GenPortal system at FMPP.
- Attachment C provides the scoping document, which describes how PCI GenPortal will be configured to meet FMPP business needs.

PCI Deployment Costs

- As shown in the SOW, PCI estimated deployment costs are \$550,000 (2750 hours) for the base deployment.
- The deployment budget quoted above reflects PCI’s best estimates to configure PCI GenPortal based on the FMPP business requirements that are defined in the PCI Scoping Document. The project budget will be managed by both FMPP and PCI project managers to ensure compliance.



- If a change of scope is identified, written approval will be requested and documented with a Change Order to the SLA and/or a Task Order as needed. If PCI anticipates that a certain task will exceed PCI estimated hours in this SOW, PCI will immediately notify the FMPP project manager and request for permission to continue the work in excess of the budgeted hours specified in the SOW.
- PCI will track progress and hours spent on each task on a weekly basis and provide regular status update to Client.

PCI Travel Costs

- Estimated travel costs are \$55,000 to support PCI deployment (37 trips @ 1500 \$/trip)
- All PCI travel and other out-of-pocket expenses will be invoiced at cost with back-up receipts. PCI travel must be approved in advance by FMPP project manager.
- If there is budget left from travel, the excess travel budget can be used for labor.

Invoicing

Invoices for PCI Deployment fees and travel fees will be issued on a monthly basis as the work progresses. All PCI services are provided on a time and materials basis based on PCI rates published in Attachment A.



To show their agreement to these terms, Client and Vendor, acting through their duly authorized representatives, have signed and delivered this Task Order on the dates specified below.

THUS DONE AND EXECUTED by the following duly authorized representatives of the parties:

Orlando Utilities Commission

By: _____

Name: _____

Title: _____

Date: _____

PCI

By: _____

Name: _____

Title: _____

Date: _____

City of Lakeland

By: _____

H. William Mutz

Attest:

By: _____

Kelly S. Koos, City Clerk

Approved as to form and correctness:

By: _____

Palmer C. Davis, City Attorney

Florida Municipal Power Agency

By: _____

Name: _____

Title: _____

Date: _____



Attachment A

Consulting Services Rates

Position	Standard Rate (\$/h)
Vice President	\$300
Director	\$275
Senior Consultant; Project Manager	\$250
Senior Application Engineer; Consultant;	\$225
Senior Analyst	\$200
Analyst	\$175

For this FMPP project, PCI will use a discounted flat hourly rate of \$200 per hour



Attachment B

Statement of Work

Insert: “Statement of Work to Deploy PCI GenPortal at FMPP to Automate GenTrader Runs”



Attachment C

Scoping Document

Insert: "PCI Scoping Document for Deploying PCI GenPortal at FMPP"

AGENDA ITEM 10 – MEMBER COMMENTS

**Executive Committee
June 18, 2020**

AGENDA ITEM 11 – ADJOURNMENT

**Executive Committee
June 18, 2020**