



ARP EXECUTIVE COMMITTEE AGENDA PACKAGE

September 17, 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 855 999 617#

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: September 8, 2020
RE: FMPA Executive Committee Meeting
Thursday, September 17, 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 859 999 617#
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
September 17, 2020**

AGENDA ITEM 2 – SET AGENDA (By Vote)

**Executive Committee
September 17, 2020**

**AGENDA ITEM 3 – RECOGNITION OF
GUESTS**

**Executive Committee
September 17, 2020**

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

**Executive Committee
September 17, 2020**

VERBAL REPORT

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

**Executive Committee
September 17, 2020**

VERBAL REPORT

**AGENDA ITEM 6 – REPORT FROM THE
GENERAL MANAGER**

**Executive Committee
September 17, 2020**

AGENDA ITEM 7 – CONSENT AGENDA

- a) Approval of Meeting Minutes – Meeting Help August 20, 2020 and ARP Telephonic Rate Workshop Help August 11, 2020**

**Executive Committee
September 17, 2020**

CLERKS DULY NOTIFIEDAUGUST 11, 2020
AGENDA PACKAGES POSTED.....AUGUST 11, 2020

MINUTES
TELEPHONIC EXECUTIVE COMMITTEE MEETING
THURSDAY AUGUST 20, 2020
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL 32819

PARTICIPANTS
PRESENT:

Paul Jakubczak, Fort Pierce
Bob Page, Green Cove Springs
Howard McKinnon, Havana
Allen Putnam, Jacksonville Beach
Lynne Tejeda, Key West (via telephone)
Larry Mattern, Kissimmee
Brad Chase, Leesburg (via telephone)
Bill Conrad, Newberry
Eric Weaver, Ocala
John Holman, Starke

OTHERS
PRESENT

John Tompeck, Fort Pierce
Barbara Quiñones, Homestead
Karen Nelson, Jacksonville Beach
Mike Staffopoulos, Jacksonville Beach
Claston Sunanon, Orlando
Craig Dunlap, Dunlap & Associates, Inc. (via telephone)
Rafael Couret, Power Engineers (via telephone)

STAFF
PRESENT

Jacob Williams, General Manager and CEO
Jody Finklea, Deputy General Counsel (via telephone)
Ken Rutter, Chief Operating Officer
Linda Howard, Chief Financial Officer
Cairo Vanegas, Manager of Member Services Development
Chris Gowder, Business Development and System Operations
Director
Dan O'Hagan, Assistant General Counsel
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
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 11:21 a.m. Thursday, August 20, 2020 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 presented. Paul Jakubczak, Fort Pierce, seconded the motion. Motion carried 10 – 0.

ITEM 3 – RECOGNITION OF GUESTS

None

ITEM 4 – PUBLIC COMMENTS

None

ITEM 5 – COMMENTS FROM THE CHAIRMAN

Chairman McKinnon said he echoed Jacob Williams' comments on the retiring of Peter Batty, Chairman of Keys Energy Services. Peter was a mentor of Chairman McKinnon's and asked Lynne Tejeda to please let Peter know we will miss him.

The State of the Agency dinner and video presentation was very good and we should all feel good about the Agency and that the FMPA staff is very good and appreciated.

Patrick Foster (retired Member from Leesburg) told Chairman McKinnon to mention to the Executive Committee that his wife is much better and her cancer is virtually non-existent according to the latest test results.

ITEM 6 – REPORT FROM GENERAL MANAGER

Jacob Williams gave an update on the OUC Stanton Energy Center lawsuit.

ITEM 7 –CONSENT AGENDA

Item 7a – Approval of Meeting Minutes – Meeting Held July 29, 2020 and ARP Telephonic Rate Workshop Held July 14, 2020

Item 7b – Approval of the Treasury Reports – As of June 30, 2020

Item 7c – Approval of the Agency and All-Requirements Project Financials as of June 30, 2020

MOTION: Larry Mattern, Kissimmee, moved approval of the Consent Agenda as presented. Eric Weaver, Ocala, seconded the motion. Motion carried 10 – 0.

ITEM 8 – ACTION ITEMS

a. Approval of FMPA's ARP Policy on Added Coal Generation Exposure

MOTION: Allen Putnam, Jacksonville Beach, moved approval of FMPA's ARP Policy on Added Coal Generation Exposure, with the addition of Lynne Tejeda, Key West's suggestion to add No. 10, to review the Policy in August of 2025, and every 5 years subsequent to that, to see if there are any changes to the position of the Executive Committee regarding adding future coal resources for the ARP. John Holman, Starke, seconded the motion.

Lynne Tejeda, Key West, suggested adding an Item 10 to look at the policy in 2025 and every 5 years to see if circumstances change that would affect coal resources so the ARP Executive Committee may want to change their position in the future.

Motion carried 10 – 0.

ITEM 9 – INFORMATION ITEMS:

9a – 2020 Load Forecast Results and 2021 Load Forecast Schedule

Navid Nowakhtar reported on the 2020 load forecast results and 2021 load forecast schedule.

9b – Staffing Flexibility for Succession Plan

Sharon Adams reported on staffing flexibility for FMPA's succession plan.

9c – FMPA/Origis Letter Agreement Regarding Waiver of Interest on Performance Assurance

Susan Schumann reported on the FMPA/Origis letter agreement regarding waiver of interest on performance assurance.

9d – City of Williston Power Purchase Agreement

Chris Gowder reported on the upcoming Power Purchase Agreement with the City of Williston.

9e – Review of Finance Committee Items

Linda S. Howard reported on the items from the Finance Committee.

ITEM 10 – MEMBER COMMENTS

Larry Mattern, Kissimmee, said he watched the State of the Agency video and feels that FMPA is now an organization that members want to run to and not run from and thanked the FMPA staff for the great work they do.

ITEM 11 – Adjournment

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

Howard McKinnon
Chairman, Executive Committee

Sue Utley
Assistant Secretary

Approved: _____

Seal

PUBLIC NOTICE SENT TO CLERKSAUGUST 10, 2020
AGENDA PACKAGES SENT TO MEMBERSAUGUST 10, 2020

**MINUTES
EXECUTIVE COMMITTEE
ALL-REQUIREMENTS POWER SUPPLY PROJECT
TELEPHONIC RATE WORKSHOP
TUESDAY, AUGUST 11, 2020
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FLORIDA 32819**

COMMITTEE MEMBERS PRESENT VIA TELEPHONE

Shelly Regan, Bushnell
John Tompeck, Fort Pierce
Howard McKinnon, Havana
Larry Mattern, Kissimmee
Sabrina Hubbell, Leesburg
Bill Conrad, Newberry

*arrived after roll call.

COMMITTEE MEMBERS ABSENT

Lynne Mila, Clewiston
Fred Hilliard, Fort Meade
Bob Page, Green Cove Springs
Allen Putnam, Jacksonville Beach
Lynne Tejada, Key West
Maria Brooke, Ocala
Bob Milner, Starke

STAFF PRESENT

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

Item 1 – Call to Order

Howard McKinnon called the Executive Committee All-Requirements Telephonic Rate Workshop to order at 2:00 p.m. on Tuesday, August 11, 2020, via telephone. A speaker telephone for public attendance and participation was located in the 1st Floor 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 July loads and reviewed the July ARP rate calculation.

Item 3 – Member Comments

There being no further business, the meeting was adjourned at 2:11 p.m.

Approved

AP/bs

AGENDA ITEM 7 – CONSENT AGENDA

- b) Approval of Treasury Reports as of July 31, 2020**

**Executive Committee
September 17, 2020**



AGENDA PACKAGE MEMORANDUM

TO: FMPA Executive Committee
FROM: Gloria Reyes
DATE: September 8, 2020
ITEM: EC 7(b) – Approval of the All-Requirements Project Treasury Reports as of July 31, 2020

Introduction

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

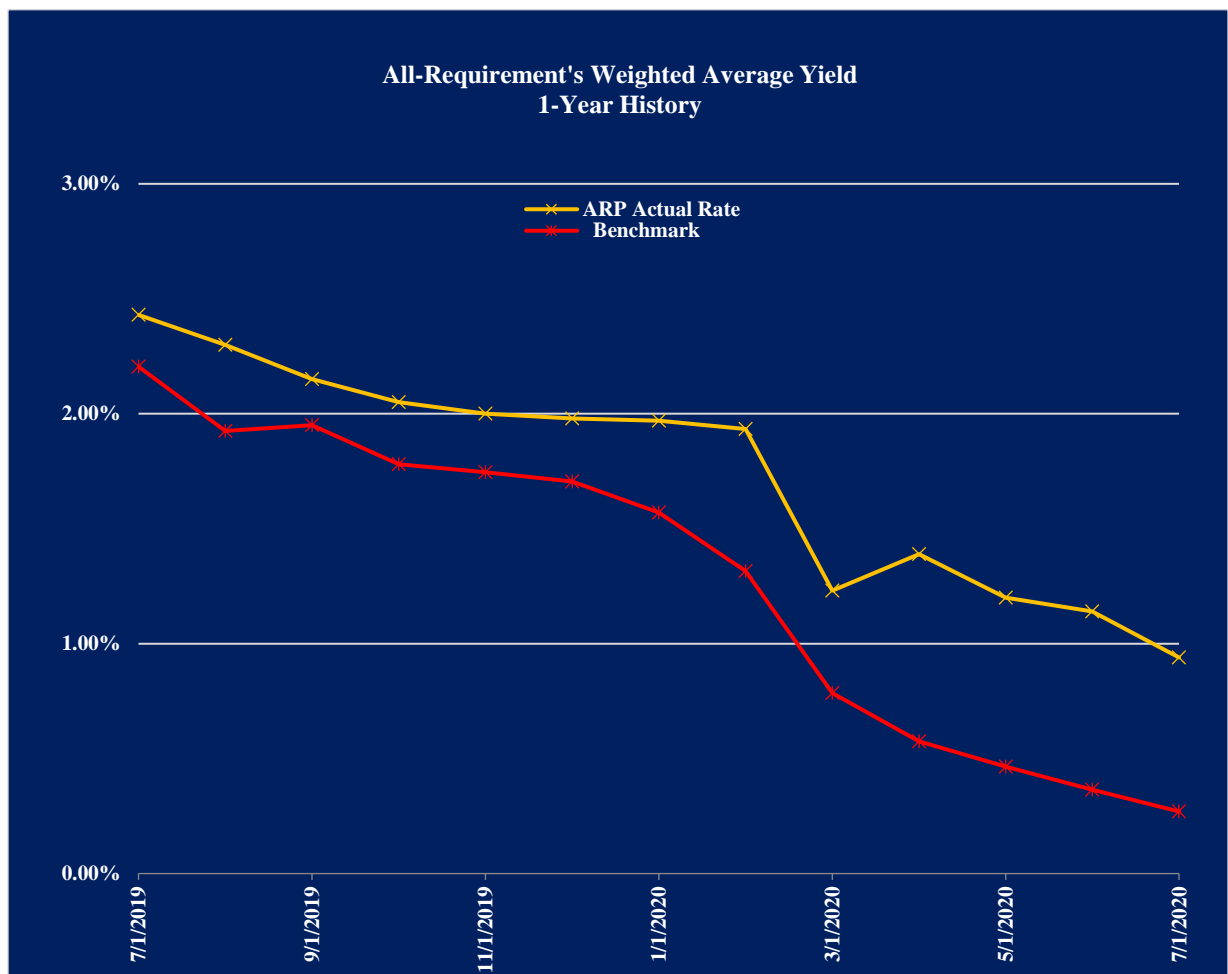
Debt Discussion

The All-Requirements Project has fixed rate debt. The fixed rate percentage of total debt is 100%. The estimated debt interest funding for fiscal year 2020 as of July 31, 2020 is \$38,747,561.28. The total amount of debt outstanding is \$785,140,000.

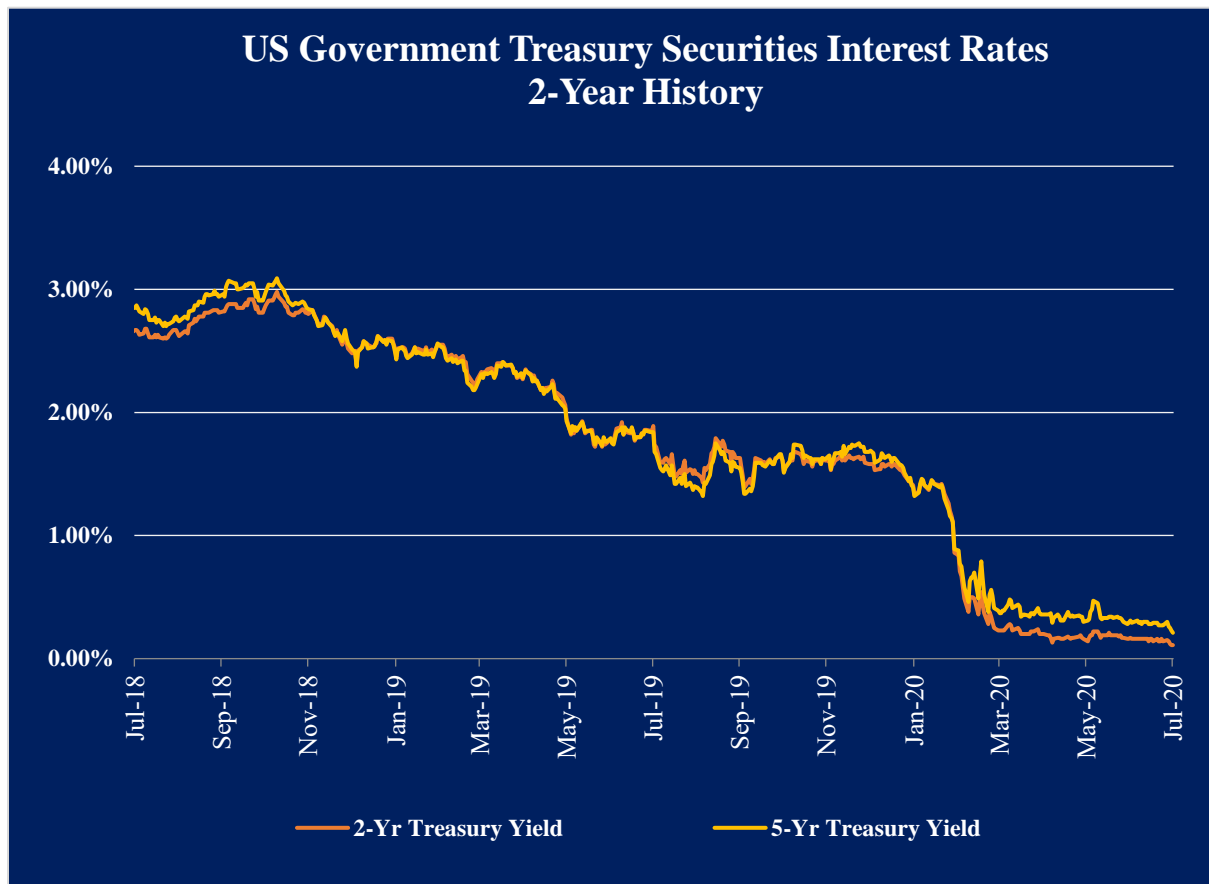
Investment Discussion

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.

As of July 31, 2020, the All-Requirements Project investment portfolio earned a weighted average yield of .94%, 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 daily US Treasury yields for the past 2 years. The orange line is the 2-year Treasury which closed the month of July at .11%. The yellow line is the 5-year Treasury which was .21%.



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

Recommended
Motion

Move for approval of the Treasury Reports for July 31, 2020

AGENDA ITEM 7 – CONSENT AGENDA

- c) Approval of the Agency and All-Requirements Project Financials as of July 31, 2020**

**Executive Committee
September 17, 2020**



Linda S. Howard, CPA, CTP
Chief Financial Officer

MEMORANDUM

TO: FMPA Executive Committee
FROM: Linda Howard
DATE: September 8, 2020
SUBJECT: EC 7c – Approval of the Agency and All-Requirements Project Financials for the period ended July 31, 2020

Discussion: The summary and detailed financial statements, which include GASB #62 transactions, of the Agency and All- Requirements Project for the period ended July 31, 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 July 31, 2020.

LH/GF

AGENDA ITEM 8 – ACTION ITEMS

- a) Approval of FMPA/Origis Letter Agreement
Regarding Waiver of Interest on
Performance Assurance**

**Executive Committee
September 17, 2020**



BOD 8a EC 8a – Approval of FMIPA/Origis Letter Agreement Regarding Waiver of Interest on Performance Assurance

Board of Directors
Executive Committee
September 17, 2020

Solar II Power Purchase Agreements

Origis has paid Performance Assurance to FMMPA

- Pursuant to Section 9.3(a), Origis (Seller) has paid to FMMPA Performance Assurance of \$3,745,000 in the form of cash as required by the PPAs. Section 9.3.(a) reads as follows:
 - 9.3(a) Seller's Performance Assurance. Seller agrees to deliver to Buyer and thereafter maintain in full force and effect for the remainder of the Term, Performance Assurance in the amount of twenty-five thousand dollars per MW (\$25,000/MW) of Buyer's Share of the Expected Project Capacity or Installed Capacity, as applicable, within thirty (30) Days following the Effective Date.

PPA Provision to Pay Interest at Prime Rate

Unintended financial loss for Solar II Participants

- Section 9.3(d) currently requires FMPA (Buyer) to pay interest on cash held at Prime Rate, which is higher than interest actually earned. Section 9.3(d) reads as follows:
 - 9.3(d) A PA Beneficiary shall pay interest on cash held as Performance Assurance at the Prime Rate

FMPA holds the Performance Assurance for the solar participants in an interest bearing account; ***however, those accounts earn less than the Prime Rate.*** If un-waived, **Section 9.3(d) would result in a net loss** to the Solar II Participants when the Performance Assurance cash is to be returned to Origis.

Mutual Waiver of Section 9.3(d) Is Proposed

Agreement retroactive to include funds already provided

- Letter Agreement:
 - Each Party waives Section 9.3(d) requirement
 - Each Party shall pay ***only the interest actually earned***
- ***Waiver*** of provision
 - Not amendment or revised interpretation of PPA
 - Resulting provision is reciprocal, fair, and equal to both parties
- Approval of all 12 Solar II Participants required/received

Florida Municipal Solar Project

Phase II Participants

Solar II Project	Total Power Share (MW)	Percentage Share
Homestead	5	9.337
Lake Worth Beach	26.55	49.580
Mount Dora	2	3.735
New Smyrna Beach	10	18.674
Winter Park	10	18.674
TOTAL	53.55 MW	100%

ARP Solar II Participants	Total Power Share (MW)	Percentage Share
Beaches Energy (Jacksonville Beach)	15	15.584
Fort Pierce Utilities Authority	15	15.584
Havana	0.25	0.260
Keys Energy (Key West)	25	25.974
Kissimmee Utility Authority	20	20.779
Newberry	1	1.039
Ocala	20	20.779
TOTAL	96.25 MW	100%

Proposed Motion

Approval Required by Board and Executive Committee

- Move to approve execution of FMPA-Origis Letter Agreement:
 - (1) waiving Section 9.3(d) PPA provision that interest on Performance Assurance funds shall be paid at Prime Rate; and
 - (2) agreeing that each Party shall pay only the interest actually earned.

[date]

Johan Vanhee
Chief Commercial Officer & Chief Procurement Officer
Origis Energy
800 Brickell Avenue
Suite 1100
Miami, FL 33131

Dear Johan,

The purpose of this letter is to memorialize the understanding among the Florida Municipal Power Agency (“FMPA”) – All-Requirements Power Supply Project, the FMPA Solar Project, and Origis Energy (on behalf of Sellers) regarding the interest rate on Performance Assurance payable under the Solar Power Purchase Agreements (listed below) among the Parties. Capitalized terms used in this letter agreement have the meaning ascribed in the Solar Power Purchase Agreements unless otherwise stated.

The parties have previously entered into the following agreements:

- The Solar Power Purchase Agreement between Florida Municipal Power Agency [ARP] as Buyer and FL Solar 7, LLC as Seller, dated as of December 12, 2019;
- The Solar Power Purchase Agreement between Florida Municipal Power Agency [Solar Project] as Buyer and FL Solar 7, LLC as Seller, dated as of December 12, 2019;
- The Solar Power Purchase Agreement between Florida Municipal Power Agency [ARP] as Buyer and FL Solar 8, LLC as Seller, dated as of December 12, 2019; and
- The Solar Power Purchase Agreement between Florida Municipal Power Agency [Solar Project] as Buyer and FL Solar 8, LLC as Seller, dated as of December 12, 2019.

Pursuant to Section 9.3(a) of each of the above Solar Power Purchase Agreements, Seller has paid FMPA Performance Assurance in the form of cash in an amount required by the Agreements.

Pursuant to Section 9.3(d) of each Solar Power Purchase Agreement, FMPA is required to pay interest on cash held at the Prime Rate.

The parties recognize the FMPA does not earn the Prime Rate on the Performance Assurance cash. Therefore, as evidenced by the signatures below, each Party hereby waives its respective right under Section 9.3(d) of each Solar Power Purchase Agreement to receive the Prime Rate on any cash Performance Assurance it has provided or may hereafter provide to the other Party, and the Parties agree that, notwithstanding Section 9.3(d) of the Solar Power Purchase Agreements, each Party shall be required to pay the other Party only the interest actually earned by the recipient Party on its investment of the cash Performance Assurance. This obligation shall be retroactive to the date FMPA received the Performance Assurance cash from Origis. If requested by a Party, the Party holding cash Performance Assurance shall provide evidence to demonstrate such interest actually earned.

Except as expressly set forth in this letter agreement, the Solar Power Purchase Agreements, and the Parties' obligations thereunder, are not amended or affected in any way. Pursuant to Section 19.4 of the Solar Power Purchase Agreements, the mutual waiver of Section 9.3(d) of such agreements hereunder shall not be deemed a waiver with respect to any other matter.

[Signature page follows]

By signing below, the parties agree to the foregoing effective as of the date last executed below.

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

_____ Date: _____
Jacob Williams
General Manager & CEO

ORIGIS ENERGY

_____ Date: _____
Johan Vanhee
Chief Commercial Officer & Chief Procurement Officer

AGENDA ITEM 8 – ACTION ITEMS

b) Approval of City of Williston Power Purchase Agreement

**Executive Committee
September 17, 2020**



EC 8b

City of Williston Power Purchase Agreement

FMIPA Executive Committee
September 8, 2020

Final Agreement Reached on Terms and Conditions

PPA is Very Similar to Other ARP Wholesale Agreements

- Discussions between Staff and Williston's consultants & attorney continued after the August EC meeting.
- Redlined version of the PPA attached (summary on next slide).
- Williston City Council scheduled to approve September 8th.

Summary of Key Revisions Since Last Month

- Allowance for future solar purchases for up to 20% of energy needs.
- Alignment of Change in Law/Taxes/Fees language to be the same as used in the Winter Park PPA.
- Stronger revenue pledge ensuring FMIPA has priority for payment.
 - Williston getting acknowledgment from local bank that two loans that currently have first priority on utility revenues would be subordinate.
- All other changes are for clarification or grammatical purposes.

Recommended Action

- Move approval of the Agreement for Purchase and Sale of Electric Energy and Capacity between the City of Williston and Florida Municipal Power Agency All-Requirements Power Supply Project and authorize the General Manager & CEO to execute the agreement.



Backup Slides

Williston Announces Invitation to Negotiate

Seeking Full-Requirements Power Supply for 5 to 7 Years

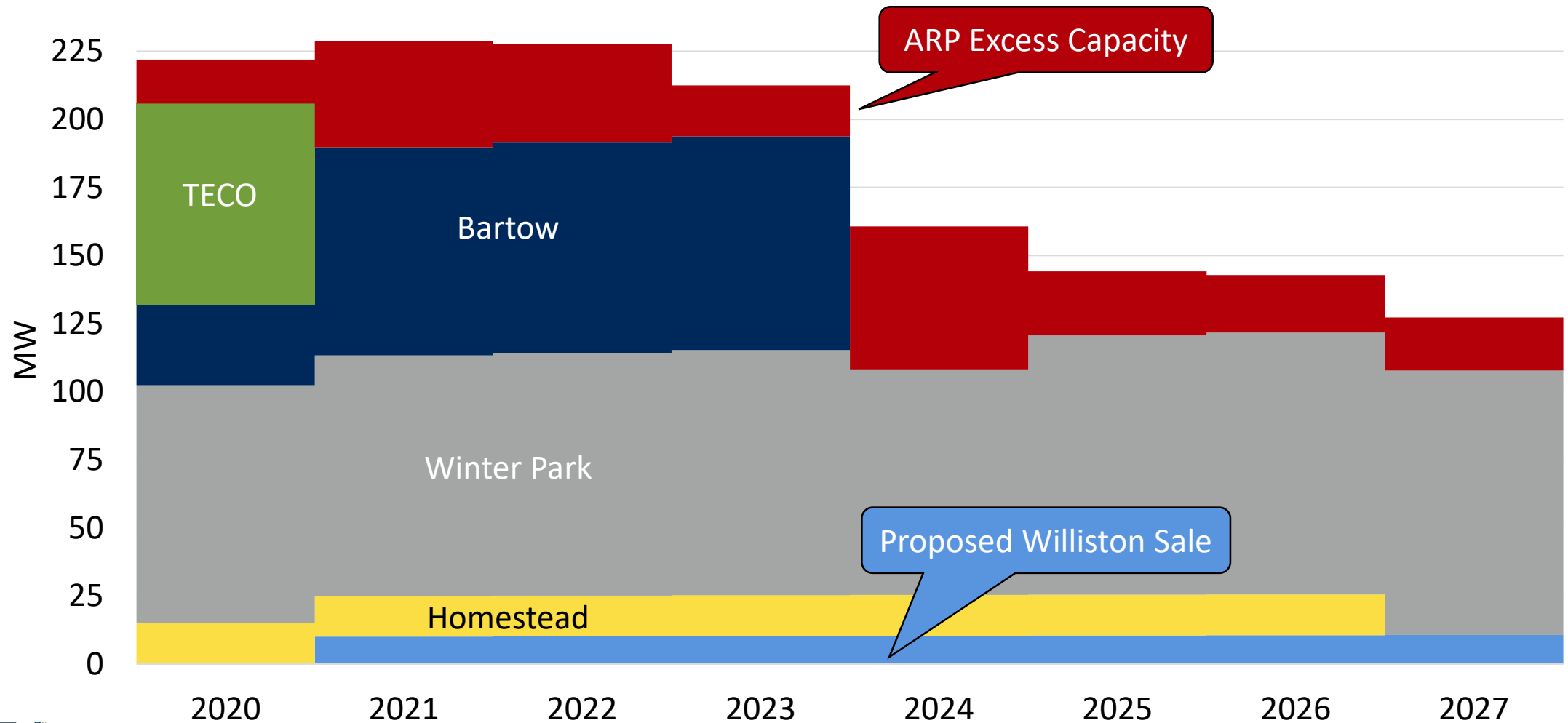
- Williston ranked FMPA #1 out of three bidders
- Williston summer peak demand about 7-8 MW
 - Reduces ARP reserve margin by ~.8%, from 17% to 16.2% on average
- Proposed contract term January 2021 through December 2025
 - Two annual renewal options at Williston's discretion (2026, 2027)
 - Additional annual renewal by mutual agreement (2028)

Wholesale Sales Lower the ARP Rate

- Capacity charges would provide return to ARP fixed costs
 - Approximately \$.04/MWh average ARP rate reduction
 - In line with other sales when accounting for size
- Energy charges would be indexed to natural gas
 - Fixed heat rate
 - Flat variable operations & maintenance charge

Williston Sale is One Piece of the Overall Strategy

Ongoing Efforts to Market Remaining Excess Capacity and Energy



**AGREEMENT FOR THE
PURCHASE AND SALE OF ELECTRIC ENERGY AND CAPACITY
BETWEEN
THE CITY OF WILLISTON
AND
FLORIDA MUNICIPAL POWER AGENCY
(ALL-REQUIREMENTS POWER SUPPLY PROJECT)**

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**AGREEMENT FOR
PURCHASE AND SALE OF ENERGY AND CAPACITY**

This AGREEMENT FOR PURCHASE AND SALE OF ELECTRIC ENERGY AND CAPACITY (this "Agreement") is entered into as of the _____ day of _____, 2020, by and between THE CITY OF WILLISTON, a municipal corporation in the State of Florida, duly constituted under Florida law ("Williston"), and FLORIDA MUNICIPAL POWER AGENCY ~~-(ALL-REQUIREMENTS POWER SUPPLY PROJECT)~~, a governmental legal entity created and existing pursuant to Florida law ("FMPA"). Williston and FMPA are referred to also in this Agreement individually as a "Party," or collectively as the "Parties."

WHEREAS, FMPA was created pursuant to the Florida Interlocal Cooperation Act of 1969, § 163.01, Fla. Stat. (the "Interlocal Act"), and the Joint Power Act, Ch. 361, part II, Fla. Stat. (the "Joint Power Act"), and exercises power and authority granted to it under both or either provision pursuant to its enumerated powers set forth in the Interlocal Agreement Creating the Florida Municipal Power Agency, as amended and supplemented to the date of this Agreement and as may be amended and supplemented afterwards (the "Interlocal Agreement," and collectively with the Interlocal Act and the Joint Power Act, the "Act") to, among other things, provide a means for Florida municipalities and other entities which are members of FMPA to cooperate with each other on a basis of mutual advantage to provide for the present and projected electric energy needs of such municipal corporations and other entities;

WHEREAS, FMPA is authorized and empowered, among other things, (1) to plan, finance, acquire, construct, reconstruct, own, lease, operate, maintain, repair, improve, extend, or otherwise participate jointly in one or more electric projects; (2) to make and execute contracts and other instruments necessary or convenient in the exercise of the powers and functions of FMPA under Florida law; (3) to issue bonds, notes, and other evidences of indebtedness to pay all or part of the costs of acquiring or participating in such electric projects; (4) to exercise all other powers which may be necessary and proper to further the purposes of FMPA which have been or may be granted to FMPA under the laws of the State of Florida; and (5) to market and dispose of its surplus capacity and energy for the economic benefit of the All-Requirements Power Supply Project;

WHEREAS, In order to secure an adequate, reliable, and economical supply of electric capacity and energy to supply, with certain exceptions, all of the needs for electric capacity and energy of the Project Participants contracting with FMPA, FMPA established the "All-Requirements Power Supply Project," which constitutes an "electric project" and a "project" as defined in the Interlocal Act and the Joint Power Act, respectively, and created the system to carry out the All-Requirements Power Supply Project. FMPA has implemented the All-Requirements Power Supply Project by acquiring electric capacity and energy and providing for dispatch, transmission, and other services included or to be included in the system for sale and delivery to Project Participants contracting with FMPA through whatever means it deems advisable, including, without limitation, the purchase of capacity

and energy and dispatching, transmission, and other services, and the ownership or leasing of generation, dispatching, and transmission facilities or any interest therein or output or services from such generation, dispatching, and transmission facilities;

WHEREAS, The actions taken and to be taken by FMPA to implement the All-Requirements Power Supply Project have been authorized by the Interlocal Act, the Joint Power Act and the Interlocal Agreement, which Interlocal Agreement, the All-Requirements Contract, and this Agreement each constitute an "agreement to implement a project" and a "joint power agreement," as such terms are used in the Joint Power Act;

WHEREAS, Williston is seeking wholesale power supplies to serve its customers and to that end has issued an invitation to negotiate for the provision by third parties of such power supplies;

WHEREAS, FMPA wishes to supply Wholesale Electric Service, as defined below, to Williston, and Williston desires to acquire such power supplies from FMPA, on the terms and conditions set forth herein;

WHEREAS, Williston is a member of FMPA, and the capacity and energy that FMPA is selling and delivering to Williston pursuant to the terms of this Agreement is surplus to the needs of the All-Requirements Power Supply Project;

NOW, THEREFORE, for and in consideration of the foregoing, the covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1 DEFINITIONS

Capitalized terms used in this Agreement shall have the meanings set forth in this Article 1 unless the context clearly requires otherwise.

"Ancillary Services" shall mean interconnected operations services identified by the Federal Energy Regulatory Commission or other regulatory bodies or agreements as necessary to effect a transfer of capacity and energy from the Delivery Point(s) to the Metering Point(s).

"Applicable Law" shall have the meaning set forth in Section 18.10.

"Billing Meter" shall have the meaning set forth in Section 6.1.

"Capacity Charge" shall have the meaning set forth in Appendix A.

"Change in Law Costs" shall have the meaning set forth in Section 18.10.

"Charges" shall mean the Capacity Charge, Non-Fuel Energy Charge, and Fuel Energy Charge set forth in Appendix A.

"Claims" shall mean all third party claims or actions, threatened or filed and, whether groundless, false, fraudulent or otherwise, that directly or indirectly relate to the subject matter of an indemnity under this Agreement, and the resulting losses, damages, expenses, third party attorneys'

fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

“DEF” means Duke Energy Florida, LLC.

“DEF Transmission Agreement” means a transmission agreement executed by and between Williston and DEF for the transmission of Wholesale Electric Service from the Delivery Point(s) to the Metering Point(s).

“Delivery Point(s)” shall mean the DEF transmission system.

“Due Date” shall have the meaning set forth in Section 5.1(c).

“Electronic Tag” or “e-Tag” means the electronic software mechanism used to schedule a physical Interchange Transaction and the parties to such transaction.

“Event of Default” shall have the meaning, with respect to FMPA set forth in Section 13.1, and with respect to Williston set forth in Section 13.2, of this Agreement.

“Firm Load” shall mean the load of FMPA’s All-Requirements Power Supply Project participants, and other wholesale customers, to whom FMPA has a contractual obligation to sell and deliver firm wholesale capacity and energy.

“First Renewal Term” shall have the meaning set forth in Section 3.3(a).

“Florida PSC” or “PSC” shall mean the Florida Public Service Commission.

“Initial Term” shall have the meaning set forth in Section 3.3.

“Interchange Transaction” means an agreement to transfer energy from a seller to a buyer that crosses one or more Balancing Authority Area boundaries.

“Interest Rate” shall have the meaning set forth in Section 5.1(c).

“kWh” shall mean kilowatt-hour.

“Letter of Credit” shall mean one or more irrevocable, transferable standby letters of credit issued by a U.S. commercial bank or a foreign bank with a U. S. branch with such bank having a credit rating of at least A- from S&P or A3 from Moody’s, in a form reasonably acceptable to the Party in whose favor the letter of credit is issued, the costs of which shall be borne by the applicant therefor.

“Loss Schedule” shall have the meaning set forth in Section 9.2(b).

“Losses” shall mean transmission line and ~~or~~ transformer losses on the DEF transmission system for Wholesale Electric Service between the Delivery Point(s) and the Metering Point(s), as determined in accordance with DEF’s Open Access Transmission Tariff.

“Metering Point(s)” shall mean the points of interconnection between the DEF transmission system and the low side of the Williston substation transformers.

“Non-Fuel Energy Charge” shall have the meaning set forth in Appendix A.

“OATT” shall mean Open Access Transmission Tariff.

“Party” and “Parties” shall have the meaning set forth in the first paragraph.

“Prudent Utility Practice” shall mean any of the applicable practices, methods and acts (i) required by the rules, regulations, policies and standards of state regulatory authorities having jurisdiction in relation to operations or otherwise required by Applicable Law; or (ii) otherwise engaged in or approved by a significant portion of the electric utility industry during the relevant time period; which in each case in the exercise of reasonable judgment in light of the facts known or that should have been known at the time a decision was made, could have been expected to accomplish the desired result in a manner consistent with law, regulation, safety, environmental protection, economy, and expedition. Prudent Utility Practice is intended to be acceptable practices, methods or acts generally accepted and lawful in the region, and is not intended to be limited to the optimum practices, methods or acts to the exclusion of all others.

“Requesting Party” shall have the meaning set forth in Section 16.2.

“Second Renewal Term” shall have the meaning set forth in Section 3.3(b).

“Solar Purchases” shall have the meaning set forth in Section 2.2.

“Term” shall have the meaning set forth in Article 3.

“Third Renewal Term” shall have the meaning set forth in Section 3.3(c).

“Utility System” shall have the meaning set forth in Section 11.1(a).

“Wholesale Electric Service” shall have the meaning set forth in Section 2.1.

ARTICLE 2 WHOLESALE ELECTRIC SERVICE

Section 2.1 Wholesale Electric Service.

Commencing on the Service Date and during the Term, in accordance with the terms and subject to the conditions hereof, FMPA shall provide and deliver and Williston shall purchase and receive capacity and energy required to serve all of Williston’s retail electric load plus Losses and applicable Ancillary Services, which services shall be referred to cumulatively as “Wholesale Electric Service”.

Section 2.2 Exclusivity of Supply.

(a) During the Term, except as allowed for in and contemplated by Section 2.2(b), Williston shall not purchase or install electric capacity or energy, or energy storage, to serve any of its retail load requirements from any entity other than FMPA without the prior written consent of FMPA unless FMPA fails to furnish capacity or energy to Williston pursuant to the terms of this Agreement, except that this Section 2.2 is not intended, nor is it to be construed, to prohibit the interconnection and net metering of customer-owned renewable generation resources that are located on such

customer's premises (*i.e.*, the load side of the customer meter) and sized primarily to offset part or all of the retail customer's electric requirements with renewable energy.

(b) Williston may, in its sole discretion, purchase up to 20% of its annual energy requirements from solar resources provided by either FMPA or third-party supplier(s) during the Term of this Agreement ("Solar Purchases").

(b)(c) Nothing in this Agreement shall prohibit any Williston customer from owning or operating back-up generating resources on the customer side of the retail meter, provided that the output of such back-up resources is used by the customer to serve their on-site load and is not used to deliver and sell energy to the Williston electric system.

ARTICLE 3 TERM

Section 3.1. Effective Date.

Subject to the conditions precedent outlined in Article 10, this Agreement shall be in force and effect on the date indicated in the introductory paragraph of this Agreement (the "Effective Date").

Section 3.2. Service Date.

The obligations of the Parties in respect to the supply, delivery, purchase and receipt of Wholesale Electric Service shall commence on January 1, 2021 at 12:00 a.m. E.S.T (the "Service Date")

Section 3.3. Term.

This Agreement shall remain in effect through December 31, 2025 at 11:59 p.m. E.S.T. (the "Initial Term"), unless terminated earlier or under the terms of this Agreement. The Term may be extended as follows:

- a) Williston may extend the The Initial Term of this Agreement will automatically extend through December 31, 2026 at 11:59 p.m. E.S.T. by providing the "First Renewal Term") unless Williston provides FMPA written notice no less than twelve months (12) prior to December by March 1, 2025-
- a) Williston may, of its election not to extend the Agreement beyond the Initial Term.
- b) The First Renewal Term of this Agreement will automatically extend through December 31, 2027 at 11:59 p.m. E.S.T. by providing the "Second Renewal Term") unless Williston provides FMPA written notice no less than twelve months (12) prior to December by March 1, 2026 of its election not to extend the Agreement beyond the First Renewal Term.
- c) The Second Renewal Term can may be extended one additional year through December 31, 2028 at 11:59 p.m. E.S.T. (the "Third Renewal Term") upon mutual agreement of the Parties by providing. Williston must provide FMPA written notice no less than twelve months (12) prior of its desire to December 1, 2027 extend the Agreement for the Third Renewal Term by December 31, 2026. Upon such notice, the Parties will commence

discussions of the terms of the Third Renewal Term extension. If the Parties cannot agree upon the terms and condition of the Third Renewal Term extension prior to the expiration of the Second Renewal Term, then this Agreement shall terminate upon the expiration of the Second Renewal Term.

The Initial Term, First Renewal Term, Second Renewal Term, and Third Renewal Term shall be referred to in this Agreement collectively as the "Term."

Termination or expiration of this Agreement shall not affect or excuse the performance of either Party under any provision of this Agreement that by its nature or terms survives any such termination or expiration.

ARTICLE 4 SALE AND PURCHASE

Section 4.1 Sale and Purchase

(a) FMPA shall, at its cost and expense, sell and deliver Wholesale Electric Service to the Delivery Point(s) and Williston shall purchase and receive Wholesale Electric Service at the Delivery Point(s) during the Term. The Charges for such sale and purchase shall be as set forth in Section 5.1.

(b) FMPA is responsible for delivering Wholesale Electric Service to the Delivery Point(s).

(c) The Wholesale Electric Capacity and Wholesale Electric Energy sold and delivered by FMPA to Williston hereunder shall be three phase, 60 hertz alternating current having a nominal voltage as specified by and otherwise in accordance with interconnection protocols.

(d) Williston acknowledges and agrees that FMPA, or its agent(s), shall have the absolute authority, which FMPA or its agent(s) may exercise in their sole discretion, to manage, control, operate and maintain the electricity resources used to supply Wholesale Electric Service to Williston under this Agreement. FMPA may serve Williston with energy from any resource(s) available to it without limitation.

(e) The sale of Wholesale Electric Service by FMPA under this Agreement does not constitute either: (1) a sale, lease, transfer, or conveyance of an ownership interest or contractual right in or to any specific generation facility or resource(s); or (2) a dedication of ownership or an entitlement to the capacity or output of any specific generation facility or resource.

(f) Williston shall reasonably cooperate with FMPA in connection with FMPA's effort to obtain historical and anticipated demand and energy data for Williston during the Term of this Agreement. Williston shall notify FMPA promptly upon becoming aware of any material change in Williston's service territory or after receipt of a written request for service from any large commercial or residential development that has a planned demand of 1 MW or greater of capacity that is reasonably expected to be completed before the end of the Term or require electric service that will materially impact Williston's electricity needs.

(g) Williston shall, at its own expense, comply with the DEF Transmission Agreement and DEF OATT which may include, without limitation, applicable power factor requirements and underfrequency load shedding requirements.

ARTICLE 5 PRICE AND BILLING

Section 5.1 Billing and Payment.

(a) On or before the 10th day following the last day of each month during the Term, FMPA shall provide to Williston an invoice showing the total amount due to FMPA for the preceding month, which invoice shall itemize (1) the monthly Capacity Charge; (2) the monthly Non-Fuel Energy Charge; (3) the monthly Fuel Charge; and (4) any other payment amounts for which Williston is responsible under this Agreement for the previous month. FMPA shall provide monthly invoices to Williston electronically via email.

(b) In addition to the payments set forth in Section 5.1(a) (Billing and Payment), each FMPA invoice shall include the following adjustments, as applicable:

(1) any billing corrections or adjustments, including charges or credits, or both, identified by either of the parties subsequent to the last invoice, which are not subject to interest;

(2) any billing corrections, including charges or credits, that the parties have mutually agreed upon or otherwise resolved in accordance with Section 5.4 (Billing Adjustments) subsequent to the last invoice, which are subject to interest in accordance with Section 5.4 (Billing Adjustments); and

(3) any delinquent amounts, which are subject to interest in accordance with Section 5.1(c) (Billing and Payment).

(c) Each monthly payment by Williston shall be due and payable on or before the 25th day of the month for each invoice transmitted to Williston (the "Due Date"). Williston shall make payment to FMPA in accordance with Section 5.2 (ACH Deposit). If payment in full has not been received by FMPA on or before the Due Date, then Williston shall pay interest on the amount of Williston's monthly invoice not paid, in whole or in part, by the Due Date, from the Due Date until such amount is paid in full, together with all accrued interest. Such interest shall be compounded daily at the prime interest rate plus 2.0% as published in the Wall Street Journal (the "Interest Rate").

Section 5.2 ACH Deposit.

Payment shall be made by the transfer of funds from Williston's bank account, using an ACH Push or domestic Wire Transfer. No other payment methods are accepted, including cash, mailed check, or electronic check.

ACH/ETF:

Bank Name:	Wells Fargo Bank, N.A.
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Routing Number:	121000248
Account Number:	4943550913

Wire Transfers

Bank Name:	Wells Fargo Bank, N.A.
Routing Number:	121000248
Account Number:	4943550913
Account Name:	FMPA All Requirements O&M

Section 5.3 Disputed Bills Must be Paid.

(a) If, after receiving an invoice (or any other statement or bill pursuant to this Agreement), Williston reasonably questions or disputes the amount or propriety of any payment or amount claimed by FMPA to be due pursuant to this Agreement, Williston shall provide FMPA with written notice of such disputed invoice amount. FMPA and Williston shall cooperate in good faith to resolve any question or dispute prior to the Due Date. However, notwithstanding the notice of a disputed invoice amount, Williston shall make all payments in full in accordance with all invoices issued by FMPA. Adjustments with interest shall subsequently be made, if appropriate, as set forth in Section 5.4 (Billing Adjustments).

Section 5.4 Billing Adjustments.

(a) Williston shall have twelve (12) months after the receipt of any invoice (or any other statement or bill made pursuant to this Agreement) to question or contest the amount or propriety of any charge or credit, or both, on such invoice, statement, or bill. In the event that Williston questions or disputes any such charge or credit, or both, FMPA shall, within 60 days of its receipt of any such question or dispute, review the subject charge or credit and notify Williston of the findings of its review. Any error in the amounts reflected on such disputed invoice, statement, or bill and the amount of any adjusted payment that either party is required to make as a result of such re-determination will be identified by FMPA in writing.

(b) If, within twelve (12) months of issuance, FMPA discovers an error in any invoice issued pursuant to this Agreement, FMPA shall have the right to correct such invoice. Any invoice correction shall be in writing and shall state the specific basis for the correction. An invoice correction shall constitute a new invoice for all purposes of this Agreement.

(c) Not later than the 15th day after receipt by Williston of written notification from FMPA of a billing adjustment pursuant to this Section 5.4 (Billing Adjustments), the party required to make such payments, if any, shall make payment to the other party in immediately available funds. If a billing adjustment made pursuant to this Section 5.4 (Billing Adjustments) results in a payment by FMPA to Williston, such amount shall include interest, compounded daily, at the Interest Rate from the date payment was received by FMPA until the date such payment together with all added interest is paid.

Section 5.5 Availability of Records.

Until the end of twelve (12) months after the receipt of any invoice, each party shall, at its own expense with respect to any invoice submitted or payment requested under this Agreement for Wholesale Electric Service provided to Williston, make available to the other party and each party may audit, such books and records of the other party (or other relevant information to which such party has access) as are reasonably necessary to calculate and determine the accuracy of amounts shown on such invoice to verify the appropriateness of the invoiced amounts. Upon written request and reasonable notice, each party shall make available to the other party copies of or access to such books and records during normal business hours, at such requesting party's sole expense for purposes of conducting such an audit. In the event either party determines that an invoice was not accurate or appropriate, it shall notify the other party in writing of the alleged discrepancy and, in its opinion, the necessary correction. Within 15 days following receipt of such notice, the party receiving such notice shall make such payments or take such other actions as are necessary to correct or dispute the alleged discrepancy.

Section 5.6 — Taxes, Fees and Levies, Sales for Resale.

~~(a) — FMPA shall be obligated to pay all present and future applicable taxes, fees and levies that may be assessed upon FMPA by any governmental authority not controlling or controlled by FMPA on the sale to Williston of Wholesale Electric Service or any component thereof. FMPA shall promptly notify Williston of the commencement of any legislative, regulatory, administrative or other governmental action, of which it becomes aware, imposing such taxes, fees and/or levies upon the sale of Wholesale Electric Service. Each such tax, fee and levy shall be identified in a separate line item on the monthly invoice from FMPA to Williston for Wholesale Electric Service. Williston shall reimburse FMPA for the increase in any such taxes, fees and levies paid by FMPA as a result of providing Wholesale Electric Service to Williston under this Agreement.~~

~~(b) — All Wholesale Electric Service delivered by FMPA to Williston hereunder shall be sales for resale by Williston. Williston shall not use the electric capacity and energy purchased under this Agreement to make wholesale sales or to serve wholesale customers of any type. Williston shall obtain and provide FMPA with any certificates reasonably requested by FMPA to evidence that the deliveries hereunder are sales for resale.~~

ARTICLE 6
SERVICE FACILITIES AND METERING

Section 6.1 Metering Points

The Wholesale Electric Service and (if applicable) Ancillary Services shall be measured by primary and back-up metering equipment at or adjacent to the Metering Point(s) ("Billing Meters"), which metering equipment shall constitute the basis of measuring demand and energy and the computation of bills for demand charges and energy consumption charges. Williston has arranged for Billing Meters to be installed by DEF pursuant to the terms of the DEF Transmission Agreement. In the event that DEF removes such meters, Williston shall, at its sole expense, furnish and install the Billing Meters, or arrange for them to be furnished and installed.

Section 6.2 Witness Rights

The Parties intend, subject to the extent of their rights under agreements with third-party meter owners, that each Party shall have the right in the presence of a representative of the Billing Meter owner and the other Party, to read and check the Billing Meters and associated metering equipment, for any reason, including when there is any dispute or disagreement as to the correctness of the readings or the accuracy of the Billing Meters or metering equipment. In the event of such dispute or disagreement, the Parties shall, subject to the applicable rights and obligations of Williston under the DEF Transmission Agreement, within five (5) business days of notice of such dispute, retain a mutually agreeable independent inspector to test the Billing Meters and metering equipment per industry standards. The fees, costs and expenses of such test and inspection shall be borne equally by the Parties. The determination of the independent inspector as to the correctness of the reading of the Billing Meter and adjustments, if any, that are required to be made thereto, shall be rendered within thirty (30) days of referral of the dispute or disagreement, shall be in writing and shall be accepted by the Parties as final. The Parties agree that the Billing Meters and metering equipment will be considered accurate for purposes of billing and invoicing hereunder provided calibration is within the meter accuracy threshold set forth in the DEF Transmission Agreement as of the date of this Agreement, or as the DEF Transmission Agreement may be amended from time to time, fast or slow, of accuracy. Should any meter be beyond this range of accuracy, an adjustment shall be made pursuant to Section 6.6

Section 6.3 Ownership and Maintenance of Meters

Billing Meters owned by Williston shall be maintained in accordance with Prudent Utility Practice and the terms of the DEF Transmission Agreement, which may be amended from time to time. Williston will use reasonable commercial efforts under the DEF Transmission Agreement to cause Billing Meters owned by DEF to be maintained in accordance with Prudent Utility Practice and the terms of such agreement.

Section 6.4 Meter Testing

Billing Meters used to measure the delivery of the Wholesale Electric Service hereunder will be tested and maintained in accordance with the applicable terms and conditions of the DEF Transmission Agreement. Williston shall, to the extent of its rights under the DEF Transmission Agreement, extend to FMPA the rights of Williston to observe meter testing and inspection.

Section 6.5 Check Meters

If no DEF meters are available for use as back-up Billing Meters, Williston shall have the right to install at its own expense, check metering devices (“Williston’s Check Metering”) which installation shall be reasonably acceptable to FMPA and shall be maintained consistent with Prudent Utility Practice. FMPA, at its own expense, shall have the right to inspect and test Williston’s Check Metering upon installation and at least annually thereafter. FMPA shall provide Williston with reasonable advance notice of, and permit a representative of Williston to witness and verify, such inspections and tests, provided that Williston shall not unreasonably interfere with or disrupt the

inspection and testing activities of FMPA and FMPA shall comply with all of Williston's safety standards.

Section 6.6 Accuracy of Meters; Billing Adjustments

If a Billing Meter fails to register, or if the measurement made by a Billing Meter is found upon testing to be inaccurate by more than the meter accuracy threshold set forth in the DEF Transmission Agreement, as the DEF Transmission Agreement may be amended from time to time, an adjustment shall be made correcting all measurements by the inaccurate or defective Billing Meter, for both the amount of the inaccuracy and the period of the inaccuracy, in the following manner:

(a) In the event that the primary Billing Meter is found to be defective or inaccurate, the Parties shall use the back-up Billing Meter or Williston's Check Metering, if installed, to determine the amount of such inaccuracy, provided that Williston's Check Metering has been tested and maintained in accordance with the provisions of Section 6.4. In the event that the Billing Meter, the back-up Billing Meter and the Williston Check Meters fail, the Parties shall estimate the amount of the necessary adjustment during periods of similar operating conditions when the Billing Meter was registering accurately. The adjustment shall be made for the period during which inaccurate measurements were made.

(b) In the event that the Parties cannot agree on the actual period during which the inaccurate measurements were made, the period during which the measurements are to be adjusted shall be the shorter of (i) the last one-half of the period from the last previous test of the Billing Meter to the test that found the Billing Meter to be defective or inaccurate, or (ii) the ninety (90) days immediately preceding the test that found the Billing Meter to be defective or inaccurate.

(c) To the extent that the adjustment period covers a period of deliveries for which billings have already been made by FMPA, FMPA shall use the corrected measurements as determined in accordance with this Article 6 to compute the adjustment necessary for the period of the inaccuracy and shall adjust billing for this period from such recomputed amount in the next monthly bill after the error is identified, and to the extent that FMPA has overbilled Williston for the Wholesale Electric Service hereunder, accrued interest on the amount of any overpayments by Williston shall be computed at the Interest Rate from the date FMPA received such overpayment by Williston until refunded or (if requested by Williston, credited) against future payment.

Section 6.7 Data Acquisition Equipment.

(a) Real time data acquisition equipment required for FMPA to provide service to Williston pursuant to the terms and conditions of this Agreement shall be determined by DEF and FMPA, in their sole discretion, as deemed reasonably necessary for reliability, security, economics, and necessary or desirable monitoring of system operations. Telemetry and data requirements include real and reactive loads at the Metering Point(s). Williston shall be responsible for all costs of any additional equipment and communications circuits deemed necessary.

(b) All data acquisition equipment, wires, and other electrical equipment or systems furnished or installed by DEF or Williston pursuant to this Agreement will remain the property of DEF

or Williston, respectively. Williston agrees that FMPA shall have no liability whatsoever for data acquisition equipment, wires, and other electrical equipment or systems owned by Williston or DEF.

ARTICLE 7 CONTINUITY OF SERVICE

Section 7.1. Interruptions.

FMPA shall supply and deliver Wholesale Electric Service hereunder to the Delivery Point(s) on a firm basis equal to FMPA's Firm Load. FMPA shall not be responsible for any failure to deliver Wholesale Electric Service due to (a) transmission system operations beyond the Delivery Point(s) or (b) interruptions of transmission service necessary to deliver Wholesale Electric Service to Williston if initiated by the Florida Reliability Coordinating Council security coordinator. FMPA disclaims any liability for third-party claims arising out of any failure to supply Wholesale Electric Service hereunder, or for interruption, reversal or abnormal voltage of the supply.

Section 7.2. Capacity Shortfalls.

During the Term, in the event of a capacity shortfall that requires load interruption, FMPA shall take such action as set forth in Section 9.4(b) showing no adverse distinction between Williston and FMPA Firm Load.

Section 7.3. Shortfall Notification.

FMPA will promptly inform Williston as soon as possible under the circumstances upon becoming aware of any event, occurrence or circumstance that will result in load shedding or otherwise cause a material reduction or an interruption or suspension of delivery of the Wholesale Electric Service to Williston.

ARTICLE 8 DELIVERY VOLTAGE

Section 8.1 Delivery Voltage

The delivery voltage at each Delivery Point(s) shall be as agreed between DEF and FMPA. FMPA and Williston shall maintain close coordination with respect to future delivery points in the interests of system reliability. Each party shall endeavor, to the extent practicable, to keep the other party advised of significant developments related to their respective power supply facilities.

ARTICLE 9 DELIVERY, LOSSES, AND SCHEDULING

Section 9.1. Delivery.

Wholesale Electric Service shall be delivered by FMPA to Williston at the Delivery Point(s). Title to and risk of loss related to the Wholesale Electric Service shall transfer from FMPA to Williston at the Delivery Point(s) free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person arising prior to the Delivery Point(s). FMPA shall not incur any expense or risk beyond the Delivery Point(s) and Williston shall not incur any expenses or risk up to and at the Delivery Point(s). Williston shall be responsible for all costs associated with delivery of Wholesale Electric Service from the Delivery Point(s) to Williston's electric distribution system, which costs may include, without limitation, transmission studies, upgrades to the DEF transmission system, or any other costs pursuant to the DEF OATT.

Section 9.2. Losses.

a) Losses for Wholesale Electric Service between the Delivery Point(s) and the Metering Point(s) for Williston's electric distribution system shall be determined in accordance with DEF's approved transmission tariff. FMPA will provide capacity and energy for Losses on the DEF transmission system associated with the delivery of the Wholesale Electric Service between the Delivery Point(s) and the Metering Points on the Williston system, as further detailed in Appendix A.

(b) Losses will be paid back to DEF in-kind via an interchange schedule, and such schedule will be subject to energy imbalance service provided to Williston (Schedule 4) under the DEF OATT.

Section 9.3 Scheduling.

FMPA, or its agent, will schedule the Wholesale Electric Service for delivery to the Metering Point(s) every hour during the Term using an Electronic Tag, and such schedule will be subject to energy imbalance service provided to Williston (Schedule 4) under the DEF OATT.

Section 9.4 Constancy of Service; Load Shedding; BA Operator Instructions.

(a) FMPA shall provide Wholesale Electric Service with a priority and firmness equal to FMPA Firm Load.

(b) Notwithstanding any other provision of this Agreement, during the Term, in the event that FMPA, or one of its agents, determines in its sole discretion that it is necessary or appropriate for FMPA or the FMPA's control area to shed, interrupt, or curtail Firm Load due to an emergency situation (including for reason that adequate resources are not available), and FMPA or the control area operator does shed, interrupt or curtail such loads, then Williston's similar firm loads or interruptible/curtailable loads shall share, on a pro rata basis among Williston and FMPA's Firm Load, in such interruption, curtailment or load shedding. Thereafter, Williston may restore service to such shed, interrupted or curtailed loads consistent with the restoration of service to FMPA's and the control area similar firm or interruptible/curtailable loads. For actions taken pursuant to this Section 9.4(b), neither FMPA, nor its agents shall be in breach of this Agreement by reason of, and shall have no liability whatsoever to Williston, and FMPA hereby expressly disclaims all third party liability for, any failure to make capacity available under this Agreement, or for any failure to deliver or any

interruption in the delivery of energy under this Agreement or for any deficiency in the quality of service under this Agreement unless such failure is the sole result of the gross negligence or willful misconduct of FMPA.

(c) Williston shall follow Balancing Authority operator instructions regarding load shedding. If Williston does not follow the instructions of the system operations agent, and Williston's inaction results in FMPA having to purchase emergency or other energy, or results in any imbalance, unreserved use or other penalties to either FMPA or Williston, or any other penalties or costs, FMPA shall not be responsible for any such costs incurred by FMPA or Williston, or both. Such costs invoiced to and paid by FMPA, if any, will be incorporated into a subsequent monthly invoice as needed to reimburse FMPA for any such costs invoiced to and paid by FMPA.

Section 9.5 Balancing Authority Area

During the Term, unless otherwise agreed to by the Parties, Williston's electric load shall remain in the DEF Balancing Authority Area.

Section 9.6 Ancillary Services

Williston shall secure and be liable for transmission service on DEF's transmission system, and any required Ancillary Services (at a minimum Schedule 1 (Scheduling, System Control & Dispatch Service), Schedule 2 (Reactive Supply and Voltage Control Service), and Schedule 4 (Imbalance Service), necessary to accept the Wholesale Electric Service.

ARTICLE 10 CONDITIONS PRECEDENT

Section 10.1. Conditions to Obligations of Williston.

The obligations of Williston under this Agreement to purchase and receive Wholesale Electric Service shall commence on the Service Date, and such obligations are subject to the fulfillment and satisfaction of each of the following conditions on or before December 31, 2020, any one of more of which may be waived only in writing, in whole or in part, by Williston:

(a) **Representations, Warranties and Covenants True at the Effective Date.**

(i) All representations and warranties of FMPA contained in this Agreement shall be true and correct in all material respects as of the date when made and at and as of the Effective Date as though such representations and warranties had been made or given on such date (except to the extent such representations and warranties specifically pertain to an earlier date), except (A) for changes contemplated by this Agreement and (B) where the failure to be true and correct will not have a material adverse effect on Williston's rights, remedies or benefits under this Agreement; and (ii) FMPA shall have performed and complied with, in all material respects, its obligations that are to be performed or complied with by it hereunder prior to or on the Effective Date.

(b) **No Material Adverse Change.** No change in the business, properties, assets, generating resources, transmission system, financial condition, results of operations or prospects of FMPA shall

have occurred and be continuing or with the passage of time, the giving of notice or both, shall be reasonably likely to occur which have a material adverse effect on FMPA's ability to perform its obligations under this Agreement.

(c) Absence of Litigation. No claims, actions, suits, investigations, grievances, arbitrations or proceedings shall be pending or threatened against Williston or FMPA with respect to the transactions contemplated hereunder or the adverse outcome of which would have a material adverse effect on the ability of Williston or FMPA to perform its respective obligations under this Agreement.

(d) Required Approvals. This Agreement shall have been approved by the FMPA Executive Committee and the Williston City Council.

(e) PSC Regulation. No new law shall be pending or passed which would cause FMPA to become regulated by the Florida PSC by virtue of its service duties under this Agreement or increase the cost to FMPA of providing Wholesale Electric Service to Williston.

(f) Transmission Service. Williston has obtained transmission service from DEF necessary to deliver Wholesale Electric Service from the Delivery Point(s) to Williston's electric system.

(g) Each Party shall notify the other Party promptly if any information comes to its attention prior to the Effective Date or prior to the Service Date, as applicable that it believes will potentially excuse such Party from the performance of its obligations under this Agreement or might reasonably cause any condition set forth in this Article 10 not to be satisfied on or prior to the Service Date.

Section 10.2. Conditions to Obligations of FMPA.

The obligations of FMPA under this Agreement to sell and deliver Wholesale Electric Service shall commence on the Service Date, and such obligations are subject to the fulfillment and satisfactions, on or before the dates indicated, of each of the following conditions, any one or more of which may be waived only in writing, in whole or in part, by FMPA:

(a) Representations, Warranties and Covenants True at the Effective Date. (i) All representations and warranties of Williston contained in this Agreement shall be true and correct in all material respects when made and at and as of the Effective Date and at and as of the Service Date as though such representations and warranties had been made or given on such date (except to the extent such representations and warranties specifically pertain to an earlier date), except (A) for changes contemplated by this Agreement and (B) where the failure to be true and correct will not have a material adverse effect on FMPA's rights, remedies or benefits under this Agreement; and (ii) Williston shall have performed and complied with, in all material respects, its obligations that are to be performed or complied with by it hereunder prior to or on the Effective Date.

(b) Required Approvals. This Agreement shall have been approved by the FMPA Executive Committee and the Williston City Council.

(c) No Material Adverse Change. No material adverse change in Williston's electric facilities, electric business, financial condition, results of operations or prospects of Williston shall

have occurred and be continuing, or with the passage of time, the giving of notice or both, shall be reasonably likely to occur as of the Service Date.

(d) Absence of Litigation/Legislative Action. No claims, actions, suits, grievances, investigations, arbitrations or proceedings shall be pending or threatened against Williston or FMPA with respect to this Agreement which might have a material adverse effect on the ability of Williston or FMPA to perform its respective obligations under this Agreement.

(e) PSC Regulation. No new law shall be pending or passed which would cause FMPA to become regulated by the Florida PSC by virtue of its service duties under this Agreement or increase the cost to FMPA of providing Wholesale Electric Service to Williston.

(f) Transmission Service. Williston has obtained transmission service from DEF necessary to deliver Wholesale Electric Service from the Delivery Point(s) to Williston's electric system.

(g) Documentation. Williston has provided FMPA with sufficient documentation for the determination of its payment obligation priorities to ensure that costs incurred pursuant to this Agreement are not secondary to costs other than those associated with the operation and maintenance of its electric system.

(h) Each Party shall notify the other Party promptly if any information comes to its attention prior to the Effective Date or prior to the Service Date, as applicable that it believes will potentially excuse such Party from the performance of its obligations under this Agreement or might reasonably cause any condition set forth in this Article 10 not to be satisfied on or prior to the Service Date.

ARTICLE 11 REPRESENTATIONS AND WARRANTIES

Section 11.1. General Representation and Warranties.

Williston hereby represents and warrants to FMPA that:

(a) Williston's payment obligations under this Agreement are costs designated as an operation and maintenance expense of its electric system. During the Term of this Agreement, Williston shall ensure sufficient funds will be allocated to the meet all payment obligations of its electric utility system, or integrated utility system if electric revenues are integrated with the revenues of other utilities (collectively, the "Utility System"), including obligations under this Agreement, which shall include, without limitation, establishing, levying, and collecting sufficient rates and other charges on its retail electric customers. Williston hereby pledges that all revenues of its Utility System are encumbered and assigned to meet its payment obligations under this Agreement. Williston shall not otherwise pledge, assign, or encumber its Utility System revenues in any manner that places any other debt or obligations in a senior position to the revenue pledge under this Agreement without the prior written consent of FMPA, except that FMPA hereby acknowledges, as of the date hereof, that Williston has two subordinated pledges of Utility System revenues to Drummond Community Bank,

evidenced by promissory notes dated January 20, 2016, in the principal amount of \$150,000, and May 8, 2018, in the principal amount of \$3,000,000.

Each Party hereby represents and warrants to the other that:

(a) It is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and is duly qualified to do business in all jurisdictions where such qualification is required.

~~(b) Williston's payment obligations under this Agreement are costs designated as an operation and maintenance expense of its electric system during the Term of this Agreement, ensuring sufficient funds will be allocated to the meet all payment obligations resulting from the purchase of capacity and energy from FMPA.~~

~~(b)~~ It has or will have prior to the Effective Date full power and authority to enter this Agreement and perform its obligations hereunder. The execution, delivery and performance of the Agreement have been duly authorized by all necessary municipal and other action and do not and will not contravene its organization documents or conflict with, result in a breach of, or entitle any party (with due notice or lapse of time or both) to terminate, accelerate or declare a default under, any agreement or instrument to which it is a party or by which it is bound.

~~(c)~~ The execution, delivery and performance by it of this Agreement will not result in any violation by it of any law, rule or regulation applicable to it. It is not a party to, nor subject to or bound by, any judgment, injunction or decree of any court or other governmental entity which may restrict or interfere with the performance of this Agreement by it or may materially and adversely affect the business, property, financial condition, results of operations or prospects of such Party.

~~(d)~~ This Agreement is a valid and binding obligation, enforceable against it in accordance with its terms, except as (i) such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) the remedy of specific performance and injunctive relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

~~(e)~~ Except for approvals by the FMPA Executive Committee and the Williston City Council, no consent, waiver, order, approval, authorization or order of, or registration, qualification of filing with, any court or other governmental agency or authority or other person is required for the execution, delivery and performance by such Party of this Agreement and the consummation by such Party of the transactions contemplated hereby. No consent or waiver of any party to any contract to which such Party is a party or by which it is bound is required for the execution, delivery and performance such Party of this Agreement that has not been or will by the Effective Date have been duly obtained.

~~(f)~~ There is no action, suit, grievance, arbitration or proceeding pending or, to the knowledge of such Party, threatened against or affecting such Party at law or in equity, before any federal, state, municipal or other governmental court, department, commission, board, arbitrator,

bureau, agency or instrumentality which prohibits or impairs its ability to execute and deliver this Agreement or to consummate any of the transactions contemplated hereby. Such Party has not received written notice of and otherwise is not aware of any such pending or threatened investigation, inquiry or review by any governmental entity.

Section 11.2. Disclaimers.

EXCEPT AS EXPRESSLY SET FORTH HEREIN, EACH PARTY EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATIONS OR WARRANTIES WITH RESPECT TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE PROVISION OR RECEIPT OF WHOLESALE ELECTRIC SERVICE HEREUNDER, ALL OF WHICH ARE HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED.

**ARTICLE 12
RESERVED**

**ARTICLE 13
EVENTS OF DEFAULT**

Section 13.1. Events of Default by FMPA.

Any one or more of the following shall constitute an "Event of Default" hereunder with respect to FMPA:

- (a) FMPA shall fail to pay any amounts to be paid by FMPA hereunder to Williston and such failure shall continue for a period of more than ten (10) days after notice by Williston.
- (b) A default shall occur in the performance of any other material covenant or condition to be performed by FMPA hereunder (other than a default specified in Section 13.1(a), which shall be subject the ten (10) day cure period specified therein) and such default shall continue unremedied for a period of thirty (30) days after notice from Williston specifying the nature of such default; provided, however, that if such default (other than the failure to make payments when due) cannot reasonably be remedied by FMPA within thirty (30) days, subject to commencement of action to remedy the default within such thirty (30) day period, FMPA shall have up to an additional ninety (90) days to remedy the default.
- (c) A custodian, receiver, liquidator or trustee of FMPA or of all or substantially all of the property of either, is appointed or takes possession and such appointment or possession remains uncontested or in effect for more than sixty (60) days; or FMPA makes an assignment for the benefit of its creditors or admits in writing its inability to pay its debts as they mature; or FMPA is adjudicated bankrupt or insolvent; or an order for relief is entered under the Federal Bankruptcy Code against FMPA; or all or substantially all of the material property of either is sequestered by court order and

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the order remains in effect for more than sixty (60) days; or a petition is filed against FMPA under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or subsequently in effect, and is not stayed or dismissed within sixty (60) days after filing.

(d) FMPA files a petition in voluntary bankruptcy or seeks relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or subsequently in effect; or consents to the filing of any petition against it under any such law; or consents to the appointment of or taking possession by a custodian, receiver, trustee or liquidator of FMPA or all or substantially all of the property of either.

Section 13.2. Events of Default by Williston.

Any one or more of the following shall constitute an “Event of Default” hereunder with respect to Williston:

(a) Williston shall fail to pay any amounts to be paid by Williston hereunder to FMPA and such failure shall continue for a period of more than ten (10) days after notice by FMPA.

(b) Default shall occur in the performance of any material covenant or condition to be performed by Williston hereunder (other than a default specified in Section 13.2(a), which shall be subject to the ten (10) day cure period specified therein) and such default shall continue unremedied for a period of thirty (30) days after notice from FMPA specifying the nature of such default; provided, however, that if such default cannot reasonably be remedied by Williston within thirty (30) days, subject to commencement of action to remedy the default within such thirty (30) day period, Williston shall have up to additional ninety (90) days to remedy the default.

Section 13.3. Remedies.

The Parties shall have the following remedies available to them with respect to the occurrence of an Event of Default with respect to the other Party hereunder:

(a) Upon the occurrence of an Event of Default by either Party hereunder, the non-defaulting Party shall have the right to (i) invoice and collect all amounts then due to it from the defaulting Party hereunder (subject to any applicable limitation of liability or cap on damages), and (ii) terminate this Agreement at any time during the continuation of such Event of Default upon written notice to the defaulting Party. Notwithstanding any other provision of this Agreement, after the occurrence of an Event of Default and for so long as the Event of Default is continuing and has not been cured, the non-defaulting Party shall have the right, upon written notice to the defaulting Party, to suspend all performance under this Agreement until such Event of Default has been cured. In addition, if FMPA is the defaulting Party, then Williston shall have the right in addition to its other rights and remedies, but not the obligations, during the continuation of such default and prior to any termination of this Agreement, to purchase energy and capacity, in a commercially reasonable manner considering the circumstances of such default, from third parties and have such delivered to the Delivery Point(s) in quantities sufficient to cover any shortfall in Wholesale Electric Service resulting from such default, and FMPA shall reimburse Williston for all costs, including both out-of-pocket and internal costs, incurred by Williston related to such third-party purchase in excess of the cost that

Williston would otherwise have incurred for Wholesale Electric Service hereunder. The foregoing sentence shall not prevent Williston from seeking and recovering monetary damages against FMPA in the event Williston terminates this Agreement due to FMPA's breach of this Agreement, including without limitation, similar damages as specified above. If Williston is the defaulting Party and, by reason of Williston's default, FMPA is not receiving all or a portion of the payments in accordance with the terms hereof, then FMPA shall have the right, but not the obligation, during the continuation of such default and prior to any termination of this Agreement to discontinue Wholesale Electric Service to Williston upon five (5) days prior notice of such intent.

(b) In addition to the remedies set forth in Section 13.3(a), either Party may pursue against the other Party any legal rights and remedies made available under Florida Law.

ARTICLE 14 LIMITATION OF LIABILITY

Section 14.1. No Consequential Damages.

NOTWITHSTANDING ANYTHING IN THE AGREEMENT TO THE CONTRARY, NO PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER INDEMNITY PROVISIONS OR OTHERWISE, INCLUDING WITHOUT LIMITATION, LOST PROFITS, LOST REVENUES, COST OF CAPITAL; LOSS OF USE, LOSS OF GOODWILL, REPLACEMENT POWER OR CLAIMS OF CUSTOMERS, UNLESS SUCH DAMAGES ARE A COMPONENT OR ELEMENT OF A CLAIM THAT IS SUBJECT TO INDEMNIFICATION HEREUNDER AND COVERED UNDER A PRIMARY POLICY OF LIABILITY INSURANCE, IF ANY ISSUED BY A THIRD PARTY SURETY.

ARTICLE 15 INDEMNIFICATION

Section 15.1. Indemnification by FMPA.

To the extent permitted by Florida law and subject to the limitations set out in Article 14, and subject to and as limited by the waiver of sovereign immunity recovery limits provided for in section 768.28(5), Florida Statutes regardless of the type or basis of the claim, FMPA shall indemnify, defend and hold harmless Williston and its respective officials, officers, directors, agents, representatives and employees from and against any and all loss, costs, expense, claims, demands, liabilities (including reasonable attorneys' fees), judgments, fines, settlements and other amounts arising from any and all Claims relating to or arising out of:

- (a) any willful misconduct or illegal acts of FMPA;

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(b) any damages awarded against Williston in a Claim by a third party to the extent arising from the negligence acts or omissions of FMPA or any of its agents or employees in exercising its rights or performing its obligations hereunder after the Effective Date.

Section 15.2. Indemnification by Williston.

To the extent permitted by Florida law and subject to the limitations set out in Article 14, and subject to and as limited by the waiver of sovereign immunity recovery limits provided for in section 768.28(5), Florida Statutes regardless of the type or basis of the claim, Williston shall indemnify, defend and hold harmless FMPA, its officers, directors, agents, employees and Affiliates from and against any and all loss, costs, expense, claims, demands, liabilities (including reasonable attorneys' fees), judgments, fines, settlements and other amounts arising from any and all Claims relating to or arising out of:

(a) any willful misconduct or illegal acts of Williston;

(b) any damages awarded against FMPA in a Claim by a third party to the extent arising from the negligent acts or omissions of Williston or any of its agents or employees in exercising its rights or performing its obligations hereunder after the Effective Date.

**ARTICLE 16
DISPUTE RESOLUTION**

Section 16.1. Resolution by Officers of the Parties.

Except as otherwise expressly, specifically set forth herein, in the event of any dispute between the Parties as to a matter referred to herein or as to the interpretation of any part of this Agreement, including this Section 16.1 or as to the determination of any rights or obligations or entitlements arising from or related to this Agreement or as to the calculation of any amounts payable under this Agreement, the Parties shall refer the matter to their respective duly authorized representatives, for resolution. Should such representatives of the respective Parties fail to resolve the dispute within twenty (20) days from such referral, the Parties agree that any such dispute shall be first referred to non-binding mediation in accordance with Section 16.2. Should mediation be unsuccessful within the time specified in Section 16.2, the Parties may pursue any legal or equitable remedies available under Florida law.

Section 16.2. Mediation Procedures.

A Party submitting a dispute to non-binding mediation pursuant to the procedures set forth in Florida Statutes, Section 44.101 (the "Requesting Party") shall do so by delivering to the other Party a notice demanding or requesting, as the case may be, mediation of the dispute and naming three acceptable mediators. Within ten (10) days after the receipt of the notice from the Requesting Party, the other Party shall, in writing, serve upon the Requesting Party a notice of acceptance of one of the three mediators provided or offer three alternate mediators for consideration. Within five (5) days, the Parties shall confer and mutually agree and appoint a mediator from the lists provided. To the extent practicable, the mediator shall have special competence and experience with respect to the subject

matter of the dispute(s). No mediator appointed shall have the power to render any binding or enforceable award, order, decree or disposition or amend or add to this Agreement. Within ten (10) days after the mediator is appointed, a time and date for the mediation shall be scheduled and documented in writing. The mediator thereupon shall proceed promptly to hear and facilitate an amiable resolution of the controversy. If mediation is successful, any settlement achieved through mediation shall be confidential to the extent permissible under Florida law and not in violation of Chapter 119, Florida Statutes, and made in writing and in duplicate, and one copy shall be delivered to each of the Parties. Each Party shall pay the costs of its own counsel and share equally the fee and cost of the mediator.

Section 16.3 Settlement.

If the resolution of the dispute and the terms of any settlement agreement, amendment to the Agreement or other document or instrument executed in connection therewith will require the approval of the governing board of a Party, a request for such approval shall be promptly submitted for the governing board's consideration. Once accepted by the Parties, the decision of mediator and any award made hereunder shall be binding upon each Party and the successors and assigns and any trustee or receiver of each Party.

Section 16.4. Legal Remedies.

If mediation is unsuccessful, either Party may pursue any legal rights and remedies made available under Florida Law. The Parties agree that the exclusive venue for any dispute arising hereunder that is not resolved through the dispute resolution procedures set forth in Section 16.1 and 16.2 shall be the appropriate federal, state, or county court located in Orange County Florida.

Section 16.5. Continued Performance.

Except to the extent a Party has the right to suspend performance under Section 13.3 hereof, no dispute shall interfere with the Parties' continued fulfillment of their obligations under this Agreement pending the outcome of the mediation process or a decision by the Florida courts.

**ARTICLE 17
FORCE MAJEURE**

Section 17.1. Force Majeure Standard.

A Party shall be excused from performing its obligations under this Agreement and shall not be liable in damages or otherwise, if and only to the extent that it is unable to so perform or is prevented from performing by an event of Force Majeure.

Section 17.2. Force Majeure Definition.

An event of "Force Majeure" means an event of circumstance that prevents or unduly frustrates the performance by a Party of its obligations under this Agreement (other than the duty to make payments when due, which shall not be excused by Force Majeure) which is not within the reasonable control of, or the result of the negligence of, such Party and which by the exercise of due diligence

such Party is unable to overcome or avoid. Force Majeure includes, without limitation, hurricanes, tornadoes, flood, lightning, drought, earthquake, fire, explosion, terrorist attack, civil disturbance, strikes, acts of God, acts of the public enemy, orders, directives (including the state security coordinator), restraints and requirements of the government and governmental agencies, either federal, state or local, civil or military, or any other cause beyond a Party's control. Force Majeure shall not include (i) events affecting the cost of operating any generating facility, (ii) changes in market conditions which cause the price of energy or capacity to fluctuate including without limitation, weather, fuel prices and supply and demand, or (iii) the inability of a Party to make a profit or avoid a loss in performing its obligations under this Agreement.

Section 17.3. Obligation to Diligently Cure Force Majeure.

If a Party shall rely on the occurrence of an event of Force Majeure as a basis for being excused from performance of its obligations under this Agreement, then such Party shall:

- (a) Provide written notice to the other Party promptly but in no event later than three (3) days after the occurrence of the event or condition giving an estimate of the expected duration and the probable impact on the performance of its obligations hereunder;
- (b) Exercise all reasonable efforts to continue to perform its obligations hereunder;
- (c) Expeditiously take reasonable action to correct or cure the event or condition excusing performance, provided that settlement of strikes or other labor disputes shall be completely within the sole discretion of the affected Party; and
- (d) Exercise all reasonable efforts to mitigate or limit damages to the other Party. FMPPA's reasonable efforts to mitigate or limit damage to Williston upon the occurrence of a Force Majeure impacting FMPPA's power generation and transmission systems includes a diligent effort to purchase on the open market from other power generators and deliver electricity to Williston at the Delivery Point(s), the costs of which shall be shared on a pro rata basis among Williston and FMPPA's Firm Load.

**ARTICLE 18
MISCELLANEOUS**

Section 18.1. Assignment; Successors and Assigns.

This Agreement shall inure to the benefit of and bind the respective successors and permitted assigns of the Parties, including any successor to any Party by consolidation, merger, or acquisition of all or substantially all of the assets of such Party. No assignment by any Party (or any successor or assignee thereof) of its rights and obligations hereunder shall be made or become effective without the prior written consent of the other Party in each case obtained (which in the case of an assignment by FMPPA shall include approval by the City Council of Williston), which consent shall not be unreasonably withheld, conditioned or delayed. Any assignments by any Party shall be in such form as to ensure that such Party's obligations under this Agreement will be assumed, accepted and honored fully and timely by any transferee, assignee or successor party.

Section 18.2. Notices.

With the exception of communications within the ordinary course of the day to day performance and administration of this Agreement, all notices, requests and other communications hereunder (herein collectively a “notice” or “notices”) shall be deemed to have been duly delivered, given or made to or upon any Party if in writing and delivered by hand against receipt, or by certified or registered mail, postage pre-paid, return receipt requested, or to a courier who guarantees next business day delivery or sent by telecopy (with confirmation by return telecopy) to such Party at its address set forth below or to such other address as such Party may at any time, or from time to time, direct by notice given in accordance with this Section 18.2.

IF TO FMPA:

Chief Operating Officer
Florida Municipal Power Agency
8553 Commodity Circle
Orlando, FL 32819
Tel. 407-355-7767
Email: ken.rutter@fmpa.com

With required copy to:

Office of the General Counsel
Florida Municipal Power Agency
2061-2 Delta Way
Tallahassee, FL 32303-4240
P.O. Box 3209
Tel. 850-297-2011
Fax. 850-297-2012
Email: jody.finklea@fmpa.com
dan.ohagan@fmpa.com

IF TO WILLISTON:

City of Williston
Attn: City Manager
50 NW Main Street
PO Drawer 180
Williston, Florida 32696-0160
Tel: (352) 528-3060
Email: city.manager@willistonfl.org

With required copy to:

City of Williston
Attn: Utility Director, C.J. Zimoski

50 NW Main Street
PO Drawer 180
Williston, Florida 32696-0160
Tel: (352) 528-3060
Email: cj.zimoski@willistonfl.org

The date of delivery of any such notice, request or other communication shall be the earlier of (i) the date of actual receipt or (ii) three (3) business days after such notice, request or other communication is sent by certified or registered mail, (iii) if sent by courier who guarantees next business day delivery, the business day next following the day such notice, request or other communication is actually delivered to the courier or (iv) the day actually telecopied (with confirmation by return telecopy if on a business day, and if not, then the first business day thereafter).

Section 18.3. Governing Law.

The rights and obligations of the Parties shall be construed and interpreted in accordance with the substantive law of the State of Florida without giving effect to its principles for choice of law.

Section 18.4. Confidentiality.

Each Party shall keep confidential, and shall not disseminate to any third party (other than such Party's Affiliates) or use for any purpose other than the performance, administration, management and enforcement of this Agreement (except with the written authorization of the other Party), any information received from the other that is designated as confidential or proprietary by the other Party unless legally compelled by the Florida Sunshine Law (Chapter 119, Florida Statutes) disclosure requirements, deposition, inquiry, request for documents, subpoena, civil investigative demand or similar process, or by order of a court or tribunal of competent jurisdiction or in order to comply with applicable rules or requirements of any government department or agency or other regulatory authority, or other legal requirement or as necessary to enforce the terms of this Agreement. This Section 18.4 shall survive the termination of this Agreement for a period of two (2) years. If any Party is compelled to disclose any confidential information of the other Party that is exempt from the disclosure requirements of the Florida Sunshine Law, such Party shall provide the other Party with prompt notice of the requirement to disclose confidential information in order to enable the other Party, at such other Party's costs and expense, to seek an appropriate protective order or other remedy, and such Party shall consult with the other Party with respect to the other Party taking steps to resist or narrow the scope of any required disclosure. The Parties shall reasonably coordinate in the preparation and issuance of all publicity relating to this Agreement.

Section 18.5. No Partnership.

Nothing contained in this Agreement shall be construed to create a partnership, joint venture or other legal relationship that may invoke fiduciary obligations between the Parties.

Section 18.6. Captions.

The captions to sections throughout this Agreement and attachments and appendices hereto are intended solely for ease of reference and to facilitate reading and reference to all sections and

provisions of this Agreement and such attachments and appendices. Such captions shall not affect the meaning or interpretation of this Agreement or such attachment or appendices.

Section 18.7. Entire Agreement and Amendments.

This Agreement and all of the attachments and appendices referred to herein sets forth the entire agreement of the Parties with respect to the subject matter herein and takes precedence over all prior discussions or understandings. This Agreement may not be amended, modified or changed except by an agreement in writing signed by the Parties.

Section 18.8. Severability.

The invalidity or unenforceability of any provisions of this Agreement shall not affect the other provisions hereof. If any provision of this Agreement is held to be invalid, such provision shall not be severed from this Agreement; instead, the scope of the rights and duties created thereby shall be reduced to the minimum extent necessary to conform such provision to Applicable Law, preserving to the greatest extent the intent of the Parties to create such rights and duties as set out herein. If necessary to preserve the intent of the Parties, the Parties shall negotiate in good faith to amend this Agreement, adopting a substitute provision for the one deemed invalid or unenforceable that is legally binding and enforceable.

Section 18.9 Further Assurances.

In connection with this Agreement and the transactions contemplated hereby, upon the request of either Party the other Party shall execute and deliver any additional documents and instruments and perform any additional acts that may be reasonably necessary or appropriate to effectuate and perform the provision of this Agreement and such transactions and the intention of the Parties.

Section 18.10 Laws and Regulations.

(a) This Agreement and the rights, obligations, and performances of the Parties under this Agreement are subject to all applicable state and federal laws, and to all duly promulgated orders and other duly authorized actions of governmental authorities having jurisdiction ("Applicable Laws"). Each Party hereto shall be responsible for taking all necessary actions to satisfy any regulatory and other requirements that may be imposed by any federal, state, or municipal statute, rule, regulation, or ordinance that may be in effect from time to time relative to the performance of such Party hereunder.

~~In the event that there is any (b) If FMPA's activities hereunder become subject to or affected by a change in Applicable Law that is promulgated after the Effective Date of this Agreement and that results in any additional or new costs, expenses, charges, fees and/or assessments (other than tax adjustments) that are attributable or related (in whole or in part) to the production and/or provision of Wholesale Electric Service, including environmental-related costs, renewable portfolio standards (only if applicable to wholesale contracts), tax adjustments, charges, fees, or expenses incurred by FMPA to supply the Wholesale Electric Service and such costs, whether incurred as part of a voluntary or compulsory measure, are to be recovered through FMPA's wholesale electric rates ("Change in Law Costs"), Williston shall reimburse FMPA for Williston's pro-rata share of such costs, expenses, charges, fees and/or assessments, which amounts shall be calculated and recovered as determined by~~

~~FMPA in a commercially reasonable manner. FMPA shall allocate variable Change in Law Costs to energy charges and fixed Change in Law Costs to demand charges. Change in Law Costs resulting from capital expenditures shall be allocated over the economic life of the asset(s). Change in Law Costs shall not include any costs recovered in the fuel charge. The determination of additional cost by FMPA shall be net of any reductions in costs associated with the change in Applicable Laws. FMPA shall promptly notify Williston upon the determination of any additional or new costs, expenses, charges, fees and/or assessments and the calculation of the pro-rata portion of such costs proposed to be recovered from Williston. FMPA shall as promptly as reasonably practicable after becoming aware of the Change in Law Costs notify in writing Williston of such change in Applicable Law and shall meet in person or via teleconference to discuss such Change in Law Costs. If the Change in Law Costs for any change in Applicable Law exceeds \$2/MWh, the Parties shall negotiate in good faith to restructure the Charges set forth in this Agreement in a manner intended to place the Parties in the same position as if the change in Applicable Law had not occurred. If the Parties are unable to reach agreement on a mutually acceptable restructuring within sixty (60) days after Williston's receipt of FMPA's written notice of the change in Applicable Law in excess of \$2/MWh, the Charges shall automatically be amended to reflect the Change in Law Costs as of date those Change in Law Costs take effect, and:~~

~~(1) Williston shall have the right to:~~

- ~~(i) during the first one-hundred and fifty (150) days following the sixty (60) day negotiation period, upon written notice to FMPA, terminate this Agreement as of the date specified in such notice; or~~
- ~~(ii) after the first one-hundred and fifty (150) days following the sixty (60) day negotiation period, upon thirty (30) days prior written notice to FMPA at any time during the remainder of the Term, terminate this Agreement as of the date specified in such notice.~~

~~(2) FMPA shall have the right, upon no less than one-hundred and fifty (150) days' prior written notice to Williston, to terminate this Agreement as of the date specified in such notice, provided such written notice is delivered by FMPA to Williston within ten (10) days from the end of the aforesaid sixty (60) day good faith negotiating period.~~

~~(c) If neither Party timely terminates this Agreement in accordance with the Section 18.10(b)(1) or Section 18.10(b)(2) above, this Agreement shall continue until the expiration of the Term with the amended Charges reflecting the Change in law Costs.~~

~~(d) Any termination under this Section 18.10 shall be without any further liability or obligations owing between the Parties except concerning liabilities and obligations incurred up until the effective date of termination.~~

Section 18.11. Counterparts.

This Agreement and any amendment or modification hereto may be executed simultaneously in two or more counterparts, any of which need not contain the signatures of more than one Party, but all such counterparts taken together shall constitute one and the same Agreement or instrument.

Section 18.12. Interpretation.

In the event of any dispute concerning the construction or interpretation of this Agreement or any ambiguity hereof, there shall be no presumption that this Agreement or any provision hereof be construed against the Party who drafted this Agreement. In this Agreement, unless the context otherwise requires, the singular shall include the plural, the masculine shall include the feminine and neuter, and vice versa; the term “includes” or “including” shall mean including, without limitation; references to an Article, Section, Appendix or Schedule shall mean an Article, Section, Appendix or Schedule of this Agreement; and the terms “hereof”, “herein”, “hereto”, “hereunder”, and “herewith” refer to this Agreement as a whole. Reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented and restated through the date as of which such reference is made.

Section 18.13. Independent Relationship.

Unless specifically and expressly set forth herein to contrary, nothing in this Agreement shall be construed or interpreted to make a Party of its employees or agents, the agent, representative or employees of the other Party.

Section 18.14. No Third-Party Beneficiaries.

This Agreement shall not confer any rights or remedies upon any third party hereto, except designated indemnitees and permitted assignees and successors.

Section 18.15. Waivers.

The failure of a Party hereto to exercise any right or remedy or enforce at any time any provision of this Agreement shall not be construed to be a waiver of such right, remedy or provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of a Party thereafter to exercise such right or remedy or enforce each and every such provision. In order to be enforceable, a waiver under this Agreement must be in writing, state that it is a waiver and be signed by an authorized representative of the Party to be bound thereby. Any waiver shall be subject to the terms, conditions and limitations thereof, and no waiver of any breach, default or non-performance of this Agreement shall be held to constitute a waiver of any other or subsequent breach, default or non-performance of this Agreement.

Section 18.16. Duty to Mitigate.

Each Party agrees that it has a duty to mitigate damages and covenants that it will use commercially reasonable efforts consistent with Prudent Utility Practice to minimize any damages it may incur as a result of any other Party's breach, default or non-performance of this Agreement.

Section 18.17. All-Requirements Project Responsibility.

For FMPA, this Agreement is a liability and obligation of the All-Requirements Power Supply Project only. No FMPA liability or obligation under this Agreement inures to or binds any of the funds, accounts, monies, property, instruments, or rights of the Florida Municipal Power Agency generally or any of any other "project" of FMPA as that term is defined in the Interlocal Agreement.

Section 18.18. Sales for Resale.

All Wholesale Electric Service delivered by FMPA to Williston hereunder shall be sales for resale used by Williston to serve retail load. Williston shall not use the electric capacity and energy purchased under this Agreement to make wholesale sales or to serve wholesale customers of any type. Williston shall obtain and provide FMPA with any certificates reasonably requested by FMPA to evidence that the deliveries hereunder are sales for resale.

[REMAINDER OF PAGE INTENTIONALLY BLANK – SIGNATURE PAGE(S) FOLLOW]

IN WITNESS WHEREOF, and intending to be legal bound hereby, the Parties have caused this Agreement for Purchase and Sale of Electric Energy and Capacity to be duly executed as an instrument under seal by their respective duly authorized representatives as of the date and year first above written.

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

By: _____

Jacob Williams, General Manager and CEO

CITY OF WILLISTON

By: _____

~~Jerry Robinson, Mayor~~ Council President, Charles Goodman

Attest: _____

~~City Clerk, Latricia Wright, City Clerk~~

APPENDIX A
PRICING FOR WHOLESALE ELECTRIC SERVICE

1. Capacity Charge:

The billing determinant is the highest metered energy amount, integrated over an hour and grossed up for DEF transmission losses using DEF’s published real power loss factor, provided during any one hour (the “Peak Hour”) of the billing month as measured at the Metering Point(s) in MW rounded to three decimal places. If Williston has made Solar Purchases, the billing determinant will be adjusted by the combined total output of any Solar Purchases during the Peak Hour as scheduled or measured by revenue class meters and adjusted for applicable losses.

Year	\$/kW-MW-month
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	

* By mutual agreement, rate subject to change

2. Non-Fuel Energy Charge:

The billing determinant is the total scheduled energy for the billing month in MWh rounded to three decimal places, less the actual energy delivered by the Solar Purchases during the same month.

3. Fuel Energy Charge: MMBtu/MWh x Gas Index*

The billing determinant is the total scheduled energy for the billing month in MWh rounded to three decimal places, less the actual energy delivered by the Solar Purchases during the same month;

*Gas Index (\$/MMBtu):

PROPRIETARY CONFIDENTIAL BUSINESS INFORMATION; TRADE SECRET

$$Gas\ Index = \frac{\text{[Redacted]}}{\text{[Redacted]}} \times \text{[Redacted]}s$$

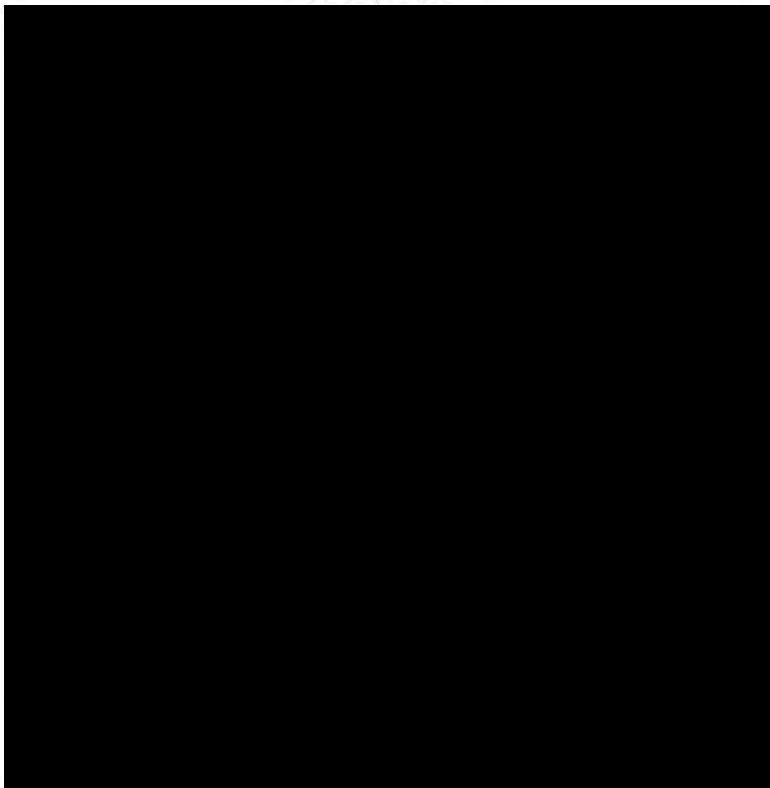
*Gas Index: [Redacted]

APPENDIX B
FORM OF INVOICE



FMPA Invoice Date MM/DD/YYYY

City of Williston
Sample Invoice
For the Month Of
MMM, YYYY



Supporting information is included as an Attachment, as applicable.

Payment due on	mm/dd/yyyy	Invoice No. -	123456
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AGENDA ITEM 8 – ACTION ITEMS

- c) Approval of Resolution 2020-EC3 – Staffing Flexibility for Succession Plan**

**Executive Committee
September 17, 2020**



8c - Staffing Flexibility for Succession Plan

Executive Committee
September 17, 2020

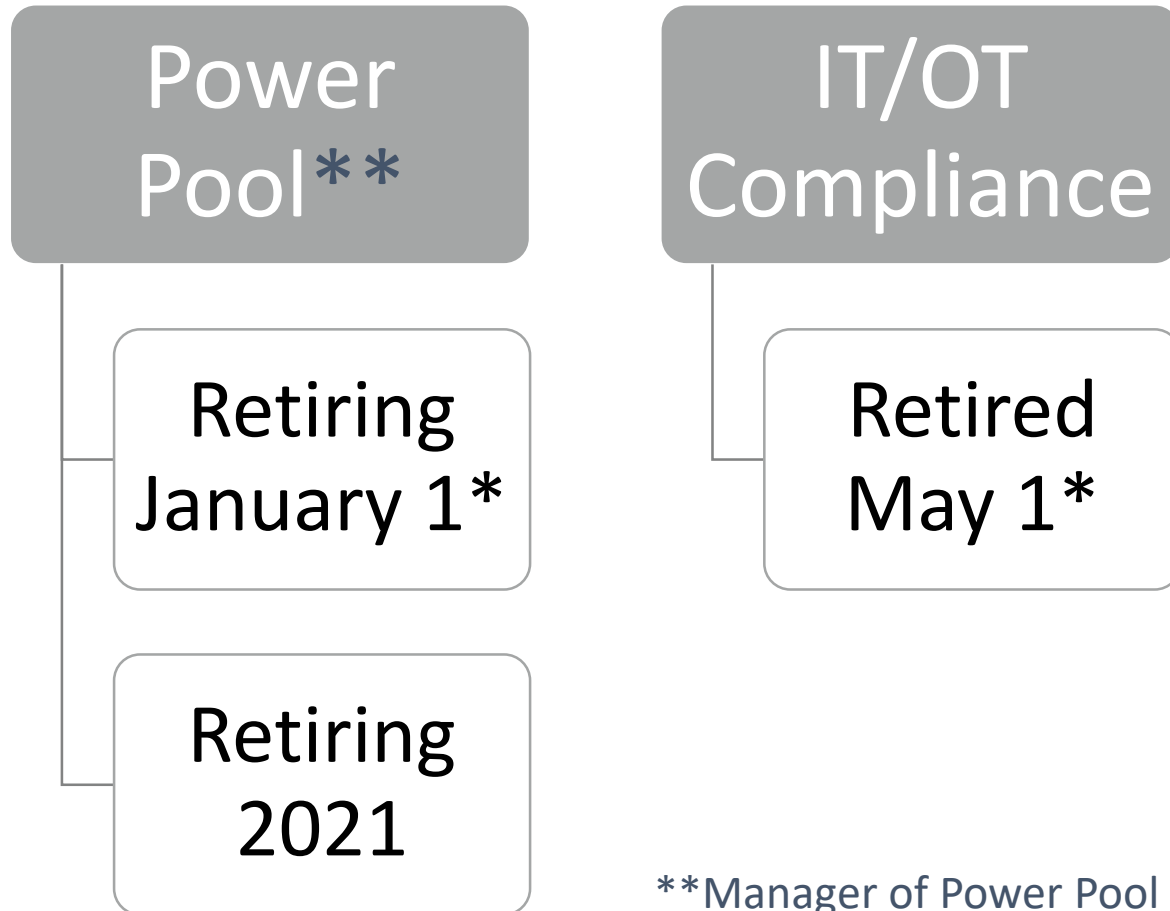
Succession Plan Completed Each Year

In January 2020 we identified 4 critical positions near retirement

Department	Qualified by FMPA	Successor Identified	Succession Plan Needed
Communication	Yes	Yes	Within 2 years
Power Pool	Yes	Yes	Within 1 year
Compliance/IT	Yes	Yes	Within 2 years
Human Resources	Yes	No	Within 1 year

Current Retirements

*Working reduced schedule for transition period



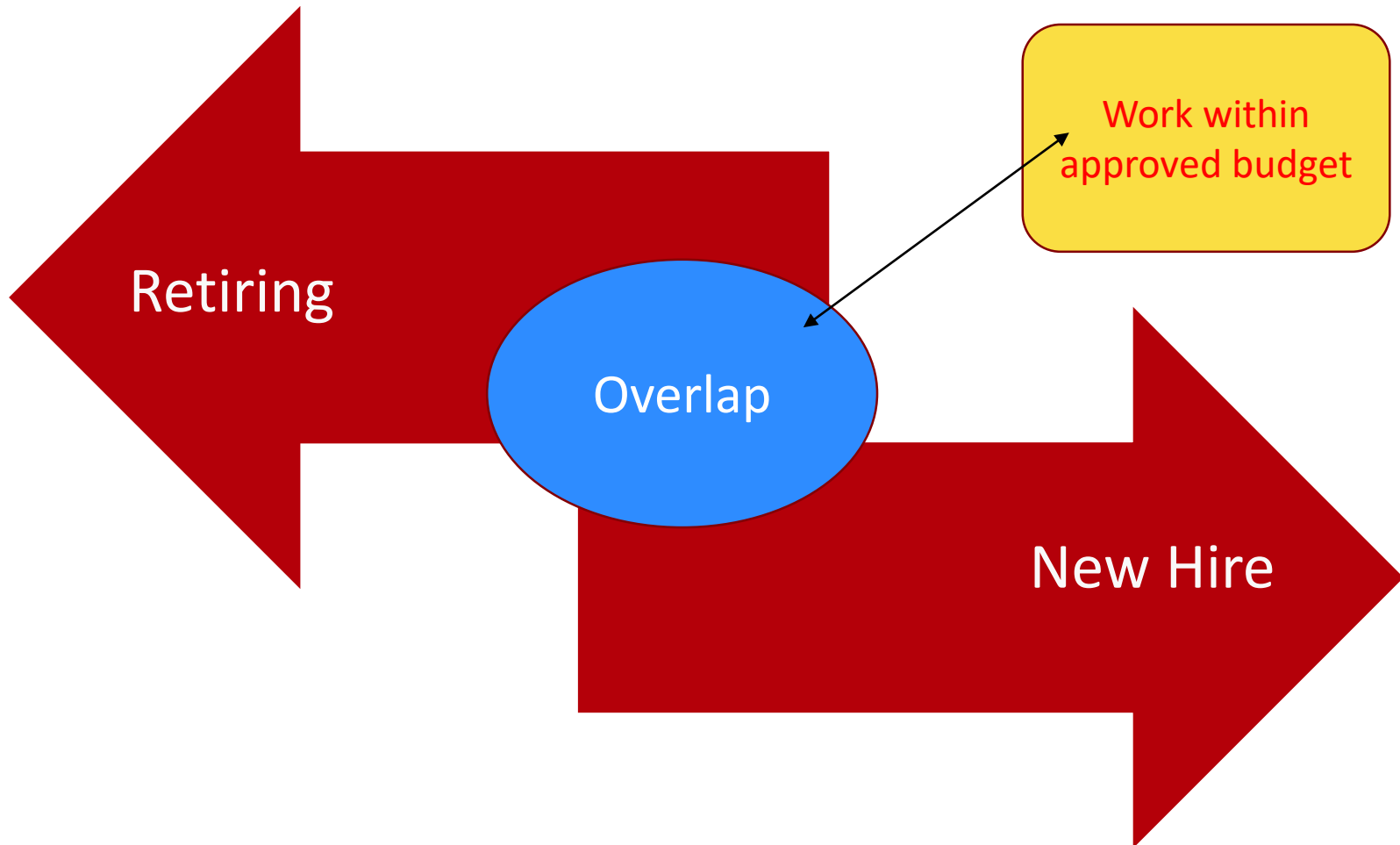
**Manager of Power Pool efforts retired late 2019 as well

Flexibility Needed for Staffing Succession Plan

- Flexibility to fill critical positions prior to retirement date
- Better utilize staff to accomplish strategic initiatives
- Training for critical areas takes time
- Transfer of knowledge is critical
- Approximately one – three months for critical roles
 - More planning needed if multiple people in area likely to retire in short timeframe like we are facing currently
- Budget position flexibility only needed when fully staffed and no open boxes
- When fully staffed is the only time we need the flexibility
- Budget resolution doesn't allow flexibility

Temporarily Overstaff

Planned Retirements



Suggested Change to Budget Resolution

SECTION I.

Amendment to Section VI(A) of Resolution

2020-EC2. Section VI(A) of resolution 2020-EC2 is hereby amended and restated in its entirety as follows (with amendments shown in legislative format):

(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.*

Notwithstanding the foregoing in this Section VI(A), the Executive Committee hereby authorizes FMPA to employ up to two additional persons, for transitional purposes associated with retirement or other employee succession needs, on a short-term basis of no longer than three months for each additional person.

Recommended Motion

Approval of Resolution 2020-EC3.

Amendment to Section VI(A) of Resolution 2020-EC2.

Notwithstanding the foregoing in this Section VI(A), the Executive Committee hereby authorizes FMPA to employ up to two additional persons, for transitional purposes associated with retirement or other employee succession needs, on a short-term basis of no longer than three months for each additional person

RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE
FLORIDA MUNICIPAL POWER AGENCY: (I) AMENDING
RESOLUTION 2020-EC2 TO PROVIDE FOR TRANSITIONAL
FLXIBILITY IN THE AUTHORIZED NUMBER OF AGENCY
EMPLOYEES; (II) ADOPTING SUCH AMENDMENT TO
RESOLUTION 2020-EC2; (III) PROVIDING FOR SEVERABILITY;
AND (IV) PROVIDING AN EFFECTIVE DATE.

Whereas, pursuant to resolution 2020-EC2 adopted on June 18, 2020, the Executive Committee of Florida Municipal Power Agency (“**Agency**”) adopted the Agency’s general budget for the fiscal year beginning October 1, 2020, and ending September 30, 2021 (“**Fiscal Year 2021**”), including, as set forth in section VI(A) of resolution 2020-EC2, providing for a total of 72 authorized Agency staff positions;

Whereas, pursuant to Section III of resolution 2020-EC2, a proposed amendment to the Fiscal Year 2021 Agency budget, to amend Section VI(A) of resolution 2020-EC2 to provide for the employment of up to two additional Agency employees on a short-term basis for transitional flexibility, has been duly submitted to the Executive Committee for approval; and

Whereas, the Executive Committee hereby finds and determines that the proposed amendment to Section VI(A) of resolution 2020-EC2 to provide for the employment of up to two additional Agency employees on a short-term basis for transitional flexibility is prudent and can be accomplished within the adopted Agency general budget for Fiscal Year 2021, respecting all other limitations imposed by resolution 2020-EC2.

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

SECTION I. **Amendment to Section VI(A) of Resolution 2020-EC2.**
Section VI(A) of resolution 2020-EC2 is hereby amended and restated in its entirety as follows (with amendments shown in legislative format):

(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. Notwithstanding the foregoing in this Section VI(A), the Executive Committee hereby authorizes FMPA to employ up to two additional persons, for transitional purposes associated with retirement or other employee succession needs, on a short-term basis of no longer than three months for each additional person.

SECTION II. **Adoption of Amendment.** Resolution 2020-EC2 as amended by Section I above is hereby approved and adopted.

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

This Resolution 2020-EC3 is hereby approved and adopted by the Executive Committee of the Florida Municipal Power Agency on September 17, 2020.

Chairperson of the Executive Committee

I HEREBY CERTIFY that on September 17, 2020, the above Resolution 2020-EC3 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-EC3.

ATTEST:

Secretary or Assistant Secretary

SEAL

AGENDA ITEM 8 – ACTION ITEMS

- d) Approval of Resolution 2020-EC4 – Wells Fargo Line of Credit Extension**

**Executive Committee
September 17, 2020**



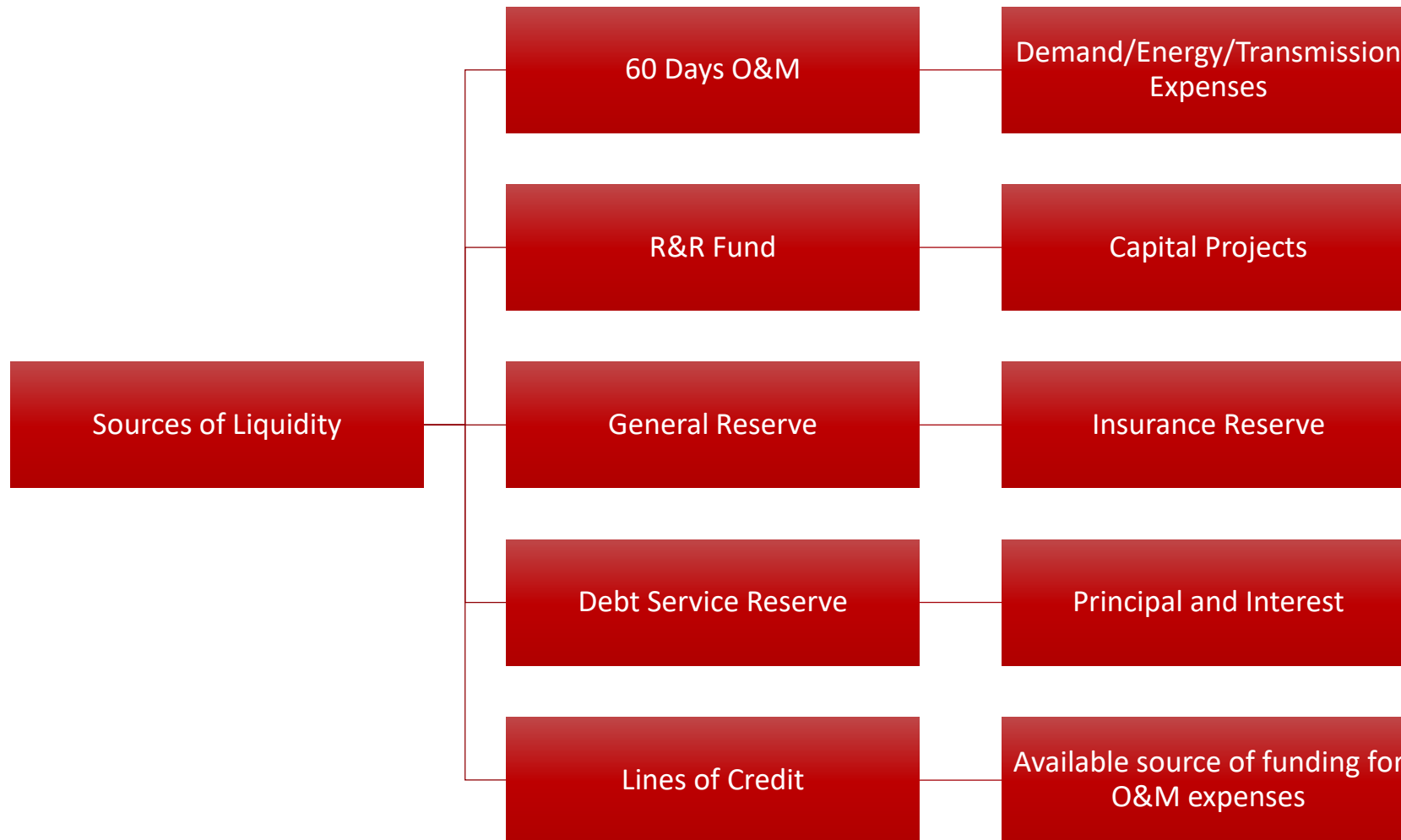
EC 8d – Approval of Wells Fargo Line of Credit Extension

FMIPA Executive Committee

September 17, 2020

Two Lines of Credit Provide \$100 Million ARP of Liquidity

LOCs Have Provided ARP Liquidity Since 2005



Two Lines of Credits Expiring in 2020

Liquidity Backstop Since 2004

- **JP Morgan LOC**

- \$75 Million of capacity
- Expires: **June 14, 2021**

- **Wells Fargo LOC**

- \$25 Million of capacity
- Expires: November 1, 2020
- No amount outstanding
- Last 12 months cost \$87,986 or 35 bps

Lines of Credit Provide ~100 Day of Operating Cash

Cash Is King In Times of Uncertainty

- Liquidity is 10% of Moody's Rating
- "A" Rated "ARP" Agencies have 90-150 days of Cash on hand
- FMPA ARP's liquidity with O&M and LOCs
 - O&M Balance = 60 days of cash
 - LOC Available = ~100 days of cash

Wells Fargo Extension Changes

Demand for LOCs Are Very High Right Now

- Pricing is very volatile now and can change up until closing.
 - Expect a 25%-30% price increase.
- Material Adverse Clause
 - Language on the Stanton Energy Center lawsuit filed against OUC
- Early Opt-In Election with respect to LIBOR Index Rate
 - Should at least 5 other credit facilities be complete to replace LIBOR with an alternative benchmark be executed either party can request a change to the LIBOR benchmark.
 - Alternate rate of interest to the LIBOR Index Rate presented the Borrower shall within five (5) Business Days of Accept or reject alternate rate, only required to provide two (2) Proposals for the Borrower.
- All other Terms and Conditions will be the same

Recommended Action

- Move approval of Resolution 2020-EC3 extending the Line of Credit with Wells Fargo for \$25 million.

RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE FLORIDA MUNICIPAL POWER AGENCY: (I) RECITING STATEMENT OF AUTHORITY; (II) APPROVING AND ADOPTING SUPPLEMENT NO. 2 TO ALL-REQUIREMENTS POWER SUPPLY PROJECT SUBORDINATED DEBT RESOLUTION NO. 29, ADOPTED OCTOBER 20, 2016; (III) PROVIDING FOR THE TAKING OF CERTAIN OTHER ACTIONS; (IV) PROVIDING FOR SEVERABILITY; AND (V) PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, pursuant to Resolution 2016-EC5 the Executive Committee of Florida Municipal Power Agency previously authorized the execution and delivery of a revolving credit agreement and related promissory note with Wells Fargo Bank, N.A. in an amount of \$25,000,0000 to pay or reimburse the All-Requirements Power Supply Project for Operation and Maintenance Expenses and interest rate hedging costs;

WHEREAS, Florida Municipal Power Agency, as agent for the All-Requirements Power Supply Project, entered into a revolving credit agreement with, and delivered a related promissory note to, Wells Fargo Bank, N.A., and the revolving credit agreement was dated as of November 1, 2016;

WHEREAS, such revolving credit agreement has been amended three times since being entered into in 2016 and continues to serve as a potential source of liquidity for the All-Requirements Power Supply Project with respect to the payment or reimbursement of Operation and Maintenance Expenses; and

WHEREAS, the Executive Committee of Florida Municipal Power Agency hereby finds and determines it to be in the best interest of the All-Requirements Power Supply Project to further amend such revolving credit agreement with Wells Fargo Bank, N.A. as provided for in Supplement No. 2 (and the form of Fourth Amendment to Revolving Credit Agreement attached thereto) attached hereto as Exhibit A.

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

SECTION I. **Authority for this Resolution.** This resolution (this “**Resolution**”) is adopted pursuant to the provisions of Chapter 361, Part II, Florida Statutes, as amended, Section 163.01, Florida Statutes, as amended, and

Chapter 166, Part II, Florida Statutes, as amended.

SECTION II. **Approval and Adoption of Supplement No. 2 to All-Requirements Power Supply Project Subordinated Debt Resolution No. 29.** Supplement No. 2 (“**Supplement No. 2**”) to All-Requirements Power Supply Project Subordinated Debt Resolution No. 29, adopted October 20, 2016, and supplemented and amended on August 22, 2019 (the “**No. 29 Subordinated Debt Resolution**”), in the form attached hereto as Exhibit A, is hereby approved and adopted.

SECTION III. **Further Actions.** Each Authorized Officer designated pursuant to Section 5.02 of the No. 29 Subordinated Debt Resolution is hereby authorized and empowered to take all further actions as may be necessary or desirable in carrying out the terms and provisions of this Resolution.

SECTION IV. **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 V. **Effective Date.** This Resolution shall take effect immediately upon its adoption.

[Remainder of page intentionally left blank]

This Resolution 2020-EC4 is hereby approved and adopted by the Executive Committee of the Florida Municipal Power Agency on September 17, 2020.

Chairperson of the Executive Committee

I HEREBY CERTIFY that, on September 17, 2020, the above Resolution 2020-EC4 was approved and adopted by the Executive Committee of the Florida Municipal Power Agency, and that this is a true and complete copy of Resolution 2020-EC4.

ATTEST:

Secretary or Assistant Secretary

SEAL

EXHIBIT A

Supplement No. 2 to All-Requirements Power Supply Project
Subordinated Debt Resolution No. 29, adopted October 20, 2016

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

**SUPPLEMENT
TO
ALL-REQUIREMENTS POWER SUPPLY PROJECT
SUBORDINATED DEBT RESOLUTION NO. 29
ADOPTED OCTOBER 20, 2016**

Adopted September 17, 2020

**SUPPLEMENT TO
ALL-REQUIREMENTS POWER SUPPLY PROJECT
SUBORDINATED DEBT RESOLUTION NO. 29**

BE IT RESOLVED by the Executive Committee of Florida Municipal Power Agency (“FMPA”) as follows:

ARTICLE I.

DEFINITIONS AND STATUTORY AUTHORITY

SECTION 1.01. Supplemental Resolution. This Supplement adopted on September 17, 2020 (this “Supplement No. 2”) to All-Requirements Power Supply Project Subordinated Debt Resolution No. 29 adopted on October 20, 2016 and supplemented and amended on August 22, 2019 is supplemental to the All-Requirements Power Supply Project Revenue Bond Resolution adopted by FMPA on March 22, 1985, as amended and restated in its entirety on May 23, 2003, and as supplemented and amended prior to the date hereof (the “Bond Resolution”), including as supplemented by the All-Requirements Power Supply Project Subordinated Debt Resolution No. 29 adopted on October 20, 2016, as supplemented and amended on August 22, 2019 (the “Supplemental Resolution”). The Bond Resolution as supplemented by the Supplemental Resolution and this Supplement No. 2 is hereinafter referred to as the “Resolution”.

SECTION 1.02. Definitions. Except as modified by this Supplement No. 2, all terms which are defined in Section 101 of the Bond Resolution or Section 1.03 of the Supplemental Resolution shall have the same meanings, respectively, in this Supplement No. 2 as such terms are given in the Bond Resolution or the Supplemental Resolution.

SECTION 1.03. Authority for this Supplement No. 2. This Supplement No. 2 is adopted pursuant to the provisions of the Act and in accordance with the Bond Resolution.

ARTICLE II.

**AUTHORIZATION TO EXECUTE AMENDMENT
TO REVOLVING CREDIT AGREEMENT AND RELATED DOCUMENTS**

SECTION 2.01. Authorization for Fourth Amendment to Wells Fargo Revolving Credit Agreement. Notwithstanding the parameters set forth in Section 2.02 of the Supplemental Resolution, the Authorized Signatories are hereby authorized to negotiate an amendment (the “Fourth Amendment”) to that Revolving Credit Agreement, dated as of November 1, 2016, by and between FMPA, as agent for the All-Requirements Power Supply Project, as the Borrower, and Wells Fargo Bank, N.A., as the Lender (“Wells Fargo”), as amended by the First Amendment to Revolving Credit Agreement, dated as of March 3, 2017, the Second Amendment to Revolving Credit Agreement, dated as of December 20, 2018, and the Third Amendment to Revolving Credit Agreement, dated as of August 26, 2019, each by and

between FMPA and Wells Fargo (collectively, the “Wells Fargo Revolving Credit Agreement”) substantially in the form of the Fourth Amendment to Revolving Credit Agreement attached to this Supplement No. 2 as Exhibit A, with such changes to the attached form as the Authorized Signatories shall deem necessary and desirable, and any related promissory notes and fee letter or fee agreement. The Authorized Signatories are hereby authorized to execute and deliver to the other party or parties thereto such Fourth Amendment, any related promissory notes, and any separate and related fee letter or fee agreement, if any; such execution and delivery to be conclusive evidence of the approval of the terms and conditions thereof by the Authorized Signatories. An action taken by the Authorized Signatories under Article II shall be subject to the approval of the General Counsel and Chief Legal Officer of FMPA.

ARTICLE III.

MISCELLANEOUS

SECTION 3.01. Effective Date. This Supplement No. 2 shall take effect immediately after its adoption by the Executive Committee and the filing of a copy thereof certified by the Secretary or Assistant Secretary of said Committee with the Trustee.

SECTION 3.02. Designation of Authorized Officers of FMPA. The Chairperson of the Executive Committee and Vice Chairperson of the Executive Committee, and the Secretary, Assistant Secretary, Treasurer, General Manager and CEO (or, if at any time the position of General Manager and CEO of FMPA is vacant, the person serving as Interim General Manager), the Chief Financial Officer of FMPA, and the General Counsel and Chief Legal Officer of FMPA are each hereby designated as Authorized Officers of FMPA and the All-Requirements Project for the purpose of executing and delivering this Supplement No. 2 and taking any other actions relating thereto.

SECTION 3.03. Further Actions. Subject to the requirements in the Bond Resolution for actions to be taken by the Authorized Signatories, each Authorized Officer of FMPA is hereby authorized and empowered to take all further actions as may be necessary or desirable in carrying out the terms and provisions of this Supplement No. 2 and each of the documents referred to herein.

[Remainder of page intentionally left blank]

FLORIDA MUNICIPAL POWER AGENCY

By: _____
Chairperson of the Executive Committee

ATTEST:

By: _____
Secretary or Assistant Secretary

EXHIBIT A

FORM OF FOURTH AMENDMENT TO REVOLVING CREDIT AGREEMENT

FOURTH AMENDMENT

Dated as of September 21, 2020

to

REVOLVING CREDIT AGREEMENT

Dated as of November 1, 2016

between

FLORIDA MUNICIPAL POWER AGENCY,
as Agent for the All-Requirements Power Supply Project
as the Borrower

and

WELLS FARGO BANK, N.A.
as the Lender

FOURTH AMENDMENT

FOURTH AMENDMENT dated as of September 21, 2020 (this “*Amendment*”) to REVOLVING CREDIT AGREEMENT dated as of November 1, 2016 (as amended, supplemented, restated or otherwise modified, the “*Original Agreement*”) by and between: (a) FLORIDA MUNICIPAL POWER AGENCY, as Agent for the All-Requirements Power Supply Project referred to herein (the “*Borrower*”); and (b) WELLS FARGO BANK, N.A., a national banking association (including its successors and assigns, the “*Lender*”).

WITNESSETH

WHEREAS, the Borrower and the Lender have previously entered into the Original Agreement and desire to make an amendment thereto;

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants hereinafter contained, the parties hereby agree as follows:

Section 1.01. Amendment to Definitions. The definitions of “*Applicable Margin*,” “*Availability Fee Percentage*,” and “*Maturity Date*” in Section 1.01 of the Original Agreement is hereby amended and restated to read as follows in the appropriate alphabetical order:

“*Applicable Margin*” means initially, with respect to Taxable Advances (a) for the period commencing on the Effective Date to but not including the Fourth Amendment Effective Date, 100 basis points (1.00%), and (b) for the period commencing on and including the Fourth Amendment Effective Date, and at all times thereafter, initially 125 basis points (1.25%) and, with respect to Tax-Exempt Advances, (c) for the period commencing on the Effective Date to but not including the Fourth Amendment Effective Date, 80 basis points (0.80%), and (d) for the period commencing on and including the Fourth Amendment Effective Date, and at all times thereafter, 100 basis points (1.00%); *provided, however*, that, for each of clause (a), (b), (c) and (d) above, in the event that any Agency Rating is reduced or falls below “A2” by Moody’s or “A” by Fitch, Applicable Margin shall mean, until such time as both Agency Ratings again are at or above “A2” by Moody’s and “A” by Fitch, the number of basis points set forth in the level indicated below for the Advances, as applicable, which corresponds to the applicable Agency Ratings under the caption “Applicable Margin,” determined as described in the paragraph following the chart below:

(i) for the period commencing on the Effective Date to but not including the Fourth Amendment Effective Date:

AGENCY RATINGS (MOODY’S/FITCH)	APPLICABLE MARGIN TAXABLE ADVANCES	APPLICABLE MARGIN TAX- EXEMPT ADVANCES
A3/A-		
Baa1/BBB+		

Baa2/BBB		
Baa3/BBB-		

(ii) for the period commencing on and including the Fourth Amendment Effective Date and at all times thereafter:

AGENCY RATINGS (MOODY'S/FITCH)	APPLICABLE MARGIN TAXABLE ADVANCES	APPLICABLE MARGIN TAX- EXEMPT ADVANCES
A3/A-		
Baa1/BBB+		
Baa2/BBB		
Baa3/BBB-		

As of September 21, 2020, the Agency Ratings are "A2" by Moody's and "AA-" by Fitch.

In the event the Agency Ratings are at different levels in the chart above, the lower rating shall be used for the purpose of determining the Applicable Margin. If one or more of the Agency Ratings are withdrawn or suspended for any Borrower credit-related reason, any Agency Rating falls below the Minimum Credit Rating, or an Event of Default occurs, the Advances during the continuance of such withdrawal or suspension, during the continuance of such failure to meet the Minimum Credit Rating, or during the continuance of such Event of Default, shall bear interest at the Default Rate.

Any change in the Applicable Margin shall become effective on the first LIBOR Index Reset Date succeeding the effective date of a change in such Agency Rating which results in a change in the Applicable Margin, as provided above.

References above are to rating categories as presently determined by the rating agencies, and in the event of the adoption of any new or changed rating system or a "global" rating scale by any such rating agency, the ratings categories shall be adjusted accordingly by the parties to a new rating which most closely approximates the ratings currently in effect.

"Availability Fee Percentage" means initially (a) for the period commencing on March 3, 2017 to but not including the Fourth Amendment Effective Date and (b) for the period commencing on and including the Fourth Amendment Effective Date provided, however, that, for each of clause (a) and (b) above, in the event that any Agency Rating is reduced or falls below Moody's and Fitch "A2"/"A", respectively, the Availability Fee Percentage shall mean, until such time as both Agency Ratings again are at or above Moody's and Fitch "A2"/"A", respectively, the number of basis points set forth in the level indicated below,

as applicable, which corresponds to the applicable Agency Ratings under the caption “Availability Fee Percentage,” determined as described in the paragraph following the chart below:

(i) for the period commencing on March 3, 2017 to but not including the Fourth Amendment Effective Date:

AGENCY RATINGS (MOODY’S/FITCH)	AVAILABILITY FEE PERCENTAGE
A3/A-	
Baal/BBB+	
Baa2/BBB	
Baa3/BBB-	

(ii) for the period commencing on and including the Fourth Amendment Effective Date and at all times thereafter:

AGENCY RATINGS (MOODY’S/FITCH)	AVAILABILITY FEE PERCENTAGE
A3/A-	
Baal/BBB+	
Baa2/BBB	
Baa3/BBB-	

As of September 21, 2020, the Agency Rating is “A2” by Moody’s and “AA-” by Fitch.

In the event the Agency Ratings assigned by both rating agencies are not equivalent, the lower rating shall be used for the purpose of determining the Availability Fee Percentage. If one or more of the Agency Ratings are withdrawn or suspended for any Borrower credit-related reason, any Agency Rating falls below the Minimum Credit Rating, or an Event of Default occurs, the Availability Fee Percentage during the continuance of such withdrawal or suspension, during the continuance of such failure to meet the Minimum Credit Rating, or during the continuance of such Event of Default, shall equal

Any change in the Availability Fee Percentage shall become effective on the first LIBOR Index Reset Date succeeding the effective date of a change in such Agency Rating which results in a change in the Availability Fee Percentage, as provided above.

References above are to rating categories as presently determined by the rating agencies, and in the event of the adoption of any new or changed rating system or a “global” rating scale by any such rating agency, the ratings categories shall be adjusted accordingly by the parties to a new rating which most closely approximates the ratings currently in effect.

“*Maturity Date*” means November 1, 2021, or such later date to which the Maturity Date is extended in accordance with the provisions of Section 2.18 hereof; *provided, however*, that if such date is not a Business Day, the Maturity Date shall be the immediately preceding Business Day.

Section 1.02. New Definitions. Section 1.01 of the Original Agreement is hereby amended by the addition thereto of the following definitions to appear in the appropriate alphabetical sequence:

“*Benchmark Transition Event*” means the occurrence of one or more of the following events with respect to any then-current LIBOR Index Rate:

(1) a public statement or publication of information by or on behalf of the administrator of the LIBOR Index announcing that such administrator has ceased or will cease to provide the LIBOR Index, permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBOR Index;

(2) a public statement or publication of information by the regulatory supervisor for the administrator of the LIBOR Index, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for the LIBOR Index, a resolution authority with jurisdiction over the administrator for the LIBOR Index or a court or an entity with similar insolvency or resolution authority over the administrator for the LIBOR Index, which states that the administrator of the LIBOR Index has ceased or will cease to provide the LIBOR Index permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBOR Index; or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the LIBOR Index announcing that the LIBOR Index is no longer representative.

“*Early Opt-in Election*” means, with respect to the LIBOR Index Rate, the occurrence of:

(a) a determination by Lender and Borrower that at least five currently outstanding U.S. dollar-denominated syndicated or bilateral credit facilities that are reasonably comparable to this Agreement at such time contain (as a result of amendment or as originally executed) as a benchmark interest rate, in lieu of the LIBOR Index, a new benchmark interest rate to replace the LIBOR Index; and

(b) the election by Lender and Borrower to declare that an Early Opt-in Election with respect to the LIBOR Index has occurred.

“Fourth Amendment Effective Date” means November 1, 2020.

Section 1.03. Amendment to Section 2.12. Section 2.12 of the Agreement is hereby amended and restated as follows:

Section 2.12. Alternate Rate of Interest. (a) If prior to the commencement of the Interest Period for any LIBOR Rate Borrowing the Lender determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBOR Index Rate for such Interest Period, then the Lender shall give notice thereof to the Borrower by telephone or telecopy as promptly as practicable thereafter and, until the Lender notifies the Borrower that the circumstances giving rise to such notice no longer exist, (i) such Borrowing (unless prepaid) shall be continued as, or converted to, an ABR Borrowing (provided that no such conversion shall be required earlier than the last day of the then-current Interest Period) and (ii) if any Borrowing Request requests a LIBOR Rate Borrowing, such Borrowing shall be made as an ABR Borrowing.

(b) If at any time the Lender determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in subsection (a) have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in subsection (a) have not arisen but a Benchmark Transition Event or Early Opt-in Election has occurred, then the Lender shall promptly notify the Borrower of the occurrence of a Benchmark Transition Event or Early Opt-in Election (and, in the case of an Early Opt-in Election, the Borrower shall notify the Lender as to whether the Borrower is in agreement with such determination) and the Lender and the Borrower may amend this Agreement in the following manner. The Lender shall propose in writing an alternate rate of interest to the LIBOR Index Rate to the Borrower and the Borrower shall either accept or reject in writing the proposed alternate rate of interest within five (5) Business Days of receiving such proposed alternate rate of interest from the Lender (the *“Proposal”*); *provided* that the Lender is only required to provide two (2) Proposals for the Borrower’s review, and if the Borrower rejects both Proposals, the Borrower and the Lender shall thereafter use commercially reasonable efforts to establish an alternate rate of interest acceptable to the Borrower and the Lender. If the Borrower does not respond to the Proposal within such five (5) Business Day period, it will be deemed to be a rejection of such Proposal by the Borrower. In proposing and considering the proposed alternate rate of interest, the Lender and the Borrower, respectively, shall give due consideration to the then prevailing market convention for determining a rate of interest for bilateral credit facilities in the United States at such time and shall give consideration to the recommendations of the Alternative Reference Rates Committee. Upon reaching agreement on an alternate rate of interest, the Lender and the Borrower shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable. Until an alternate rate of interest shall be determined in accordance with this subsection (b) (but, in the case of the circumstances

described in clause (ii) of the first sentence of this subsection (b) (excluding clause (3) under the definition of “*Benchmark Transition Event*”), only to the extent the LIBOR Index for such Interest Period is not available or published at such time on a current basis), (x) any notice that requests the conversion of any ABR Borrowing to, a LIBOR Rate Borrowing shall be ineffective, (y) if any Borrowing notice requests a LIBOR Rate Borrowing (either as a new Borrowing or as a conversion to an existing Borrowing), such Borrowing shall be made as an ABR Borrowing, and (z) the then outstanding Advances shall accrue interest at the Alternate Base Rate (provided that no such change to the Alternate Base Rate shall be required earlier than the last day of the then-current Interest Period). For the avoidance of doubt, if an Early Opt-in Election has occurred and a Benchmark Transition Event has not occurred and a determination has not been made under subsection (a) of Section 2.12 or subsection (b) clause (i) of Section 2.12 and the Lender and Borrower have not reached an agreement on an alternate rate of interest as described in this clause (b), the alternate rate of interest contemplated above shall not take effect unless or until such alternate rate of interest is established in the manner provided above.

Section 1.04. Amendments to Schedule 3.05 and Schedule 3.16. Schedules 3.05 (Litigation and Environmental Matters) and 3.16 (Subordinated Debt) of the Original Agreement are hereby deleted in their entireties and replaced with a new schedule 3.05 and Schedule 3.16 as set forth in Exhibit A and Exhibit B, respectively.

Section 1.05. Conditions Precedent. This Amendment shall be effective on the date hereof subject to the satisfaction of or waiver by the Lender of all of the following conditions precedent:

- (i) Delivery by the Borrower of an executed counterpart of this Amendment.
- (ii) Payment to the Lender on the date hereof of a non-refundable amendment fee with respect to this Amendment equal to \$2,500 as set forth in Schedule 2.10 of the Original Agreement plus the costs and expenses incurred in connection herewith, including reasonable fees of counsel to the Lender.
- (iii) Evidence reasonably satisfactory to the Lender that the Borrower has the requisite power and authority to execute, deliver and perform the terms and provisions of this Amendment and the Original Agreement as amended hereby.
- (iv) All other legal matters pertaining to the execution and delivery of this Amendment shall be reasonably satisfactory to the Lender and its counsel and such satisfaction shall be deemed to have occurred upon delivery by the Lender of an executed counterpart of this Amendment.

Section 1.06. Representations and Warranties. To induce the Lender to enter into this Amendment, the Borrower represents and warrants as follows:

- (i) *Incorporation of Representations and Warranties from Original Agreement.* The representations and warranties of the Borrower contained in Article III of

the Original Agreement are true and correct in all material respects at and as of the date hereof except with respect to Section 3.09(a) and except to the extent that such representations and warranties relate to an earlier date.

(ii) *Absence of Event of Default.* After giving effect to this Amendment, no Default or Event of Default will exist or will be continuing.

(iii) *Power and Authority.* The Borrower has the requisite power and authority to execute, deliver and perform the terms and provisions of this Amendment and the Original Agreement as amended hereby, and has taken all necessary action to authorize the execution, delivery and performance by it of this Amendment and the Original Agreement as amended hereby.

(iv) *Binding Obligation.* This Amendment has been duly executed and delivered by the Borrower, and constitutes the legal, valid and binding obligation of the Borrower enforceable against it in accordance with its terms, except as the enforcement thereof may be subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and general principles or equity (regardless of whether enforcement is sought in equity or at law).

Section 1.07. Severability, Etc. The invalidity of any one or more covenants, phrases, clauses, sentences or paragraphs of this Amendment shall not affect the remaining portions of this Amendment, or any part thereof, and in case of any such invalidity, this Amendment shall be construed as if such invalid covenants, phrases, clauses, sentences or paragraphs had not been inserted.

Section 1.08. Governing Law. All terms, obligations and provisions of this Amendment are to be determined and governed by the law of Florida, it being understood that the power and authority of the Lender to enter into this Amendment are governed by the law of the United States of America.

Section 1.09. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts all of which together shall constitute one agreement.

Section 1.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AMENDMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 1.11. Miscellaneous. The Borrower agrees to pay on demand all costs and expenses of or incurred by the Lender in connection with the negotiation, preparation, execution and delivery of this Amendment, including the fees and expenses of counsel for the Lender.

Section 1.12. Headings. Section headings used herein are for convenience of reference only, are not part of this Amendment and shall not affect the construction of, or be taken into consideration in interpreting, this Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed and delivered by their respective officers as of the date first written above.

FLORIDA MUNICIPAL POWER AGENCY, as Agent
for the All-Requirements Power Supply
Project

[SEAL]

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Approved:

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, N.A.

By: _____

Name: Mónica L. Balters

Title: Senior Vice President

EXHIBIT A

SCHEDULE 3.05

LITIGATION AND ENVIRONMENTAL MATTERS

With respect to both Section 3.05(a) and Section 3.05(b), please see “Note X. Commitments and Contingencies, D. Other Agreements, 2. All-Requirements” in the Notes to Financial Statements of the audited financial statements of the Florida Municipal Power Agency for the Year Ended September 30, 2019 under which it is stated: “In December 2018, FMPA received notice pursuant to Section 768.28, Florida Statutes, of an intent to file suit against FMPA for unspecified personal injuries relating to FMPA’s interest as a co-owner of the Stanton Energy Center. OUC and KUA also received similar notices. A lawsuit was filed against OUC on December 20, 2018 alleging certain property damages and takings claims for pollution contamination. No Suit has been filed against FMPA or KUA.” Also, please note that the Orlando Utilities Commission (“OUC”) is the operator of, and is responsible for environmental compliance at, the Stanton Energy Center.

EXHIBIT B

SCHEDULE 3.16

SUBORDINATED DEBT

(1) Amounts payable by Florida Municipal Power Agency, as Agent for the All-Requirements Power Supply Project, with respect to the Revolving Credit Agreement, dated as of July 1, 2016, as amended through the Third Amendment to Revolving Credit Agreement dated June 1, 2020 and effective as of June 15, 2020, by and between: (a) Florida Municipal Power Agency, as Agent for the All-Requirements Power Supply Project, as the Borrower; and (b) JPMorgan Chase Bank, National Association, as the Lender.

AGENDA ITEM 8 – ACTION ITEMS

- e) Approval of Stanton A PPA Notice of Non-Renewal**

**Executive Committee
September 17, 2020**



EC 8e - Stanton A PPA Notice of Non-Renewal

FMIPA Executive Committee
September 17, 2020

PPA Requires Action to Avoid Renewal

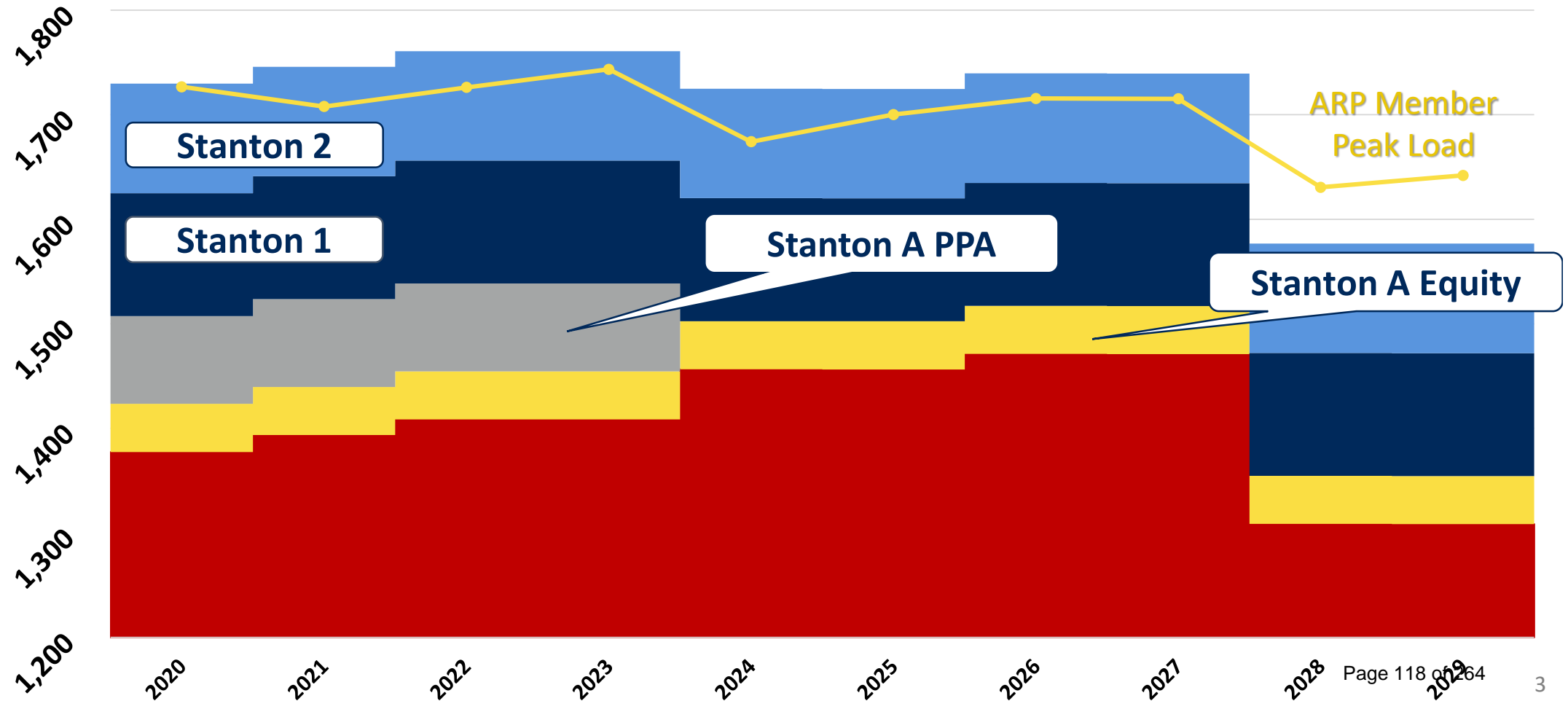
Renewal Rates Unfavorable for Long-term Need

- FMPA, KUA and Southern Company entered into PPA agreement for 13% of Stanton A in 2001
- KUA assigned its Stanton PPA to FMPA when KUA joined the ARP in 2008
- Ownership transferred from Southern to NextEra in December 2018
- PPA provided options to extend the arrangement
- Term was extended previously through September 30, 2023
- FMPA & KUA must provide notice by September 30, 2020 if no intention to continue the agreement
- FMPA's evaluation of the proposed PPA renewal pricing does not support renewal

FMPA ARP Does Not Need Additional Capacity Until 2028

Surplus position has been intentionally sold through 2027

FMPA Capacity Position Including 15% Reserve Margin



FMPA Attempted to Negotiate a New Extension

Discussions with NextEra have been ongoing since December 2019

- FMPA began discussions with NextEra in December 2019 for consideration of PPA renewal
- Pricing of existing arrangement is above current market pricing
- FMPA and NextEra exchanged various counteroffers throughout 2020
- FMPA also attempted to bundle changes associated with Oleander into the agreement
- An impasse on pricing & transaction structure was reached in early June
- Unless NextEra provides new alternative pricing structure, FMPA does not see the value in renewal
- Initial short position in 2028 may be manageable through TEA seasonal arrangements or demand management

Motion

Move approval to authorize staff to issue notice to Stanton Clean Energy, LLC, (formerly Southern Company – Florida LLC) of non-renewal of the FMPPA and KUA power purchase agreements from Stanton Unit A so that those agreements terminate as of the last day of the current extended contract term: October 1, 2023, at 12:00 a.m. EST.

Questions



AGENDA ITEM 8 – ACTION ITEMS

- f) Approval of Investment Risk Management Policy Changes**

**Executive Committee
September 17, 2020**



BOD:8c EC:8f – Approval of Investment Risk Management Policy Changes

BOD & Executive Committee

September 17, 2020

Investment Risk Management Policy

Major Areas Covered

- Investment Objectives:
 - Safety
 - Liquidity
 - Return
- Investments limited by
 - Type
 - Length
 - Credit Rating

Investment Policy Changes

Improved Clarity And Updated For New FMPA Projects

- Operating and Maintenance Account length of investment
 - Remove depends on cash-flow needs
 - Replace with duration limit of 1.00 on the O&M funds.
 - Duration is a calculation of how long the weighted average of investments will mature
- Corporate Bonds and Notes
 - Credit Rating was stated as “A”
 - Change Credit Rating to “A” without regards to any gradation of that rating by a numerical, symbol or other such modifier, by all rating agencies.
- Included Pooled Loan and Solar Projects



Discussion

Recommended Motion

Move approval of Investment Risk Management Policy changes.

FLORIDA MUNICIPAL POWER AGENCY RISK MANAGEMENT POLICY - APPENDIX C

INVESTMENT RISK MANAGEMENT POLICY

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INVESTMENT RISK MANAGEMENT POLICY FOR FLORIDA MUNICIPAL POWER AGENCY

This Investment Risk Management Policy (the “Policy”) and any effective subordinate procedures establish the governance, framework and the controls under which Florida Municipal Power Agency (FMPA) may engage in activities to identify, measure and minimize future business risk resulting from the investment and management of FMPA’s financial assets. This Policy is Appendix C of the FMPA Risk Management Policy.

1.0 Policy Statement

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. There may be times when FMPA will determine that certain risks are above the preferred risk tolerance level of FMPA and its members. FMPA is hereby authorized to put mechanisms into place, such as those more fully described in Sections 3.0 and 4.0 of this Policy, which will control, transfer, or mitigate these risks to avert an adverse effect on FMPA’s ability to invest funds of the Agency and its Projects in a manner that will balance investment return with principal security, such that FMPA will meet the daily and long term cash flow demands of the Agency and its Projects.

It is the Policy of the EC and BOD that:

- ❖ The investment program shall conform to all federal, state, and local legal requirements.
- ❖ Authority is delegated to the Chief Financial Officer (CFO) to create procedures to administer this Policy.
- ❖ The preservation of capital is the foremost objective of the risk-considered investment practice strategies.
- ❖ Investments using derivatives ~~is~~are prohibited unless specifically approved by the EC or BOD.
- ❖ The CFO shall establish benchmarks against which portfolio performance shall be compared regularly.

INVESTMENT RISK MANAGEMENT POLICY

(Continued)

- ❖ Authority is delegated to the CFO to establish a system of written internal controls to regulate investment activities.
- ❖ The Treasurer and Risk Director ~~and Risk Director~~ shall provide investment reports for each regular meeting of the EC and BOD.
- ❖ Deviations from this Policy shall be reported to the Finance Committee (FC).

This Policy is created to ensure the prudent management of the Agency's and its Projects' funds, and the availability of operating funds, bond proceeds and capital funds as needed. This Policy is applied individually to each Project, not in any combination of Projects. This Policy applies to all monetary assets of the Agency and all Projects with the exception of employee deferred contribution funds. The Agency's employees' ~~employee~~-deferred contribution funds are placed with a third party administrator and are self-managed by the employees.

The standard of prudence to be used by FMPA investment staff shall be the "prudent person" rule as defined in Florida Statute 218.415: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment."

2.0 Scope

Investments purchased by the Agency shall conform to all federal, state, and local legal requirements governing the investment of Public Funds, including all bond resolutions and ordinances adopted by the EC or BOD. Responsibility for investment decisions, including day-to-day transactions undertaken, is hereby delegated to the Treasurer and Risk Director or designated Treasury staff, under the direction of the CFO. No person may engage in an investment transaction except as provided under the terms of this Policy.

~~Positions authorized as investment signatories are: FMPA's General Manager and CEO, CFO, Chief Operating Officer Power Resources, and Executive Officer Public Relations and Human Resources[RPH].~~ FMPA may appoint an outside investment manager as "Agent" for

the Agency's cash and investment reserves. The outside investment manager must meet the requirements detailed in the Investment Procedures.

3.0 Types of Investment Risk

This Policy is intended to define responsibility, clarify investment goals, establish strategies, achieve stated goals and set up the method of evaluation and control of all investment operations. The CFO will cause Investment Procedures to be written that identify risks in the areas noted below and provide ways to measure, control and mitigate FMPA's exposure to those risks. While not intended to be a comprehensive listing of risks encountered by FMPA during the normal course of the business cycle, the following provides insight into the major areas of investment risk exposure for FMPA

3.1 Credit Risk:

The risk that a change in the credit quality of an institution will affect the value of a security or portfolio. An example of credit risk might occur if the issuer of a bond that FMPA has purchased as an investment defaults on its obligations, causing the loss of some or all of the investment value. Such risks can be reduced by diversifying securities and maturities.

3.2 Liquidity Risk:

The risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. Some investments are highly liquid and have low liquidity risk (such as money market funds) while other investments are highly illiquid and have high liquidity risk (such as real estate). An example of liquidity risk might occur if FMPA attempted to convert an investment into cash for operating needs, but was unable to do so due to the illiquid nature of the security. Such risk can be reduced by selecting investments with the liquidity to meet FMPA's cash flow needs.

4.0 Investment Objectives

Investment selections should balance the primary objectives of FMPA's investment program. In priority order, the objectives are

4.1 Safety:

Preservation of capital in the overall portfolio is the highest of the risk based investment practice objectives. To attain this objective, investment securities shall be selected from those deemed authorized and suitable as described in Section 5.0 of this Policy. Speculative strategies shall not be undertaken. Management defines speculation as the process of selecting investments in an attempt to profit from fluctuations in prices.

4.2 Liquidity:

The portfolio should be structured so that securities mature concurrent with cash needs to meet anticipated demands. Investments considered to be liquid are those held until maturity where maturity is less than ~~3~~three months. A sufficient level of liquidity must be maintained to meet the next thirty days of expected operating expenses and other disbursements, plus an extra, reasonable amount to meet unusual and unexpected needs.

4.3 Return:

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and the cash flow characteristics of the portfolio. Funds should be invested in high credit quality investment instruments (as allowed by Project Bond Resolutions and summarized in Appendix A) in anticipation of achieving a fair return. The methods used in selecting investments should balance market, credit, and liquidity risks.

5.0 Authorized and Suitable Investment Securities

FMPA is empowered by Ordinance 87-1, as amended, to invest in the types of securities listed in Appendix A for the Agency and its Projects. FMPA may ~~swap~~buy or sell securities for other securities to improve yield, maturity, or reduce credit risk. Investment in securities that "derive" their value through financially engineered derivative indices or are highly ~~interest-interest~~-rate sensitive are not permissible unless specifically recommended in writing and approved by the EC or BOD. FMPA will not allow leveraging (the borrowing of funds for the expressed purpose of reinvesting those funds), or invest in securities with a rating

below that required in Appendix A at the time of purchase. The Treasurer and Risk Director must report ~~on~~ a monthly basis any security whose rating has fallen below the rating level identified in Appendix A after purchase and submit a rationale for maintaining such security if it has not been sold

5.1 Authorized Financial Institutions, ~~Depositories~~^[RP2], and Broker/Dealers:

The Treasurer and Risk Director will cause to be maintained a list of financial institutions ~~and depositories~~ that meet the qualifications detailed in the Investment Procedures and are authorized to provide investment services. An annual (each fiscal year) review of the ratings from national rating agencies and financial condition of all qualified financial institutions and broker/dealers will be conducted in accordance with Investment Procedures.

5.2 Method of Selection:

FMPA shall select securities ~~which that~~ provide the highest rate of return within the risk parameters of this ~~Policy~~^{Policy}, given the current objectives, diversification, cash-~~flow~~^[LH3]-needs, and maturity requirements. Selection of securities shall be made using either competitive bids, wherein FMPA solicits proposals from at least three firms; or comparison to the current market price as indicated by one of the market pricing resources available, including but not limited to Bloomberg. Records will be kept of the bids or offers, the bids or offers accepted and if necessary a brief explanation of the decision which was made regarding the investment.

5.3 Maximum Maturities:

The funds of Agency and Project Operating accounts are invested to achieve a market rate of return while meeting the Agency's and its Projects' cash flow needs. FMPA will match investment maturities with known cash needs and anticipated cash flow requirements, not to exceed maximum maturity requirements.

Unless matched to a specific cash flow, FMPA shall invest securities maturing in accordance to Appendix B and the following.

Fund/Account	Invested to Mature as Shown
<i>Operations and Maintenance Fund</i>	
1. Operations and Maintenance Account	The month-end duration of the Account will be less than 1.00. Within 12 months from investment date. (Depends on cash flow needs)
2. Working Capital Account	Within 5 years.
3. Rate Stabilization Account	Within 5 years.
<i>Debt Service Fund</i>	
1. Debt Service Account	Not later than when needed for payment to be made from such Account.
2. Debt Service Reserve	Not later than the final maturity date of any Bonds that are outstanding.
3. Subordinated Debt Fund	Not later than when needed for payment to be made from such Account.
<i>Construction Fund or Proceeds Fund</i>	Not later than when needed for payments to be made from such fund.
<i>Reserve and Contingency Fund</i>	
1. Contingency Account	Within 5 years <u>or when needed to make payments.</u>
2. Renewal and Replacement	Within 5 years <u>or when needed to make payments.</u>
<i>General Reserve Fund</i>	
1. General Reserve Account	Within 5 years or when needed to make payments.
<i>Decommissioning</i>	Not later than when needed. (Applicable only to St. Lucie)

5.4 Collateralization:

INVESTMENT RISK MANAGEMENT POLICY
(Continued)

Collateralization, as detailed in the Investment Procedures, may be required for investments such as repurchase agreements and any approved investment agreement contract or agreement.

5.5 Diversification:

FMPA must diversify to avoid incurring unreasonable risks associated with over-investing in specific investments, individual financial institutions, maturities and in the future by geographic area or by any other reasonably determinable characteristic. Compliance with the specific diversification requirements shown in the chart below will be measured using market value at the time of purchase and monthly thereafter. In the event that a particular category exceeds the scheduled maximum percentage by 10% (for example, if Repurchase Agreements exceed 22%) for two consecutive months, the Treasurer and Risk Director must report such deviation– and submit for approval a strategy for handling each such deviation. For risks potentially resulting from investments with high concentrations of other characteristics not itemized in the chart above, the Treasurer and Risk Director should bring these investments to the attention of the CFO –for review. If the concentration risk is deemed significant enough by any one of the three noted here, the CFO must bring this concentration concern to the FC.

Diversification by Investment Type:	Percentage at time of purchase:
US Treasury Obligations	100%
Municipal Bonds (including FSA/FDA) ⁽⁴⁾	100%
US Gov. Agency and US Gov. Sponsored Instrumentality	100%
Banker’s Acceptances	50%
Commercial Paper	50%
Corporate Bonds and Notes (A or above)	20%
Florida Local Government Surplus Fund Trust Fund (SBA)	50%
Local Government Investment Pools	25%
Collateralized CDs and Time Deposits	25%
Money Market Mutual Funds	25%
Repurchase Agreements	20%
Guaranteed Investment Contracts (GICs)	15%*
Or as approved by the EC or BOD	

INVESTMENT RISK MANAGEMENT POLICY

(Continued)

~~(1) Beginning with Version 5 of the Investment Policy, at time of purchase and measured monthly thereafter no more than 25% of total investments, exclusive of the FSA and FDA investments, can be from the same state, regardless of bond structure. Current investment portfolio, at adoption of this Policy revision is grandfathered; Treasury is not required to sell current portfolio to get to 25%, but cannot acquire more, if current portfolio is already to the 25% limit.~~

Diversification by Institution:	Percentage at time of purchase:
Money Market Mutual Fund	25%
US Gov. Agency by Agency	25%
Municipal Bonds by Issuer	20%
Commercial Banks (CDs, Time Deposits, or Commercial Paper)	10%
Bankers' Acceptance by Bank	10%
Corporate Notes	10%

Diversification by Geographic Location:

Percentage of Portfolio

Within individual state	Not more than 25%
The limitation of investments within a state prior to May 21, 2015 was limited to 50%. The contents of any investment portfolio prior to this date is grandfathered and do not require adjustments to meet the current Policy limit of 25%. Any FSA and FDA investment is exempted from the 25% limitation.	

5.5.1 Exceptions:

Diversification percentages can be exceeded by approval from the EC / BOD.

6.0 Custody

All investment security transactions, including collateral for repurchase agreements, entered into by FMPA shall be settled on a delivery versus payment (DVP) basis. Securities will be held by a third party Custodian or Trustee designated by the CFO and evidenced by trade confirmations and bank statements.

All securities purchased by FMPA will be properly designated as an asset of the Agency or its Projects and held by a third party Custodial or Trustee institution. The Custodial or Trustee institution shall annually (each fiscal year) provide a copy of their most recent report on internal controls (Statement on Standards for Attestation Engagements No. 16 (SSAE 16)). The Treasurer and Risk Director or designated Treasury Staff will provide this report, upon receipt, to the CFO.

7.0 Benchmarking Performance

The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates, taking into account investment risk constraints and cash flow needs. The CFO shall cause to be established a series of appropriate benchmarks against which portfolio performance shall be compared on a regular basis. Guidelines on selecting and managing benchmarks, which may include the use of duration and convexity as performance measurement tools, are contained in the Investment Procedures.

Any external investment managers, if hired, shall not independently select benchmarks. All benchmarks used by external investment managers must be approved by the CFO. Specific description and the source, including date of such benchmarks, should be provided in any external investment manager's performance report along with the exact methodology used in calculating the yields/returns on the portfolio and the benchmark.

8.0 Internal Controls and Ethics

The CFO shall cause to be established a system of written internal controls to regulate investment and related activities, consistent with this Policy and Investment Procedures, and in accordance with all policies and procedural guidelines established in the FMPA Risk Management Policy. The controls shall be designed to meet the requirements as listed in Florida State Statute Section 218. As part of the year-end audit, the external auditors will be required to state whether the Agency has complied with Florida State Statute Section 218.415, regarding the investment of public funds.

The CFO and the Treasurer and Risk Director, or their designees, may do placement of funds. Accounting staff will not have any responsibility for investing funds. Further internal controls are established in the Investment Procedures to address safekeeping, repurchase agreement, collateral/depository agreements, banking service contracts, delivery vs. payment procedures, and separation of transaction authority from accounting and record-keeping, and may include security controls contained within Treasury software programs.

The Agency ~~Risk-Audit~~ Manager shall be responsible to review all documented internal controls and procedures established to ensure they comply with the FMPA Risk Management

Policy and adequately mitigate all applicable risks. If, after review, the Agency ~~Risk-Audit~~ Manager identifies areas of concern, the documented internal controls weakness(s) will be communicated to the CFO and FC as appropriate.

8.1 Policy and Procedure Compliance

~~Risk Management~~Internal Audit staff shall ensure that compliance with this Policy and the Investment Procedures are monitored on an ongoing basis. Any unresolved compliance issues will be presented to the FC by the Agency ~~Risk-Audit~~ Manager at the next regularly scheduled meeting.

8.2 External Parties

All dealers, financial institutions, investment managers, or individuals, collectively referred to as the parties, investing on behalf of FMPA will be sent a copy of the Investment Policy by the Treasurer and Risk Director, along with a list of employees who are authorized to transact investment trades on behalf of FMPA. These parties will be required to respond, in writing, that the Policy was received, read, understood and will commit to adhere to the Policy. FMPA will pursue full recovery of all associated costs resulting from deviations from the Investment Policy.

8.3 Continuing Education

The CFO, Treasurer and Risk Director and other appropriate investment staff will be required to complete annually (each fiscal year) a minimum of 8 hours of continuing professional education (CPE's), or more as required by State Regulations, in subject courses of study related to investment practices and products.

9.0 Reporting

The Treasurer and Risk Director will produce investment reports in accordance with Investment Procedures and provide these reports to the General Manager and the CFO as and when requested, but for no less than each meeting of the EC and/or BOD.

The CFO 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

INVESTMENT RISK MANAGEMENT POLICY

(Continued)

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. The Treasurer and Risk Director shall report on the current risk environment affecting FMPA's investment program to the CFO as needed, and initiate and/or participate in any necessary discussion prior to moving items to the FC.

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(See Also Glossary of Terms in FMPA's Risk Management Policy)

ACCRUED INTEREST: The interest to be paid on a security from the last interest accrual date to the settlement date. The buyer of the security pays the market price plus accrued interest. Also called "Purchased Interest".

AGENCY: Florida Municipal Power Agency.

AGENCY SECURITIES: Corporations, such as GNMA, FNMA or FHLMC, which have varying degrees of federal sponsorship and/or regulatory oversight.

ANNUAL AUDIT: The official audit report for FMPA. It includes combined statements for each individual fund and account group prepared in conformity with GAAP.

BASIS POINT: One one-hundredth of a percent (0.01 %).

BOND RATINGS: Evaluations by independent services such as Moody's, Fitch, or Standard & Poor's of a bond's investment quality and credit worthiness.

BROKER-DEALER: A broker-dealer firm is in the business of buying and selling securities—stocks, bonds, mutual funds, and certain other investment products—on behalf of its customers (as broker), for its account (as a dealer), or both.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit, or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

CONVEXITY: A volatility measure, used in conjunction with duration, of how the price of a bond changes as interest rates change.

CORPORATE BONDS and NOTES: Public or private corporations and organizations issue corporate bonds and notes for the purpose of funding capital improvements,

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

expansions, acquisitions or debt refinancing. Investors essentially are lending money to the issuer.

COUPON RATE: The amount of interest return based upon par value which the issuer agrees to pay the bondholder.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer (unsecured, no liens or pledges on specific assets).

DELIVERY VERSUS PAYMENT: Delivery versus payment is delivery of securities with an exchange of money for the securities.

DELIVERY VERSUS RECEIPT: (Also called free). Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value; e.g. U. S. Treasury bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DON'T KNOW (DK): A term designating the lack of knowledge of a delivery in a securities transaction.

DURATION: The weighted average time to the receipt of value of the future cash flows of a security weighted by the present value of each of the cash flows in the series. Duration is used as a measure of the relative sensitivity of the price of the security to a change in market required yield.

FACE VALUE: The dollar amount the issuer promises to pay the bondholder at maturity. Also called par value.

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which Federal funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): The institutions that regulate and lend to savings and loan associations. The FHLB play a role analogous to that played by the Federal Reserve Banks vis-à-vis member commercial banks.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing & Urban Development, H.U.D. It is the largest single provider of residential mortgage funds in the United States. FNMA is a private stockholder owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM ("FED"): The Central Bank of the United States created by Congress and composed of the presidentially appointed Board of Governors in

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

Washington, D.C., the Federal Open Market Committee, 12 Regional Federal Reserve Banks, numerous private U.S. member banks, and various advisory councils.

FORWARD DELIVERY AGREEMENT (FDA) and FORWARD SALE AGREEMENT (FSA): See “Forward Contracts” in Agency-wide Risk Management Policy Glossary.

FREE DELIVERY: See "Delivery versus Receipt".

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae):

Securities guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by FHA, VA or FMHM mortgages. The term “pass-through” is often used to describe Ginnie Mae.

GOVERNMENT SECURITIES: Securities that qualify under government securities are issued or guaranteed by more than 15 different entities/agencies of the U.S. government and corporations created by acts of Congress. Some are backed by the full faith and credit of the U.S. and some are not. The direct and guaranteed obligations of the U.S. government, where the securities are backed by the full faith and credits of the U.S., are considered AAA rated. A comprehensive listing of qualified investments for AAA financing is provided in Appendix A.

INTERNAL RATE OF RETURN (IRR): The discount rate that makes the present value (sum of the discounted values) of a cash flow of an instrument equal to the price of the instrument.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase--reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date a security comes due and fully payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

MUNICIPAL BOND: A bond issued by a political unit, such as a state, county, city, town, or village or a political unit's agencies or authorities. In general, interest paid on municipal bonds is exempt from federal income taxes and state and local income taxes within the state of issue.

NASD: National Association of Securities Dealers.

NEW HOUSING AUTHORITY BONDS: A bond issue by a local public housing authority to finance public housing secured by U.S. Government assistance agreements which guarantees full payment of interest and principal. Also called Public Housing Authority Bonds (PHA's).

OPEN MARKET OPERATIONS: Purchases and sales of government securities and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and flexible monetary policy tool.

PAR VALUE: See "Face Value".

PAYMENT DATE: The date at which the interest on a bond is due.

PORTFOLIO: Collection of securities held by an investor.

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

PROJECTS: St Lucie, Stanton, All-Requirements, Tri-City, Stanton II, Pooled Loan, and Solar I & II

PRIMARY DEALER: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state- the so-called legal list. In other states the trustee may invest in a security if it is one that would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state which has segregated eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

REPURCHASE AGREEMENT (RP OR REPO): An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement by the first party to repurchase the securities at a specified price from the second party on a specified later date.

RIDING THE YIELD CURVE: Buying long-term bonds in anticipation of capital gains as yields fall with the declining maturity of the bonds.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

SEC RULE 15C3-1: See "Uniform Net Capital Rule".

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES ACT OF 1933: A federal law for the purpose of protecting the public in the issuance and distribution of securities by requiring full disclosure by the issuer.

SECURITIES AND EXCHANGE COMMISSION: The government agency responsible for regulating and supervising the securities industry.

SECURITIES EXCHANGE ACT OF 1934: A federal law for the purpose of protecting the public in the trading of securities on the stock exchanges and the over-the-counter market.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the yield curve.

TWO HIGHEST CREDIT RATING CATEGORIES: For long-term debt the two highest rating categories, namely AAA and AA, without regard to any gradation of that rating by a numerical, symbol or other such modifier however done by any of the different Rating Agencies. See table below. The two highest credit rating categories are highlighted. Likewise, short-term ratings of the two highest categories by rating firm are also highlighted. Table of ratings categories; partial listing of upper portion of complete table as herein needed:

Moody's		S&P		Fitch	
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Aaa	P-1	AAA	A-1+	AAA	F1+

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

Aa1	P-1	AA+	A-1+	AA+	F1+
Aa2	P-1	AA	A-1+	AA	F1+
Aa3	P-1	AA-	A-1+	AA-	F1+
A1	P-1	A+	A-1	A+	F1
A2	P-1	A	A-1	A	F1
A3	P-2	A-	A-2	A-	F2
Baa1	P-2	BBB+	A-2	BBB+	F2

Please note, the table shown above is just the relevant part of a comprehensive ratings table in order to clarify the Investment Risk Management Policy meaning for the term “two highest credit rating categories.”

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than ten years.

TREASURY NOTES: Intermediate term coupon bearing U.S. Treasury securities having initial maturities of from one to ten years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms, as well as nonmember broker-dealers in securities, maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

INVESTMENT RISK MANAGEMENT POLICY
Glossary of Terms
(Continued)

Investment Risk Management Policy

Appendix A

Allowable Investments by Project

Agency, All Requirements, St. Lucie, Stanton, Stanton II and Tri-City, Pooled Loan and Solar I & II Projects

Authorized Investments		Credit Rating/Security/Collateral
1.	U.S. Gov. obligations including Federal Agencies unconditionally guaranteed by the U.S. Govt.	Guaranteed by the U. S. Government.
2.	Non-callable bonds or other obligations of any U.S. State, Agency, Instrumentality or local Gov. unit.	Guaranteed by cash or U.S. Gov. securities or rated in the highest category by a nationally recognized bond rating agency.
3.	Bonds, debentures or other indebtedness issued or guaranteed issued by any Agency or Instrumentality of the United States of America.	Issued or guaranteed by any agency or corporation of the U.S. Gov.
4.	New Housing Authority Bonds and Project notes fully secured.	Fully secured by payment agreement with U.S. Gov.
5.	Direct and general obligations of any State, Agency or Instrumentality of the U. S. or any agency, instrumentality or local government.	Rated in either of the two highest credit rating categories.
6.	Obligations of any state agency or instrumentality of the U.S. Gov.	Rated in either of the two highest credit rating categories.
7.	Certificates that evidence ownership of the right to payment as long as those securities are those described above, under 1, and are held by a trust company or bank.	Unsecured, uninsured and unguaranteed debt issue ranked in the two highest rating categories.
8.	Certificates that evidence ownership of the right to payment as long as those securities are those described above, under 1, and are held by a trust company or bank.	Guaranteed by the U.S. Gov.
9.	Certificates of deposit and banker's acceptance of the 50 largest banks in the U.S. or commercial paper issued by the parent holding company.	Unsecured, uninsured and unguaranteed debt issue ranked in the two highest rating categories.
10.	Commercial Paper other than that issued by a bank holding co.	Rated in the highest rating category or issued by a U.S. Corp. which has an unsecured, uninsured and unguaranteed debt issue ranked in the two highest rating categories.
11.	Repurchase agreements with banks or trust companies.	Banks with combined capital of no less than \$50 million or primary dealer secured by securities described under 1, 3, 4, 9, or 10 above.
12.	Shares of Investment Companies organized under Inv. Co. Act 1940, which invests its assets exclusively in obligations described above, under 1, 6, 9, 10, or 11.	
13.	Local Gov. Surplus Trust Fund of the State of Florida.	
15.	Money Market Funds.	Rated in the highest category of comparable types of obligations.
16.	Investment agreements or guaranteed investment contracts.	Rated in the highest credit rating category.
17	CORPORATE BONDS and NOTES: Public or private corporations and organizations issue corporate bonds and notes for the purpose of funding capital improvements, expansions, acquisitions or debt refinancing. Investors essentially are lending money to the issuer.	<u>Minimum Rated A -without regard to any gradation of that rating by a numerical, symbol or other such modifier, by all rating agencies.</u> or RP4 above

Investment Risk Management Policy

Appendix A

Allowable Investments by Project

(Continued)

Decommissioning Funds - St. Lucie Unit No. 2

Authorized Investments		Credit Rating/Security/Collateral
1.	Securities or other obligations of the Federal, State government or any agency or instrumentality.	
2.	Time deposits or demand deposits of the Trustee.	Insured by an agency of the Federal Gov.
3.	Forward delivery agreements.	Guaranteed by any agency of the U.S. Gov.
4.	In accordance with instructions from FMPA subject to the provisions of Section 5 of the Trust Fund Agreement.	

Investment Risk Management Policy

Appendix B

Flow of Funds Under the Resolution

Pursuant to the Resolution, all revenues are deposited with FMPA to the credit of the Revenue Fund established under the Bond Resolution. In each month, funds are to be first transferred from the Revenue Fund to the Operation and Maintenance Fund (i) for credit to the Operation and Maintenance account in the amount, if any, required so that the balance credited to said Account shall equal the amount necessary for the payment of Operation and Maintenance Expenses for the succeeding month, (ii) for credit to the Working Capital Account in the amount budgeted therefore, and (iii) for credit to the Rate Stabilization Account in the amount, if any, budgeted therefore. After these transfers from the Revenue Fund, FMPA will make in each month the following deposits from the Revenue Fund in the order of priority set forth below:

First, to the Debt Service Account held by the Trustee, the amount required so that the balance in such Account (excluding capitalized interest on deposit therein in excess of the amount thereof to be applied to pay interest accrued and to accrue on all outstanding Bonds to the end of the then current calendar month) shall equal the Accrued Aggregate Debt Service;

Second, to the Debt Service Reserve Account held by the Trustee (and each sub account therein), after giving effect to any surety bond, insurance policy, letter of credit or other obligation deposited therein pursuant to the terms of the Resolution, the amount required to be deposited into such Account in such month to make up any deficiency in the Debt Service Reserve Requirement;

Third, to the Subordinated Debt Fund held by FMPA for credit to the various accounts therein, including the Offered Securities Account, the amount, if any, required to pay principal or sinking fund installments of and interest on each issue of Subordinated Debt (including the Offered Securities) and reserves therefore, as required by the supplemental Bond Resolution authorizing such issue of Subordinated Debt;

Fourth, to the Reserve and Contingency Fund held by FMPA (a) for credit to the Renewal and Replacement Account, the amount budgeted therefore, and (b) for credit to the Contingency Account the amount required for such account to equal the Contingency Requirement;

Fifth, for deposit to the Decommissioning Fund (which is not pledged to the Offered Securities), the amount budgeted therefore; (applicable for St. Lucie Project) and

Sixth, for credit to the General Reserve Fund held by FMPA, any remaining monies in the Revenue Fund.

Investment Risk Management Policy

Appendix C

Reporting Calendar

Florida Municipal Power Agency Risk Management Reporting Calendar Investment Risk Management Reporting Requirements				
Reporting Item	Frequency Of Report	Responsible Party	Policy Section Reference	Policy Category Reference
Security Ratings Compliance	Monthly	Treasurer and Risk Director	Section 5.0	Authorized and Suitable Investment Securities Authorized and Suitable Investment Securities Authorized and Suitable Investment Securities Authorized and Suitable Investment Securities
Financial Condition	Annually	Treasurer and Risk Director	Section 5.1	Authorized Financial Institutions, and Broker/Dealers: Authorized Financial Institutions, and Broker/Dealers: Authorized Financial Institutions, and Broker/Dealers: Authorized Financial Institutions, Depositories, and Broker/Dealers:
Diversification Percentage	Monthly	Treasurer and Risk Director	Section 5.5	Diversification: Diversification: Diversification: Diversification:

SSAE 16 Report for Trustees and Custodians	Annually	Treasurer and Risk Director	Section 6.0	CustodyCustodyCustodyCustody
Policy Compliance Deviations	As Needed	Agency Risk Manager <u>Audit Manager</u>	Section 8.1	Policy and Procedure CompliancePolicy and Procedure CompliancePolicy and Procedure CompliancePolicy and Procedure Compliance
Investment Reports	EC/BOD meetings	Treasurer and Risk Director	Section 9.0	ReportingReportingReportingReporting
Policy Operation and Effectiveness	Annually	FC	Section 9.0	ReportingReportingReportingReporting

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

INVESTMENT RISK MANAGEMENT POLICY

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INVESTMENT RISK MANAGEMENT POLICY FOR FLORIDA MUNICIPAL POWER AGENCY

This Investment Risk Management Policy (the “Policy”) and any effective subordinate procedures establish the governance, framework and the controls under which Florida Municipal Power Agency (FMPA) may engage in activities to identify, measure and minimize future business risk resulting from the investment and management of FMPA’s financial assets. This Policy is Appendix C of the FMPA Risk Management Policy.

1.0 Policy Statement

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. There may be times when FMPA will determine that certain risks are above the preferred risk tolerance level of FMPA and its members. FMPA is hereby authorized to put mechanisms into place, such as those more fully described in Sections 3.0 and 4.0 of this Policy, which will control, transfer, or mitigate these risks to avert an adverse effect on FMPA’s ability to invest funds of the Agency and its Projects in a manner that will balance investment return with principal security, such that FMPA will meet the daily and long term cash flow demands of the Agency and its Projects.

It is the Policy of the EC and BOD that:

- ❖ The investment program shall conform to all federal, state, and local legal requirements.
- ❖ Authority is delegated to the Chief Financial Officer (CFO) to create procedures to administer this Policy.
- ❖ The preservation of capital is the foremost objective of the risk-considered investment practice strategies.
- ❖ Investments using derivatives are prohibited unless specifically approved by the EC or BOD.
- ❖ The CFO shall establish benchmarks against which portfolio performance shall be compared regularly.

INVESTMENT RISK MANAGEMENT POLICY

(Continued)

- ❖ Authority is delegated to the CFO to establish a system of written internal controls to regulate investment activities.
- ❖ The Treasurer and Risk Director shall provide investment reports for each regular meeting of the EC and BOD.
- ❖ Deviations from this Policy shall be reported to the Finance Committee (FC).

This Policy is created to ensure the prudent management of the Agency and its Projects' funds, and the availability of operating funds, bond proceeds and capital funds as needed. This Policy is applied individually to each Project, not in any combination of Projects. This Policy applies to all monetary assets of the Agency and all Projects with the exception of employee deferred contribution funds. The employees deferred contribution funds are placed with a third party administrator and are self-managed by the employees.

The standard of prudence to be used by FMPA investment staff shall be the "prudent person" rule as defined in Florida Statute 218.415: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment."

2.0 Scope

Investments purchased by the Agency shall conform to all federal, state, and local legal requirements governing the investment of Public Funds, including all bond resolutions and ordinances adopted by the EC or BOD. Responsibility for investment decisions, including day-to-day transactions undertaken, is hereby delegated to the Treasurer and Risk Director or designated Treasury staff, under the direction of the CFO. No person may engage in an investment transaction except as provided under the terms of this Policy.

FMPA may appoint an outside investment manager as "Agent" for the Agency's cash and investment reserves. The outside investment manager must meet the requirements detailed in the Investment Procedures.

3.0 Types of Investment Risk

This Policy is intended to define responsibility, clarify investment goals, establish strategies, achieve stated goals and set up the method of evaluation and control of all investment operations. The CFO will cause Investment Procedures to be written that identify risks in the areas noted below and provide ways to measure, control and mitigate FMPA's exposure to those risks. While not intended to be a comprehensive listing of risks encountered by FMPA during the normal course of the business cycle, the following provides insight into the major areas of investment risk exposure for FMPA

3.1 Credit Risk:

The risk that a change in the credit quality of an institution will affect the value of a security or portfolio. An example of credit risk might occur if the issuer of a bond that FMPA has purchased as an investment defaults on its obligations, causing the loss of some or all of the investment value. Such risks can be reduced by diversifying securities and maturities.

3.2 Liquidity Risk:

The risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. Some investments are highly liquid and have low liquidity risk (such as money market funds) while other investments are highly illiquid and have high liquidity risk (such as real estate). An example of liquidity risk might occur if FMPA attempted to convert an investment into cash for operating needs, but was unable to do so due to the illiquid nature of the security. Such risk can be reduced by selecting investments with the liquidity to meet FMPA's cash flow needs.

4.0 Investment Objectives

Investment selections should balance the primary objectives of FMPA's investment program. In priority order, the objectives are

4.1 Safety:

Preservation of capital in the overall portfolio is the highest of the risk based investment practice objectives. To attain this objective, investment securities shall be selected from those deemed authorized and suitable as described in Section 5.0 of this Policy. Speculative strategies shall not be undertaken. Management defines speculation as the process of selecting investments in an attempt to profit from fluctuations in prices.

4.2 Liquidity:

The portfolio should be structured so that securities mature concurrent with cash needs to meet anticipated demands. Investments considered to be liquid are those held until maturity where maturity is less than three months. A sufficient level of liquidity must be maintained to meet the next thirty days of expected operating expenses and other disbursements, plus an extra, reasonable amount to meet unusual and unexpected needs.

4.3 Return:

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and the cash flow characteristics of the portfolio. Funds should be invested in high credit quality investment instruments (as allowed by Project Bond Resolutions and summarized in Appendix A) in anticipation of achieving a fair return. The methods used in selecting investments should balance market, credit, and liquidity risks.

5.0 Authorized and Suitable Investment Securities

FMPA is empowered by Ordinance 87-1, as amended, to invest in the types of securities listed in Appendix A for the Agency and its Projects. FMPA may buy or sell securities for other securities to improve yield, maturity, or reduce credit risk. Investment in securities that "derive" their value through financially engineered derivative indices or are highly interest-rate sensitive are not permissible unless specifically recommended in writing and approved by the EC or BOD. FMPA will not allow leveraging (the borrowing of funds for the expressed purpose of reinvesting those funds) or invest in securities with a rating below that

required in Appendix A at the time of purchase. The Treasurer and Risk Director must report on a monthly basis any security whose rating has fallen below the rating level identified in Appendix A after purchase and submit a rationale for maintaining such security if it has not been sold

5.1 Authorized Financial Institutions, and Broker/Dealers:

The Treasurer and Risk Director will cause to be maintained a list of financial institutions that meet the qualifications detailed in the Investment Procedures and are authorized to provide investment services. An annual (each fiscal year) review of the ratings from national rating agencies and financial condition of all qualified financial institutions and broker/dealers will be conducted in accordance with Investment Procedures.

5.2 Method of Selection:

FMPA shall select securities that provide the highest rate of return within the risk parameters of this Policy, given the current objectives, diversification, cash- flowneeds, and maturity requirements. Selection of securities shall be made using either competitive bids, wherein FMPA solicits proposals from at least three firms; or comparison to the current market price as indicated by one of the market pricing resources available, including but not limited to Bloomberg. Records will be kept of the bids or offers, the bids or offers accepted and if necessary a brief explanation of the decision which was made regarding the investment.

5.3 Maximum Maturities:

The funds of Agency and Project Operating accounts are invested to achieve a market rate of return while meeting the Agency's and its Projects' cash flow needs. FMPA will match investment maturities with known cash needs and anticipated cash flow requirements, not to exceed maximum maturity requirements.

Unless matched to a specific cash flow, FMPA shall invest securities maturing in accordance to Appendix B and the following.

Fund/Account	Invested to Mature as Shown
<i>Operations and Maintenance Fund</i>	
1. Operations and Maintenance Account	The month-end duration of the Account will be less than 1.00.
2. Working Capital Account	Within 5 years.
3. Rate Stabilization Account	Within 5 years.
<i>Debt Service Fund</i>	
1. Debt Service Account	Not later than when needed for payment to be made from such Account.
2. Debt Service Reserve	Not later than the final maturity date of any Bonds that are outstanding.
3. Subordinated Debt Fund	Not later than when needed for payment to be made from such Account.
<i>Construction Fund or Proceeds Fund</i>	Not later than when needed for payments to be made from such fund.
<i>Reserve and Contingency Fund</i>	
1. Contingency Account	Within 5 years or when needed to make payments.
2. Renewal and Replacement	Within 5 years or when needed to make payments.
<i>General Reserve Fund</i>	
1. General Reserve Account	Within 5 years or when needed to make payments.
<i>Decommissioning</i>	Not later than when needed. (Applicable only to St. Lucie)

5.4 Collateralization:

INVESTMENT RISK MANAGEMENT POLICY
(Continued)

Collateralization, as detailed in the Investment Procedures, may be required for investments such as repurchase agreements and any approved investment agreement contract or agreement.

5.5 Diversification:

FMPA must diversify to avoid incurring unreasonable risks associated with over-investing in specific investments, individual financial institutions, maturities and in the future by geographic area or by any other reasonably determinable characteristic. Compliance with the specific diversification requirements shown in the chart below will be measured using market value at the time of purchase and monthly thereafter. In the event that a particular category exceeds the scheduled maximum percentage by 10% (for example, if Repurchase Agreements exceed 22%) for two consecutive months, the Treasurer and Risk Director must report such deviation and submit for approval a strategy for handling each such deviation. For risks potentially resulting from investments with high concentrations of other characteristics not itemized in the chart above, the Treasurer and Risk Director should bring these investments to the attention of the CFO for review. If the concentration risk is deemed significant enough by any one of the three noted here, the CFO must bring this concentration concern to the FC.

Diversification by Investment Type:	Percentage at time of purchase:
US Treasury Obligations	100%
Municipal Bonds ¹	100%
US Gov. Agency and US Gov. Sponsored Instrumentality	100%
Banker's Acceptances	50%
Commercial Paper	50%
Corporate Bonds and Notes (A or above)	20%
Florida Local Government Surplus Fund Trust Fund (SBA)	50%
Local Government Investment Pools	25%
Collateralized CDs and Time Deposits	25%
Money Market Mutual Funds	25%
Repurchase Agreements	20%
Guaranteed Investment Contracts (GICs)	15%
Or as approved by the EC or BOD	

INVESTMENT RISK MANAGEMENT POLICY
(Continued)

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Diversification by Institution:	Percentage at time of purchase:
Money Market Mutual Fund	25%
US Gov. Agency by Agency	25%
Municipal Bonds by Issuer	20%
Commercial Banks (CDs, Time Deposits, or Commercial Paper)	10%
Bankers' Acceptance by Bank	10%
Corporate Notes	10%

Diversification by Geographic Location:	Percentage of Portfolio
Within individual state	Not more than 25%

5.5.1 Exceptions:

Diversification percentages can be exceeded by approval from the EC / BOD.

6.0 Custody

All investment security transactions, including collateral for repurchase agreements, entered into by FMIPA shall be settled on a delivery versus payment (DVP) basis. Securities will be held by a third party Custodian or Trustee designated by the CFO and evidenced by trade confirmations and bank statements.

All securities purchased by FMIPA will be properly designated as an asset of the Agency or its Projects and held by a third party Custodial or Trustee institution. The Custodial or Trustee institution shall annually (each fiscal year) provide a copy of their most recent report on internal controls (Statement on Standards for Attestation Engagements No. 16 (SSAE 16)). The Treasurer and Risk Director or designated Treasury Staff will provide this report, upon receipt, to the CFO.

7.0 Benchmarking Performance

The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates, taking into account investment risk constraints and cash flow needs. The CFO shall cause to be established a series of appropriate benchmarks against which portfolio performance shall be compared on a regular basis. Guidelines on selecting and managing benchmarks, which may include the use of duration and convexity as performance measurement tools, are contained in the Investment Procedures.

Any external investment managers, if hired, shall not independently select benchmarks. All benchmarks used by external investment managers must be approved by the CFO. Specific description and the source, including date of such benchmarks, should be provided in any external investment manager's performance report along with the exact methodology used in calculating the yields/returns on the portfolio and the benchmark.

8.0 Internal Controls and Ethics

The CFO shall cause to be established a system of written internal controls to regulate investment and related activities, consistent with this Policy and Investment Procedures, and in accordance with all policies and procedural guidelines established in the FMPA Risk Management Policy. The controls shall be designed to meet the requirements as listed in Florida State Statute Section 218. As part of the year-end audit, the external auditors will be required to state whether the Agency has complied with Florida State Statute Section 218.415, regarding the investment of public funds.

The CFO and the Treasurer and Risk Director, or their designees, may do placement of funds. Accounting staff will not have any responsibility for investing funds. Further internal controls are established in the Investment Procedures to address safekeeping, repurchase agreement, collateral/depository agreements, banking service contracts, delivery vs. payment procedures, and separation of transaction authority from accounting and record-keeping, and may include security controls contained within Treasury software programs.

The Agency Audit Manager shall be responsible to review all documented internal controls and procedures established to ensure they comply with the FMPA Risk Management Policy

and adequately mitigate all applicable risks. If, after review, the Agency Audit Manager identifies areas of concern, the documented internal controls weakness(s) will be communicated to the CFO and FC as appropriate.

8.1 Policy and Procedure Compliance

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

8.2 External Parties

All dealers, financial institutions, investment managers, or individuals, collectively referred to as the parties, investing on behalf of FMPA will be sent a copy of the Investment Policy by the Treasurer and Risk Director, along with a list of employees who are authorized to transact investment trades on behalf of FMPA. These parties will be required to respond, in writing, that the Policy was received, read, understood and will commit to adhere to the Policy. FMPA will pursue full recovery of all associated costs resulting from deviations from the Investment Policy.

8.3 Continuing Education

The CFO, Treasurer and Risk Director and other appropriate investment staff will be required to complete annually (each fiscal year) a minimum of 8 hours of continuing professional education (CPE's), or more as required by State Regulations, in subject courses of study related to investment practices and products.

9.0 Reporting

The Treasurer and Risk Director will produce investment reports in accordance with Investment Procedures and provide these reports to the General Manager and the CFO as and when requested, but for no less than each meeting of the EC and/or BOD.

The CFO 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

INVESTMENT RISK MANAGEMENT POLICY

(Continued)

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. The Treasurer and Risk Director shall report on the current risk environment affecting FMPA's investment program to the CFO as needed, and initiate and/or participate in any necessary discussion prior to moving items to the FC.

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(See Also Glossary of Terms in FMPA's Risk Management Policy)

ACCRUED INTEREST: The interest to be paid on a security from the last interest accrual date to the settlement date. The buyer of the security pays the market price plus accrued interest. Also called "Purchased Interest".

AGENCY: Florida Municipal Power Agency.

AGENCY SECURITIES: Corporations, such as GNMA, FNMA or FHLMC, which have varying degrees of federal sponsorship and/or regulatory oversight.

ANNUAL AUDIT: The official audit report for FMPA. It includes combined statements for each individual fund and account group prepared in conformity with GAAP.

BASIS POINT: One one-hundredth of a percent (0.01 %).

BOND RATINGS: Evaluations by independent services such as Moody's, Fitch, or Standard & Poor's of a bond's investment quality and credit worthiness.

BROKER-DEALER: A broker-dealer firm is in the business of buying and selling securities—stocks, bonds, mutual funds, and certain other investment products—on behalf of its customers (as broker), for its account (as a dealer), or both.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit, or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

CONVEXITY: A volatility measure, used in conjunction with duration, of how the price of a bond changes as interest rates change.

CORPORATE BONDS and NOTES: Public or private corporations and organizations issue corporate bonds and notes for the purpose of funding capital improvements,

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

expansions, acquisitions or debt refinancing. Investors essentially are lending money to the issuer.

COUPON RATE: The amount of interest return based upon par value which the issuer agrees to pay the bondholder.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer (unsecured, no liens or pledges on specific assets).

DELIVERY VERSUS PAYMENT: Delivery versus payment is delivery of securities with an exchange of money for the securities.

DELIVERY VERSUS RECEIPT: (Also called free). Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value; e.g. U. S. Treasury bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DON'T KNOW (DK): A term designating the lack of knowledge of a delivery in a securities transaction.

DURATION: The weighted average time to the receipt of value of the future cash flows of a security weighted by the present value of each of the cash flows in the series. Duration is used as a measure of the relative sensitivity of the price of the security to a change in market required yield.

FACE VALUE: The dollar amount the issuer promises to pay the bondholder at maturity. Also called par value.

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which Federal funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): The institutions that regulate and lend to savings and loan associations. The FHLB play a role analogous to that played by the Federal Reserve Banks vis-à-vis member commercial banks.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing & Urban Development, H.U.D. It is the largest single provider of residential mortgage funds in the United States. FNMA is a private stockholder owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM ("FED"): The Central Bank of the United States created by Congress and composed of the presidentially appointed Board of Governors in

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

Washington, D.C., the Federal Open Market Committee, 12 Regional Federal Reserve Banks, numerous private U.S. member banks, and various advisory councils.

FORWARD DELIVERY AGREEMENT (FDA) and FORWARD SALE AGREEMENT (FSA): See “Forward Contracts” in Agency-wide Risk Management Policy Glossary.

FREE DELIVERY: See "Delivery versus Receipt".

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae):

Securities guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by FHA, VA or FMHM mortgages. The term “pass-through” is often used to describe Ginnie Mae.

GOVERNMENT SECURITIES: Securities that qualify under government securities are issued or guaranteed by more than 15 different entities/agencies of the U.S. government and corporations created by acts of Congress. Some are backed by the full faith and credit of the U.S. and some are not. The direct and guaranteed obligations of the U.S. government, where the securities are backed by the full faith and credits of the U.S., are considered AAA rated. A comprehensive listing of qualified investments for AAA financing is provided in Appendix A.

INTERNAL RATE OF RETURN (IRR): The discount rate that makes the present value (sum of the discounted values) of a cash flow of an instrument equal to the price of the instrument.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase--reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date a security comes due and fully payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

MUNICIPAL BOND: A bond issued by a political unit, such as a state, county, city, town, or village or a political unit's agencies or authorities. In general, interest paid on municipal bonds is exempt from federal income taxes and state and local income taxes within the state of issue.

NASD: National Association of Securities Dealers.

NEW HOUSING AUTHORITY BONDS: A bond issue by a local public housing authority to finance public housing secured by U.S. Government assistance agreements which guarantees full payment of interest and principal. Also called Public Housing Authority Bonds (PHA's).

OPEN MARKET OPERATIONS: Purchases and sales of government securities and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and flexible monetary policy tool.

PAR VALUE: See "Face Value".

PAYMENT DATE: The date at which the interest on a bond is due.

PORTFOLIO: Collection of securities held by an investor.

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

PROJECTS: St Lucie, Stanton, All-Requirements, Tri-City, Stanton II, Pooled Loan, and Solar I & II

PRIMARY DEALER: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state- the so-called legal list. In other states the trustee may invest in a security if it is one that would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state which has segregated eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

REPURCHASE AGREEMENT (RP OR REPO): An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement by the first party to repurchase the securities at a specified price from the second party on a specified later date.

RIDING THE YIELD CURVE: Buying long-term bonds in anticipation of capital gains as yields fall with the declining maturity of the bonds.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

SEC RULE 15C3-1: See "Uniform Net Capital Rule".

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES ACT OF 1933: A federal law for the purpose of protecting the public in the issuance and distribution of securities by requiring full disclosure by the issuer.

SECURITIES AND EXCHANGE COMMISSION: The government agency responsible for regulating and supervising the securities industry.

SECURITIES EXCHANGE ACT OF 1934: A federal law for the purpose of protecting the public in the trading of securities on the stock exchanges and the over-the-counter market.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the yield curve.

TWO HIGHEST CREDIT RATING CATEGORIES: For long-term debt the two highest rating categories, namely AAA and AA, without regard to any gradation of that rating by a numerical, symbol or other such modifier however done by any of the different Rating Agencies. See table below. The two highest credit rating categories are highlighted. Likewise, short-term ratings of the two highest categories by rating firm are also highlighted. Table of ratings categories; partial listing of upper portion of complete table as herein needed:

Moody's		S&P		Fitch	
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Aaa	P-1	AAA	A-1+	AAA	F1+

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

Aa1	P-1	AA+	A-1+	AA+	F1+
Aa2	P-1	AA	A-1+	AA	F1+
Aa3	P-1	AA-	A-1+	AA-	F1+
A1	P-1	A+	A-1	A+	F1
A2	P-1	A	A-1	A	F1
A3	P-2	A-	A-2	A-	F2
Baa1	P-2	BBB+	A-2	BBB+	F2

Please note, the table shown above is just the relevant part of a comprehensive ratings table in order to clarify the Investment Risk Management Policy meaning for the term “two highest credit rating categories.”

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than ten years.

TREASURY NOTES: Intermediate term coupon bearing U.S. Treasury securities having initial maturities of from one to ten years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms, as well as nonmember broker-dealers in securities, maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

Investment Risk Management Policy

Appendix A

Allowable Investments by Project

Agency, All Requirements, St. Lucie, Stanton, Stanton II and Tri-City, Pooled Loan and Solar I & II Projects

Authorized Investments		Credit Rating/Security/Collateral
1.	U.S. Gov. obligations including Federal Agencies unconditionally guaranteed by the U.S. Govt.	Guaranteed by the U. S. Government.
2.	Non-callable bonds or other obligations of any U.S. State, Agency, Instrumentality or local Gov. unit.	Guaranteed by cash or U.S. Gov. securities or rated in the highest category by a nationally recognized bond rating agency.
3.	Bonds, debentures or other indebtedness issued or guaranteed issued by any Agency or Instrumentality of the United States of America.	Issued or guaranteed by any agency or corporation of the U.S. Gov.
4.	New Housing Authority Bonds and Project notes fully secured.	Fully secured by payment agreement with U.S. Gov.
5.	Direct and general obligations of any State, Agency or Instrumentality of the U. S. or any agency, instrumentality or local government.	Rated in either of the two highest credit rating categories.
6.	Obligations of any state agency or instrumentality of the U.S. Gov.	Rated in either of the two highest credit rating categories.
7.	Certificates that evidence ownership of the right to payment as long as those securities are those described above, under 1, and are held by a trust company or bank.	Unsecured, uninsured and unguaranteed debt issue ranked in the two highest rating categories.
8.	Certificates that evidence ownership of the right to payment as long as those securities are those described above, under 1, and are held by a trust company or bank.	Guaranteed by the U.S. Gov.
9.	Certificates of deposit and banker's acceptance of the 50 largest banks in the U.S. or commercial paper issued by the parent holding company.	Unsecured, uninsured and unguaranteed debt issue ranked in the two highest rating categories.
10.	Commercial Paper other than that issued by a bank holding co.	Rated in the highest rating category or issued by a U.S. Corp. which has an unsecured, uninsured and unguaranteed debt issue ranked in the two highest rating categories.
11.	Repurchase agreements with banks or trust companies.	Banks with combined capital of no less than \$50 million or primary dealer secured by securities described under 1, 3, 4, 9, or 10 above.
12.	Shares of Investment Companies organized under Inv. Co. Act 1940, which invests its assets exclusively in obligations described above, under 1, 6, 9, 10, or 11.	
13.	Local Gov. Surplus Trust Fund of the State of Florida.	
15.	Money Market Funds.	Rated in the highest category of comparable types of obligations.
16.	Investment agreements or guaranteed investment contracts.	Rated in the highest credit rating category.
17	CORPORATE BONDS and NOTES: Public or private corporations and organizations issue corporate bonds and notes for the purpose of funding capital improvements, expansions, acquisitions or debt refinancing. Investors essentially are lending money to the issuer.	Minimum rated A without regard to any gradation of that rating by a numerical, symbol or other such modifier, by all rating agencies.

Investment Risk Management Policy

Appendix A

Allowable Investments by Project

(Continued)

Decommissioning Funds - St. Lucie Unit No. 2

Authorized Investments		Credit Rating/Security/Collateral
1.	Securities or other obligations of the Federal, State government or any agency or instrumentality.	
2.	Time deposits or demand deposits of the Trustee.	Insured by an agency of the Federal Gov.
3.	Forward delivery agreements.	Guaranteed by any agency of the U.S. Gov.
4.	In accordance with instructions from FMPA subject to the provisions of Section 5 of the Trust Fund Agreement.	

Investment Risk Management Policy

Appendix B

Flow of Funds Under the Resolution

Pursuant to the Resolution, all revenues are deposited with FMPA to the credit of the Revenue Fund established under the Bond Resolution. In each month, funds are to be first transferred from the Revenue Fund to the Operation and Maintenance Fund (i) for credit to the Operation and Maintenance account in the amount, if any, required so that the balance credited to said Account shall equal the amount necessary for the payment of Operation and Maintenance Expenses for the succeeding month, (ii) for credit to the Working Capital Account in the amount budgeted therefore, and (iii) for credit to the Rate Stabilization Account in the amount, if any, budgeted therefore. After these transfers from the Revenue Fund, FMPA will make in each month the following deposits from the Revenue Fund in the order of priority set forth below:

First, to the Debt Service Account held by the Trustee, the amount required so that the balance in such Account (excluding capitalized interest on deposit therein in excess of the amount thereof to be applied to pay interest accrued and to accrue on all outstanding Bonds to the end of the then current calendar month) shall equal the Accrued Aggregate Debt Service;

Second, to the Debt Service Reserve Account held by the Trustee (and each sub account therein), after giving effect to any surety bond, insurance policy, letter of credit or other obligation deposited therein pursuant to the terms of the Resolution, the amount required to be deposited into such Account in such month to make up any deficiency in the Debt Service Reserve Requirement;

Third, to the Subordinated Debt Fund held by FMPA for credit to the various accounts therein, including the Offered Securities Account, the amount, if any, required to pay principal or sinking fund installments of and interest on each issue of Subordinated Debt (including the Offered Securities) and reserves therefore, as required by the supplemental Bond Resolution authorizing such issue of Subordinated Debt;

Fourth, to the Reserve and Contingency Fund held by FMPA (a) for credit to the Renewal and Replacement Account, the amount budgeted therefore, and (b) for credit to the Contingency Account the amount required for such account to equal the Contingency Requirement;

Fifth, for deposit to the Decommissioning Fund (which is not pledged to the Offered Securities), the amount budgeted therefore; (applicable for St. Lucie Project) and

Sixth, for credit to the General Reserve Fund held by FMPA, any remaining monies in the Revenue Fund.

Investment Risk Management Policy

Appendix C

Reporting Calendar

Florida Municipal Power Agency Risk Management Reporting Calendar Investment Risk Management Reporting Requirements				
Reporting Item	Frequency Of Report	Responsible Party	Policy Section Reference	Policy Category Reference
Security Ratings Compliance	Monthly	Treasurer and Risk Director	Section 5.0	Authorized and Suitable Investment Securities
Financial Condition	Annually	Treasurer and Risk Director	Section 5.1	Authorized Financial Institutions, and Broker/Dealers:
Diversification Percentage	Monthly	Treasurer and Risk Director	Section 5.5	Diversification:
SSAE 16 Report for Trustees and Custodians	Annually	Treasurer and Risk Director	Section 6.0	Custody
Policy Compliance Deviations	As Needed	Agency Audit Manager	Section 8.1	Policy and Procedure Compliance
Investment Reports	EC/BOD meetings	Treasurer and Risk Director	Section 9.0	Reporting
Policy Operation and Effectiveness	Annually	FC	Section 9.0	Reporting

AGENDA ITEM 9 – INFORMATION ITEMS

- a) Section 29 Withdrawal Payment Estimates
for 2020**

**Executive Committee
September 17, 2020**



EC 9a – Section 29 Withdrawal Payment Estimates for 2020

FMIPA Executive Committee
September 8, 2020

Section 29 – Early Termination of ARP Contract

ARP Contract Allows Participant to Withdraw from ARP with 3 Years Notice but Must Pay to Keep Remaining Participants Whole

- In 2016, FMPA committed to providing each Participant with biennial estimate of its Section 29 withdrawal cost
- In August 2016, EC approved a set of “Protocols” to guide the calculation of the withdrawal payment
- Withdrawal cost estimates were provided to all Participants in 2018 and 2020 based on the approved Protocols
- Vero Beach Section 29 withdrawal completed in December 2018, Section 29 withdrawal payment ~\$30M
- We are now providing the next biennial withdrawal payment estimates

2 Components to Withdrawal Payment

Methodology Set Forth in Section 29(c)

- 29(c)1: Load ratio share of outstanding ARP Bonds
- 29(c)2: “Stranded costs” over remaining term of withdrawing Participant’s ARP Contract
 - FMPA must manage risk responsibly in payment calculation
 - No clawback provision if FMPA undercollects withdrawal costs
 - Note that if FMPA achieves “Additional Benefits” as result of Participant’s withdrawal, FMPA must refund such amounts to Participant, up to 90% of 29(c)2 withdrawal payment (Section 29(f))

Additional Notes on Estimates

- Estimates assume Participant gives Section 29 withdrawal notice no later than 9/30/2020, for 9/30/2023 withdrawal date
- Withdrawal cost estimates are not additive across Participants
 - Each estimate calculated as if only that Participant withdraws
- Vero Beach transaction reflected in current estimates
 - Includes cost of Vero's Project entitlements and proceeds received from transaction
- Solar costs reflected for those cities participating in ARP solar commitments
- Estimates do not include additional costs that may be specific to certain Participants if they withdraw
 - e.g., certain costs to KUA and Keys pursuant to TARP agreements
- These estimates are subject to change; actual withdrawal costs would be computed at the time of the Participant's withdrawal

Carbon Tax Scenario

- Withdrawal cost estimates have not historically included variable costs
- EC may wish to consider amending Protocols to include a potential carbon tax as a “stranded cost”, especially for coal units
- Staff performed a sensitivity analysis to demonstrate cost impact
 - Assumed \$20/ton carbon tax, escalated at inflation, beginning 2024
 - Only applied to coal CO₂ emissions > gas plant levels
 - Assumed coal plants remain in operation over calculation period with no change in operating levels

2020 Section 29 Withdrawal Cost Estimates (\$Millions) Without Carbon Tax Impact

Member	Section 29(c)1	Section 29(c)2	Total
Bushnell	\$ 6.6	\$ 20.1	\$ 26.7
Clewiston	\$ 10.4	\$ 43.0	\$ 53.4
Fort Meade	\$ 4.8	\$ 14.0	\$ 18.8
Fort Pierce	\$ 55.1	\$ 212.1	\$ 267.2
Green Cove Springs	\$ 13.3	\$ 35.0	\$ 48.3
Havana	\$ 2.8	\$ 11.0	\$ 13.8
Jacksonville Beach	\$ 83.7	\$ 369.8	\$ 453.5
Key West	\$ 71.4	\$ 296.8	\$ 368.2
KUA	\$ 192.4	\$ 838.4	\$ 1030.8
Lake Worth	\$ 0.0	\$ 45.1	\$ 45.1
Leesburg	\$ 58.4	\$ 231.5	\$ 289.9
Newberry	\$ 4.9	\$ 19.8	\$ 24.7
Ocala	\$ 159.5	\$ 696.9	\$ 856.4
Starke	\$ 7.2	\$ 15.3	\$ 22.5

2020 Section 29 Withdrawal Cost Estimates (\$Millions)

With Carbon Tax Impact

Member	Section 29(c)1	Section 29(c)2	Total
Bushnell	\$ 6.6	\$ 21.8	\$ 28.4
Clewiston	\$ 10.4	\$ 45.8	\$ 56.2
Fort Meade	\$ 4.8	\$ 14.8	\$ 19.6
Fort Pierce	\$ 55.1	\$ 222.3	\$ 277.4
Green Cove Springs	\$ 13.3	\$ 36.9	\$ 50.2
Havana	\$ 2.8	\$ 11.6	\$ 14.4
Jacksonville Beach	\$ 83.7	\$ 391.6	\$ 475.3
Key West	\$ 71.4	\$ 313.7	\$ 385.1
KUA	\$ 192.4	\$ 875.9	\$ 1,068.3
Lake Worth	\$ 0.0	\$ 45.1	\$ 45.1
Leesburg	\$ 58.4	\$ 247.1	\$ 305.5
Newberry	\$ 4.9	\$ 21.1	\$ 26.0
Ocala	\$ 159.5	\$ 739.1	\$ 898.6
Starke	\$ 7.2	\$ 16.2	\$ 23.4

On Average, Estimated Withdrawal Costs (Including Carbon Tax) Higher than 2018 Estimates

- 12 of 14 Participants had higher estimated total Section 29 withdrawal payments from 2018 estimates
 - Average was 13% increase
 - Fort Meade and Starke were only 2 Participants w/ decrease
- Less ARP debt outstanding reduced average Section 29(c)1 costs 23.3% from 2018 estimates
 - Partially due to ~\$75M debt payoff using Vero Beach proceeds
 - 13 Participants had reduced 29(c)1 estimate from 2018 (Lake Worth is \$0)
- No Participant had lower estimated Section 29(c)2 costs than 2018 estimates

Primary Drivers of Higher Section 29(c)2 Estimates from 2018

- Addition of Vero Beach entitlement costs (increases 29(c)2 costs, but lower 29(c)1 costs due to debt payoff from Vero Beach proceeds)
- Higher forecasted OUC transmission costs based on recent trends
- Higher capital additions cost projections
- Addition of stranded solar costs for Phase 1 and Phase 2 ARP Solar Participants
- Inclusion of assumed carbon tax
- Higher inflation rate assumed

Recommended Motion

- No motion required. For information only.
- Staff will email each Participant its detailed withdrawal estimate prior to the end of September 2020



Supplemental Information

ARP Contract Requirements for Section 29(c)1. Payment (Bonds)

The amount necessary to call (including payment of any required call premiums and interest to the call date or dates), on the first permissible call date or dates, a percentage of FMPA's then outstanding Bonds (other than Bonds issued to finance additions to the System which FMPA committed to after the receipt of the Project Participant's withdrawal notice) equal to the greater of the Project Participant's share of the All-Requirements Power Supply Project's total electric load on the date of receipt of the withdrawal notice or such share on the withdrawal date. Such amount shall be calculated on the assumption that the Bonds to be called will be the applicable percentage of each series of such Bonds and of each maturity within each such series.

ARP Contract Requirements for Section 29(c)2. Payment (“Stranded Costs”)

An amount equal to the present value on the Withdrawal Date, calculated at the rate of 6% per annum, of all of the additional costs reasonably paid or incurred, reasonably anticipated to be paid or incurred, or reasonably projected to be incurred by FMPA (as determined by FMPA in its sole discretion) as a result of the withdrawal of the Project Participant, over the term specified in such Project Participant’s All-Requirements Power Supply Project Contract (as determined on the anticipated withdrawal date). Such costs shall be determined on the assumption that, during the remaining term of such Project Participant’s All-Requirements Power Supply Project Contract, FMPA was unable to make use of or sell any generating, transmission or other resources (or portions thereof) which FMPA had anticipated would be used to supply, or had acquired with the intention of supplying, all or any portion of the withdrawing Project Participant’s electric load.

“Stranded Cost” Cost Categories

- Generating Resource O&M Costs
- Generating Resource Capital Additions Costs
- Generating Resource Decommissioning Costs
- Fixed Natural Gas Transportation Costs
- Fixed Point-to-Point Transmission Costs
- Fixed Purchased Power Costs
- Member Project Capacity Costs
- Debt Related Costs (Other than Bonds)
- Direct Charges & Other

“Stranded Cost” Calculation Periods

Participant	Withdrawal Date	Stranded Cost End Date	# of Years
Bushnell	09/30/2023	09/30/2054	31
Clewiston	09/30/2023	09/30/2054	31
Fort Meade	09/30/2023	09/30/2041*	18
Fort Pierce	09/30/2023	09/30/2054	31
Green Cove Springs	09/30/2023	09/30/2037*	14
Havana	09/30/2023	09/30/2054	31
Jacksonville Beach	09/30/2023	09/30/2054	31
Key West	09/30/2023	09/30/2054	31
KUA	09/30/2023	09/30/2054	31
Lake Worth	09/30/2023	09/30/2054	31
Leesburg	09/30/2023	09/30/2054	31
Newberry	09/30/2023	09/30/2054	31
Ocala	09/30/2023	09/30/2054	31
Starke	09/30/2023	09/30/2035*	12

AGENDA ITEM 9 – INFORMATION ITEMS

b) Review of Finance Committee Items

**Executive Committee
September 17, 2020**



EC 9b: Summary of Finance Committee Items

Board of Directors & Executive Committee
September 17, 2020

Finance Committee Items

Possible Action Items for Next Meeting

Approve elimination of certain risk policies

Approve Risk Management Policies and Compliance Reports

Recommended Action

- Information only. No action required



/FloridaMunicipalPowerAgency



@FMPANews



/company/fmpa

AGENDA ITEM 9 – INFORMATION ITEMS

c) FY 2021 Draft Management Goals

**Executive Committee
September 17, 2020**

DRAFT GOALS SCORECARD FY 2021

GOAL		STATUS	ACTUAL	YTD ACTUAL	YTD TARGET	FY'21 TARGET	COMMENT
1. Safety	No lost time accidents					0	
	Total reportable injury rate					0	
2. Compliance	Environ.					0	
	Financial					0	
	Regulatory					0	
3. Low Cost	Under \$70/MWh					<\$70	
	Controllable					?	
	Gas					?	
4. Stanton I and II Long-Term Next Steps	Get dec. on Stanton to Reduce Costs & Emissions						
5. Cyber Security	No Breaches					0	
	Phishing					5%	
	Member Engagement					?	
6. Reliability	Large Combined Cycles					90%	
	Stock Island Black Starts and Trans. Back-Up					100%	
	SAIDI Improv. Projects					10	

7. Member Services	# of Leadership Member Visits					75	
	# of Member Projects Managed					20	
	Update Value Analysis for Members					16	
8. Promoting the Value of the Utility	Present/Assist in Presenting to Members					10	
9. Financing	Debt Restructuring					1	
	Get Svgs. & Reduce Near Term Costs					1	
	Prepaid Gas for Min. \$0.20/mmBtu Savings					1	
10. Transmission	Negotiate Svc Upgrade for LWB-HST						
11. Ldrship. Training for Managers	Devel. Mgrs/Dirs in Leadership & Pers. Devel.					11	

12. Load Management Effort	Work on Member Commit. For Load Mgmt. to Defer new Capacity					10 MW	
13. Another Solar Effort?						?	

AGENDA ITEM 9 – INFORMATION ITEMS

d) Quarterly Regulatory Compliance Update

**Executive Committee
September 17, 2020**



Regulatory Compliance Update

BOD 9d & EC 9d

September 17, 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) – Compliance manager site visits
 - Internal Compliance – Updating workflows and controls
 - Member Support
 - Standards development, interpretation, and implementation support – NERC Alert, FMPA Compliance Seminar
 - Peer reviews, spot checks, audit process support – member site visits
 - Industry Influence
 - Provide inputs to FERC, NERC, and SERC initiatives and policy - Supply chain RFI, NOI, and whitepaper
 - Balloting and Standards Development – System Operating Limit SAR and Winter Readiness SAR

FMMPA Compliance

- FMMPA had no reportable compliance violations since June 2020 update
- FMPP had a self-report. Working with FMPP executive director to submit mitigation plan. SERC initial finding of minimal impact
- Internal Compliance Program (ICP) Review (Last completed Feb 2019)
 - Updating document review and workflows to incorporate automation for better controls
 - Engineering Services and Fleet Generation team members are helping with spot checks – RSAWs and Risk Score
- Cyber Security
 - Cyber Security team is monitoring conditions at plant sites for vulnerabilities and sent out periodic security awareness
- 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

FMMPA Compliance

- SMEs and other staff more active in FMMPA Compliance
 - Engineering staff are reviewing policies and procedures to match operations and compliance
 - Staff traveled to TCEC to assist plant operators complete MOD-025 operational testing (determine running values for min & max MWs and MVAR)
- Plant Site Visits
 - Visited TCEC, CI, and Stock Island
 - Worked with TCEC to help with plant training and compliance update
- FMMPA Compliance Seminar September 29 & 30
 - Will be held in-person and virtual WebEx
 - Include presenters from FMMPA, Lakeland, SERC, and NERC
 - Topics: Internal Compliance Controls, FAC-008, PERC-005, SOL, CIP Cybersecurity, Inverter Based Generation Compliance Impact, and Q&A with SERC on audits

Member Support

- 2021 SERC Audits
 - Several members have received audit notification from SERC, Audit Notification Letters will be sent out in October/November – FMMPA available to help
 - Visited Ocala, Clewiston, Stark, and Keys Energy Services
- Bi-weekly Compliance call has increased attendance
 - Thank you to members for participating and active engagement
- Compliance Department is available for support and help with peer reviews, second look, or to any compliance questions

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 (MRC) and Board of Trustee meetings
- FMPPA staff tested and are giving input to NERC's Align and SEL release.
 - Align and SEL will launch Q1 2021 for new compliance engagement

Industry Influence

- NERC August BOT and MRC meeting
 - Carol Chinn continues to play an active role to represent FMPA and members' interest in the MRC
 - NERC Bylaws passed with change recommendations from MRC, NERC Committee restructure
- Staff is engaging with TAPS and APPA to provide comments on DOE Supply Chain RFI, Whitepaper, and NERC NOI
 - DOE to release guidelines on supply chain by September 30
- Staff is also engaging with the groups to give input as DOE Secretary issues guidance on Executive Order in the Fall
 - Staff answered member's question on NERC alert and submitted FMPA's response

AGENDA ITEM 9 – INFORMATION ITEMS

- e) ARP New Rate Structure Taking Effect
October 1, 2020**

**Executive Committee
September 17, 2020**



EC 9e – ARP New Rate Structure Taking Effect October 1, 2020

FMIPA Executive Committee
September 8, 2020

Implementing New ARP Billing Demand Rate Structure

- In June, EC approved revision to the way the ARP bills for demand costs, to be effective October 1, 2020
- Demand costs currently billed based on Participants' monthly CP demands
- Revised methodology based on average of Participants' summer monthly CP demands (June – September) over prior 3 fiscal years
- Rate schedule changes and other approvals needed to implement
- Informing and seeking EC feedback on some proposed changes, with approval to be sought in October

Several EC Approvals Required to Implement New Rate Structure

- Approval of revised ARP Rate Schedule B-1
- Approval of revisions to incentive rate riders (LAIR and EDR)
- Approval of revisions to the CROD Implementation Protocols

Rate Schedule B-1 Revisions

- Paragraph 4 revised for:
 - Standard updates to energy and transmission base rates for new fiscal year
 - Demand base rate updated to reflect new fiscal year and change in demand billing methodology
 - Revision to customer charge language to reflect flat \$1,000 monthly charge per delivery point as discussed during budget process
- Paragraph 6 revised to reflect new billing demand calculation methodology
 - Includes provisions for adjustments to or exclusion of Participant demand data included in the calculation

Rate Schedule B-1 Revisions (continued)

- New paragraph 11 added to provide for an annual true-up of the previous year's demand revenues collected vs. costs incurred
- Paragraph 12 revised to eliminate the monthly demand cost adjustment

Incentive Rate Revisions

Applicable to Load Attraction, Economic Development Riders

- Under new rate structure, a new load would take 3 years to be fully incorporated into a Participant's billing demand
- This provides an inherent economic benefit to the Participant
- Incentive rate riders need adjustment – To qualify, Participant would have to agree to the following conditions for its billing demand:
 - Have its billing demands adjusted upward by estimated amount of new load in 1st year (subject to true-up)
 - Until the new load has been fully incorporated into the Participant's 3-year billing demands:
 - New load billing demand based on average of available summer month loads
 - Billing demand for remaining Participant load still based on 3-year average
- Avoids double discount to new load

Adjusting Bushnell Historical Loads

- Bushnell completed its system expansion in October 2019, effectively doubling its load
- New demand rate structure uses 3 years of summer demands, but only 2020 summer loads will reflect Bushnell's higher load levels
- Bushnell currently receives LAIR incentive, so adjustment needed to avoid double discounting the new load
- Staff recommends calculating billing demands for Bushnell's existing and new loads in accordance with proposed LAIR methodology
 - New load billing demand based on average of available summer month loads
 - Existing load billing demand based on 3-year average of summer month loads

Consideration: Should LAIR be Closed to New Loads?

New Rate Structure May Provide Greater Inherent Financial Benefit to Participants for New Loads than LAIR Credits

- Under new rate structure, depending on start month, a new load could take 3 years to be fully incorporated into a Participant's billing demand
- Inherent demand rate benefit for the new load would be 100% during 1st fiscal year of operations, 67% in 2nd year, and 33% in 3rd year
- Despite shorter effective discount period, this could provide a greater NPV cost savings to the Participant than the LAIR
- ARP sold out of excess capacity based on projected load
 - We may incur costs > net LAIR demand cost for replacement capacity as we get further out in time
- Note: Since Economic Development Rate rider incentive negotiated on case-by-case basis, staff does not believe any rate-related adjustments needed

New Demand Billing Structure Can Provide Cost Savings for New Loads vs. LAIR

Example: 1 MW Load, \$16/kW-mo. Demand Rate, Oct. 1 Start Date

New Rate Structure w/o LAIR Discount			New Rate Structure w/ LAIR Discount			
Year	% of New Load Reflected in Participant Billing Demand	Annual Net Cost to Participant (\$000)	Year	% of New Load Reflected in Participant Billing Demand	LAIR Credit (% Discount to Base Rate)	Annual Net Cost to Participant (\$000)
1	0%	\$0	1	100%	50%	\$96
2	33%	\$64	2	100%	40%	\$115
3	66%	\$128	3	100%	30%	\$134
4	100%	\$192	4	100%	20%	\$154
5	100%	\$192	5	100%	10%	\$173
6	100%	\$192	6	100%	0%	\$192
Total		\$768	Total			\$864
NPV @ 4.5%		\$633	NPV @ 4.5%			\$730

6-year NPV savings of new demand billing structure = \$97,000, or 13%, vs. LAIR discount

CROD Implementation Protocols Revisions

- Existing language for computing monthly CROD billing demand: CROD/MAXD ratio multiplied by Participant's monthly CP demand
- Language added to "CROD Billing" section to clarify that the CROD/MAXD ratio is multiplied by demand computed per paragraph 6 of Rate Schedule B-1
- Staff does not believe any other calculations in the protocols (e.g., calculation of MAXD, quantities of scheduled energy) should change
- This change will not impact any CROD Participant while under a supplemental power arrangement with the ARP
 - Upon termination of supplemental arrangement, CROD Participant would be billed for its CROD load based on the revised protocols

Attachments Included

- Attachment 1: Redline markup of revised Rate Schedule B-1 to be effective October 1, 2020 (base demand rate still to be determined)
- Attachment 2: Redline markup of revised Load Attraction Incentive Rate rider to be effective October 1, 2020
- Attachment 3: Redline markup of revised Economic Development Rate rider to be effective October 1, 2020
- Attachment 4: Redline markup of revised CROD Implementation Protocols to be effective October 1, 2020

Recommended Motion

- No action requested. For information only.

ATTACHMENT 1

Redline Markup of Revised Rate Schedule B-1 to be Effective October 1, 2020

FLORIDA MUNICIPAL POWER AGENCY
POWER SUPPLY RATE SCHEDULE
FOR
ALL-REQUIREMENTS PROJECT PARTICIPANTS

1. **Applicability.** Electric service for All-Requirements Services and Back-up and Support Services as defined in the All-Requirements Power Supply Project Contract for their own use and for resale.
2. **Availability.** This Schedule B-1 is available to the Project Participants purchasing electric capacity and energy from FMPA under the terms of the All-Requirements Power Supply Project Contracts as All-Requirements Services and, if applicable, as Back-Up and Support Services.
3. **Character of Service.** Electricity furnished under this Schedule B-1 at one or more Points of Delivery as set forth in Schedule A shall be sixty-hertz, three phase, alternating current.
4. **Billing Rate for All-Requirements Services.**
 - (a) For electricity furnished hereunder as All-Requirements Services, the charges for each month shall be determined as follows:

Customer Charge

For each Project Participant, ~~previously referred to as the "East Group" (Clewiston, Fort Pierce, Green Cove Springs, Jacksonville Beach, Key West, Lake Worth, Starke and Vero Beach)~~ the charge is \$1,000.00~~345.00~~ per Point of Delivery. ~~For each Project Participant previously referred to as the "West Group" (Bushnell, Leesburg, Ocala, Ft. Meade, Havana, Kissimmee and Newberry) the charge is \$740.00 per Point of Delivery.~~

Notwithstanding the above, the charge for a Project Participant that has both (1) established its Contract Rate of Delivery and (2) does not receive Network Integration Transmission Service under an ARP agreement is \$0.00.

Demand Capacity Charge

\$ ~~19.56~~ per kilowatt ("kW") of capacity billing demand

Demand Transmission

\$ ~~3.652.82~~ per kilowatt ("kW") of transmission billing demand

RATE SCHEDULE B-1
PAGE 2 of 9
EFFECTIVE: October 1, ~~2020~~2019

Demand Transmission Kissimmee Utility Authority	\$ 0. 77 82 per kilowatt ("kW") of transmission billing demand
Energy Charge	\$ 24.45 27.05 per megawatt-hour ("MWh") for all energy supplied as All-Requirements Services
Solar Energy Surcharge	A \$ per megawatt-hour ("MWh") rate, as calculated monthly in accordance with 10 below, for all energy pursuant to the solar Power Purchase Agreement (solar PPA) between the ARP and NextEra Florida Renewables, or its successors or assigns ("the Solar Seller"), as specifically agreed to by individual Project Participants pursuant to a Solar Participant Agreement between the ARP and individual Project Participants (hereinafter "Solar Participants").
Reactive Demand Charge	\$0.00 per kilo-var ("kVAR") of excess billing reactive demand

- (b) Delivery Voltage Adjustment for All-Requirements Services. The Billing Rates under paragraph (a) are based on delivery of electric capacity and energy to the Project Participant at 115,000 volts or higher. Where capacity and energy ~~are~~is delivered at voltages less than 115,000 volts, the Billing Rates under paragraph (a) shall be increased as follows:

<u>Delivery Voltage</u>	<u>Demand Charge Adjustment</u>	<u>Energy Charge Adjustment</u>
69,000 volts	\$0.00/kW	\$0.00/kWh
12,000/25,000 volts	<u>.722/kW</u>	\$0.0000
Under 12,000 volts	<u>.722/kW</u>	\$0.0000

5. **Billing Metering For All-Requirements Services.** The metered demand in kW in each month shall be the individual Project Participant's total 60 minute integrated demand at the time of the highest 60 minute integrated demand for the total of all ARP system Project Participants (or corrected to a 60 minute basis if demand registers other than 60 minute demand registers are installed) measured during the month.

The metered reactive demand in kVAR in each month shall be the reactive demand, which occurred during the same 60-minute demand interval in which the metered kilowatt demand occurred.

Demand and energy meter readings shall be adjusted, if appropriate, as provided in Schedule A of the All-Requirements Power Supply Project Contract.

6. **Billing Demand-Capacity for All-Requirements Services.** The billing demand capacity in any period shall be the arithmetic average of the metered demands, for the period as determined under paragraph 5, giving effect to all adjustments, less the Project Participant's, Excluded Power Supply Resources capacity, if any, for the months of June, July, August, and September for the preceding three fiscal years. For avoidance of doubt, unless otherwise adjusted as follows in this paragraph 6, the monthly billing demand capacity for each Project Participant shall be based on the arithmetic average of 12 data points and shall remain fixed over the current fiscal year.

If a Project Participant has permanently lost a large load during the preceding three fiscal years that would cause the metered demands utilized for that Project Participant in the billing demand capacity calculation not to be representative of its current load, the metered demands utilized in the calculation for that Project Participant may be adjusted accordingly by a majority vote of the Executive Committee in its sole discretion. Such load must represent a minimum of five percent of the Project Participant's total load based on demonstrable load data. It is the responsibility of the Project Participant to notify FMPA of any such loss of load, and no adjustments shall be made to billings for months prior to the effective date of any adjustment approved by the Executive Committee.

If a Project Participant has added a large load during the preceding three years for which a demand-related financial incentive will be provided through a rider to this Rate Schedule B-1, the metered demands utilized in the calculation for that Project Participant will be adjusted as set forth in the respective rider.

Anomalous loads for an individual Project Participant may be excluded from the billing demand capacity calculation by majority vote of the Executive Committee.

7. **Billing Demand-Transmission for All-Requirements Services.** The billing demand capacity in any period shall be the metered demand for the period as determined under paragraph 5, giving effect to all adjustments, but including the Project Participant's, Excluded Power Supply Resources capacity, if any.
8. **Billing Reactive Demand for All-Requirements Services.**

The billing reactive demand for any month shall be the amount of reactive demand in kVAR by which the metered reactive demand exceeds one-half of the metered kilowatt demands, or such other amount as shall be determined from time to time by FMPA.

9. Energy Cost Adjustment for All-Requirements Services.

The monthly bill computed hereunder shall adjust the base energy rate by an amount to the nearest one-thousandth of a cent, determined by use of the formula below:

$$ER = \$0.0\del{24452705}/kWh \pm ETCA$$

Where:

ER = Energy Rate to be applied each kWh of billed energy.

ETCA = Energy Total Cost Adjustment to be determined according to the following procedure:

1. The number days of available cash will be determined each month and rounded to the nearest five days.
2. A confidence percentage based on following table will be selected to determine the amount of the total cost adjustment. The Confidence Percentage will then be applied to the output of the probabilistic model discussed below.

Days of Available Cash	Associated Confidence Percentage
30 day or less	95%
35 days	88%
40 days	80%
45 days	73%
50 days	65%
55 days	58%
60 days	50%
65 days	43%
70 days	35%
75 days	28%
80 days	20%
85 days	13%
90 days and over	5%

3. A probabilistic model will be used to estimate next four months of projected energy total cost and projected total kWh sales for providing the All-Requirements Project power supply. For purposes of this adjustment, FMPA's owned and controlled generating units including purchased power or interchange power purchased by FMPA from other suppliers less the energy cost of sales to other utilities, will be used in the calculations.

4. A probabilistic model will also be used to allocate the most current ARP Participant over-recovery and under-recovery balance as listed ARP's Comparative Statement of Net Asset report. This balance will be applied over the next four months and tied to the appropriate percentage level listed in the table above.

10. Solar Energy Surcharge.

The Solar Energy Surcharge shall equal the difference between the adjusted energy rate calculated in 9 above (ER) and the actual monthly cost per MWh of the solar energy (note the surcharge could be negative). The following provisions shall apply to the calculation of the surcharge:

1. Solar energy costs shall equal the sum of the solar PPA charges, FMPA A&G charges allocated to the Solar PPA, the return to the Agency Development Fund of the costs advanced to enter into and implement the solar PPA, and other costs or charges that the ARP may incur related to utilizing solar energy as part of its resource portfolio, e.g. increased regulation charges assessed by the ARP's Balancing Authority.
2. The following All-Requirements Project Participants have responsibility for solar energy (MWh) in each hour that solar energy is produced:

The City of Jacksonville Beach	17.241%
Fort Pierce Utilities Authority	5.173%
Utility Board, City of Key West	8.621%
Kissimmee Utility Authority	51.724%
The City of Ocala	17.241%
3. In the event that one or more of the Solar Participants defaults by not paying the Solar Energy Surcharge, the defaulting Project Participant(s) shall remain liable for all payments to be made on its part pursuant to this Rate Schedule B-1. In such event, each non-defaulting Solar Participant's All-Requirements bill shall be increased, on a pro rata basis based on its respective Solar Energy Surcharge percentage, the amount in default unless and until FMPA shall recover from the defaulting Solar Participant(s) all amounts owed, upon which FMPA shall reimburse the non-defaulting Solar Participants. If all Solar Participants default by not paying the Solar Energy Surcharge, the All-Requirements Project will be obligated for the Power Purchase Agreement and the solar costs will become part of the Energy Rate (ER) above applicable to all All-Requirements Project Participants, including the defaulting Solar Participants, unless and until FMPA shall recover from at least one of the defaulting Solar Participants all amounts owed by all Solar Participants, upon which FMPA shall reimburse the All-Requirements Project Participants either through rates or through such other method as directed by the Executive Committee
4. A Solar Participant may only exit from the financial obligation to pay the Solar Energy Surcharge if one of the following four

conditions are met, subject to approval of the Executive Committee:

- a. One or more Solar Participants assumes the exiting Solar Participant's entire Solar Energy Surcharge financial obligation to the ARP;
- b. One or more All-Requirements Project Participants assumes the exiting Solar Participant's entire Solar Energy Surcharge financial obligation to the ARP
- c. One or more FMPA Members that is not an All-Requirements Project Participant assumes the financial entitlement to the Solar Participant's percentage share of the PPA and commits that it will take on the (i) associated financial obligation and (ii) obligation to take solar energy, in a form suitable to the ARP; or
- d. Pay stranded cost obligations, as determined by FMPA in its sole discretion, to hold the other Solar Participants harmless from the costs associated with the Solar Participant's exit.

Stranded cost obligations are defined as an estimate of the solar energy costs (defined in 10.1) that the ARP will pay for the exiting Solar Participant's solar energy entitlement during each remaining month of the remaining term of the solar PPA based on (i) a forecast of expected solar production and (ii) a reasonable assessment of unforeseen costs, and are to be paid at the time of exit. The forecast of expected solar production is defined as a P50 (probability of exceedance is 50 percent) production estimate under typical meteorological year conditions using an industry standard modeling tool (PV Syst or its successor/peer products) reflective of a degradation rate of 0.3% per year relative to the original nominal alternating current capacity of the solar resource in the current year (prorated over a partial year as applicable) and each subsequent remaining year of the PPA term.

11. Demand Cost True-up for All-Requirements Services.

Each Project Participant shall be charged or credited, as applicable, during the twelve months commencing with the billing for October service of a subsequent fiscal year by a dollar amount equal to one twelfth of the dollar amount share of the difference between the Project Participant's actual demand costs (excluding transmission) and the demand charges collected during the previous fiscal year. The amount to be charged or credited to each Project Participant shall be calculated on the basis of each Project Participant's demand costs (excluding transmission) collected during the previous fiscal year as a percentage of the total demand costs collected from all Project Participants.

12. ~~Demand and~~ Transmission Cost Adjustment for All-Requirements Services.

The monthly bill computed hereunder shall adjust the base demand transmission capacity rate by an amount to the nearest one-thousandth of a cent, determined by use of the formula below:

$$\text{DTR} = \text{Demand or Transmission per kW/month} \pm \text{DTTCA}$$

Where:

DTR = Demand Transmission Rate to be applied each kW of billed transmission demand.

DTTCA = TransmissionDemand Total Cost Adjustment to be determined according to the same procedure as the ETCA except where kWh will be replaced by kW in item 3 within section 9.

132. Funding for Participants' Load Retention Programs.

Each Participant shall be credited with an amount equal to the Participants monthly billing energy times \$0.30 per MWh. This credit may be used by the Participant to fund Load Retention Programs approved by the Participants' governing body, or for other lawful usage.

143. Tax Adjustment Clause for All-Requirements Services.

In the event of the imposition of any tax, or payment in lieu thereof, by any lawful authority on FMPA for production, transmission, or sale of electricity, the charges hereunder may be increased to pass on to the Project Participant its share of such tax or payment in lieu thereof.

1514. Late Payment Charge. FMPA may impose a late payment charge on the unpaid balance of any amount not paid when due. Such charge shall be equal to the interest on the unpaid balance from the due date to the date of payment, with the interest rate being the arithmetic mean, to the nearest one-hundredth of one percent (.01%) of the prime rate values published in the Federal Reserve Bulletin for the

fourth, third, and second months prior to the due date. The interest required to be paid under this clause will be compounded monthly.

165. Month. The month shall be in accordance with a schedule established by FMPA.

176. Special Jacksonville Beach Charge. In the event that FMPA pays or is billed for any amounts by the JEA for back-up transmission capability and/or transmission services and /or back-up electric service supplied by JEA for the City of Jacksonville Beach, such amounts shall be added to any amounts otherwise billed to the City of Jacksonville Beach by FMPA pursuant to this Schedule B-1, less one-third of such amounts, at such times as FMPA shall determine.

ATTACHMENT 2

Redline Markup of Revised
Load Attraction Incentive Rate
Rider to be Effective
October 1, 2020

FLORIDA MUNICIPAL POWER AGENCY
POWER SUPPLY RATE SCHEDULE
FOR
ALL-REQUIREMENTS PROJECT PARTICIPANTS

LOAD ATTRACTION INCENTIVE RATE RIDER

1. **Purpose.** The purpose of this Load Attraction Incentive Rate (LAIR) Rider is to encourage economic growth in Project Participant service territories by providing a financial incentive that a Project Participant can use as part of its package to attract a new, large load to its service territory that it would not otherwise have been able to attract, with the ultimate goal of reducing ARP excess capacity.
2. **Availability.** This Rider is available to all Project Participants except for those Project Participants that have established a Contract Rate of Delivery (CROD), have not executed a Supplemental Power and Ancillary Services Agreement, and meet at least one of the following conditions:
 - Zero (0) MW CROD
 - CROD/MAXD ratio below 1.0
3. **Applicability; Definition of New Load.** This Rider is available to each New Load of a Project Participant that meets the qualifying criteria set forth herein.

For purposes of this Rider, "New Load" is defined as load being established after the date of the original approval date of this Rider:

- (a) by a new business (including occupation of an existing, dormant facility by a new business), by the expansion of an existing establishment, or
- (b) by the expansion of service territory by the Project Participant.
- (c) For existing establishments, New Load is the net incremental load, due to an expansion of business, above that which existed prior to approval for credits under this Rider.

This Rider is not available for (1) New Load that would have occurred in the Project Participant's service territory without the financial incentive provided by this Rider, or (2) retention of existing load or for relocation of existing load within the Project Participant's service territory, except that relocating businesses that provide expansion of existing business may qualify for the expanded load only.

4. **Qualifying Criteria.** To qualify to receive the LAIR, each New Load must meet or exceed the following minimum size requirements, as measured in Section 5.:

(a) *For New Load in the service territories of Project Participants with a maximum weather-normalized annual All-Requirements Services demand less than 35 MW:* Each New Load must be (i) a minimum of 250 kW for each month at a single delivery point, or (ii) a minimum of 1 MW for new service territory at multiple delivery points.

(b) *For New Load in the service territories of Project Participants with a maximum weather-normalized annual All-Requirements Services demand greater than 35 MW:* Each New Load must be either (i) a minimum of 500 kW for each month at a single delivery point, or (ii) a minimum of 1 MW for new service territory at multiple delivery points.

Further, for purposes of computing its ARP billing demand capacity pursuant to paragraph 6 of Rate Schedule B-1, the Project Participant has hereby agreed to the following adjustments to its billing demand capacity calculation:

(a) Prior to the first fiscal year for which at least one month of metered demands to be utilized in the calculation set forth in paragraph 6 of Rate Schedule B-1 is available, the billing demand capacity for the New Load will be based on the Project Participant's best estimate of the New Load size. To the extent that actual metered demand data, once available, reveals a material difference between the estimated load size and the actual load size, FMPA will adjust the estimate for future months' billings. Further, the Executive Committee, in its sole discretion, may approve a true-up billing adjustment to the extent that the original estimate caused excess or deficient credits to be paid to the Project Participant, as applicable.

(b) For fiscal years for which at least one month, but less than twelve months, of metered demands to be utilized in the calculation set forth in paragraph 6 of Rate Schedule B-1 is available, the billing demand capacity for the New Load will be based on the arithmetic average of the available months' data.

(c) For fiscal years for which all of the metered demands to be utilized in the calculation set forth in paragraph 6 of Rate Schedule B-1 are available, the billing demand capacity for the New Load will be computed in accordance with paragraph 6 of Rate Schedule B-1.

(d) Notwithstanding the preceding, the billing demand capacity for the Project Participant's remaining load will be computed in accordance with paragraph 6 of Rate Schedule B-1.

~~(b)~~

5. **LAIR Description.** A credit based on the percentages below will be applied to the then-current base Demand Capacity Charge (in \$/kW-mo.) set forth in Rate Schedule B-1 for each qualifying New Load of the Project Participant.

Service Month	Discount
1-12	50%
13-24	40%
25-36	30%
37-48	20%
49-60	10%
61 and beyond	0%

The credit shall be applied to the individual New Load's total 60 minute integrated demand at the time of the highest 60 minute integrated demand for the total of all ARP system Project Participants (or corrected to a 60 minute basis if demand registers other than 60 minute demand registers are installed) measured during the month (New Load CP Demand).

Credits for the previous month will be issued by FMPA to the Project Participant no later than the twentieth (20th) day of each month. Unless otherwise agreed between FMPA and the Project Participant, credits will be paid in the form of a check.

In no event can FMPA provide a credit for New Load that is proportionally above the Project Participant's load that is served by the ARP.

For a CROD Participant that has a CROD/MAXD ratio that falls below 1.0 following the addition of one or more qualifying New Loads, the monthly metered demand for the New Load(s) to which the credit is applied shall thereafter be adjusted by the following New Load Adjustment Factor over the remainder of the term under this Rider:

$$NLAdj = 1 - \frac{(MAXD - CROD)}{NLD}$$

Where:

NLAdj = New Load Adjustment Factor, expressed as a percentage, which shall be established in the month during which the CROD Participant's MAXD value first exceeds its CROD amount, and recomputed each time the CROD Participant's MAXD value changes.

CROD = The CROD Participant's Contract Rate of Delivery, which is a one-time calculation developed pursuant to Section 3(a) of the ARP Contract, as amended, and the Contract Rate of Delivery Implementation Protocols adopted by the Executive Committee.

MAXD = The CROD Participant's highest demand during the 12 months ending with the end of the current billing month, which is computed in accordance with Schedule C to the ARP Contract and the Contract Rate of Delivery Implementation Protocols adopted by the Executive Committee.

NLD = The sum of the metered demands of all of the CROD Participant's New Loads, as determined in this Section 5., computed during the first month in which the CROD Participant's MAXD value first exceeds its CROD amount, and recomputed in each subsequent month that either (i) the CROD Participant's MAXD value changes, or (ii) a New Load ceases to receive credits under this Rider.

And where NLAdj can never be greater than 100% or less than 0%.

Once the CROD/MAXD ratio falls below 1.0, per Section 2., the CROD Participant will be ineligible to apply for credits for additional New Load under this Rider.

All other charges to the Project Participant, including but not limited to the Demand Transmission Charge and the Energy Charge, shall be as set forth in the otherwise applicable ARP Rate Schedule(s). In addition, all other provisions of the Rate Schedule(s) otherwise applicable to the Project Participant shall continue to apply.

6. **Meter Requirements.** Metering equipment that can be used to measure each qualifying New Load separately from existing Project Participant load will be required to be installed in order to receive credits under this Rider. All meters shall be of a quality acceptable to FMPA. All metering costs pertaining to this program will be borne by the Project Participant or Project Participant's customer. The Project Participant may request FMPA to provide and install the required metering equipment; if so, FMPA will bill the Project Participant for the equipment costs. The

Project Participant must either provide FMPA with access to the meter information, or the Project Participant must provide the meter information for the previous calendar month to FMPA no later than the tenth (10th) day of each month. In the event that it is either not possible or not practical to install metering that can measure the New Load CP Demand separate from existing Project Participant load, an alternative method for measuring the New Load CP Demand may be utilized at FMPA's sole discretion. Prior to being utilized, the alternative method must be approved by FMPA's General Manager and CEO as to its reasonableness in accurately measuring the New Load CP Demand, and the utilization of such alternative method must be reported to the FMPA Executive Committee at its next regularly scheduled meeting.

7. **Term of Service.** Except as limited below in this Section 7., credits provided under this Rider shall be for a term of five (5) years from the commencement of service of each New Load. Such credits under this Rider will terminate at the end of the five (5) year period.

Each New Load must meet or exceed the minimum size requirements, as measured by the New Load CP Demand, at least once during the initial six (6) month service period in order to continue to be eligible to receive the credit beyond that initial period.

Beginning in the seventh (7th) service month, and continuing for the remainder of the service period under this Rider, the credit will be discontinued for any New Load that fails to maintain the minimum size requirements, as measured by the New Load CP Demand, during any three (3) consecutive months. Thereafter, if the New Load is able to resume meeting the minimum size requirements for three (3) consecutive months, payment of the credit will be reinstated beginning with the following month. The credit will be based on the percentage for the then-applicable service month in the table shown in Section 5. No retroactive credits shall be provided.

If the New Load either (1) ceases to take service from the Project Participant, or (2) reduces operations to such a level that it will no longer meet the qualifying criteria, the credit will be terminated immediately. The Project Participant must notify FMPA of such situations in a timely manner.

In the event of early termination of the credit, the Project Participant will not be required to reimburse FMPA for any credits received to that point, unless the Project Participant knowingly fails to notify FMPA in a timely fashion of any change to the New Load that would cause it to no longer qualify to receive the credit. In such a situation, the Project Participant will be required to reimburse FMPA for any credits received after the date on which the credits should have ceased.

8. **Sunset Provision.** This Rider will be available to qualifying New Loads that begin service on or before December 31, 2024, or until a total of 30 MW of New Load has qualified under this Rider and/or any other incentive rate rider to Rate Schedule B-1, whichever occurs first.
9. **Exceptions.** Any exceptions to the requirements set forth under this Rider must be approved by the Executive Committee on a case-by-case basis.

THIS RIDER APPROVED BY THE FMPA EXECUTIVE COMMITTEE ON MAY 16, 2019, AMENDED ON OCTOBER __, 2020

ATTACHMENT 3

Redline Markup of Revised
Economic Development Rate
Rider to be Effective
October 1, 2020

FLORIDA MUNICIPAL POWER AGENCY
POWER SUPPLY RATE SCHEDULE
FOR
ALL-REQUIREMENTS PROJECT PARTICIPANTS

ECONOMIC DEVELOPMENT RATE RIDER

1. **Purpose.** The purpose of this Economic Development Rate (EDR) Rider is to encourage economic growth in Project Participant service territories by providing a financial incentive that a Project Participant can use as part of its package to attract large, energy-intensive new business to its service territory that it would not otherwise have been able to attract, with the ultimate goal of reducing ARP excess capacity.
2. **Availability.** This Rider is available to all Project Participants except for those Project Participants that have established a Contract Rate of Delivery (CROD), have not executed a Supplemental Power and Ancillary Services Agreement, and meet at least one of the following conditions:
 - Zero (0) MW CROD
 - CROD/MAXD ratio below 1.0
3. **Applicability; Definition of New Load.** This Rider is available to each New Load of a Project Participant that meets the qualifying criteria set forth herein.

For purposes of this Rider, "New Load" is defined as load being established after the effective date of this Rider by a new business (including occupation of an existing, dormant facility by a new business) or by the expansion of an existing establishment.

This Rider is not available for (1) new load that would have occurred in the Project Participant's service territory without the financial incentive provided by this Rider, or (2) retention of existing load or for relocation of existing load within the Project Participant's service territory, except that relocating businesses that provide expansion of existing business may qualify for the expanded load only.

4. **Qualifying Criteria.** To qualify to receive the EDR, the ARP must have sufficient capacity available to serve each New Load for the first 10 years of service, and each New Load and Project Participant must meet the following criteria and conditions:

- (a) Each New Load must be a minimum of 5,000 kW for each month, as measured in Section 5, at a single location (multiple meters are allowed at a single campus)
- (b) Each New Load must be energy-intensive, meaning the business uses a significant amount of electricity per square foot (at least 100 kWh/ft²/year)
- (c) Each New Load must be separately metered with information from such meters being available to FMPA, as described in Section 6
- (d) Electricity price must be a significant determining factor in the site selection competition of the new or expanded business
- (e) Project Participant must pass through the EDR demand and energy rates directly to the new or expanded business
 - Project Participant must recover its distribution, metering, and customer charges through an adder to the EDR demand rate at a discount, including reductions to general fund transfers. Such adder is not to be increased from the initially determined level during the first 10 years of service
 - Project Participant must pass through the EDR energy rate with zero adders
- (f) Project Participant cannot receive generation capacity credits, through a Capacity and Energy Sales Contract, higher than the EDR for the amount of capacity used to serve the new or expanded business

For purposes of computing its ARP billing demand capacity pursuant to paragraph 6 of Rate Schedule B-1, the Project Participant has hereby agreed to the following adjustments to its billing demand capacity calculation:

- (a) Prior to the first fiscal year for which at least one month of metered demands to be utilized in the calculation set forth in paragraph 6 of Rate Schedule B-1 is available, the billing demand capacity for the New Load will be based on the Project Participant's best estimate of the New Load size. To the extent that actual metered demand data, once available, reveals a material difference between the estimated load size and the actual load size, FMPA will adjust the estimate for future months' billings. Further, the Executive Committee, in its sole discretion, may approve a true-up billing adjustment to the extent that the original estimate caused excess or deficient credits to be paid to the Project Participant, as applicable.

- (b) For fiscal years for which at least one month, but less than twelve months, of metered demands to be utilized in the calculation set forth in paragraph 6 of Rate Schedule B-1 is available, the billing demand capacity for the New Load will be based on the arithmetic average of the available months' data.
- (c) For fiscal years for which all of the metered demands to be utilized in the calculation set forth in paragraph 6 of Rate Schedule B-1 are available, the billing demand capacity for the New Load will be computed in accordance with paragraph 6 of Rate Schedule B-1.
- (#)(d) Notwithstanding the preceding, the billing demand capacity for the Project Participant's remaining load will be computed in accordance with paragraph 6 of Rate Schedule B-1.

5. **EDR Description.** The following Demand Charges will be applied in lieu of the then-current base Demand Capacity Charge (in \$/kW-mo.) set forth in Rate Schedule B-1 for each qualifying New Load of the Project Participant for the period described in Section 7.

Service Month	Demand Charge (\$/kW-mo)
EDR Demand Charge to be negotiated on a case-by-case basis and must be approved by the FMPA Executive Committee	

The EDR Demand Charge shall be applied to the individual New Load's total 60 minute integrated demand at the time of the highest 60 minute integrated demand for the New Load measured during the month (New Load Demand).

The EDR Energy Charge will negotiated on a case-by-case basis and must be (a) designed such that it attempts to recover no less than the ARP's cost to serve the new load, including fuel and non-fuel variable costs, and (b) approved by the FMPA Executive Committee

If the New Load fails to meet the 5,000 kW threshold in any three (3) consecutive months, the rates will automatically revert to the applicable Load Attraction Incentive Rate (LAIR) rider.

6. **Meter Requirements.** Metering equipment that can be used to measure each qualifying New Load separately from existing Project Participant load will be required to be installed in order to receive EDR pricing for the New Load under this Rider. All meters must meet the same qualifications as those required at the Point of Measurement in the ARP Contract.

7. **Term of Service.** Except as limited below in this Section 7, pricing provided under this Rider shall be for a term to be negotiated on a case-by-case basis and approved by the FMPA Executive Committee. Such pricing under this Rider will terminate at the end of the negotiated service period.

If the New Load either (1) ceases to take service from the Project Participant, or (2) modifies operations in such a way that it will no longer meet the qualifying criteria, the EDR pricing will be terminated immediately. The Project Participant must notify FMPA of such situations in a timely manner.

In the event of early termination of the EDR pricing, the Project Participant will not be required to reimburse FMPA for any credits received to that point, unless the Project Participant knowingly fails to notify FMPA in a timely fashion of any change to the New Load that would cause it to no longer qualify. In such a situation, the Project Participant will be required to reimburse FMPA for any credits received after the date on which the EDR pricing should have ceased.

8. **Sunset Provision.** This Rider will be available to qualifying New Loads that begin service on or before December 31, 2020.
9. **Good Faith Business Development Efforts.** The Project Participant must demonstrate to the Executive Committee that a reasonable amount of good faith business development effort was undertaken to attract the New Load in order to qualify for EDR pricing as set forth in Section 5. Qualification for EDR pricing is at the discretion of the Executive Committee on a case-by-case basis.
10. **Exceptions.** Any exceptions to the requirements set forth under this Rider must be approved by the Executive Committee on a case-by-case basis.

THIS RIDER APPROVED BY THE FMPA EXECUTIVE COMMITTEE ON MAY 16, 2019, AMENDED ON OCTOBER __, 2020

ATTACHMENT 4

Redline Markup of Revised
Contract Rate of Delivery
Implementation Protocols
to be Effective
October 1, 2020

CONTRACT RATE OF DELIVERY IMPLEMENTATION PROTOCOLS

This document has been developed to establish protocols for both FMPA and an All-Requirements Power Supply Project Participant ("Project Participant" or "ARP Participant") that has irrevocably limited the maximum amount of energy that it purchases and receives from the All-Requirements Project ("ARP") so as not to exceed its Contract Rate of Delivery ("CROD"). As utilized for purposes of this document, a Project Participant that has provided notice to FMPA to establish its CROD, or has established its CROD, is referred to herein as a "CROD Participant."

CROD Calculation

Section 3(a) of the All-Requirements Power Supply Project Contract between FMPA and the Project Participant, as amended, (the "ARP Contract") sets forth the calculation of the Project Participant's CROD amount:

[T]he Project Participant may irrevocably limit the maximum amount of electric capacity and energy required to be sold and delivered by FMPA and purchased and received by the Project Participant hereunder as All-Requirements Services for the remainder of the term hereof so as not to exceed its Contract Rate of Delivery determined as follows: (i) the "Contract Rate of Delivery" shall be the peak demand of the Project Participant for electric capacity and energy as All-Requirements Services under this Contract during the 12 months preceding the date one month prior to the date such limitation shall commence, as determined by FMPA, adjusted up or down by not more than a 15% reserve margin so as to provide optimal utilization of the FMPA power supply resources, such adjustment to be made by FMPA in its sole discretion; and (ii) such Contract Rate of Delivery shall be reduced by FMPA by the total of the Project Participant's then current Capacity Credit Resources, and Partial Requirements Purchase Contract and any power supply resources the Project Participant is obligated to purchase from other FMPA power supply projects, if any, as defined and determined pursuant to the Project Participant's Capacity and Energy Sales Contract, if applicable. However, such reduction of the Contract Rate of Delivery shall not result in a negative amount of the Contract Rate of Delivery.

Based on the formula set forth in Section 3(a), FMPA shall make the CROD calculation as follows:

CONTRACT RATE OF DELIVERY IMPLEMENTATION PROTOCOLS

Table 1 – CROD Calculation

Step	Action	Description
1		Project Participant's Maximum CP Demand [1]
2	-	Project Participant's Capacity from Excluded Power Supply Resources [2]
3	=	All-Requirements Services Demand [3]
4	+/-	Adjustments to All-Requirements Services Demand [4]
5	=	Adjusted All-Requirements Services Demand [5]
6	-	Capacity Credit Resources [6]
7	=	CROD [7]

[1] Equals the Project Participant's highest peak demand at the time of the ARP monthly system peak over the period beginning December 1 in the year that is two years prior to the CROD start date and ending November 30 in the year prior the CROD start date. Such amount shall be expressed in (MW) and rounded to the nearest kilowatt (kW).

[2] The amount of capacity included here shall equal the amount of the Project Participant's demand credit for its Excluded Power Supply Resources capacity in the month in which Step 1 occurs, if any. Such amount shall be expressed in megawatts (MW) and rounded to the nearest kilowatt (kW).

[3] Equals the value from Step 1 plus the value from Step 2.

[4] The adjustment can be a positive (addition) or negative (subtraction) amount that is no more than 15 percent of the amount computed in Step 3. Such amount shall be expressed in (MW) and rounded to the nearest kilowatt (kW).

[5] In the event of a positive adjustment in Step 4, equals Step 3 plus Step 4. In the event of a negative adjustment in Step 4, equals the value from Step 3 minus the value from Step 4.

[6] The amount of capacity included here shall equal the then-current capacity credit rating of the Project Participant's capacity credit resources as set forth in the Project Participant's Capacity and Energy Sales Contract, or, in the event that the Project Participant has separately assigned capacity resources to the ARP, the then-current capacity rating of the Project Participant's ownership or purchase entitlement of such resource(s) as utilized by FMPA's System Planning department in the month in which Step 1 occurs. For a resource to be included in this calculation, it must have met the availability requirements for receipt of capacity credits pursuant to the requirements of the Capacity and Energy Sales Contract. If a resource was not available or was derated, the Project Participant must demonstrate that it has returned to service before and is available on December 1 of the year prior to the CROD start date. For purposes of this calculation, FMPA reserves the right to test for unit availability and capacity. The value of any capacity credit resources shall be expressed in (MW) and rounded to the nearest kilowatt (kW).

[7] Equals the value from Step 5 minus the value from Step 6.

In the year prior to the year a CROD Participant begins service under CROD, FMPA staff will perform the CROD calculation on a monthly basis, including the full range of any potential adjustments to the CROD amount. In any month in which the projected CROD amount has changed, FMPA will communicate the updated range of potential CROD amounts to the CROD Participant.

During the December meeting of the FMPA Executive Committee in the year prior to the CROD start date, the Executive Committee will vote to set the amount of the adjustment – if any – to be made to the CROD Participant's CROD amount. As part of this process, staff will present the Executive Committee with the CROD Participant's unadjusted CROD amount and a recommendation on any percentage adjustment to be made to the CROD amount. Staff will perform a cost benefit analysis that evaluates the financial impact to the ARP of advancing or deferring the next capacity addition by adjusting the CROD up or down,

CONTRACT RATE OF DELIVERY IMPLEMENTATION PROTOCOLS

respectively, as well as the impact on existing ARP demand costs of such adjustments, essentially comparing the present value of rate impacts of (i) increasing or decreasing CROD and allowing the CROD Participant to grow into that increase or not serve a decrease; against (ii) increasing or decreasing CROD and its impacts on either accelerating or decelerating the need for the next resource by committing to supply that increase/decrease. Staff will utilize the results of this analysis, as well as qualitative considerations, to present its recommendation to the Executive Committee of what percentage adjustment to the CROD amount, if any, would be projected to be most beneficial to the ARP. As soon as practicable after the Executive Committee has established the CROD Participant's CROD amount, FMPA will provide formal written communication to the CROD Participant that documents the CROD amount. Once established, the CROD amount will not be further adjusted over the term of the CROD Participant's ARP Contract.

Schedule C Calculations

The supply of capacity and energy by FMPA to the CROD Participant, as well as the billing for such amounts, is set forth in Schedule C to the ARP Contract. Under Schedule C, the demand and energy quantities provided and billed for CROD service are to be based on the following formulae:

$$\text{Monthly Billing Demand} = \frac{\text{CROD}}{\text{MAXD}} \times D$$

$$\text{Monthly Billing Energy} = \frac{\text{CROD}}{\text{MAXD}} \times E$$

$$\text{Monthly Reactive Demand} = \frac{\text{CROD}}{\text{MAXD}} \times \text{RD}$$

Where:

D = Shall be (a) metered demand determined pursuant to paragraph 5 of Schedule A and paragraph 5 of Schedule B, giving effect to all adjustments, plus (b) the metered demand determined in similar manner to paragraph 5 of Schedule B, giving effect to all adjustments, at all other Points of Measurement, if any, on the Participant's system.

E = Shall be (a) metered energy determined pursuant to paragraph 5 of Schedule A and paragraph 5 of Schedule B, giving effect to all adjustments, plus (b) the metered energy determined in similar manner to paragraph 5 of Schedule B, giving effect to all adjustments, at all other Points of Measurement, if any, on the Participant's system.

RD = Shall be (a) metered reactive demand determined pursuant to paragraph 5 of Schedule A and paragraph 5 of Schedule B, giving effect to all adjustments, plus (b) the metered reactive demand determined in a similar manner to paragraph 5 of Schedule B, giving effect to all adjustments, at all other Points of Measurement, if any, on the Participant's system.

CROD = Shall be the Project Participant's Contract Rate of Delivery determined pursuant to Section 3(a) of the Contract.

CONTRACT RATE OF DELIVERY IMPLEMENTATION PROTOCOLS

MAXD = Shall be the highest demand (factor "D") during the 12 months ending with the end of the current billing month.

And where the ratio CROD/MAXD shall never be greater than one.

Paragraph 5 of Schedule A sets forth the Project Participant's metering point identity and location and metering voltage(s).

Paragraph 5 of Schedule B outlines the billing metering for All-Requirements Services as follows:

The metered demand in KW in each month shall be the individual Project Participant's total 60 minute integrated demand at the time of the highest 60 minute integrated demand for the total of all ARP system Project Participants (or corrected to a 60 minute basis if demand registers other than 60 minute demand registers are installed) measured during the month.

The metered reactive demand in kVAR in each month shall be the reactive demand, which occurred during the same 60-minute demand interval in which the metered kilowatt demand occurred.¹

Demand and energy meter readings shall be adjusted, if appropriate, as provided in Schedule A of the All-Requirements Power Supply Project Contract.

Based on a review of the above and other contract provisions, FMPA believes that the ARP Contract provides that the amounts measured for factors "D," "E," and "MAXD" are not to be reduced by the amount of the CROD Participant's Excluded Power Supply Resources, if any. However, under a scenario that assumes a perfect forecast and a CROD/MAXD ratio equal to 1.0, such an approach could lead to a CROD Participant essentially purchasing its entire capacity and energy requirements from the ARP under CROD and having to sell its Excluded Power Supply Resource entitlements in every hour. FMPA believes that such an approach would be punitive to the CROD Participant and that the intent of the contract was that these amounts would be adjusted, as necessary, to account for Excluded Power Supply Resources. Therefore, computed amounts for factors "D," "E," and "MAXD" will be reduced to account for the CROD Participant's Excluded Power Supply Resources, if any.²

Scheduling CROD Energy

Section 7(d) of the ARP Contract states:

In addition to the delivery of electric capacity and energy pursuant to this All-Requirements Power Supply Project Contract and the performance of all acts and actions

¹ Schedule B refers to Schedule B-1, which is the ARP rate schedule. Schedule B-1 is subject to periodic revision by the EC. The language shown reflects the Schedule B-1 approved by the EC effective October 1, 2013.

² See the discussion under the section entitled "Backup and Support Services" regarding the capacity value that will be utilized each month in the calculation of factor "D" for the CROD Participant's Excluded Power Supply Resource(s) in the event the CROD Participant waives its right to receive Backup and Support Services from the ARP.

CONTRACT RATE OF DELIVERY IMPLEMENTATION PROTOCOLS

incident thereto, FMPP agrees that it will perform or cause to be performed services, including, but not limited to: ... (iii) planning, undertaking, coordinating, and monitoring the economic dispatching and scheduling of electric capacity and energy to the Project Participants; and (iv) providing such other services as FMPP from time to time shall determine to be appropriate or necessary to provide an adequate, reliable and economical supply of electric capacity and energy to the Project Participants.

As such, FMPP has the contractual right to determine the amount of must-take CROD energy and to schedule that energy with any associated e-tags for hourly CROD energy quantities provided to the CROD Participant. Unless otherwise agreed upon between FMPP and the CROD Participant, the CROD Participant will need to hire a scheduling agent to handle the tagging of any additional energy requirements in excess of the CROD schedules.

In determining the amount of CROD energy to be scheduled to a CROD Participant, FMPP recognizes two issues, which are discussed below:

First, FMPP believes that Schedule C to the ARP Contract provides for FMPP to establish a “normal hourly load pattern” for a month for the CROD Participant as the basis for the quantity of energy to be delivered during that month. However, FMPP believes a weekly load pattern would be beneficial to both the ARP and the CROD Participant.

Second, pursuant to Schedule C, the calculation of MAXD includes the CROD Participant’s demand (factor “D”) for the “current billing month.” However, when scheduling energy to a CROD Participant during a month, FMPP will not know what the CROD Participant’s actual coincident peak demand for that month will be, so the MAXD calculation cannot include the factor “D” for that month. Therefore, for scheduling purposes only, the calculation of MAXD will be based on the highest factor “D” during the 12 months prior to the month for which energy is being scheduled (“MAXD_{Sched}”).³ For illustration purposes, if FMPP is scheduling energy for January 2015, MAXD_{Sched} would be based on the CROD Participant’s highest factor “D” over the period January 2014 through December 2014.

FMPP will use the following methodology for determining the amount of CROD energy to be scheduled to a CROD Participant:

- a) The CROD energy schedules, and tags for the CROD Participant will be developed by the Florida Municipal Power Pool (“FMPP”), which handles these functions for all full-requirements Project Participants. The FMPP will develop the amount of CROD energy to be delivered to the CROD Participant based on the CROD Participant’s normal hourly load pattern using modifications to the FMPP’s processes.

³ For CROD schedules for the first few days of a month, FMPP may not have complete peak demand information available for the preceding month. Such schedules will be based on the information available at that time. Once the information for the preceding month becomes available, to the extent that it would cause a new MAXD_{Sched} to be set, FMPP will revise the CROD/MAXD_{Sched} ratio applied to future CROD schedules as soon as possible.

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- (1) FMPP will forecast the daily energy requirements for the entire FMPP⁴ in whole MW amounts. FMPP forecasts a rolling one week forecast (including the current day and six additional days) with emphasis on the next day.
 - (2) FMPP will apply a ratio (historical percent of the CROD Participant's daily load divided by total FMPP daily load (without the CROD Participant's load), based on the most recent five years of actual monthly data) to the total FMPP daily load forecast to develop the CROD Participant's daily energy requirements.
 - (3) FMPP will apply those total energy requirements to the CROD Participant's normal hourly load pattern to develop the weather-adjusted normal hourly load pattern for that day.
 - i. The CROD Participant's normal hourly load pattern will be based on five years of historical meter data, broken down into a typical week shape by season, with "extreme hot day" and "extreme cold day" shapes.
 - ii. If the Florida Reliability Coordinating Council forecasts a "Generating Capacity Advisory" due to an extreme weather forecast for the next day for the portion of the state in which the CROD Participant is located, the "extreme hot day" or "extreme cold day" shape, as appropriate, will be utilized for the two-day-ahead CROD energy schedule.
- b) FMPP will subtract off the CROD Participant's applicable seasonal Excluded Power Supply Resource capacity, if any, to reduce the weather-adjusted normal hourly load pattern for that day prior to the CROD/MAXD_{Sched} adjustment.
- c) FMPP will apply the current CROD/MAXD_{Sched} ratio that was established for scheduling purposes to these daily energy amounts to determine the "All-Requirements Services" CROD energy that would be scheduled following the "normal hourly load pattern."
- (1) CROD is as determined by contract and the "CROD Calculation" section of this document.
 - (2) MAXD_{Sched} is be the maximum billed coincident peak demand quantity for the CROD Participant over the 12 months ending with the end of the month prior to the month in which energy is delivered (e.g., for capacity and energy supplied during January 2015, MAXD would be computed using data from January 1, 2014 through December 31, 2014).
 - (3) CROD/MAXD_{Sched} can never be greater than 1.
 - (4) Any resulting energy amounts that would be greater than the CROD amount will be capped at the CROD amount.

⁴ FMPP load consists of the FMPP member native loads (currently the FMPP ARP full-requirements Project Participants, the City of Lakeland, and the Orlando Utilities Commission), as well as any scheduled sale obligations of the members (excluding Quincy).

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- d) As discussed under the section below entitled “Transmission Losses,” the “All-Requirements Services” CROD energy will be grossed up based on the then-current applicable transmission loss factors to account for transmission losses that will be incurred between the CROD Point of Delivery and the CROD Point of Measurement. Because scheduling must be done in whole MWs (in accordance with NAESB standards and Federal Energy Regulatory Commission (“FERC”) Pro Forma Open Access Transmission Tariff (“OATT”) requirements), for purposes of scheduling, the resulting energy amounts will then each be rounded up or down to the nearest whole MW amount.
- e) No later than the close of business each day (except for weekends and holidays discussed below), FMPP would provide the CROD Participant with a six-day ahead CROD energy schedule (including associated losses).
 - (1) This time schedule will allow the CROD Participant time to make any additional arrangements necessary to meet its total load requirements.
 - (2) Information that would otherwise be provided on a weekend or holiday will be provided on the preceding business day.
 - (3) The CROD Participant will have the opportunity to suggest revisions to the CROD energy schedule. FMPP will consider any such suggestions; however, FMPP will not be obligated to revise the CROD energy schedule.

CROD Billing

Charges for All-Requirements Services under CROD will be as set forth in ARP Rate Schedule B-1, unless a separate rate schedule for CROD service is established by the FMPP Executive Committee. Collectively, ARP Rate Schedule B-1 and any future additional rate schedule that addresses CROD are referred to herein as the “ARP Rate Schedule.” Specific issues relating to CROD service billing are outlined below.

For billing purposes, MAXD will be computed in accordance with the definition in Schedule C to the ARP Contract, which would equal “the highest demand (factor “D”) during the 12 months ending with the end of the current billing month.” For example, if during February 2015, FMPP is computing billing quantities for capacity and energy supplied to the CROD Participant during January 2015, MAXD would be computed as the CROD Participant’s highest monthly peak demand coincident with the monthly ARP system peak over the period February 2014 through January 2015, giving effect to applicable adjustments.

According to the formula in Schedule C, Monthly Billing Demand quantities under CROD will be based on the CROD/MAXD ratio multiplied by the CROD Participant’s “(a) metered demand determined pursuant to paragraph 5 of Schedule A and paragraph 5 of Schedule B, giving effect to all adjustments, plus (b) the metered demand determined in similar manner to paragraph 5 of Schedule B, giving effect to all adjustments, at all other Points of Measurement, if any, on the Participant’s system hourly demand at the time of the monthly ARP system peak, giving effect to applicable adjustments.”⁵ With the change in the

⁵ See the discussion under the section entitled “Backup and Support Services” regarding the capacity value that will be utilized each month for the CROD Participant’s Excluded Power Supply Resource(s) in the calculation of the Monthly Billing Demand in the event the CROD Participant waives its right to receive Backup and Support Services from the ARP.

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ARP demand billing methodology approved by the Executive Committee and effective October 1, 2020, FMPA believes the Monthly Billing Demand quantities under CROD must reflect the CROD/MAXD ratio multiplied by the Participant's demand computed in accordance with paragraph 6 of Rate Schedule B-1. Further, FMPA believes that CROD demand charges should be based on the ARP demand rate charged to full-requirements Project Participants without additional adjustment.

According to the formula in Schedule C, Monthly Billing Energy quantities under CROD will be based on the CROD/MAXD ratio multiplied by the CROD Participant's monthly adjusted metered energy quantities. However, because CROD energy deliveries to the CROD Participant will be 1) based on the schedules developed under the section above entitled "Scheduling CROD Energy," and 2) scheduled in whole megawatts, the total amount of energy delivered during the month will differ from the amount computed using the Monthly Billing Energy formula. FMPA believes that during months in which the actual energy quantities supplied are greater than the Monthly Billing Energy amount, the ARP must recover the cost of all of the energy it supplied. Additionally, FMPA believes that during months in which the actual energy quantities supplied are less than the Monthly Billing Energy amount, it would be punitive for the CROD Participant to pay for energy that the ARP did not deliver. Therefore, the ARP Rate Schedule will include a true-up adjustment to the CROD Monthly Billing Energy quantity to equal the amount of CROD energy actually supplied (net of any energy losses supplied beyond the Point(s) of Delivery, as discussed below under "Transmission Losses").

With regards to the Monthly Billing Reactive Demand, the ARP currently does not have a rate established for reactive power. Therefore, FMPA will not compute the amount of reactive demand for a CROD Participant on a monthly basis, and charges for such are not discussed further herein. However, in the event that the ARP in the future implements a charge for reactive power, this document will be revised to address this CROD component.

Billing for transmission is discussed under "Transmission" below.

The ARP Contract provides for the recovery of costs incurred by FMPA in the provision of CROD capacity and energy to the CROD Participant. For example, there may be additional FMPP charges to the ARP specific to the effort of developing the energy schedules for a CROD Participant. Additionally, FMPA may incur costs to install metering equipment on CROD Participant generating resources. To the extent that the ARP incurs such charges, these charges will be passed through to the CROD Participant.

Calculation of ARP System Peak with CROD Participants

Paragraph 5 of Rate Schedule B-1 to the ARP Contract defines "Billing Metering for All-Requirements Services" as, "The metered demand in kW in each month shall be the individual Project Participant's total 60 minute integrated demand at the time of the highest 60 minute integrated demand for the total of all ARP system Project Participants (or corrected to a 60 minute basis if demand registers other than 60 minute demand registers are installed) measured during the month." However, the hourly metered CROD amount (based on the $CROD/MAXD \times D$ formula) will differ from the CROD energy scheduled to a CROD Participant during that hour. For purposes of computing the monthly ARP system peak, FMPA believes the intent of the ARP Contract is that the CROD Participant's metered CROD amount, and not the amount of energy scheduled in that hour, should serve as the CROD Participant's ARP demand in that hour. As previously discussed, for billing purposes, the CROD Participant's billing demand will be based on its

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metered CROD amount, computed in accordance with Schedule C and paragraph 6 of Rate Schedule B-1, without consideration for what was actually scheduled in that hour, and any difference between the metered CROD demand and the actual scheduled CROD energy during the peak hour is simply part of the monthly difference between what is scheduled and what is metered.

Transmission

Section 3(a) of the ARP Contract states that “the Project Participant shall reimburse FMPA for all transmission costs incurred by FMPA with respect to the Project Participant during the remainder of the term hereof. FMPA will use its best efforts to arrange for and provide to the Project Participant the transmission services required by the Project Participant for its capacity and energy requirements in excess of its Contract Rate of Delivery and all costs related thereto shall be borne by the Project Participant.” Currently, all Project Participants that take full requirements service from the ARP – other than KUA – receive transmission service under either the ARP’s Network Integration Transmission Service (“NITS”) agreement with Duke Energy Florida (“DEF”) or the ARP’s NITS agreement with Florida Power & Light Company (“FPL”). As a CROD Participant prepares to convert to CROD, it will first need to determine whether it wants to continue to receive transmission service under a NITS arrangement, or whether it wishes to have capacity and energy delivered using Point-to-Point Transmission Service (“PTP”).⁶ Based on the nature of NITS, it appears highly unlikely that a CROD Participant could remain under the ARP’s NITS agreements with either DEF or FPL once it establishes its CROD, and unless otherwise agreed to between FMPA and the CROD Participant, the CROD Participant will need to make its own arrangements for NITS service with the applicable transmission provider (“Transmission Provider”).⁷ If the CROD Participant wishes to have capacity and energy (from CROD or other sources) delivered to it using Firm PTP Transmission Service, FMPA will – if requested by the CROD Participant – arrange for such transmission service to be provided to the CROD Participant, and the costs of such service will be borne by the CROD Participant. Regardless of the choice the CROD Participant makes regarding transmission service, in order for FMPA to meet its obligations under the ARP Contract, the CROD Participant will need to communicate its intentions regarding such to FMPA in a timely manner.

The CROD Participant will still be responsible for some ARP transmission costs as part of receiving service under CROD. These costs include a portion of the PTP transmission service costs used to wheel Stanton 1, Stanton 2, Stanton A, and Indian River CT A-D capacity and energy from these units to the DEF and FPL interfaces. Additionally, there are other costs currently included in the ARP transmission rate that may not benefit the CROD Participant directly but that represent obligations undertaken by the ARP as a whole. Such costs include but are not necessarily limited to non-firm transmission service costs over the transmission line jointly owned by Key West and the Florida Keys Electric Cooperative, and transmission charges associated with periodic short term capacity and/or energy purchases.

⁶ Because the billing determinant for NITS is the transmission customer’s monthly load, while the billing determinant for PTP is the full amount of the transmission customer’s reserved capacity, NITS would typically be a more cost-effective option for the CROD Participant.

⁷ FMPA can assist the Project Participant with the NITS application as needed; however, since FMPA will not have control over any additional resources (above CROD and Excluded Power Supply Resources, if any) that the Project Participant may acquire to serve its needs, FMPA would not be a suitable NITS transmission service customer.

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To the extent a new CROD rate schedule is adopted that reflects this, once CROD service commences, the CROD Participant's ARP transmission charges will consist of the following: 1) any transmission charges directly assignable to the CROD Participant, as outlined in Section 3(a) of Amendment 1 to the ARP Contract, and 2) its load ratio share (based on its monthly transmission billing demand as a percentage of the sum of all Project Participants' monthly transmission billing demands) of all charges and credits included in the ARP transmission rate (except for those charges and credits associated with the ARP's NITS agreements). Assuming the ARP is only responsible for transmission of the CROD Participant's CROD obligation, the CROD Participant's monthly transmission billing demand determinant will be equal to its Monthly Billing Demand as previously outlined in this document. However, if FMPA and the CROD Participant mutually agree that the ARP will also be responsible for the transmission of the CROD Participant's Excluded Power Supply Resources or other non-CROD power supply resources to a designated Point of Delivery, and such transmission will utilize existing ARP transmission agreements, the capacity associated with those resources (in the case of Excluded Power Supply Resources, the CROD Participant's monthly demand credit) will need to be added to the Monthly Billing Demand for purposes of computing the CROD Participant's monthly ARP transmission billing demand.

CROD Responsibility Agreement

FMPA and the CROD Participant will develop an agreement to delineate each party's ongoing responsibilities under CROD ("CROD Responsibility Agreement"). Among other things, the CROD Responsibility Agreement will document (1) each party's responsibility with regards to transmission service once CROD service commences, (2) identify the Point(s) of Delivery for capacity and energy supplied by FMPA to the CROD Participant under the ARP Contract, any other FMPA Project, or any other agreement between FMPA and the CROD Participant, and (3) identify the CROD Participant's Point(s) of Measurement (as discussed below in the section entitled "Metering").

Transmission Losses

The ARP supplies capacity and energy to each Project Participant taking full-requirements service from the ARP at the Project Participant's point of interconnection with the transmission grid (the "city gate"). In addition, the city gate is also where the ARP measures the Participant's receipt of capacity and energy (the Point of Measurement). In the CROD Responsibility Agreement, FMPA and the CROD Participant may ultimately agree upon a Point(s) of Delivery for CROD deliveries ("CROD Point of Delivery") that differs from the city gate, and thus, differs from the Point of Measurement for CROD capacity and energy ("CROD Point of Measurement"). This would primarily occur when the CROD Participant elects to receive NITS, and the Point of Delivery would become FMPA's applicable interface with the Transmission Provider. As CROD capacity and energy will be calculated based on meter information at the CROD Point of Measurement, FMPA will increase the amount of CROD energy it schedules to the CROD Participant to account for transmission losses between the generator(s) and the CROD Point of Measurement, including any transmission losses that will be incurred beyond the CROD Point of Delivery. So long as the cost of providing such losses is embedded in the ARP energy rate, the CROD Participant's demand and energy billing determinants (factors "D" and "E," respectively) will not be increased to reflect transmission losses.

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Metering

Under the ARP Contract, the point at which FMPA is required to meter electric capacity and energy that is delivered to a Project Participant is defined as the Point of Measurement. For a CROD Participant, the ARP Contract requires that the Point of Measurement include “any additional point or point required to meter electric capacity and energy delivered to the Project Participant from any other power supplier or from any Project Participant-owned generating resource located on the Project Participant’s System.” The CROD Participant must identify to FMPA any owned or purchased resources that will be used to serve any portion of its retail load once its CROD is effective and must cooperate with FMPA to ensure that FMPA will have access to meter information for each resource. It is important to note that this would also include city-owned backup generation that can backfeed into the distribution system and serve retail load, as well as net metered customer-owned resources. FMPA will need to meter these resources, or if the CROD Participant or the applicable Transmission Provider will meter the resources, then FMPA will need access to the meter information. All Points of Measurement for the CROD Participant will be listed in the CROD Responsibility Agreement.

Backup and Support Services

Backup and Support Services for a Project Participant’s Excluded Power Supply Resources are defined in Section 3(b) of the ARP Contract as “generating support services for such Excluded Power Supply Resources including reserves, deficiency energy (which is energy in an amount equal to up to the Project Participant’s Excluded Power Supply Resources whenever the units providing such Excluded Power Supply Resources are operating at less than a 100% capacity factor based on the seasonal net capability of such Excluded Power Supply Resources adjusted for losses), transmission losses and firming capacity associated with the delivery of the Excluded Power Supply Resources or the replacement thereof, including any associated transmission and dispatching services.” Further, Section 3(b) states that the “obligation of FMPA to sell and deliver and of the Project Participant to purchase and receive the Back-up and Support Services shall not be affected in any way by any election of the Project Participant to limit its obligation under paragraph (a) of this Section 3 to its Contract Rate of Delivery.”

Therefore, unless the CROD Participant waives such contractual right, the ARP will provide Backup and Support Services to the CROD Participant. Any waiver of Backup and Support Services can later be revoked by the CROD Participant. This applies to all CROD Participants, including those CROD Participants with a zero MW CROD.

Notwithstanding any election by a CROD Participant to waive its right to receive Backup and Support Services, the credited capacity for the CROD Participant’s Excluded Power Supply Resource(s) utilized in the calculation of its CROD Monthly Billing Demand will be based on the full seasonal capacity from the Excluded Power Supply Resource(s), regardless of the availability of such resource(s) during the hour of the ARP system peak.

Ancillary Services

FERC defines “Ancillary Services” as “Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider’s Transmission System in accordance with Good Utility Practice.” There are several Ancillary

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Services that the ARP either provides or acquires from others on behalf of full-requirements Project Participants.⁸ The provision of these Ancillary services may change for a CROD Participant, and the CROD Participant will need to understand and consider its options. These Ancillary Services are discussed in more detail below.

1) Scheduling, System Control and Dispatch Service: This service is required to schedule the movement of power through, out of, within, or into a Balancing Authority Area (“BAA”). This service can be provided only by the operator of the BAA in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the BAA operator) or indirectly by the Transmission Provider making arrangements with the BAA operator that performs this service for the Transmission Provider's transmission system. A transmission customer must purchase this service from the Transmission Provider or the BAA operator. For energy that the ARP supplies to Project Participants, the ARP incurs charges for Scheduling, System Control and Dispatch Service in several ways:

- For energy moved throughout the FMPP BAA, these charges are included as part of the FMPP costs charged to FMPA. These costs are included in the ARP demand rate. FMPA believes it is appropriate for all Project Participants, including those under CROD, to pay their respective share of these charges. Therefore, no adjustment will be made to remove these costs for a CROD Participant.
- For energy delivered to Project Participants under the ARP NITS agreements with FPL and DEF into the FPL or DEF BAA, or through any other BAA, these charges are included as Schedule 1 ancillary service charges under the respective transmission service bills. These costs are included in the ARP transmission rate and, for a CROD Participant, would be handled as discussed under “Transmission” above; that is, costs associated with the ARP’s NITS Agreements with FPL or DEF will effectively be removed from the ARP transmission rate for the CROD Participant. However, a CROD Participant will need to purchase Scheduling, System Control and Dispatch Service for its energy transfers (including CROD and Excluded Resource energy transfers) into the FPL or DEF BAA from its Transmission Provider.

As previously noted, there may be additional charges by the FMPP to the ARP for the effort of developing the energy schedules for a CROD Participant. If so, these charges will be passed through to the CROD Participant on its ARP bill. Such charges could include, but may not necessarily be limited to, the cost of metering any additional power supply resources of the CROD Participant.

2) Reactive Supply and Voltage Control from Generation or Other Sources Service: In order to maintain transmission voltages on a Transmission Provider's transmission facilities within acceptable limits, generation facilities and non-generation resources capable of providing this service that are under the control of the BAA operator are operated to produce (or absorb)

⁸ The ARP Contract is a grandfathered agreement, and the ancillary services that FMPA provides to Project Participants under the ARP Contract do not necessarily agree with FERC’s definition of Ancillary Services.

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reactive power. Thus, Reactive Supply and Voltage Control from Generation or Other Sources Service must be provided for each transaction on a Transmission Provider's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation or Other Sources Service that must be supplied with respect to a transmission customer's transaction is determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider. Reactive Supply and Voltage Control from Generation or Other Sources Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the BAA operator) or indirectly by the Transmission Provider making arrangements with the BAA operator that performs this service for the Transmission Provider's transmission system. A transmission customer must purchase this service from the Transmission Provider or the BAA operator. For energy that the ARP supplies to Project Participants, the ARP incurs charges for Reactive Supply and Voltage Control from Generation or Other Sources Service in several ways:

- For energy moved on OUC's transmission facilities, any such charges are included as part of the ARP's or the ARP Project Participants' costs associated with Stanton Units 1&2, Indian River CTs A-D, or Stanton A. As owners of and/or purchasers of power from these facilities, the ARP and Project Participants own (or pay for) their share of the plant equipment used to provide reactive support and voltage control pursuant to OUC's schedule for such services. These costs, if any, are included in the ARP demand rate. All Project Participants, including those under CROD, share in these charges for energy transactions on OUC's transmission facilities. Therefore, no adjustment will be made to remove these costs for a CROD Participant.
- For energy delivered to Project Participants on the transmission facilities of FPL and DEF, or on the facilities of any other transmission service provider, these charges are included as Schedule 2 ancillary service charges under the respective transmission service bills. These costs are included in the ARP transmission rate and, for a CROD Participant, would be handled as discussed under "Transmission" above; that is, costs associated with the ARP's NITS Agreements with FPL or DEF will effectively be removed from the ARP transmission rate for the CROD Participant. However, a CROD Participant will need to purchase Reactive Supply and Voltage Control Service for its energy transactions (including CROD and Excluded Resource energy transactions) on FPL or DEF transmission facilities from FPL or DEF.

3) Regulation and Frequency Response Service (Load Following Service): Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the BAA operator that performs this function for the Transmission Provider). The ARP

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– through the FMPP – provides this service⁹ for the Project Participants taking full requirements service from the ARP, and the charges for such are embedded in the ARP energy rate. Because (1) FMPP will block schedule CROD energy to a CROD Participant, and (2) will no longer be responsible for following the CROD Participant’s moment-by-moment changes in load, the ARP will not provide this service to a CROD Participant. Unless it can otherwise secure this service, a CROD Participant will need to purchase Regulation and Frequency Response Service from its Transmission Provider. FMPP believes the ARP should provide some form of credit to the CROD Participant to account for the fact that the CROD Participant will be paying for the load following service through the ARP energy rate but not receiving it from the ARP. FMPP will implement the following procedure for determining and applying such a credit on a CROD Participant’s monthly ARP bill:

- a. The FMPP calculates an hourly cost incurred by each FMPP participant and service revenue (if any) to be received by each FMPP participant, for FMPP regulation and frequency response service (this is currently referred to within the FMPP as “load following” service). FMPP’s aggregation of hourly costs and any revenues are part of the total monthly energy costs that are used to determine the ARP energy rate.
 - b. Each month, FMPP will determine a credit for the CROD Participant no longer receiving load following service as follows:
 - i. FMPP will determine its monthly costs for FMPP load following service from the FMPP settlement database for the most recent settled month. This will typically be the month prior to the billing month (a two-month lag) for the CROD Participant.
 - ii. FMPP will divide the costs for load following service by the amount of ARP MWh billed in the same month the costs were incurred. This becomes the load following credit rate to be applied to CROD Participants.
 - iii. FMPP will multiply the load following credit rate –as determine in 3.b.i and 3.b.ii - to the CROD Participant’s energy billing determinant (kWh) for the same month. This becomes the load following credit to be applied to the CROD Participant’s bill in the current billing month.
 - c. This procedure will be modified in the event that the FMPP changes its methodology for allocating costs to FMPP members for load following service. In the event of a change in FMPP cost allocation methodology, FMPP will use its best efforts to provide an appropriate credit to ensure the CROD participant is not being charged, as part of the ARP energy rate or other rate, for load following service not rendered.
- 4) Energy Imbalance Service: Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. Because (1) FMPP will block-schedule CROD energy to a CROD Participant (i.e., not load following), and (2) CROD energy will be scheduled in whole MW and metered in kWh, a CROD Participant will incur hourly energy imbalance. Unless it can otherwise secure this

⁹ Referred to within the FMPP as “load following service.”

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service, a CROD Participant will need to purchase Energy Imbalance Service from its Transmission Provider. During hours in which scheduled energy is less than the CROD Participant's load, the Transmission Provider will provide the deficient energy quantity and will charge the CROD Participant based on the Transmission Provider's hourly incremental cost. During hours in which scheduled energy is greater than the CROD Participant's load, the Transmission Provider will absorb the excess energy and will credit the CROD Participant based on the Transmission Provider's hourly decremental cost. There are typically tiered deviation bands for imbalance with increasing penalties (increased cost or decreased credit) as the deviation increases.

- 5) Spinning Reserve Service and 6) Supplemental Reserve Service: Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service. Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. The ARP – through the FMPP – provides these services for the Project Participants taking full requirements service from the ARP, and the charges for such are embedded in the ARP demand and energy rates. For a CROD Participant, FMPA believes that the ARP Contract requires that the ARP continue to provide these services up to the CROD amount and – unless the Project Participant waives Backup and Support Services – for the CROD Participant's Excluded Power Supply Resources; however, the CROD Participant will need to make arrangements for these services for the balance of its load requirements. Should the CROD Participant elect to purchase these services from the applicable Transmission Provider, FMPA and the CROD Participant will need to coordinate with the Transmission Provider to try to obtain a credit for the reserves provided by FMPA.

Long-Term Load and Demand Forecasting for Non-Zero CROD Participants

In order to properly plan ARP capacity additions to fulfill long-term ARP demand and energy requirements, for those CROD Participants with a non-zero MW CROD, FMPA needs to incorporate the CROD Participant's long-term forecast of its demand and energy needs, as limited by the CROD, along with the load forecasts for full-requirement Project Participants. FMPA will adjust the CROD Participant's long-term load forecast to account for the CROD capacity and energy delivery limitation according to the following methodology:

- a) FMPA will work with the CROD Participant in the same manner as it had prior to the implementation of CROD to develop a full-requirements demand and energy forecast pursuant to procedures described in the document *FMPA Scope and Details of ARP Customer Data: Demand, NEL and DSM*:
 - i) FMPA will collect retail sales data from the CROD Participant on a quarterly, annual or other routine basis.

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- ii) FMPA will seek the CROD Participant's input on a preliminary 20-year forecast of the CROD Participant's non-coincident and coincident peak demand and energy requirements, and will incorporate the CROD Participant's comments as applicable.
- iii) FMPA will seek an indication of final acceptance of the 20-year forecast from the CROD Participant.
- b) For each month of the forecast period, FMPA will determine MAXD for the CROD Participant as the maximum of the CROD Participant's peak demand coincident with the ARP peak over the preceding twelve month period minus any excluded resource capacity of the CROD Participant.
- c) FMPA will develop the appropriate CROD/MAXD ratio to be applied for limiting the forecasted coincident peak demand for the CROD Participant for each month of the forecast period.
- d) FMPA will apply the CROD/MAXD ratio developed in c) to the forecasted monthly coincident peak demand to derive the CROD-limited monthly CP demand of the CROD Participant, where the resulting demand will never be greater than CROD.
- e) FMPA will apply the CROD/MAXD ratio developed in c) to the forecasted energy requirements to derive the CROD-limited monthly energy of the CROD Participant.
- f) The results of d) and e) become the CROD Participant's long-term forecast of its coincident peak demand and energy needs, as limited by the CROD, for integration with the forecast of full-requirements Project Participants to develop the long-term ARP forecast.

FMPA will publish the non-zero CROD Participant's long-term forecast of its demand and energy needs, as limited by the CROD, in its Load Forecast report. FMPA will provide the non-zero CROD Participant with a copy of both its full-requirements demand and energy forecast and its forecast as limited by CROD.

Other Contracts Impacted by CROD

The following is a list of additional contracts that FMPA may have with a CROD Participant that will terminate upon the effective date of CROD. This list is not intended to be exhaustive.

- Capacity and Energy Sales Contract
- Agreement for Purchase and Storage of Fuel Oil Inventory
- Mandatory Reliability Standards Compliance Contract
- Tri-Party Net Metering Power Purchase Agreements¹⁰

¹⁰ These agreements do not automatically terminate upon the commencement of CROD service; however, FMPA will provide the contractually specified notice to terminate any such agreements effective with the commencement date of CROD service.

AGENDA ITEM 10 – MEMBER COMMENTS

**Executive Committee
September 17, 2020**

AGENDA ITEM 11 – ADJOURNMENT

**Executive Committee
September 17, 2020**