



FMPA BOARD OF DIRECTORS AGENDA PACKAGE

October 15, 2020

9:00 a.m. [NOTE TIME]

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

Meeting Number 853 953 704#

PASSWORD – 8553#

Board of Directors

Barbara Quiñones, Homestead –Chair
Lynne Tejada, Key West – Vice Chair
Larry Mattern, Kissimmee – Secretary
Allen Putnam, Jacksonville Beach – Treasurer
Rodolfo Valladares, Alachua
Bradley Hiers, Bartow
Vacant, Blountstown
Jody Young, Bushnell
Robert Presnell, Chattahoochee
Lynne Mila, Clewiston
Jan Bagnall, Fort Meade
John Tompeck, Fort Pierce
Tom Brown, Gainesville
Robert Page, Green Cove Springs
Howard McKinnon, Havana
Ed Liberty, Lake Worth Beach

Michael Beckham, Lakeland
Brad Chase, Leesburg
Vacant, Moore Haven
Steve Langley, Mount Dora
Bill Conrad, Newberry
Joe Bunch, New Smyrna Beach
Bill Kaufman, Ocala
Claston Sunanon, Orlando
Vacant, Quincy
Bill Sturgeon, St. Cloud
John Holman, Starke
Rob McGarrah, Tallahassee
James Braddock, Wauchula
Vacant, Williston
Dan D'Alessandro, Winter Park

Meeting Location

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



MEMORANDUM

TO: FMPA Board of Directors
FROM: Jacob A. Williams, General Manager and CEO
DATE: October 6, 2020
RE: **FMPA Board of Directors Meeting – 9:00 a.m., DATE, 2020**
PLACE: Florida Municipal Power Agency
8553 Commodity Circle, Orlando, FL 32819
DIAL-IN/WEBEX INFO: **877-668-4493 or 650-479-3208**
Meeting Number 853 953 704 – PASSWORD – 8553#
(If you have trouble connecting via phone or internet, call 407-355-7767)

AGENDA

Chairperson Barbara Quiñones, Presiding

- 1. Call to Order, Roll Call, Declaration of Quorum4**
- 2. Recognition of Guests.....5**
- 3. Public Comments (Individual public comments limited to 3 minutes).....6**
- 4. Set Agenda (by vote)7**
- 5. Report from the General Manager (Jacob Williams).....9**
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- 7. Consent Agenda**
 - a. Approval of the Minutes for the Meeting Held September 17, 202020**
 - b. Approval of the Projects' Preliminary Financials as of August 31, 202026**
 - c. Approval of the Treasury Reports as of August 31, 202028**
 - d. Approval of the Job Descriptions for the General Manager and CEO and General Counsel and CLO (Barbara Quiñones)32**

8. Action Items

- a. Approval of FY 2021 Management Goals * (Jacob Williams) 41
- b. Approval of the General Manager and CEO and General Counsel and CLO Evaluations (Chair Barbara Quiñones) 45
- c. Approval of the Removal of the Statutory and Regulatory and Records Management Policies from the Risk Management Policy Exhibits (Linda S. Howard) 56

9. Information Items

- a. Transmission Rate Case Update (Ken Rutter) 77
- b. Power Cost Trade-Offs of Carbon Reduction Levels Beyond the 50% Reduction Level in Florida (Jacob Williams/Navid Nowakhtar) 83
- c. Summary of Finance Committee Items (Linda S. Howard) * 107

10. Member Comments 110

11. Adjournment 111

***Also on the Executive Committee agenda.**

JW/su

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**

**Board of Directors Meeting
October 15, 2020**

**AGENDA ITEM 2 – RECOGNITION OF
GUESTS**

**Board of Directors Meeting
October 15, 2020**

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

**Board of Directors Meeting
October 15, 2020**

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

**Board of Directors Meeting
October 15, 2020**

**AGENDA ITEM 5 – REPORT FROM
THE GENERAL MANAGER**

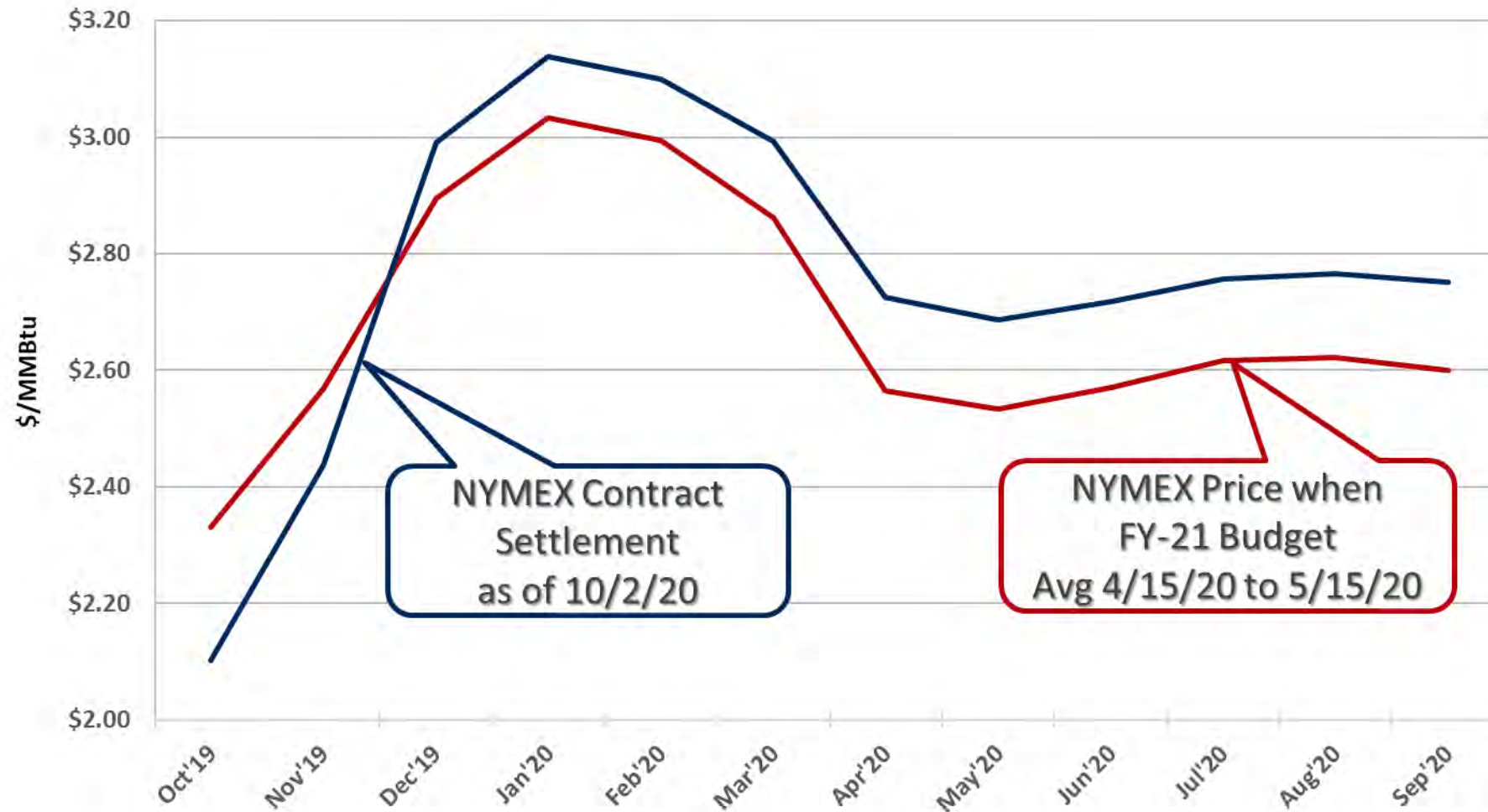
**Board of Directors Meeting
October 15, 2020**

Fiscal 2020 Management Goals Scorecard, as of September 30, 2020

Goal		Status	Actual	YTD Actual	YTD Target	FY'20 Target	Comment
1. Safety (no lost-time accidents for employees/agents)			1	1	0	0	1 Lost time accident. CI employee required surgery.
2. Compliance (no violations that are not self-reported)	Environ.		0	0	0	0	Zero compliance violations.
	Financial		0	0	0	0	
	Regulatory		0	0	0	0	
3. Cyber Security (zero cyber breaches: Corp IT & Plant Ops)			0	1	0	0	
Members APPA Scorecard			0	11	12	12	
Phishing Testing			1.4%	5.3%	5% or <	5% or <	Campaign Subject: "RemotePC login detected from a device" One person clicked on the link. We did not meet the YTD Goal.
4. Low Costs (\$/MWh)	Non-Fuel		\$38.61	\$48.32	\$48.55	\$48.55	September 2020 will be updated for the meeting. * August 2020 YTD MWh sales 0.4% below target. Main drivers of all-in costs ~11% (\$7.06/MWh) below target include: Gas Costs (30%), O&M Expenses (~10%), Assigned Project Costs (~8%), A&G and Direct Charges (~8%) below targeted levels, but TXMS Expenses (~18%) above target.
	Fuels		\$19.64	\$17.74	\$24.09	\$24.09	
	All-in		\$58.25	\$66.06	\$72.64	\$72.64	
5. Reliability	CC EAF		85%	92%	90%	88%	Cane Island Unit 3 was in scheduled outage and TCEC was in forced outage.
	KWS Blk Start						None
	SAIDI Reduction		5	n/a	n/a	7	Beaches, NSB, Bushnell, Havana, Newberry

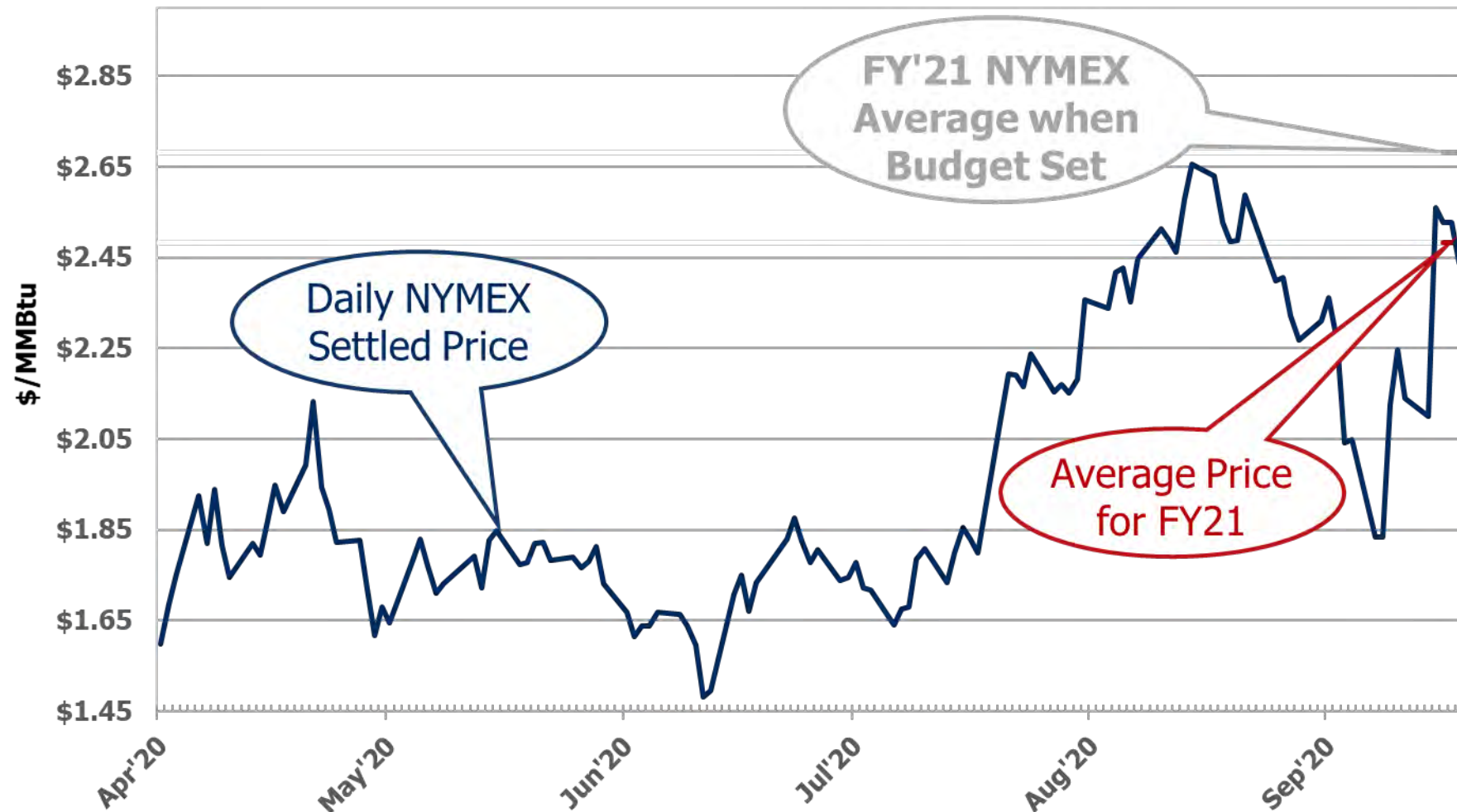
FY 2021 NYMEX Contract \$0.08/MMBtu Above Budget

NYMEX Natural Gas FY21 October Settlement (10/02/20)



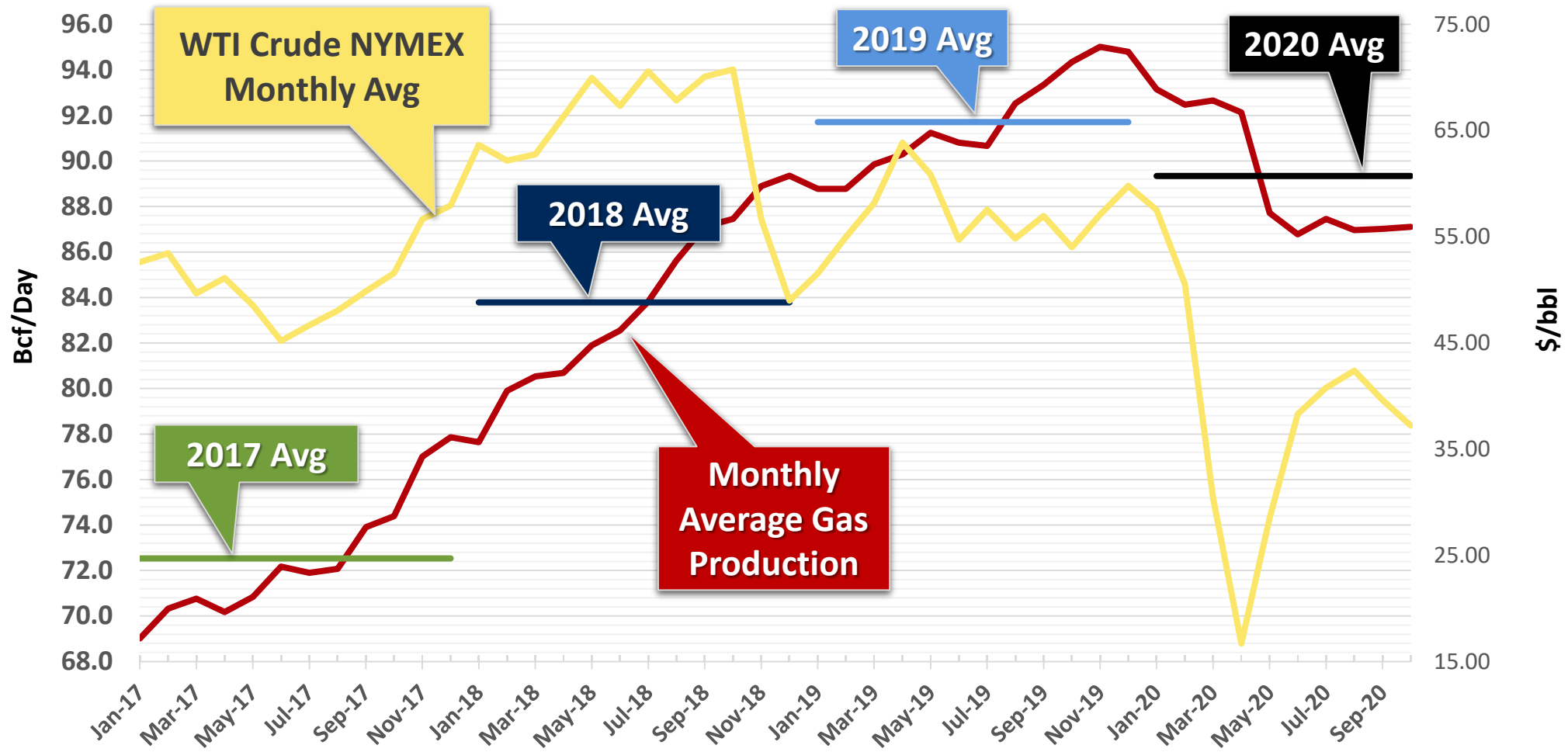
Daily NYMEX Strip Action since FY 2021 Budget Set

Daily Settled Price \$0.20 Below Budget as of Oct 2nd Settlement

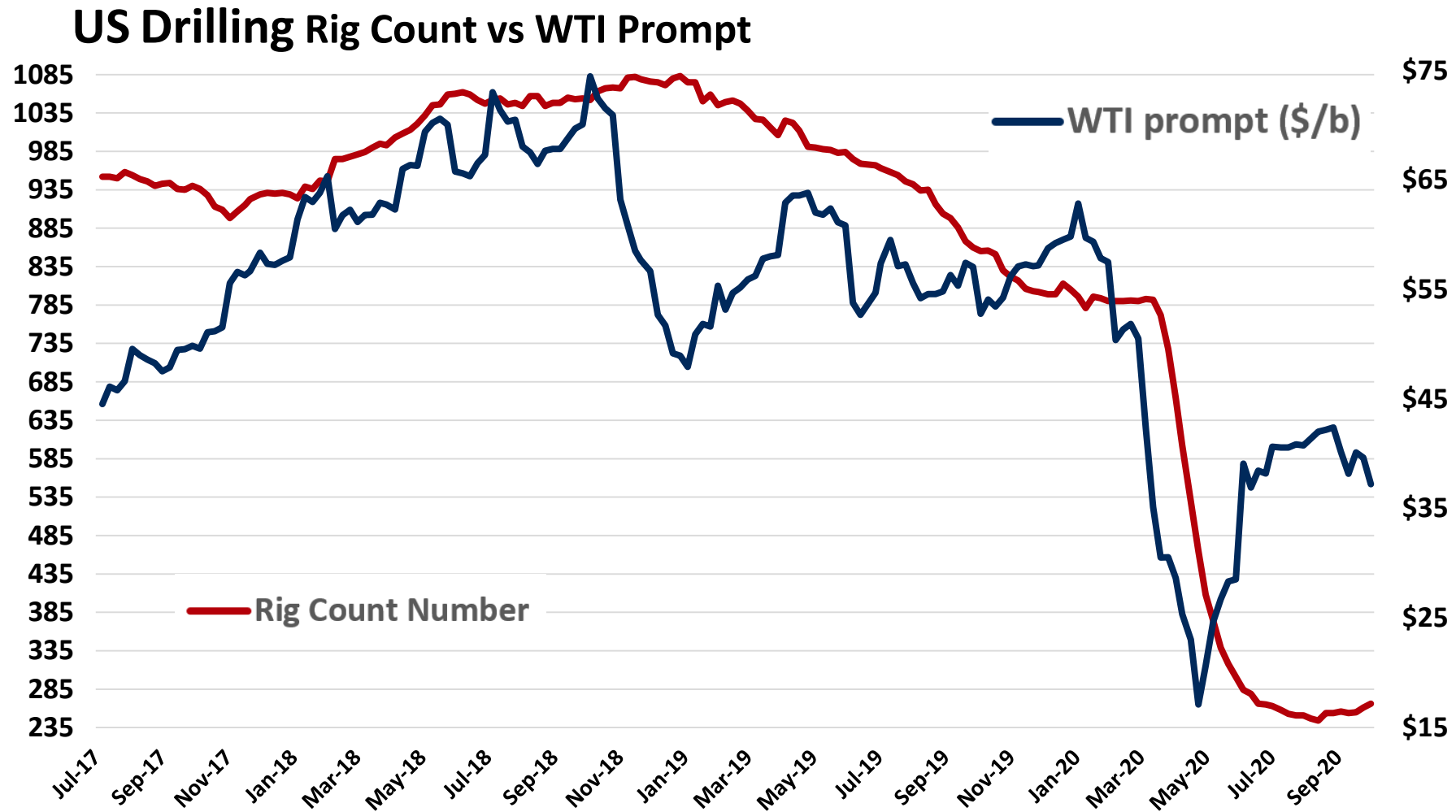


Natural Gas Production Following Changes in Oil Prices

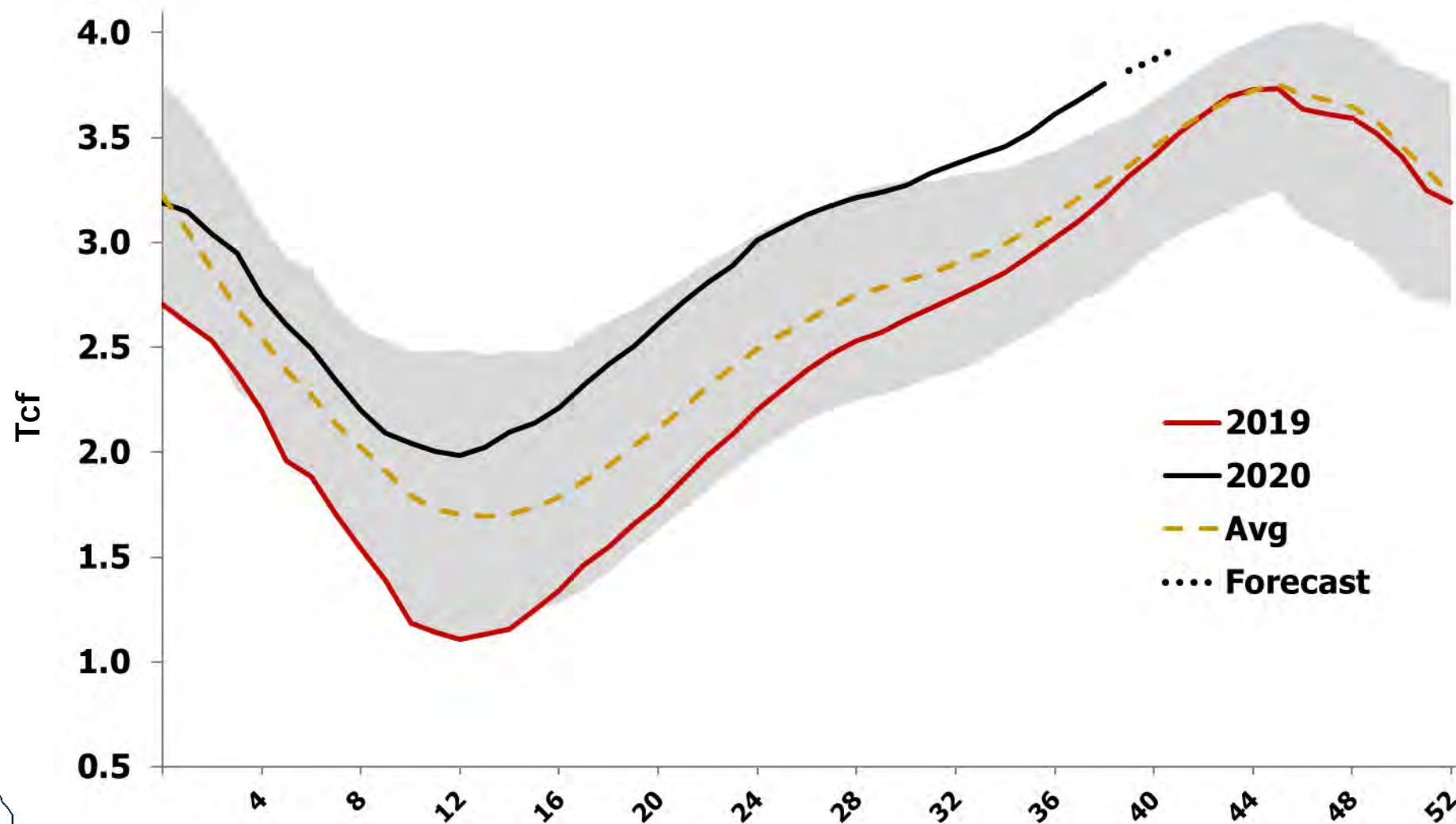
Average Monthly Change Since 2017 to Date (10/02/20)



Drilling Rig Expansion marginally increases with oil prices (as of October 2020)



Gas Storage Inventory as of Week Ending September 25th 2020 Injection Season 12.1% above high inventory level of the last 5 years



Roughly 29% of FMPA Annual Natural Gas Burn Secured \$(0.185) / MMBtu below budget

Value vs. Budget

- No new purchases since last month's report
- Locked in ~29% of annual burn at a weighted average cost of gas of \$2.55/Mmbtu
- The fixed price purchases are roughly \$(0.185)/MMBtu lower than budget
- The extended fixed price value is roughly \$2.05 million below budget
- FGU continues to look for opportunities to secure pricing well below budget up to the 50% maximum fixed pricing directive.

Value vs. Market

Month	Purchase WACOG (\$/MMBtu)	FGT Zn3 Market Pricing as of 10/2/20 (\$/MMBtu)	\$ Value or (lost opportunity) vs. Current Market (\$/MMBtu)	Extended Value or (lost opportunity) vs. Current Market
Oct-20	\$1.81	\$2.28	\$0.46	\$467,838
Nov-20	\$2.24	\$2.40	\$0.16	\$209,724
Dec-20	\$2.72	\$2.98	\$0.26	\$338,726
Jan-21	\$2.88	\$3.13	\$0.25	\$323,719
Feb-21	\$2.83	\$3.10	\$0.26	\$310,521
Mar-21	\$2.73	\$2.98	\$0.25	\$330,169
Apr-21	\$2.49	\$2.69	\$0.19	\$116,508
May-21	\$2.44	\$2.68	\$0.23	\$145,415
Jun-21	\$2.49	\$2.77	\$0.28	\$166,308
Jul-21	\$2.57	\$2.76	\$0.19	\$118,197
Aug-21	\$2.59	\$2.79	\$0.20	\$124,285
Sep-21	\$2.57	\$2.76	\$0.19	\$113,184

Total Extended Value vs. Current Market

\$2,764,594

(Continued) Management Goals Scorecard, as of September 30, 2020

Goal	Status	Comment
6. Energy/Capacity Sales - Execute wholesale agrmts. with projected margin value \$3.5M for FY2020-2024		Leveraging TEA relationship to cover power needs during unit outages this fall. TEA has also identified some potential sales opportunities for this upcoming winter.
7. Enhance Pool – for future significant solar resources - Hire new Exec. Dir. - Devel. practices for extra reserves and fast start needs - Devel. mkt. compensation products to manage new solar resources		<ul style="list-style-type: none"> •Reserves policy concept and direction agreed to and approved by FMPP Steering Committee. Now working on formalizing documents and implementation details. •General agreement also obtained on changing how generator variable O&M costs are allocated, which would help align market compensation with actual costs. •Executive Director looking to establish metrics for the Pool, exploring utilizing FMPPA's data management tools.
8. Member Services Visits by Leadership Team (75 visits)		10 member city visits in September. Total for the year is 79.
Member Services 15 project oversight		29 YTD. Added 4 in September: Chattahoochee Budget Support, Bushnell Mapping Update, Keys Energy storm response tabletop exercise, Clewiston Transf. #1 Investigation
Assist solar subscription service - 6		<ul style="list-style-type: none"> • KUA and Ocala marketing subscriptions to customers. • FPUA and KEYS developing programs. • Mount Dora and New Smyrna Beach considering programs for Phase II

(Continued) Management Goals Scorecard, as of September 30, 2020



Goal	Status	Comment
9. Promoting Value of Utilities Update Member Reports – 16 Public Presentations by Members or FMPSA - 10		<ul style="list-style-type: none"> 16 Reports completed and shared. Information shared individually with Lake Worth Beach City Commission and Ocala City Council. Public Presentation at Newberry (9/28) Public Access TV interview at Leesburg (scheduled for 10/21). FMPSA worked with several members during COVID19 to assist in telling stories publicly.
10. Solar Project - Execute Phase 2 Solar Agreements - Assist Members marketing Phase 1 groundbreaking & energize Phase 1		<ul style="list-style-type: none"> Phase II Agreements fully executed. Solar Promotional "toolkit" available to members. Successful nationwide positive publicity for FMSP Groundbreaking and Commercial Operation. FMSP Groundbreaking event won an Award of Distinction at the 2020 Golden Image Awards. Harmony and Taylor Creek facilities completed on schedule June 30, 2020. FMPSA investigating development of real-time solar energy graphic website for FMSP participants.
11. ARP Restructuring - Reach agreement on desired path of Members		Completed
12. People - Development opportunities/cross training/Back-Up – at least 8		10 Development opportunities completed. Member Services, Accounts Payable, SCADA, Facilities, Human Resources, Public Relations, Financial and Rates Analyst, Information Technology, Operational Technology and Cyber Security.
- FMPSA Fleet Team Sharing – 80 days		Total of 112 days FYTD. FMPSA to Stock Island for 3 days and Treasure Coast for 3 days.

VERBAL REPORT

AGENDA ITEM 6 – SUNSHINE LAW UPDATE

**Board of Directors Meeting
October 15, 2020**

**AGENDA ITEM 7 – CONSENT
AGENDA**

- a. Approval of the Minutes for the
Meeting Held August 20, 2020**

**Board of Directors Meeting
October 15, 2020**

CLERKS DULY NOTIFIEDSEPTEMBER 9, 2020
AGENDA PACKAGES POSTED.....SEPTEMBER 9, 2020

MINUTES
FMPA BOARD OF DIRECTORS MEETING
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL 32819
THURSDAY, SEPTEMBER 17, 2020
9:00 A.M.

MEMBERS Jody Young, Bushnell
PRESENT Lynne Mila, Clewiston (via telephone)
John Tompeck, Fort Pierce
Bob Page, Green Cove Springs
Howard McKinnon, Havana
Barbara Quinones, Homestead
Allen Putnam, Jacksonville Beach
Lynne Tejeda, Key West
Larry Mattern, Kissimmee
Ed Liberty, Lake Worth Beach (via telephone)
Brad Chase, Leesburg (via telephone)
Bill Conrad, Newberry (via telephone)
Joe Bunch, New Smyrna Beach (via telephone)
Eric Weaver, Ocala (via telephone)
John Holman, Starke (via telephone)
David Byrne, Tallahassee (via telephone)
James Braddock, Wauchula (via telephone)
Dan D'Alessandro, Winter Park

OTHERS Paul Jakubczak, Fort Pierce
PRESENT

STAFF Jacob Williams, General Manager and CEO
PRESENT Jody Finklea, General Counsel and CLO
Ken Rutter, Chief Operating Officer
Linda S. Howard, Chief Financial Officer
Carol Chinn, Chief Information and Compliance Officer (via telephone)
Mark McCain, Assistant General Manager, Member Services
and Public Relations
Dan O'Hagan, Assistant General Counsel and Regulatory
Compliance Counsel
Rich Popp, Treasurer and Risk Director
Sue Utley, Executive Asst. /Asst. Secy. to the Board
Mike McCleary, Manager of Member Services Development
Sharon Adams, Human Resources Director
Cairo Vanegas, Manager of Member Services Development
Carter Manucy, IT/OT & Cybersecurity Director

Jason Wolfe, Financial Planning, Rates and Budget Director
Melisa Inanc, Public Relations Specialist
Ryan Dumas, Public Relations Specialist
Isabel Montoya, Information Technology Specialist
Susan Schumann, Manager of External Affairs and Solar Projects
David Schumann, Power Generation Fleet Director

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

Chair Barbara Quiñones, Homestead, called the Board of Directors meeting to order at 9:00 a.m. on Thursday, September 17, 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 18 members present representing 32 votes out of a possible 47.5.

ITEM 2 – Recognition of Guests

None

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

None

ITEM 4 – SET AGENDA (by vote)

MOTION: Allen Putnam, Jacksonville Beach, moved approval of the agenda as presented. Lynne Tejeda, Key West, seconded the motion. Motion carried 32 – 0.

ITEM 5 – REPORT FROM THE GENERAL MANAGER

Jacob Williams reported on the following items:

1. **Goals Scorecard**
2. **FMPA's Communications Team won an Award of Distinction** at the 2020 Golden Image Awards, a statewide competition sponsored by the Florida Public Relations Association. FMPA was recognized for the Florida Municipal Solar Project's Groundbreaking Event, which was a huge success and far exceeded our expectations for positive publicity.
3. **The AMI Workshop** is scheduled for September 22 at 9am. Contact Mark McCain for details.
4. **The Regulatory Compliance Workshop** – is scheduled for September 29 and 30. Contact Truong Le for details.

5. **Member Relations Survey** launched in August to get feedback from members – reminder sent by Sue Sept. 3 – contact Susan Schumann or Melisa Inanc for more information.

ITEM 6 – SUNSHINE LAW UPDATE

Dan O'Hagan reported on public access to critical infrastructure for Florida municipal electric utilities.

ITEM 7 – CONSENT AGENDA

- a. Approval of Minutes – Meeting Held August 20, 2020
- b. Approval of the Projects' Preliminary Financials as of July 31, 2020
- c. Approval of the Treasury Reports as of July 31, 2020

MOTION: Howard McKinnon, Havana, moved approval of the Consent Agenda as presented. Larry Mattern, Kissimmee, seconded the motion. Motion carried 32 – 0.

ITEM 8 – ACTION ITEMS

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

MOTION: Howard McKinnon, Havana, moved approval 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. Compensation Policy. Allen Putnam, Jacksonville Beach, seconded the motion. Motion carried 32 – 0.

- b. **Approval of Resolution 2020-B4 – Budget Amendment for Tri-City Project**

Resolution 2020-B4 was read by title:

RESOLUTION OF THE BOARD OF DIRECTORS OF FLORIDA MUNICIPAL POWER AGENCY: (I) AMENDING THE TRI-CITY PROJECT BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2019, AND ENDING SEPTEMBER 30, 2020; (II) ADOPTING THE AMENDED BUDGET FOR THE TRI-CITY PROJECT FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2019, AND ENDING SEPTEMBER 30, 2020; AND (III) PROVIDING AN EFFECTIVE DATE.

MOTION: John Holman, Starke, moved approval of Resolution 2020-B4 to increase the FY 2020 Tri-City Project budget spending authority by \$200,000. Allen Putnam, Jacksonville Beach, seconded the motion. Motion carried 32 – 0.

c. Approval of Investment Risk Management Policy Changes

MOTION: Larry Mattern, Kissimmee, moved approval of Investment Risk Management Policy changes. Allen Putnam, Jacksonville Beach, seconded the motion. Motion carried 32 – 0.

ITEM 9 – INFORMATION ITEMS

a. FY 2021 Draft Management Goals

Jacob Williams reported on the draft FY 2021 Management Goals and solicited feedback from the Members.

b. Quarterly HR Report

Sharon Adams presented the quarterly HR report to the Board.

c. Summary of Finance Committee Items

Linda S. Howard reported on items the Finance Committee approved that will come up for approval to the Board next month.

d. Quarterly Regulatory Compliance Update

Truong Le presented the quarterly regulatory compliance update.

e. Stanton II Pooled Loan Update

Rich Popp updated the Board on the Stanton II Pooled Loan.

ITEM 10 – MEMBER COMMENTS

Paul Jakubczak, Fort Pierce, asked the members to fill out an upcoming survey from APPA and FMEA to study what effect 5G will have on utilities.

Lynne Tejeda, Key West, thanked Cairo Vanegas for conducting a hurricane table top exercise for Keys Energy personnel.

Howard McKinnon, Havana, thanked the FMPA staff and said they are a tremendous team.

Barbara Quiñones, Homestead, agreed with Howard and said FMPA has assembled a tremendous team.

ITEM 11 – ADJOURNMENT

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

Barbara Quiñones
Chairperson, Board of Directors

Larry Mattern
Secretary

Approved: _____

Seal

BQ/LM/su

**AGENDA ITEM 7 – CONSENT
AGENDA**

- b. Approval of the Projects’
Preliminary Financials as of July
31, 2020**

**Board of Directors Meeting
October 15, 2020**



Linda S. Howard, CPA, CTP
Chief Financial Officer

AGENDA PACKAGE MEMORANDUM

TO: FM&PA Board of Directors
FROM: Linda Howard
DATE: October 13, 2020
ITEM: 7b – Approval of Projects’ Financials as of August 31, 2020

Discussion: The summary financial statements and detailed financial statements, which include GASB #62 transactions, of the Projects for the period ended August 31, 2020 are posted on the Document Portal section of FM&PA’s website.

Recommended: Move approval of the Projects’ Financial Reports for the month ended August 31, 2020.

LH/GF

**AGENDA ITEM 7 – CONSENT
AGENDA**

- c. Approval of the Treasury Reports
as of July 31, 2020**

**Board of Directors Meeting
October 15, 2020**



AGENDA PACKAGE MEMORANDUM

TO: FMPA Board of Directors
FROM: Gloria Reyes
DATE: October 6, 2020
ITEM: BOD 7(c) – Approval of Treasury Reports as of August 31, 2020

Introduction This agenda item is a quick summary update of the Treasury Department's functions.

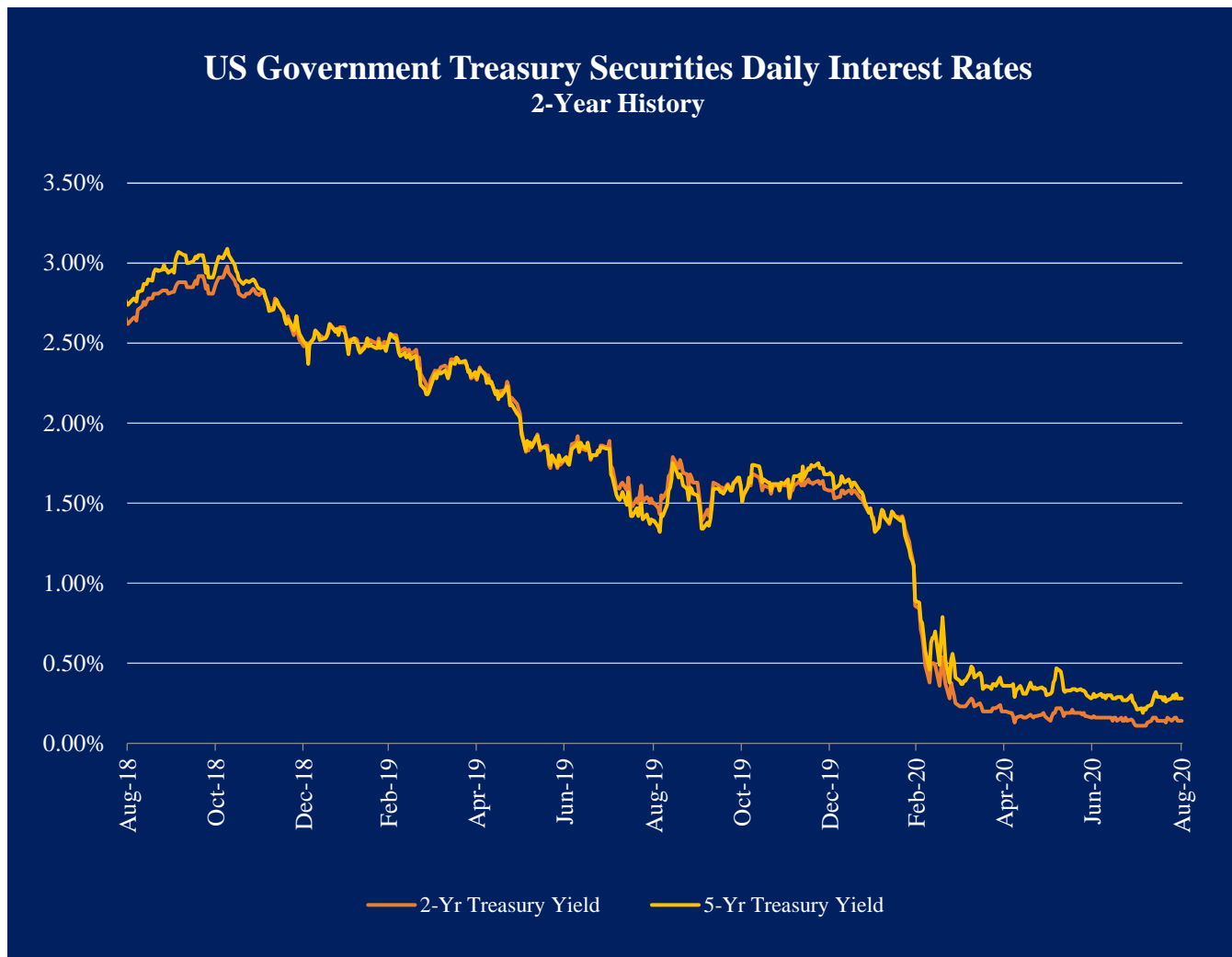
The Treasury Department reports for August are posted in the member portal section of FMPA's website.

Debt Discussion Below is a summary of the total debt outstanding and the percentage of debt that was fixed, variable or synthetically fixed with interest rate swaps as of August 31, 2020.

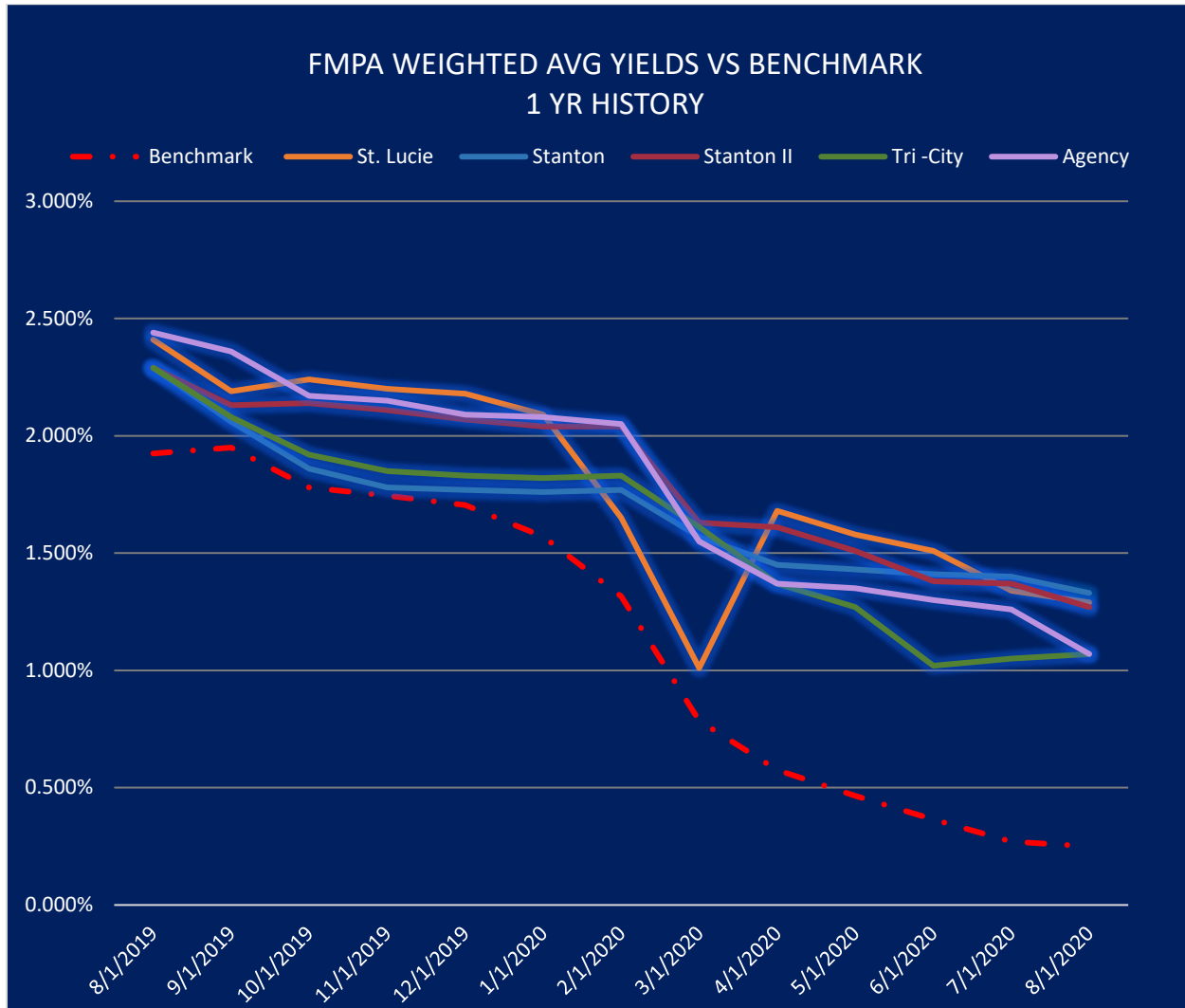
	Total debt Outstanding	Fixed Rate	Variable Rate	Synthetically Fixed
Agency	0.00	0%	0%	0%
St Lucie	117,135,000	100%	0%	0%
Stanton	0.00	0%	0%	0%
Stanton II	107,814,000	100%	0%	0%
Tri City	0.00	0%	0%	0%

Investment Discussion The investments in the Projects 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, Certificates of Deposits, Commercial Paper, Municipal Bonds, Corporate Notes, Local Government Investment Pools and Money Market Mutual Funds.

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 August at .11%. The yellow line is the 5-year Treasury which was .21%.



The weighted average yields on investments earned as of August 31, 2020 in the Projects, along with their benchmark (Average of Florida Prime Fund and 2-year treasury), are as follows:



Recommended
Motion

Move approval of the Treasury Reports for August 31, 2020.

**AGENDA ITEM 7 – CONSENT
AGENDA**

- d. Approval of the General Manager
and CEO and General Counsel
and CLO Job Descriptions**

**Board of Directors Meeting
October 15, 2020**

General Manager and Chief Executive Officer

Executive Administration (Board Appointed Officer)

FLSA Status: *Exempt*

General Definition of Work

The CEO is hired by and reports directly to the Board of Directors. The CEO leads FMPA in its mission to provide low cost, reliable and clean power to the FMPA Members as well as Member services that supports FMPA's members in providing the low cost, reliable and clean power to their customers. Performs complex professional work overseeing the business areas of the Agency: planning, operations, finance, members services, PR/external affairs, human resources, IT and cyber security, and administration and coordination thereof for the Agency. Responsible for leading the organization to develop the business goals and strategic objectives for consideration by the Board of Directors and Executive Committee and responsible for achieving such approved goals and strategic objectives. Provides responsible policy recommendations to the Board of Directors and Executive Committee and, once approved, is responsible for carrying out approved business policies. Work involves overseeing highly complex issues involving a wide variety of situations that require mature judgement and that have a significant impact on total operations, including decisions and actions that are subject to the Board of Directors review and/or Executive committee review.

Qualification Requirements

To perform this job successfully, an individual must be able to perform each essential function satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Essential Functions

- The CEO must possess the desire, insight, and vision to enhance and manage a power supply portfolio that provides low cost, reliable, and clean electricity to the FMPA Members. The CEO must maintain a power supply portfolio that achieves the mission and adds value to the Member utilities.
- The CEO will develop and establish tangible goals compatible with general course of direction set by the Board of Directors and Executive Committee. The CEO will establish specific short- and long-range targets that are achievable, realistic, and value-adding to the Member utilities.
- The CEO must use effective communication and interpersonal skills to build and implement business plans with the Board of Directors, Executive Committee and Member Cities' governing bodies. The CEO must coordinate, collaborate, and directly work with the member utilities to successfully develop and establish the business development initiatives. The CEO will have and maintain effective relationships with government entities for the purpose of building consensus and support for infrastructure projects and business initiatives.
- The CEO is responsible for all business areas of the Agency, including planning, operations, finance, members services, PR/external affairs, IT and cyber security, human resources and administration and coordination thereof for the Agency. The CEO ensures that the Agency is adequately staffed and supports Human Resources so that all policies, rules, and regulations are compliant with state, federal, and local laws and abided by the FMPA team.
- The CEO will coordinate with the General Counsel in the setting of the legal priorities for the Office of the General Counsel and its legal and NERC compliance team. The CEO will keep the General Counsel informed of business issues pertaining to the Agency and Members.
- The CEO must develop and retain an Agency leadership and management team capable of

leading FMPA's efforts to achieve the business goals and strategic objectives as approved by the Board of Directors and Executive Committee.

- The CEO is responsible for ensuring a total employment package and work environment that will attract and retain the high-quality business team members required to meet the needs of the Agency and Members.
- The CEO is responsible for directing business goals and objectives in negotiating contracts, including providing direction for participation in generation and transmission projects; making capacity and energy sales; and purchasing capacity and energy for Members. The CEO is responsible for making recommendations on such matters for Board and Executive Committee approval.
- The CEO is responsible for establishing criteria and processes for retaining consultants, financial advisors, auditors, underwriters, engineers, and other business and technical advisors for initiatives to accomplish the strategic goals of the Agency.
- The CEO oversees the implementation of Agency business functions and makes recommendations to Executive Committee and Board of Directors concerning staffing necessary to accomplish Agency's programs and activities.
- The CEO is responsible for leading the Agency in development of financing and operational programs for various projects that align or further the Agency's strategic goals. Present items to Board and Executive Committee for approval as appropriate. Make recommendations for new business initiatives.
- The CEO oversees the preparation of the annual operating and capital budgets for all departments of the Agency and various projects and directs the administration of all operating and capital budgets after they have been approved to ensure meeting the business goals of the Agency.
- The CEO regularly presents in clear, concise, and accurate ways to the Executive Committee, Board of Directors and Project Committees concerning operating and financial issues of various projects, supported with clear written documentation.
- The CEO makes clear, concise, and accurate presentations on behalf of FMPA and its members, as related to FMPA strategic goals, at the regional, state and federal level with regulators, legislatures, and executive administrations. The CEO provides strong representation before member governing bodies, rating agencies, trustees, investors, regulatory agencies, legislative bodies and other stakeholder groups on behalf of FMPA.
- The CEO is responsible for directing, reviewing, and providing for needed analysis of various types of studies necessary for infrastructure development, system regulation, maintenance and operation, financial management, and business development for the electric needs of the members.
- The CEO oversees the development and review of financial reporting systems for various projects.
- The CEO must interact personally and regularly with the Board of Directors and Executive Committee representatives including making member city visits.
- The CEO is responsible for state and federal policy analysis, development of strategic goals and implementation of the same for governmental policies impacting the energy or wholesale power supply markets, including environmental issues, and making recommendations to the Board of Directors and Executive Committee on the same.

The CEO is responsible for providing strategic goals and direction for FMPA lobbyists and coordinating with FMEA on energy, wholesale power and related environmental matters at the State and Federal level. Such activities will be coordinated with General Counsel.

Other Duties:

Participate in appropriate State and National organizations on behalf of the Agency and its Members with regard to energy policy, wholesale electric power and related environmental matters.

Frequent travel required.

Knowledge, Skills and Abilities

Executive leadership experience (minimum of 5 years) through progressively responsible assignments in the electric utility industry with demonstrated success in developing and achieving competitive wholesale electric service costs. Must have a minimum of 20 years of experience in the energy and electric utility industry. Must have comprehensive knowledge of energy and electricity markets, traditional and renewable generation technologies, transmission, fuel systems as well as the environmental impacts thereof. The CEO's electrical utility knowledge should include an understanding of the system's operating and regulation requirements, the State and Federal regulatory environment, revenue and capital requirements, and the financial ability of the Members.

Must have proven knowledge and experience in budgeting, financing, long-range planning, and intergovernmental and community relations. Must have the ability to communicate effectively verbally and in writing with the Board of Directors, Executive Committee, internal staff, governing bodies, regulatory agencies, industry organizations, and other stakeholders. Must have ability to effectively organize and lead groups and individuals; ability to direct preparation of and present clear and comprehensive financial, administrative and technical reports; ability to communicate ideas effectively orally and in writing; ability to make sound decisions and solve problems under pressure; ability to establish and maintain effective working relationships with associates, industry professionals, Federal, State, and City officials, employees, and industry stakeholders.

Education and Experience

Master's degree with coursework in business administration, or related field and at least 10 years of director level experience with electric power utilities or in the energy industry, or an equivalent combination of education and experience.

Physical Requirements

This work requires the frequent exertion of up to 10 pounds of force; work regularly requires sitting, speaking or hearing, and occasionally requires standing, walking; work has standard vision requirements; vocal communication is required for expressing or exchanging ideas by means of the spoken word and conveying detailed or important instructions to others accurately; hearing is required to perceive information at normal spoken word levels and to receive detailed information through oral communications and/or to make fine distinctions in sound; work requires analyzing presentations or material, operating motor vehicles or equipment and observing general surroundings and activities; work is generally in a low noise location (e.g. business office).

Special Requirements

Valid driver's license.

General Counsel and Chief Legal Officer

Executive Administration (Board Appointed Officer)

FLSA Status: *Exempt*

General Definition of Work

The General Counsel is hired by and reports directly to the Board of Directors. The General Counsel leads FMPA's legal affairs in support of the Agency's mission to provide low cost, reliable, and clean power plus value-added services for FMPA's Members, and Owners, that benefit their communities and customers. Performs functions to provide for comprehensive, high quality legal services covering all aspects of the Agency's current and future business requirements. Provides for the preparation of, and reviews and approves, all contracts and legal documents of the Agency; ensures compliance with applicable administrative rules and regulations of regulatory agencies and applicable federal, state, and local laws; and advises in the formulation and execution of organizational policies, objectives and programs. Responsible for providing expert legal advice and representation of FMPA and its Members in transactional, litigated, legislative, and regulatory matters. These responsibilities include performing legal functions and providing legal advice that supports FMPA's leadership team, Members, and other stakeholders in formulating key policies, deciding courses of action, and understanding applicable rules, systems, or processes in strategically important areas. Work involves overseeing legal support for highly complex business, financial, political, policy, and legal issues involving a wide variety of situations that requires mature judgment, and that have a significant impact on FMPA operations, including decisions that are subject to direction from the Board of Directors and Executive Committee.

Qualification Requirements

To perform this job successfully, an individual must be able to perform each essential function satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Essential Functions

- The General Counsel is the Agency's chief legal officer and attorney responsible for leading all legal efforts and providing legal and policy advice to the CEO, leadership team, Board of Directors, Executive Committee, and Members in all matters applicable to the Agency.
- The General Counsel leads the legal team in support of the strategic goals of the Agency and the efforts of the Agency's leadership team and Members in leveraging legal and risk analysis to achieve strategic goals.

- The General Counsel will participate with leadership team in the establishment of short-term goals and long-term strategic direction for the Agency.
- The General Counsel is responsible for all legal affairs of the Agency, including contract negotiation and drafting; interpretation of policies, contracts, by-laws, and other instruments; execution of transactional matters; all litigation, including both civil litigation and docketed administrative and regulatory matters; NERC regulatory compliance; and legislative matters directly pertaining to the Agency or the Members.
- The General Counsel will keep the CEO and Agency leadership team informed of legal and NERC compliance issues pertaining to the Agency and Members.
- The General Counsel must develop and maintain a legal and NERC compliance team of employees and outside legal counsel that is capable of supporting the strategic goals and meeting the needs of the Agency and Members. The General Counsel manages all outside legal counsel and directly retained consultants in legal and NERC compliance matters. The General Counsel must develop favorable relationships with regulatory authorities, as well as the legal, financial and consulting community.
- The General Counsel provides legal analysis and counsel on legal, policy, business, and regulatory issues to the Board of Directors, Executive Committee, the CEO and leadership team, and the Agency's Members. Such counsel must take into account the business and political environment and serve to support the Agency's strategic goals.
- The General Counsel is responsible for ensuring compliance by the Agency, its staff, officers, and directors with federal, state, and local statutes, laws, rules and regulations applicable to the Agency.
- The General Counsel is responsible for providing for the preparation, negotiation, review, and interpretation of all contracts, policies, and other legal documents of the Agency.
- The General Counsel must communicate potentially significant issues to the CEO, Executive Committee, Board of Directors, and Agency leadership team, on legal requirements, concerns, problems, *etc.*, and provide guidance as to action to be taken.
- The General Counsel has legal oversight for legislative activities and, as needed, coordinates among Agency lobbyists, Members, legislators, and legislative staff, except that the CEO provides direction for substantive energy, wholesale power, and environmental policy matters. The General Counsel assists and supports direct lobbying activities and efforts in representation of the Agency and its Members.

- The General Counsel represents the Agency before all courts and regulatory bodies, and must anticipate and minimize legal risks facing the Agency.
- The General Counsel is responsible for communicating effectively with the CEO, the leadership team of the Agency, the entire Agency team, the Board of Directors and Executive Committee, Members' leadership teams and governing bodies, outside legal counsel, consultants, and advisors to ensure the successful completion of external and internal legal and regulatory project requests.
- The General Counsel will work cooperatively with the CEO and leadership team to provide legal research support and analysis for new ideas and concepts, to develop and implement plans, policies, and procedures and provide direction in addressing legal and regulatory issues.
- The General Counsel will assist the CFO in the structuring and issuance of Agency financing, including bonds, bank loans, and lines of credit. The General Counsel is responsible for the preparation of legal materials for financing transactions, and serves as a lead member of the debt financing team. The General Counsel will coordinate with the CFO on all municipal financial disclosure matters, and ensure compliance with applicable disclosure requirements, including through the management of outside disclosure counsel.
- The General Counsel, in coordination with Human Resources, is responsible for the selection, hiring, training, supervision, and assignment of Agency legal and NERC compliance team employees.
- The General Counsel must interact personally and regularly with the Board of Directors and Executive Committee members, including making member city visits as needed.

Other Duties

Directly represent FMPA Members and Florida Municipal Electric Association, Inc., in matters that meet the legal needs of the Members and support the strategic goals of the Agency.

Participate in appropriate State and National organizations on behalf of the Agency and its members.

Frequent travel required.

Knowledge, Skills and Abilities

Executive legal leadership experience (minimum of 5 years) through progressively responsible assignments representing municipal electric utilities and governmental wholesale power providers with demonstrated success in leading the legal

representation of significant matters to achieve strategic goals. Comprehensive knowledge of municipal electric utility and wholesale power matters. Demonstrated ability to provide strategic, accurate, and reliable legal advice and recommendations. Superior analytical and legal writing skills; ability to present clear and practical legal positions to an array of audiences: leadership team, Members, Member governing bodies, and other stakeholders. Ability to work within a complex, matrixed organization and as part of a team to complete projects. Able to perform legal work ethically and with the utmost professionalism. Comprehensive knowledge of municipal electric utility financial policies and practices.

Must have proven knowledge and experience in meeting budgets, leading, and achieving desired strategic goals while managing in-house counsel, outside counsel, consultants, and staff, for work as coordinated team. Must have the ability to communicate effectively verbally and in writing with the Board of Directors, Executive Committee, internal staff, consultants, and outside counsel, as well as, Member leadership teams, governing bodies, federal and state agencies, legislators and their staff, industry organizations, rating agencies, and other stakeholders. Must have ability to effectively organize and lead groups and individuals for legal matters; ability to direct preparation of and present clear and comprehensive materials on policy and legal matters; ability to communicate ideas effectively orally and in writing; ability to make sound decisions, evaluate risks, and solve problems under pressure; ability to establish and maintain effective working relationships with legal, business, and technical stakeholders in all matters.

Education and Experience

A Juris Doctor degree is required. License or ability to obtain license to practice law in the state of Florida is required. The General Counsel must have extensive experience of at least 15 years representing municipal electric utilities in wholesale power transactions, regulatory matters at the federal and state levels (including litigated and settled matters), complex transactional matters, the issuance of tax exempt debt, legislative and policy matters, and representations involving significant value at risk (minimum of \$100 million). The General Counsel must be board certified by The Florida Bar in city, county, and local government law, or be rated AV Preeminent by Martindale-Hubbell.

Physical Requirements

This work requires the frequent exertion of up to 10 pounds of force; work regularly requires sitting, speaking or hearing, and occasionally requires standing, walking; work has standard vision requirements; vocal communication is required for expressing or exchanging ideas by means of the spoken word and conveying detailed or important instructions to others accurately; hearing is required to perceive information at normal spoken word levels and to receive detailed information through

oral communications and/or to make fine distinctions in sound; work requires analyzing presentations or material, operating motor vehicles or equipment and observing general surroundings and activities; work is generally in a low noise location (*e.g.*, a business office).

Special Requirements

Valid driver's license.

AGENDA ITEM 8 – ACTION ITEMS

a. Approval of FY 2021 Management Goals

**Board of Directors Meeting
October 15, 2020**

Fiscal 2021 Management Goals

Goal		Status	Actual	YTD Actual	YTD Target	FY'21 Target	Comment
1.Safety	Lost-time Accidents					0	
	OSHA Recordables					0	
2.Compliance	Environmental					0	
	Financial					0	
	Regulatory					0	
3.Low Cost	Under \$70/MWh					< \$70.00	
	Fuel					\$24.09	
	Non-Fuel					\$47.80	
4.Stanton I and Stanton II Decision from OUC to reduce power costs and emissions							

Goal		Status	Actual	YTD Actual	YTD Target	FY'21 Target	Comment
5.Cyber Security	Breaches					0	
	Phishing tests					5% or <	
	Member assessments					5	
6.Reliability	CC EAF					90%	
	Stock Island black start and trans. backup					100%	
	SAIDI Reduction					10	
7.Member Services	Leadership member visits					75	
	Projects managed for members					20	
8.Value of Muni	Member info updates					16	
	Presentations Social media					10	

Goal		Status	Actual	YTD Actual	YTD Target	FY'21 Target	Comment
9.Load Management	Dev. opportunities for 5 MW						
10.Financing	Restructure debt					1	
	Extend debt to include R&R funding					1	
	Prepd gas min. svgs. Of \$0.20/mmBtu					1	
11.Transmission	Neg. service upgrade for LWB & Homestead						
12.People	360 training for Leadership & mgmt.					11	
	Mgmt. outreach to diverse prof. groups					3	
	Individual development plans					50	
	FMPA Fleet Team Sharing – 80 days					80	

AGENDA ITEM 8 – ACTION ITEMS

- b. Approval of the General Manager
and CEO and General Counsel
and CLO Evaluations**

**Board of Directors Meeting
October 15, 2020**



October 6, 2020

TO: FMIPA Board of Directors

FROM FMIPA Board Officers

Barbara Quiñones, Homestead, Chair
Lynne Tejeda, Key West, Vice Chair
Larry Mattern, Kissimmee, Secretary
Allen Putnam, Jacksonville Beach, Treasurer
Howard McKinnon, Havana, Executive Committee Chairman

RE: BOD Item 8b – Approval of Board Officers Recommendation on Evaluations of
Jacob Williams, General Manager and CEO and Jody Finklea, General Counsel and CLO

The Officers of the Board of Directors and Chairman of the Executive Committee met via telephone on September 4, 2020 to solicit input from the Board on the performance of the General Manager and CEO and General Counsel and CLO. Officers present were Barbara Quiñones, Homestead, Chair, Lynne Tejeda, Key West, Vice Chair, Larry Mattern, Secretary, and Howard McKinnon, Chairman of the Executive Committee. Others present via telephone were John Tompeck, Fort Pierce, Bob Page Green Cove Springs, Ed Liberty, Lake Worth Beach, Brad Chase, Leesburg, Joe Bunch, New Smyrna Beach, John Holman, Starke and James Braddock, Wauchula. Staff present were Jacob Williams, General Manager and CEO, Jody Finklea, General Counsel and CLO (via telephone), Sharon Adams, Human Resources Director and Sue Utley, Executive Asst. to the General Manager and CEO and Assistant Secretary to the Board. The process included an opportunity for Board members to send in written input for the Officers to consider. Written comments were submitted by Jody Young, Bushnell, Joe Bunch, New Smyrna Beach and James Braddock, Wauchula.

The Officers met again September 16, 2020 to discuss input from the Board and a compensation philosophy for the two positions and to conduct their annual performance reviews. All Board Officers and the Executive Committee Chairman were present. Others present via telephone were Brian Horton, Kissimmee, Eric Weaver, Ocala and James Braddock, Wauchula. Staff present were Jacob Williams, General Manager and CEO, Jody Finklea, General Counsel and CLO, Sharon Adams, Human Resources Director and Sue Utley, Executive Asst. to the General Manager and CEO and Assistant Secretary to the Board.

The purpose of the meetings was to give the Board an opportunity to provide input to the Board Officers on the General Manager and CEO and General Counsel and CLO's past year's performance and to consider compensation or benefit adjustments for both the General Manager and CEO and General Counsel and CLO. These meetings also provided an opportunity for verbal comments from the Board members. Everyone provided positive comments on both the General Manager and CEO's performance and the General Counsel and CLO's performance this past year.

The Board Officers and Members on the phone commented on the past year’s performance of the General Manager and CEO and General Counsel and CLO.

The Board Officers reviewed the salary survey information for joint action agencies and cooperatives, and there was consensus to move the base salaries of the General Manager and General Counsel up closer to the average for similar sized agencies (\$400 million + annual budget, and 50 employees or more), and to schedule meetings in early calendar year 2021 to fully discuss the compensation philosophy before the next budget cycle.

Recommendations in Salaries and/or Benefits for the General Manager and CEO

The Board Officers and Executive Committee Chairman recommend to the Board of Directors the following:

- There was consensus by the Board Officers that Jacob Williams has done an outstanding job this past year. His many accomplishments on achieving great results on the Strategic Goals for this past year were highlighted.

Recommended Motion: Move approval of the Board Officers recommendation for the General Manager and CEO of a ten (10%) increase to the base salary of the General Manager and CEO and authorize the Chairman to execute amendments to the employment agreements for the compensation changes approved by the Board. This percentage is being recommended by all the Board Officers and the Executive Committee Chairman.

Recommendations in Salaries and/or Benefits for the General Counsel and CLO

The Board Officers and Executive Committee Chairman recommend to the Board of Directors the following:

- There was consensus by the Board Officers that Jody Finklea has done an outstanding job this past year. His many accomplishments on achieving great results on the Strategic Goals for this past year were highlighted.

Recommended Motion: Move approval of the recommendation from the Board Officers and Executive Committee Chairman for the General Counsel and CLO of a ten percent (10%) increase to the base salary of the General Counsel and CLO and authorize the Chairman to execute amendments to the employment agreements for the compensation changes approved by the Board. This percentage is being recommended by all the Board Officers and the Executive Committee Chairman.

BQ/LT/LM/AP/HM/su



Executive Compensation Comparison

Sharon Adams

September 16, 2020

Market Pricing /Salary Data for JAA*

CEO/General Manager

JAA Executive Survey	Mean/ Average	25 th Percentile	50 th Percentile	75 th Percentile
\$400 million +	\$ 486,313	\$ 412,291	\$ 466,750	\$ 574,250
50+	\$ 453,282	\$ 356,150	\$ 450,000	\$ 539,500
Average Bonus	\$ 60,605	\$ 12,488	\$ 27,608	\$ 81,350
Car Allowance	\$ 10,381	\$ 7,200	\$ 10,000	\$ 13,200
Total \$400 mill	\$ 557,299	\$ 431,979	\$ 504,358	\$ 1,173,158
Total 50+	\$ 524,268	\$ 375,838	\$ 487,608	\$ 634,050

	Salary	Car Allowance	Bonus	Total
Jacob	\$439,683	\$10,608	0	\$450,291

Market Pricing/Salary Data for JAA*

CLO/General Counsel

JAA Executive Survey	Mean/ Average	25 th Percentile	50 th Percentile	75 th Percentile
\$400 million +	\$ 285,645	\$ 245,789	\$ 257,241	\$ 271,543
50+	\$ 286,108	\$ 245,068	\$ 257,241	\$ 292,811
Average Bonus	\$ 27,890	\$ 9,104	\$ 19,050	\$ 23,100
Car Allowance	\$ 0	\$ 0	\$ 0	\$ 0
Total \$400 mill	\$ 313,535	\$ 254,893	\$ 273,222	\$ 294,643
Total 50+	\$ 313,998	\$ 254,172	\$ 273,222	\$ 315,911

	Salary	Car Allowance	Bonus	Total
Jody	\$270,265	\$ 7,017	0	\$277,281

*2019 JAA, Generation & Transmission Cooperatives Executive Compensation Survey

JAA and G&T Cooperative Comparison

CEO/General Manager

Survey Category	Mean/ Average	25 th Percentile	50 th Percentile	75 th Percentile
JAA - \$400 million +	\$ 486,313	\$ 412,291	\$ 466,750	\$ 574,250
G&T - \$400 - \$799 million	\$ 693,387	\$ 610,950	\$ 670,002	\$ 727,250
JAA 50+ employees	\$ 453,282	\$ 356,150	\$ 450,000	\$ 539,500
G&T <200 employees	\$ 592,805	\$ 479,029	\$ 590,000	\$ 682,287
JAA - Average Bonus	\$ 60,605	\$ 12,488	\$ 27,608	\$ 81,350
G&T - Average Bonus	\$145,016	\$ 38,016	\$ 109,344	\$ 177,532
Car Allowance	\$ 10,381	\$ 7,200	\$ 10,000	\$ 13,200
G&T – Car Allowance	\$ 7,165	\$2,400	\$ 7,200	\$ 12,000

Jacob	Salary	Car Allowance	Bonus	Total
	\$439,683	\$10,608	0	\$450,291

JAA and G&T Cooperative Comparison

CLO/General Counsel

Survey Category	Mean/ Average	25 th Percentile	50 th Percentile	75 th Percentile
JAA - \$400 million +	\$285,645	\$ 245,789	\$257,241	\$271,543
G&T \$400 - \$799 million	\$230,489	\$230,000	\$275,600	\$304,436
JAA - 50+ employees	\$286,108	\$ 245,068	\$ 257,241	\$292,811
G&T <200 employees	\$272,158	\$206,633	\$230,000	\$326,338
JAA - Average Bonus	\$27,890	\$9,104	\$19,050	\$23,100
G&T – Average Bonus	\$78,306	\$10,815	\$23,000	\$46,901
JAA - Car Allowance	\$ 0	\$ 0	\$ 0	\$ 0
G&T – Car Allowance	\$7,873	\$ 0	\$ 0	\$ 0

Jody	Salary	Car Allowance	Bonus	Total
	\$270,265	\$ 7,017	0	\$277,281

Reported Target Market Positioning*

2019-2020 Annual Salary Budget Planning Survey

Position Level	Percentile
CEO/President	53.8%
Executive and Officers	54.3%

*Source: Compensation Resources, Inc. Annual Salary Budget Planning Survey

Compensation Package Mix*

Position Level	Base Salary	Annual Bonus Incentive	Long-Term Incentive
CEO/ President	61.5%	16.4%	22.1%
Executive and Officers	68.6%	17.1%	14.3%

*Source: Compensation Resources, Inc. Annual Salary Budget Planning Survey

Considerations

- Base salary and car allowance is the only compensation
- Executive salaries competitive position within the marketplace
- Total compensation package mix
- Pay for Performance

AGENDA ITEM 8 – ACTION ITEMS

- c. Approval of the Removal of the
Statutory and Regulatory and
Records Management Policies
from the Risk Management Policy
Exhibits**

**Board of Directors Meeting
October 15, 2020**



BOD 8c- Approval of the Elimination of the Statutory & Regulatory and Records Management Policies

Board of Directors

October 15, 2020

Recommended Changes to the Risk Policy Format

Keep the umbrella risk management policy in place

Eliminate those existing policies that are procedural in nature, and add pertinent, risk mitigating functions to the risk management umbrella policy

Streamline the number of individual policies to only include those that

- Delineate staff/spending authorization levels
- Set tolerance levels in high risk areas

Emphasize compensating controls

- Internal Audit review
- Management oversight
- Knowledgeable staff
- Written procedures

Recommend Deleting Statutory & Regulatory Policy

- Statutory & Regulatory Policy obligations
 - Maintain complete records
 - Update BOD & EC on regulatory environment
 - Report violations to BOD & EC
- Staff Actions
 - Quarterly BOD & EC updates
 - Staff performance issue if BOD & EC learn of violations in an untimely manner
- Policy not needed due to compensating controls

Recommend Deleting Records Management Policy

- Records Management Policy obligations
 - Maintain complete records in accordance to debt requirements or other governmental agencies
 - Follow the Florida Records Retention Schedule
 - GS1-L and GS14
 - Legal will provide final opinion on interpretations of the Schedules
 - Access to certain documents will limited and physically protected
 - Training:
 - HR ensure new employees receive records retention training
 - IT ensures bi-annually all employees are using electronic records management system
 - Legal will annually present formal records retention obligations to all employees

Recommend Deleting Records Management Policy (contd.)

- Staff Actions
 - Training process fully integrated into Agency culture
 - Employee within the Legal Department has Records Retention responsibilities in their job description
 - On boarding procedure to have all new hires watch FRRS (Florida Records Retention Schedule) training
- Compensating controls in place

Recommended Motion

- Move to approve of the elimination of both the Statutory & Regulatory Policy and the Records Management Policy from the Agency's Risk Management Exhibits

FLORIDA MUNICIPAL POWER AGENCY

RISK MANAGEMENT POLICY APPENDIX G

STATUTORY AND REGULATORY MATTERS POLICY

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STATUTORY AND REGULATORY MATTERS RISK MANAGEMENT POLICY FOR FLORIDA MUNICIPAL POWER AGENCY

This Statutory and Regulatory Matters 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 existing statutory and regulatory matters as well as future changes in the statutory and regulatory environment. This Policy is Appendix G of the FMPA Risk Management Policy.

1.0 Policy Statement

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

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

- ❖ FMPA will follow all applicable federal, state and local laws.
- ❖ Authority is delegated to the General Counsel to create procedures to administer this policy.
- ❖ General Counsel shall be directly responsible for the handling of all legislative matters and regulatory proceedings involving the state legislature and Congress, and state and federal agencies, including but not limited to the Florida Department of Revenue (DOR), the Florida Public Service Commission (PSC), the Florida Department of Environmental Protection (DEP), US Department of Energy (DOE), US Environmental Protection Agency (EPA), and the Federal Energy Regulatory Commission (FERC).

- ❖ General Counsel shall have responsibility to direct staff of any department as needed to meet the needs of the Agency in responding to or participating in any legislative or regulatory matter as necessary to represent the interests of the Agency.
- ❖ The Director of Regulatory Affairs shall be responsible for the technical aspects of any regulatory proceedings and assist the General Counsel in administering such proceedings. The Director shall also be the case manager on all FERC legislative measures relating to the delivery of power to the FMPA and ARP members.
- ❖ The Regulatory Compliance Officer shall oversee all NAESB, NERC and FRCC compliance measures.
- ❖ Deviations from this Policy shall be reported to the Finance Committee (FC).

2.0 Scope

FMPA has the authority to represent itself and its members on statutory and regulatory issues. All FMPA activities shall meet FERC, NERC, DOE, EPA, DEP, DOR, FPSC, and FRCC requirements.

The General Counsel has ultimate responsibility for administration of FMPA's statutory and regulatory matters policies.

3.0 Types of Risk

This Policy establishes minimum standards to support an Agency-wide atmosphere of proper control levels to ensure the effective and efficient generation of electric power. The General Counsel will cause procedures to be written that identify risks in the areas noted below and provide ways to measure, control and mitigate FMPA's exposure to those risks. While not intended to be a comprehensive listing of risk encountered by FMPA during the normal course of the business cycle, the

following provides insight into the major areas of statutory and regulatory risk exposure for FMPA.

3.1 Regulatory Risk: The risk of a potential adverse impact on FMPA from an action and direction from an administrative body such as FERC, DOE, EPA, DOR, or DEP. The risk is that a regulatory or legislative matter harms FMPA. For instance, legislative or regulatory action could make it impossible for FMPA to participate in base load generation projects to serve its All-Requirements Power Supply Project participants. Regulatory risk occurs at the local, state and federal level and could have direct impact on FMPA's strategic, operational or financial decisions.

3.2 Environmental Risk: The risk of potential losses associated with a generating or other facilities not complying with federal environmental or other regulations. Examples of environmental non-compliance include emissions violations and toxic spills. When a generating facility is in violation, there is the potential that generating output could be lost. FMPA must replace these generating units with other units or purchase the power at spot market prices that may exceed the cost expected from the failed generator. Substantial damage could also be incurred to the reputation of FMPA.

4.0 Statutory and Regulatory Oversight

The General Counsel, Director of Regulatory Affairs, and Regulatory Compliance Officer are responsible for overseeing regulatory and legislative matters as described in Section 1.0. This oversight includes the following functions:

4.1 Maintaining Records: All documentation of compliance measures taken by the Agency shall be maintained according to regulatory requirements and the Records Management Risk Management Policy.

4.2 Reporting: The General Counsel shall report at least annually to Executive Committee and Board of Directors an update on regulatory or legislative matters affecting the Agency. Regulatory or legislative matters that affect the risk exposure of the Agency shall be reported to the Finance Committee (FC) as needed.

4.3 Violations: Any violation notices or any other notification of non-compliance with regulatory or legislative matters shall be reported to the Risk Management Department upon receipt and to the FC within 5 working days.

5.0 Internal Controls and Ethics

The General Counsel shall cause to be established a system of written internal controls to ensure compliance with all statutory and regulatory requirements, consistent with this Policy and Statutory and Regulatory Matters Procedures, and in accordance with all policies and procedural guidelines established in the Risk Management Policy.

5.1 Continuing Education: The Chief Operating Officer and General Counsel shall ensure that appropriate staff maintains current knowledge regarding the statutory and regulatory matters.

5.2 Policy Compliance: Risk Management staff shall assist General Counsel in monitoring compliance with this Policy and associated Procedures.

6.0 Reporting

The General Counsel shall cause any deviations from this Policy to be reported according to the guidelines set forth in the FMPA Risk Management Policy, Section 4.1. The Finance Committee shall cause to be completed an annual report on the

operation and effectiveness of this Asset Management and Operations Policy as described in the FMPA Risk Management Policy, Section 7.0. The General Counsel shall notify the Agency Risk Manager of the current statutory and regulatory risk environment affecting FMPA as appropriate.

Appendix A

Florida Municipal Power Agency Risk Management Reporting Calendar Statutory and Regulatory Reporting Requirements

Reporting Item	Frequency of Report	Responsible Party	Policy Reference	Policy Reference
Update to governing bodies	Annually	General Counsel	Section 4.2	Updates
Violations	As needed	General Counsel	Section 4.3	Violations
Deviations from Policy	As needed	General Counsel	Section 6.0	Reporting
Policy operation and effectiveness	Annually	AROCFC	Section 6.0	Reporting

**RISK MANAGEMENT POLICY
APPENDIX L**

FLORIDA MUNICIPAL POWER AGENCY

RECORDS MANAGEMENT RISK MANAGEMENT POLICY

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**RECORDS MANAGEMENT
RISK MANAGEMENT POLICY
FOR FLORIDA MUNICIPAL POWER AGENCY**

This Records Management Policy (the “Policy”) and any effective subordinate procedures establish the governance, framework and controls under which Florida Municipal Power Agency (“FMPA”) may engage in activities to identify, measure and minimize future business risk resulting from the potential loss of records. Records in this context include written documents, electronic versions of documents, and email. This Policy is Appendix L of the FMPA Risk Management Policy.

1.0 Policy Statement

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

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

- ❖ The records of the Agency be stored, managed, and retained according to applicable laws.
- ❖ The CEO exercises overall responsibility for FMPA’s records management system.
- ❖ The CEO shall cause procedures to be created to implement this Policy.
- ❖ Deviations from this Policy shall be reported to the Finance Committee.

2.0 Scope

This Policy applies to all business records of the Agency including contracts, correspondence (including emails and other electronic communications), and any other corporate records.

The CEO exercises overall responsibility for FMPA's records management system. Each employee of the Agency is responsible for complying with records retention regulations. The Records Management staff in the Information Systems Department is responsible for managing all centrally stored physical and electronic records of the Agency. The Agency has adopted an electronic records management system to reduce legally required records to an electronic format which are stored in the system for easy retrieval. Presently, the Agency follows two Records Retention Schedules established by the State of Florida – GS1-L and GS14.

Records are destroyed only after the retention period established by either GS1-L or GS14 has been satisfied. Records may be retained longer than the state mandated retention period if beneficial to FMPA.

3.0 Types of Risk

This Policy establishes minimum standards to support an Agency-wide atmosphere of proper control levels to safeguard the Agency's assets. The CEO shall cause procedures to be created that identify risks in the areas noted below and provide ways to measure, control and mitigate FMPA's exposure to those risks. While not intended to be a comprehensive listing of risk encountered by FMPA related to Records Management, the following provides insight into the major areas of records management risk exposure for FMPA.

3.1 Operational Risk: The risk that the Agency will not be able to conduct business as needed. An example of operational risk would be if the executed

original of a power supply contract was lost and the Agency was unable to enforce a clause in the contract. Operational risk is mitigated if the documents are protected and copied electronically with off-site back-up of the copy.

3.2 Regulatory Risk: The risk of potential adverse impact of an action or direction from an administrative body such as FERC, DOE, or Treasury Department. The State of Florida, FRCC, and the IRS require that certain documents be retained and available on demand. Should those documents not be available the Agency could suffer negative financial or other consequences.

3.3 Legal Risk: The risk of financial or economic losses incurred by an organization through an unauthorized deviation from any legal obligations imposed by laws, rules, regulations, ordinances, or contracts. As a public agency, FMPA is required to retain certain documents for specific periods of time. Failure to do so is a violation of state or other laws.

4.0 Records Management

The CEO is designated as the First Assistant Secretary to the Board of Directors and Executive Committee in the Agency's By-Laws. As First Assistant Secretary, the CEO has the responsibility to ensure that all books, documents, and papers of the Agency are kept in accordance with standard record keeping practice for utilities, and as may also be required by law, rule or regulation.

Employees shall use the Florida Records Retention Schedules GS1-L and GS14 as a reference for the minimum maintenance requirements and disposal guidelines for records. The Schedules are available on FMPA's Intranet. The Agency's legal counsel shall provide a final opinion in cases where an employee requests clarification of the Records Retention Schedules.

The Agency utilizes an electronic records management system. The IT Manager shall ensure that all employees are assigned access rights to the electronic records management system appropriate to their position and department. In addition to electronic records, physical copies of some vital business records are kept at the Agency's headquarters in the vault, a secure fire-resistant location. Access to the vault shall be restricted to appropriate staff members.

Each employee is responsible for ensuring documents under their control are properly retained either electronically or physically. Managers and supervisors are responsible for their subordinates' adherence to this Policy. When a subordinate is no longer employed by the Agency, the immediate supervisor is responsible for safeguarding in accordance with this Policy all records that were in the former employee's control, until such time as responsibility for those records is transferred to another employee.

5.0 Internal Controls

The CEO shall cause to be established a system of written internal controls to safeguard the Agency's business records, consistent with this Policy and Records Management 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 of all applicable laws, including all applicable Florida records retention schedules. FMPA shall use a cost-benefits analysis when making decisions regarding the implementation of internal controls.

5.1 System of Controls: The system of internal controls includes the Employee Manual issued by the Agency to all employees. The FMPA Employee Manual includes guidelines for the Public Records Law Policy. Further internal controls shall be established to govern the input of documents into the records management system and the destruction of documents that have fulfilled the state mandated retention period.

5.2 Ongoing Training: The IT Manager shall ensure that technical training on the proper use of the electronic records management system is conducted at least biennially for all employees. The Human Resources Department shall ensure that all new employees receive records retention training during orientation, and shall arrange for FMPA's legal counsel to present formal records retention training annually to all employees. Sufficient records shall be maintained in personnel files to show compliance with these training requirements.

5.3 Policy Compliance: Risk Management team shall cause compliance with this Policy to be monitored, which at a minimum shall include performing an annual review. Results of such annual reviews shall be reported to the Finance Committee.

6.0 Reporting

The CEO shall cause any deviations from this Policy to be reported according to the guidelines set forth in the FMPA Risk Management Policy, Section 4.1. The Finance Committee shall cause to be completed an annual report on the operation and effectiveness of this Policy as described in the FMPA Risk Management Policy, Section 7.0. Managers shall report as needed on the current risk environment affecting records management to the Risk Management team, and engage any necessary discussion before moving related items to Finance Committee.

Appendix A

**Florida Municipal Power Agency
Risk Management Reporting Calendar
Records Management Reporting Requirements**

Reporting Item	Frequency of Report	Responsible Party	Policy Reference	Policy Reference
Records Management Training	Every two years	IT Manager	Section 5.2	Ongoing Training
Records Retention Training	Annually	FMPA's legal counsel	Section 5.2	Ongoing Training
Policy Compliance	Annually	Risk Manager/Internal Audit Department	Section 5.3	Policy Compliance
Deviations from Policy	As Needed	CEO	Section 6.0	Reporting
Policy Operation & Effectiveness	Annually	Finance Committee	Section 6.0	Reporting

**AGENDA ITEM 9 – INFORMATION
ITEMS**

a. Transmission Rate Case Update

**Board of Directors Meeting
October 15, 2020**



BOD 9a – Transmission Rate Case Update

FMIPA Board of Directors

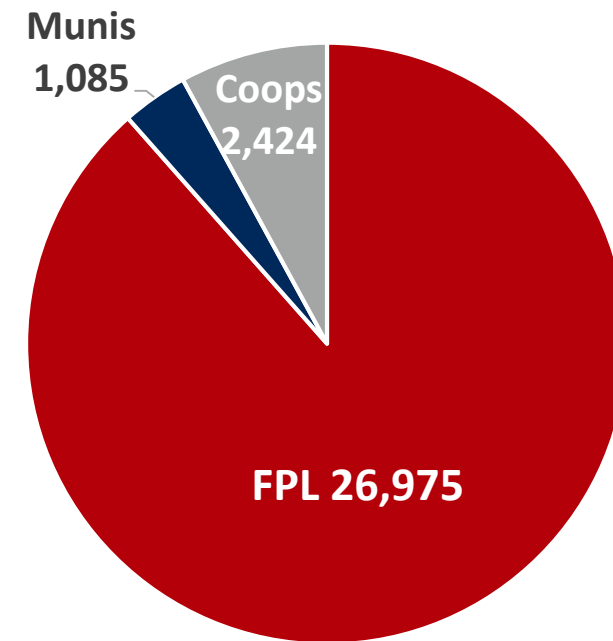
10/15/2020

FPL Transmission Reliability Impacts Member Deliverability

Proactive Storm Hardening Has Proved Beneficial

- FMPA is a key stakeholder in rate proceedings
 - Must balance cost and reliability
- FPL has 96% of its above ground lines anchored to concrete or steel poles
- Significant portion of FPL's ~\$6B buildout is to increase storm hardening
- Outage repairs in the Entergy system from Hurricane Laura still ongoing at start of October

FPL Transmission Stakeholder Peak Utilization (MW)

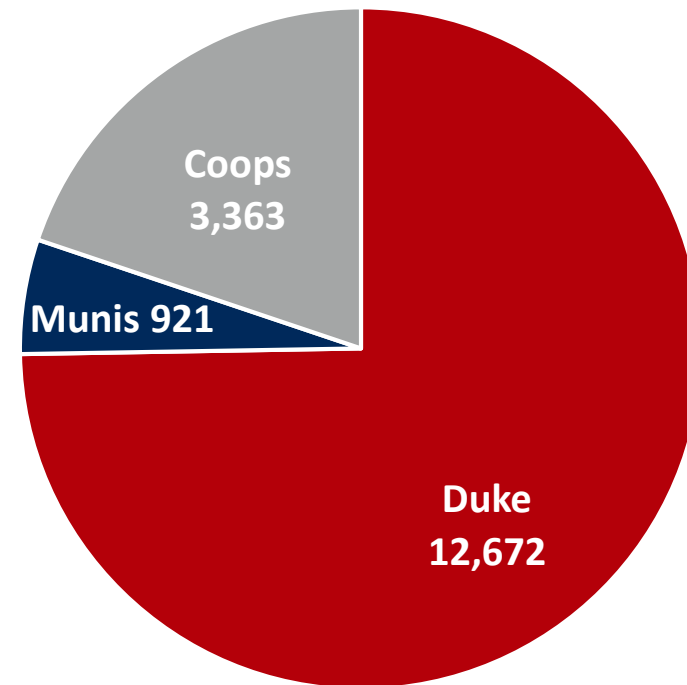


Duke Transmission Utilization Similar to FPL With LT Sales

Duke Legacy and Project Rates Higher than FPL

- Duke transmission purchases support ARP LT capacity and energy sales
- Duke rates have been up to \$1.00/kw-month higher than FPL
- Transmission rate set through formula mechanism that is updated annually
- Duke's older system with less redundancy than FPL in the process of upgrades

DEF Transmission Stakeholder Peak Utilization (MW)

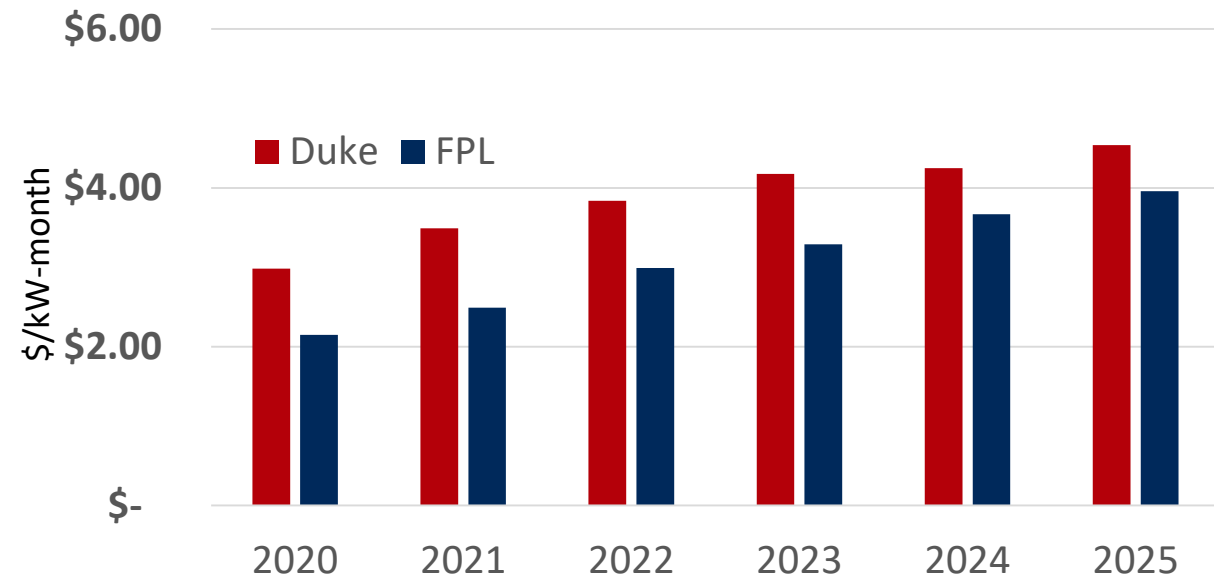


FPL Transmission Cost Reflective of Anticipated Build Out

FPL Negotiations Near Completion

- Rate change more than fully budgeted for FY21
- Close to agreement on cost of multi-year base rates – expect agreement November
- Reactive power still to be negotiated – expect agreement Q1 2021
- Key elements of settlements tied to specific Member requirements
- FPL rates projected to be below DEF rates
- FMPA cost of rate case within current approved levels

Illustrative Projections of Duke and FPL Transmission Rates*



*Not reflective of ongoing negotiation position

DEF Transmission Rate Evaluation Ongoing

Review of Formula Rate and ROE Focused on Detail Cost Elements

- Duke (DEF):
 - Rate change more than fully budgeted for FY21
 - Annual formula update process ongoing – expect negotiations to continue into Q2 2021
 - FMPPA, Seminole and other stakeholders discussing ROE adjustment directly with DEF outside a FERC filing
 - FMPPA working on a review of ongoing cost of rate analysis with consultants – current task order of \$30k 75% utilized

**AGENDA ITEM 9 – INFORMATION
ITEMS**

- b. Power Cost Trade-Offs of Carbon
Reduction Levels Beyond the 50%
Reduction Level in Florida**

**Board of Directors Meeting
October 15, 2020**



BOD 9b – Power Cost Trade-offs of Carbon Reduction Levels Beyond the 50% Reduction Level in Florida

October 2020

Increased CO₂ Reduction Means Much More Solar in FL

Depending on CO₂ Reduction Level, Battery Costs Are the Wildcard

- FMPA/FL currently on a path to meeting 50 percent CO₂ reduction by ~2027 from 2005 levels in a very cost-effective manner
- High level analysis to understand the relative electric price impacts using currently known technologies and expected cost improvements to meet higher levels of CO₂ reduction by 2035
- Recognizes FL has limited transmission import capability (5%) due to geography, so generation likely to come from within state
- The Southeast US has very limited renewable resources with no new hydro available and limited wind resources
- For FL, more CO₂ reductions means more local solar and batteries and less low cost gas generation
- Assumes 4 hour battery back-up systems with multiple sets needs to cover 24 hour or longer period

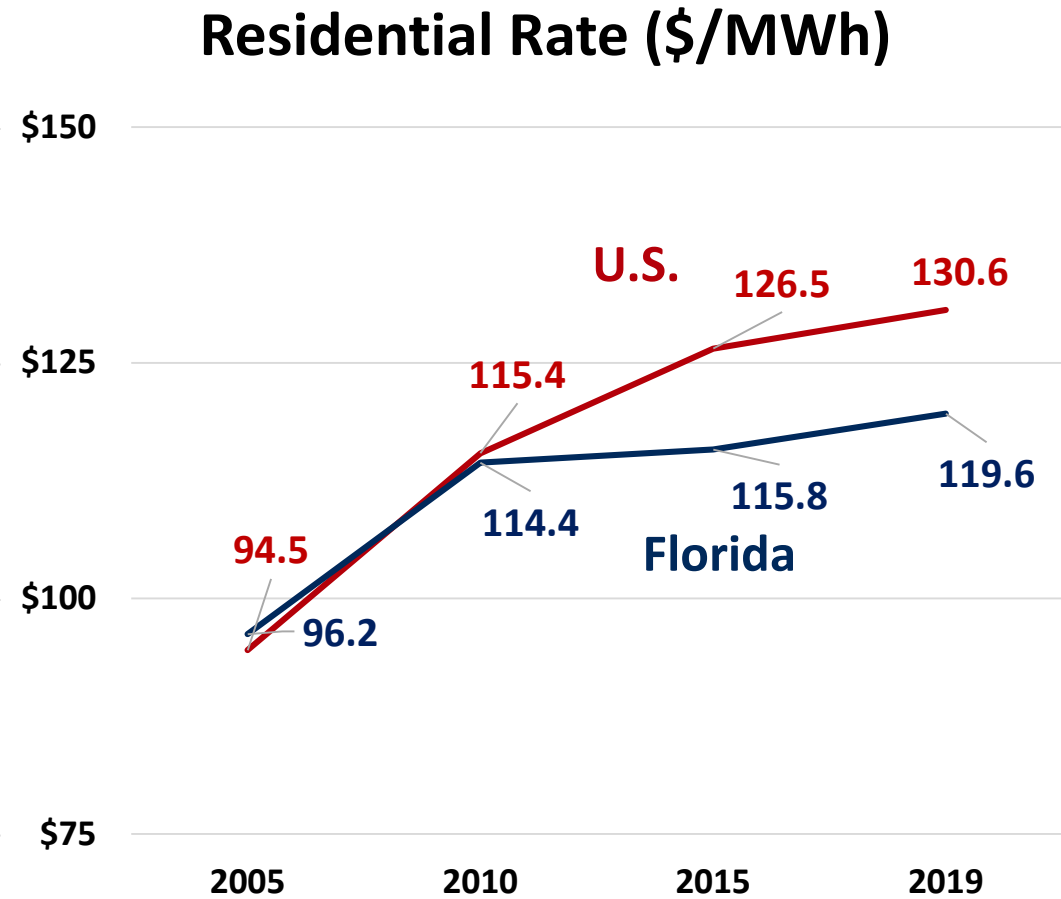
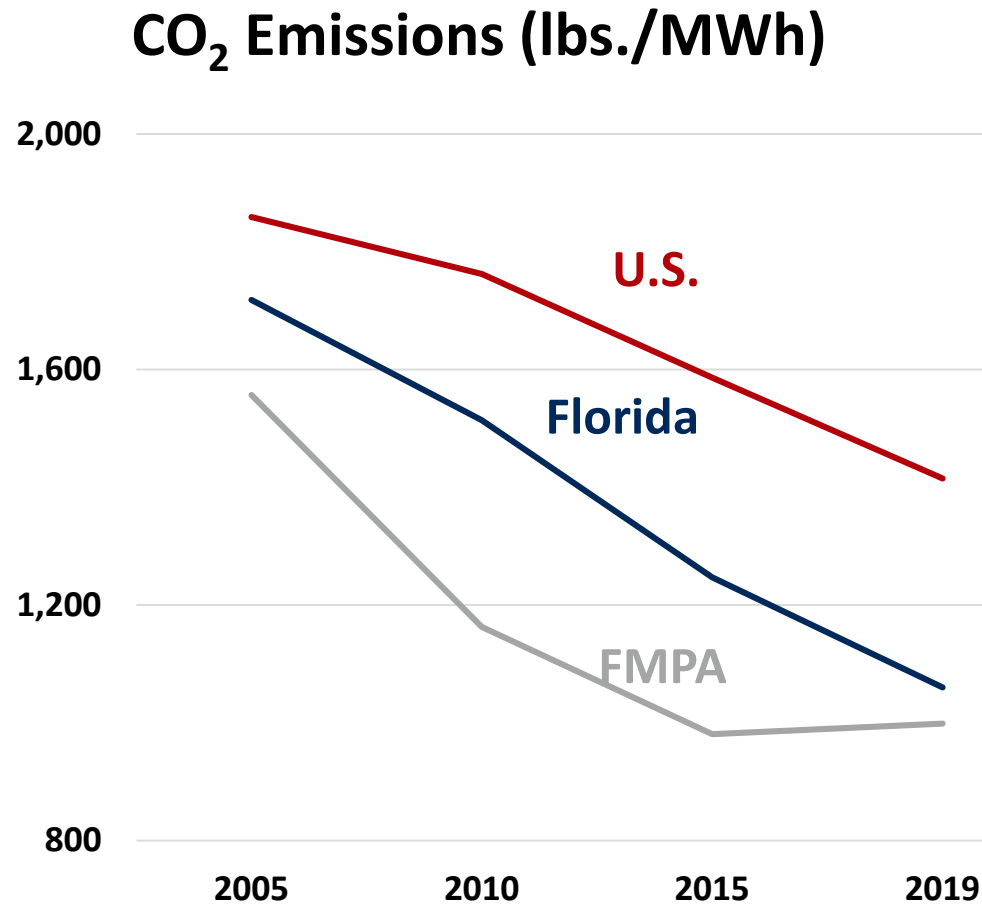
Accelerated CO₂ Reduction Would Raise Costs

Range of Cost Increase Depends on Amount of CO₂ Reductions

- Wholesale power costs expected to increase at ~inflationary levels through 2027 while achieving 50% CO₂ reduction from 2005 levels
- Wholesale power costs could increase between ~20% - 250% above projected costs by 2035 as CO₂ reduction moves from ~70% to 100% levels
- A 70% CO₂ reduction achievable with relatively small (20%) cost increases using natural gas generation for reliability and peaking; solar capacity increased to 55 GW plus some additional batteries (5 GW)
- A ~97% CO₂ reduction has a significant cost increase (75%) with solar/battery mix plus natural gas for emergency use, increasing solar capacity to 115 GW with 86 GW of new storage
- A 100% decline in CO₂ has a dramatic cost impact (250%) with a 4-day storage reserve to cover consecutive cloudy days, increasing solar capacity to 150 GW (83X current solar) with over 650 GW of new batteries
- Investment required in transmission/substation reconfiguration for ~60-800 GW of new generation depending on the amount of new capacity added
- Real issue for policymakers is how much more cost can be placed on customers to achieve CO₂ reduction goals?

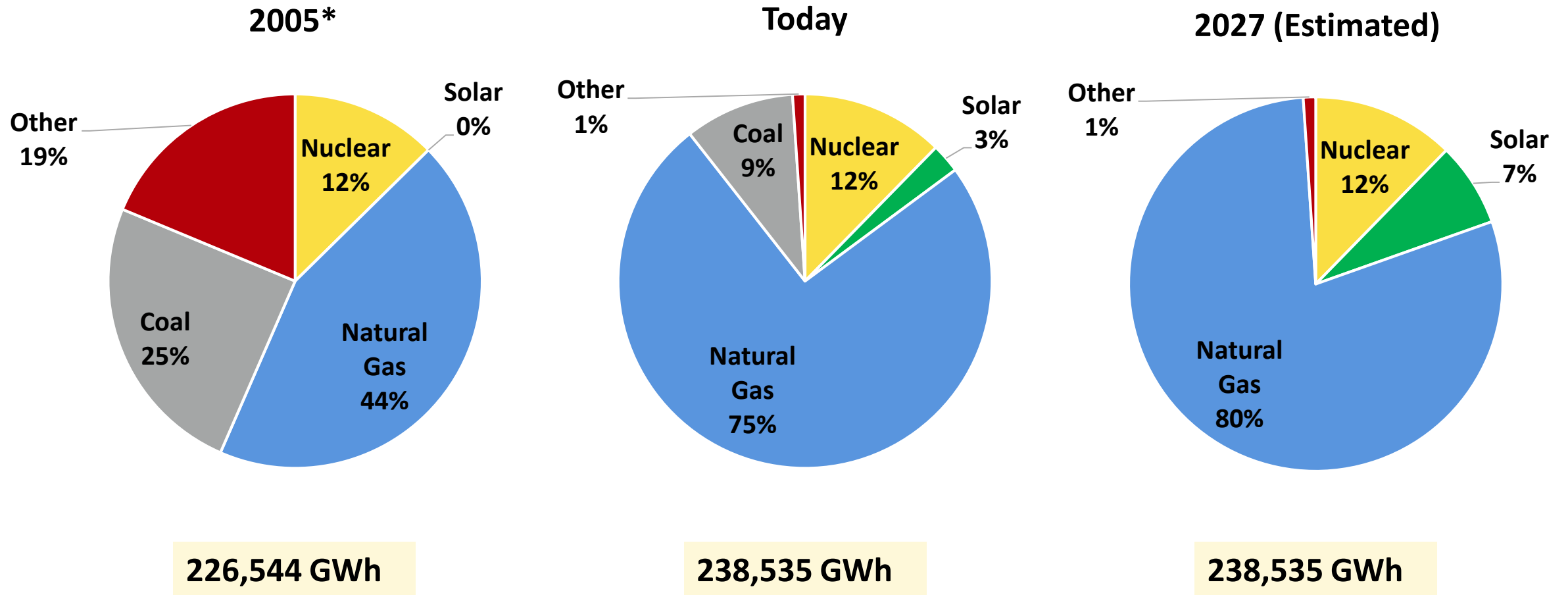
FL CO₂ Declined ~40% Over Last 15 Years, Prices Up 25%

FL CO₂ Levels Well Below US Even as US Power Prices Rise 38%



FL Energy Sources Already Shifting Towards Less CO₂

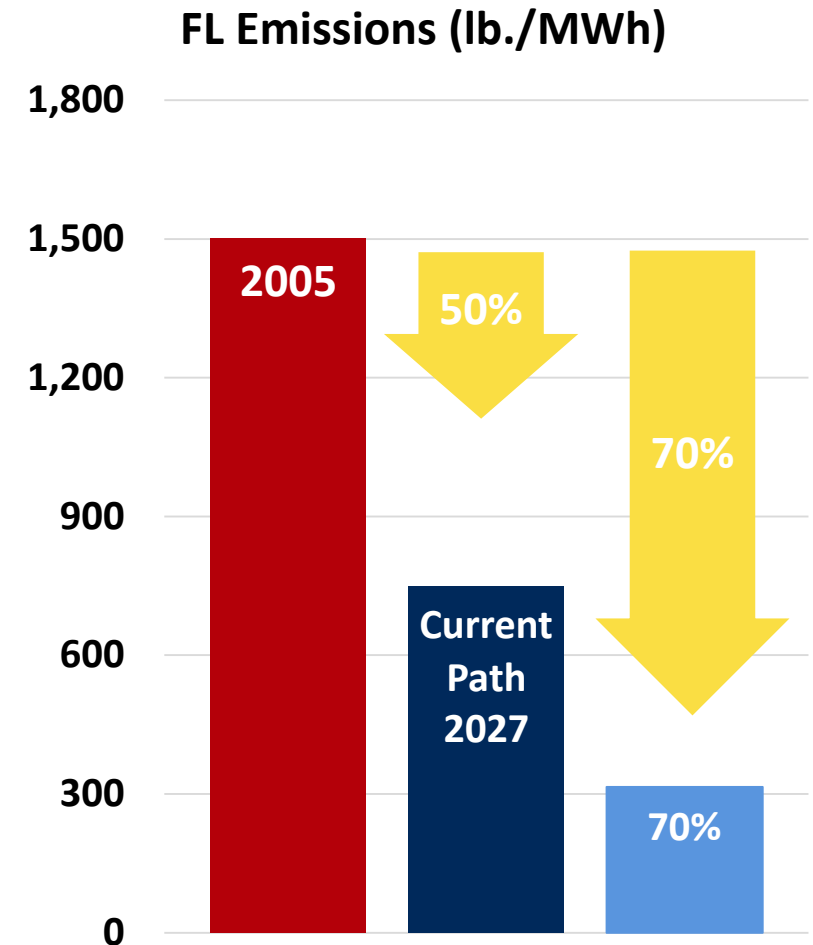
Coal/Oil Replaced by Natural Gas Leads to 40% Decline from 2005



70% CO₂ Reduction – Balancing Solar with Natural Gas

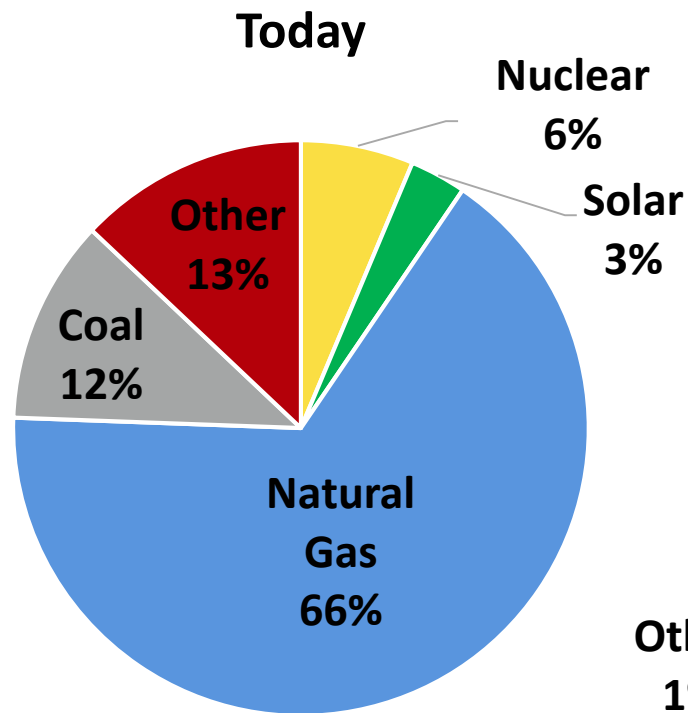
Solar for Energy and Thermal Generation for Capacity & Energy

- Adding solar curbs gas generation during high sun hours of day
- Keeping low cost, clean gas fleet has several significant benefits
 - Lower cost than adding batteries
 - Provides needed reliability and grid stabilization
- As coal and oil retires, additional gas units will be needed to meet required capacity

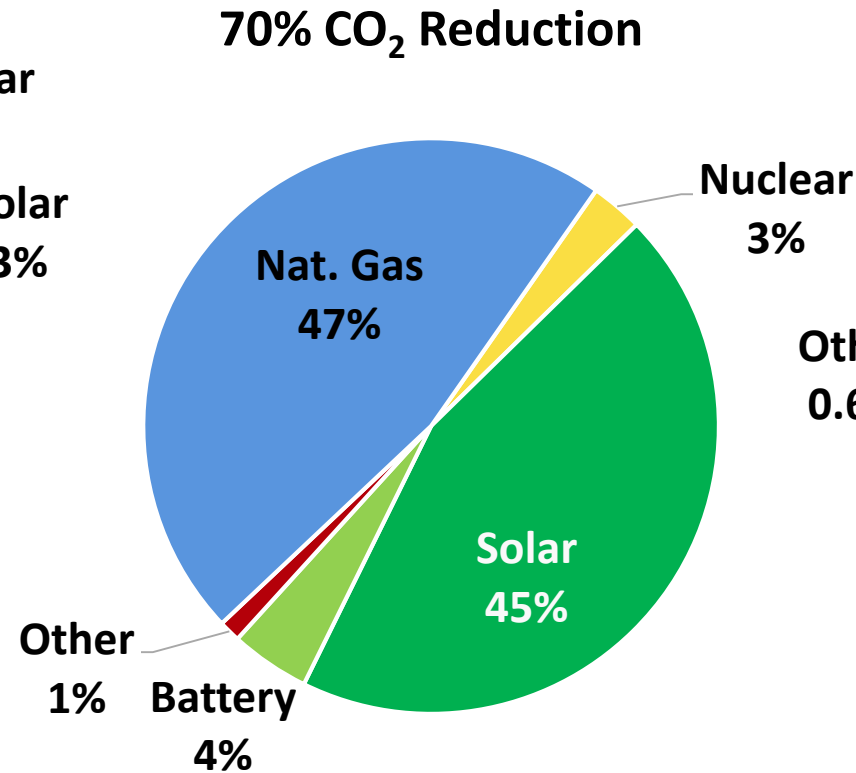


Significant CO₂ Reduction via Solar Capacity Adds by '35

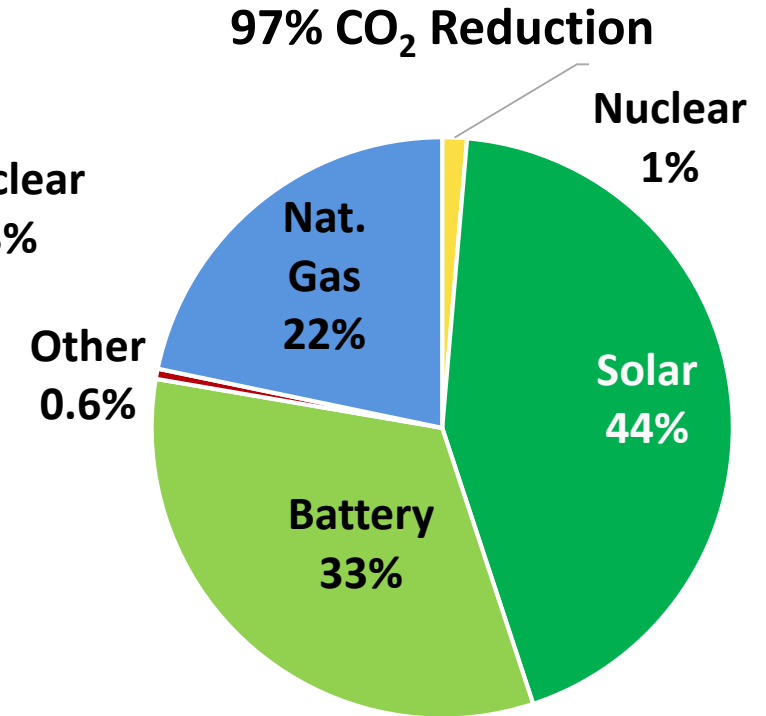
Natural Gas Back-up Remain with Various Levels of Batteries Increases



57,194 MW



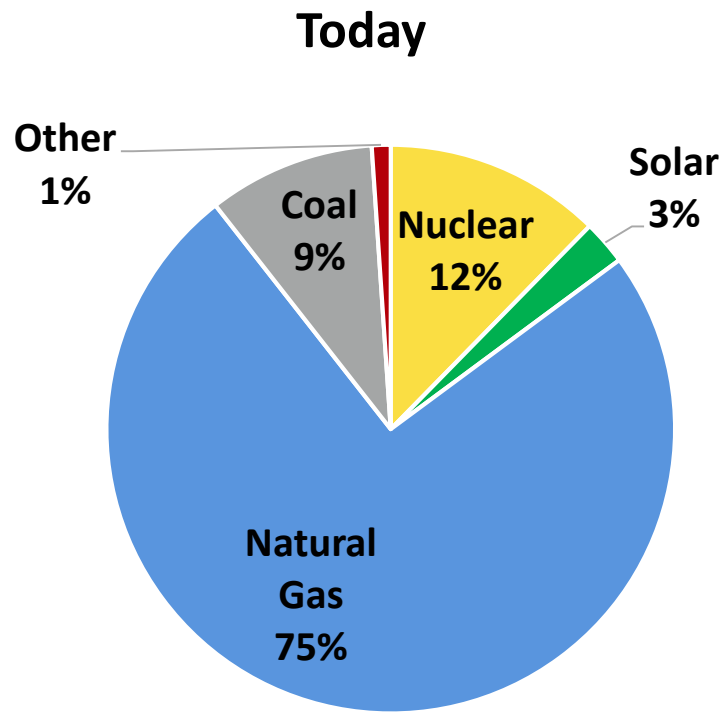
123,247 MW



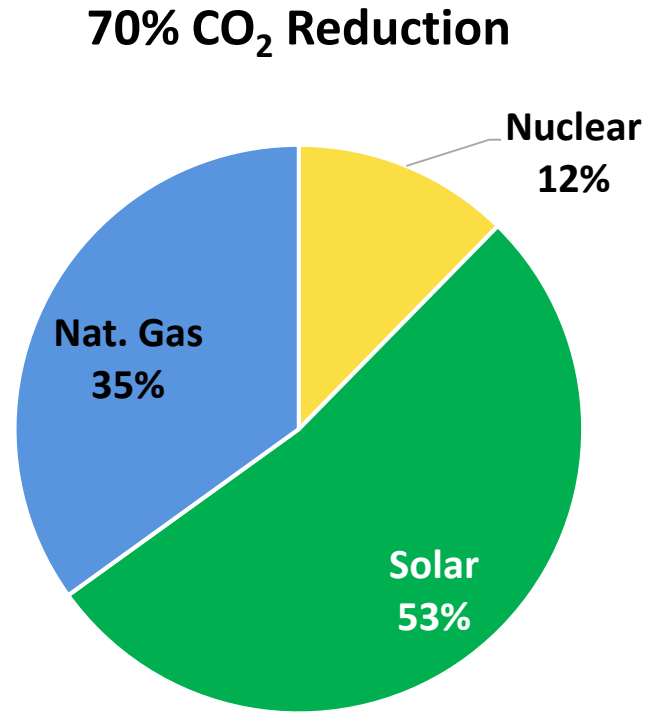
265,112 MW

Solar Predominant Source for Additional CO₂ Reduction

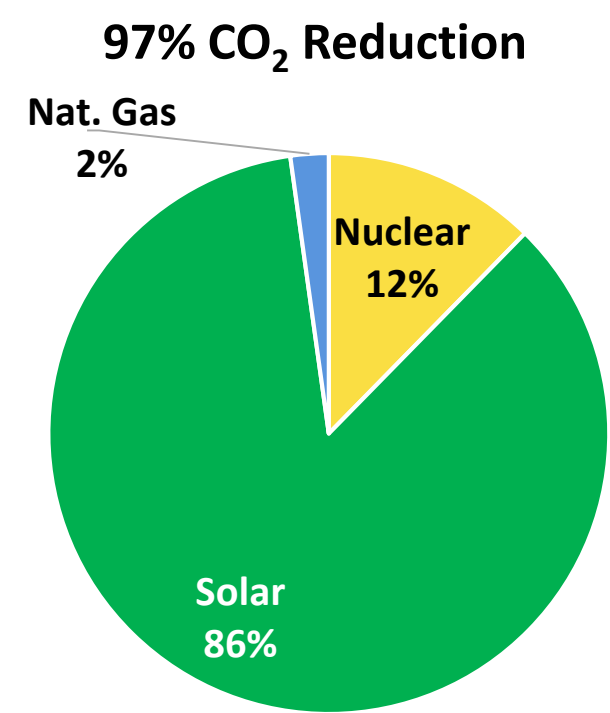
Gas Energy Share Reduced, Nuclear Energy Stable



238,535 GWh



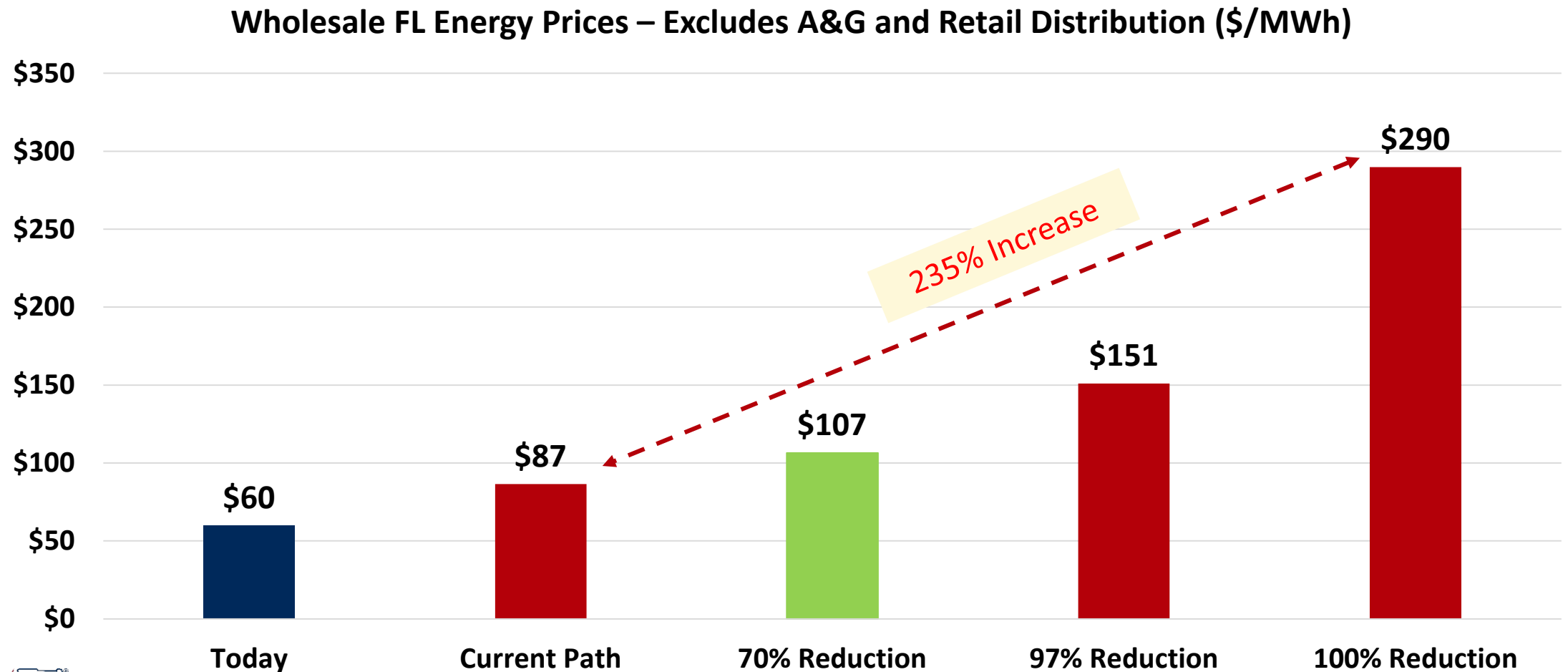
238,535 GWh



238,535 GWh

Prices Increase Materially by 2035 at High End of CO₂ Reduction

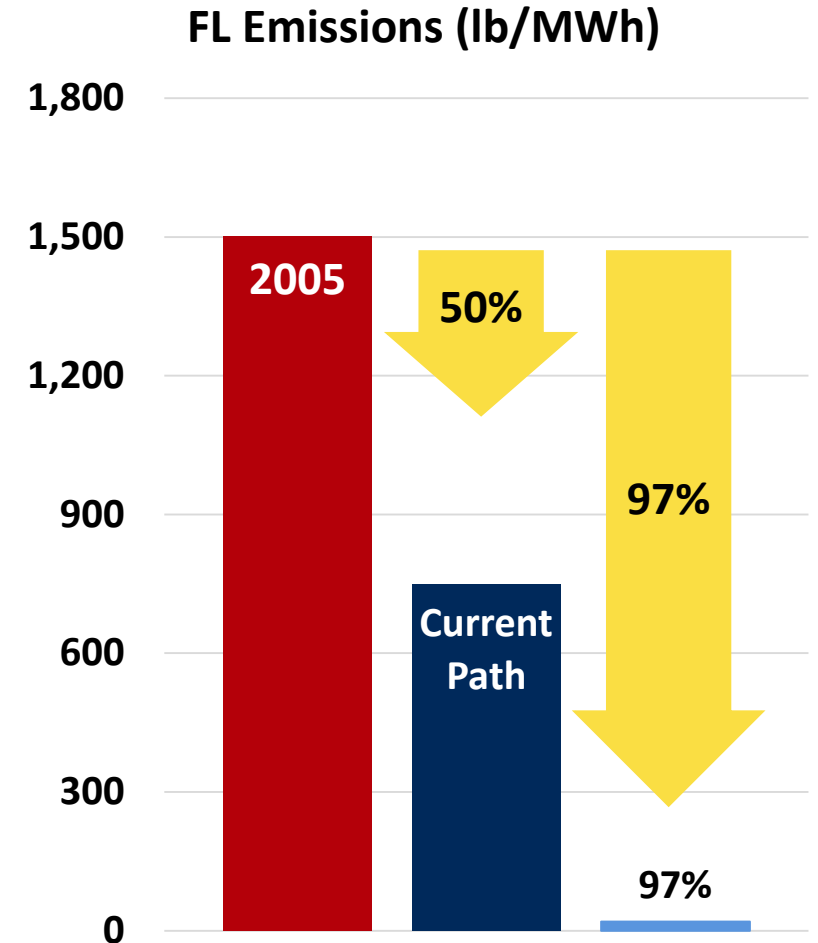
Dramatic Increase In Batteries Beyond Current Capacity Drives Costs



97% CO₂ Reduction - Solar with Batteries & Natural Gas

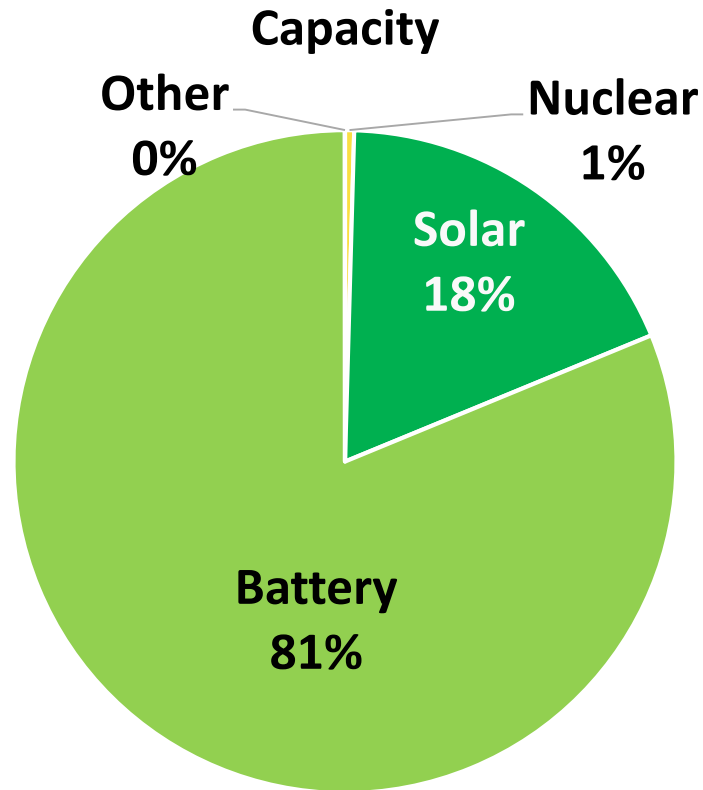
Battery Mix Further Reduces CO₂, But Still At Very High Cost

- Solar and Batteries are 4X current FL System
 - Solar energy sufficient to serve load and charge battery
 - Batteries sufficient to serve load during non daylight hours
 - Gas generation serves load and charges batteries when solar energy is insufficient to meet all load ~ 50% of days
- Gas fleet maintained for peaking/reliability
 - Prevents reliability and stability problems when intermittent resource not available
 - Keeping gas peaking units lower cost than more batteries

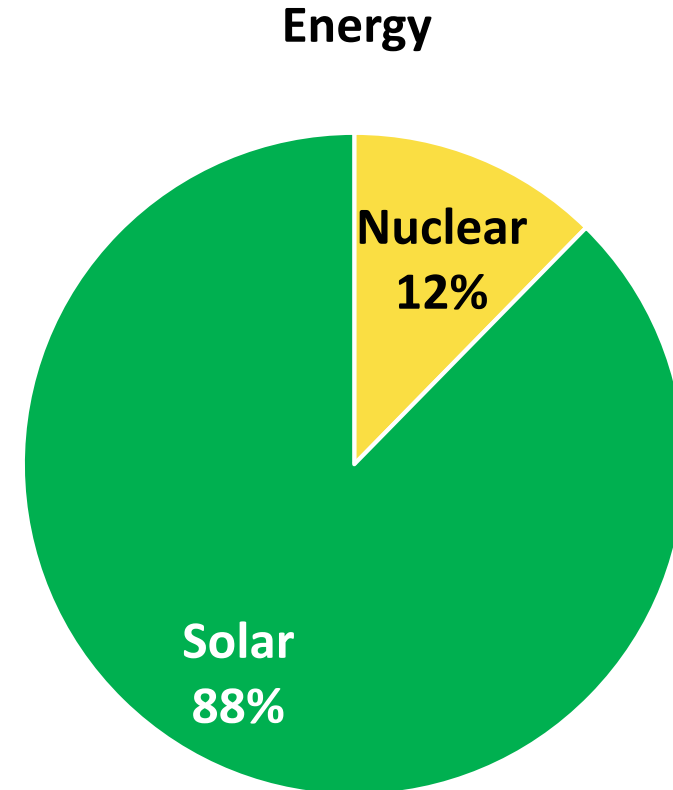


100% CO₂ Reduction Requires Extensive Overbuild

Excess Solar is Required With Batteries at 11X Current Capacity



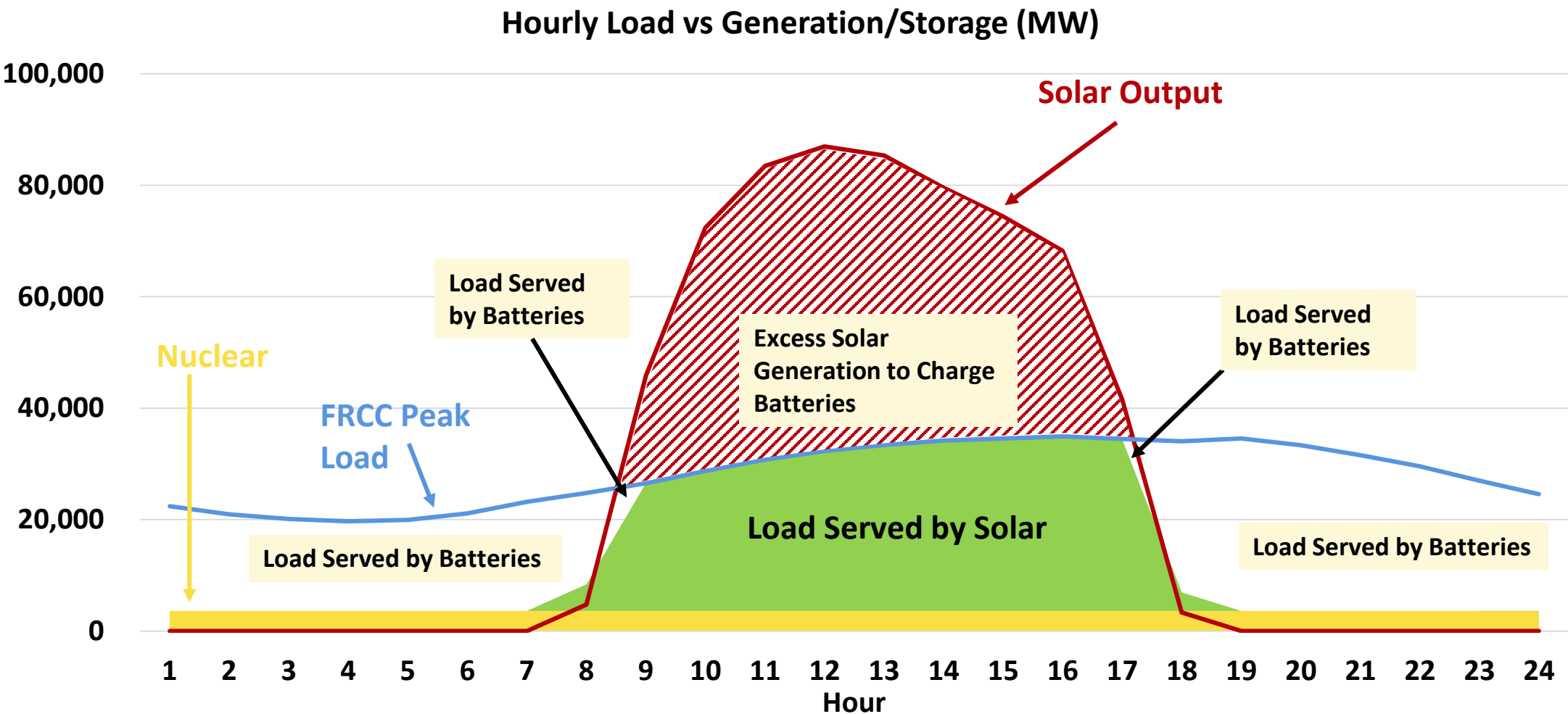
816,998 MW



238,535 GWh

Operational Challenges with Significant Solar

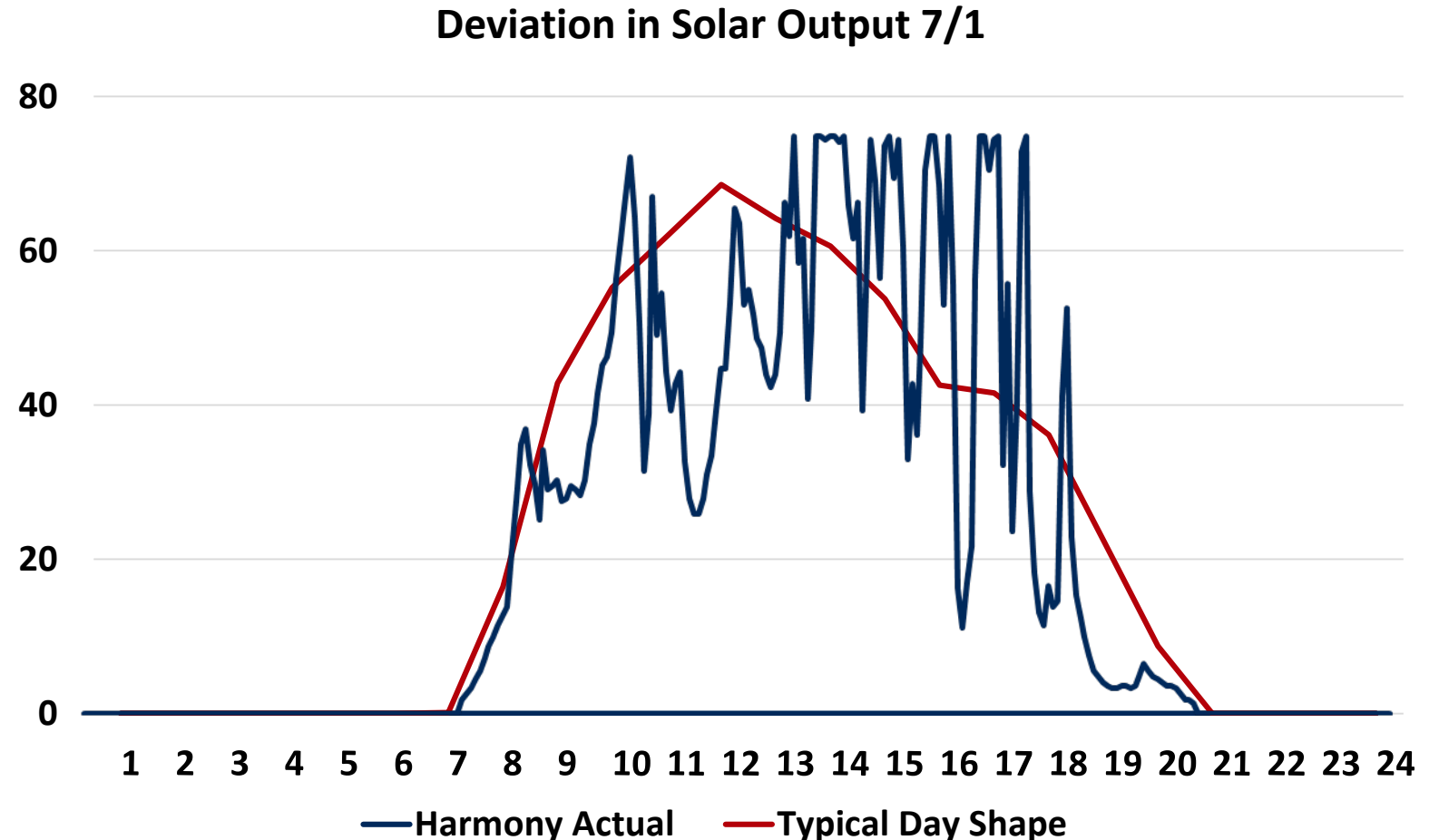
Lights Must Stay on Even as Solar Peak Different Time From Load Peak



Florida Solar Swings Significant Compared to SW

A Small Swing in Solar Output Can Drastically Affect Energy

- Florida cloud patterns much different than the SW US
 - 5 min output may differ significantly from expected
 - Solar output varies constantly requiring normalizing equipment and storage/on-line gas generation to supply load
 - Many large generating sites will likely need to be converted to synchronous condensers
- Reactive power for grid stability



Florida is Sunny ~68% of Time, Far Less Than AZ/CA

*Interior FL with Land Less Sunny - Orlando Averages 234 Sunny Days**

	Max Sunny Days	Average Sunny Days
Florida	281	248
Orlando	265*	234
California	281	263
Arizona	310	299
United States**	310	217

Orlando is roughly (on average):

- 11% less sunny than Los Angeles, CA
- 7% less sunny than San Diego, CA
- 25% less sunny than Phoenix, AZ

Location	Sunshine Ave % Possible	Clear Days	Partly Cloudy Days	Cloudy Days
<u>FL Average*</u>	<u>68</u>	<u>95</u>	<u>145</u>	<u>126</u>
Jacksonville, FL	64	94	127	144
Key West, FL	77	104	155	107
Miami, FL	70	74	175	115
Pensacola, FL	60	105	123	137
Tampa, FL	69	101	143	121
Orlando, FL	64*	89	147	130
<u>AZ Average*</u>	<u>82</u>	<u>189</u>	<u>93</u>	<u>84</u>
Phoenix, AZ	85	211	85	70
Tucson, AZ	85	193	91	81
<u>CA Average*</u>	<u>72</u>	<u>169</u>	<u>91</u>	<u>105</u>
Los Angeles, CA	72	186	106	73
San Diego, CA	69	146	117	102

Source: NOAA Comparative Climate Data For the United States Through 2018

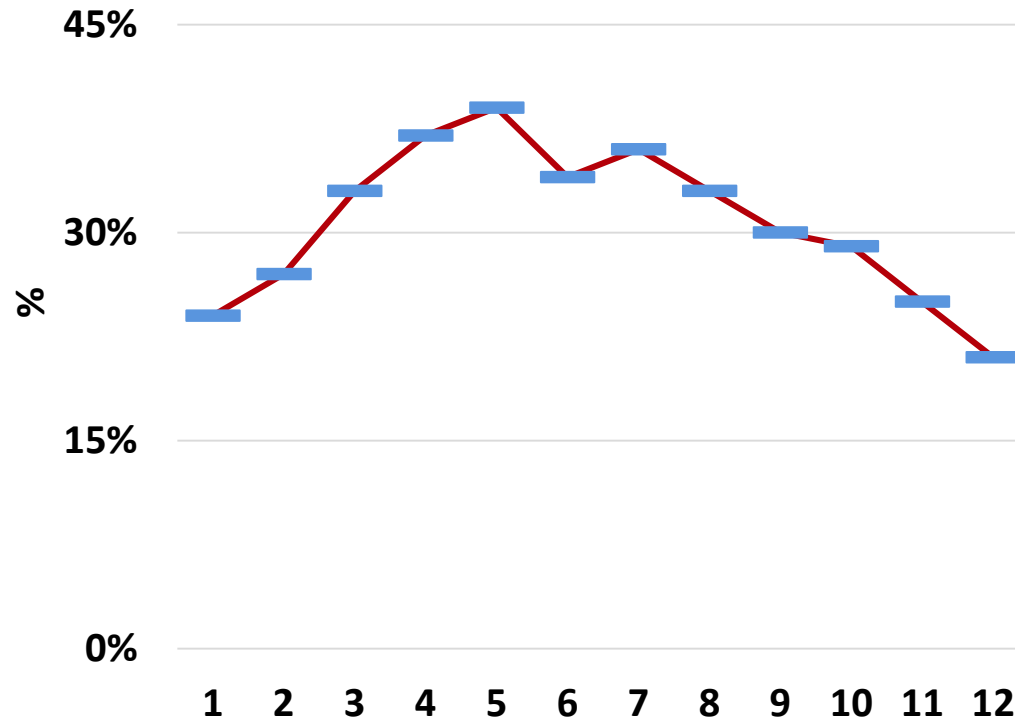
*Average of above source, <http://bestplaces.net/climate/city/florida/orlando>, and <http://currentresults.com/weather/florida/annual-days-of-sunshine.php>. Max sunny days for Orlando estimated based on FL level variance between average and max.

**Calculated from all weather stations in the source document.

Monthly Avg Solar Efficiency Variations Drive Needs

Solar Capacity Factor Drives Storage Required

Monthly Solar Capacity Factor (%)



- Solar has lower capacity in winter with fewer hours of high over-head sun
- Fall has lower capacity factor than spring due to less full sunny days in fall
- Highest capacity factor month is typically May which is not longest month, but is sunniest month
- August and September are challenging with high heat/humidity levels and short days/plenty of mid-day storms

Solar and Battery Costs Highly Uncertain

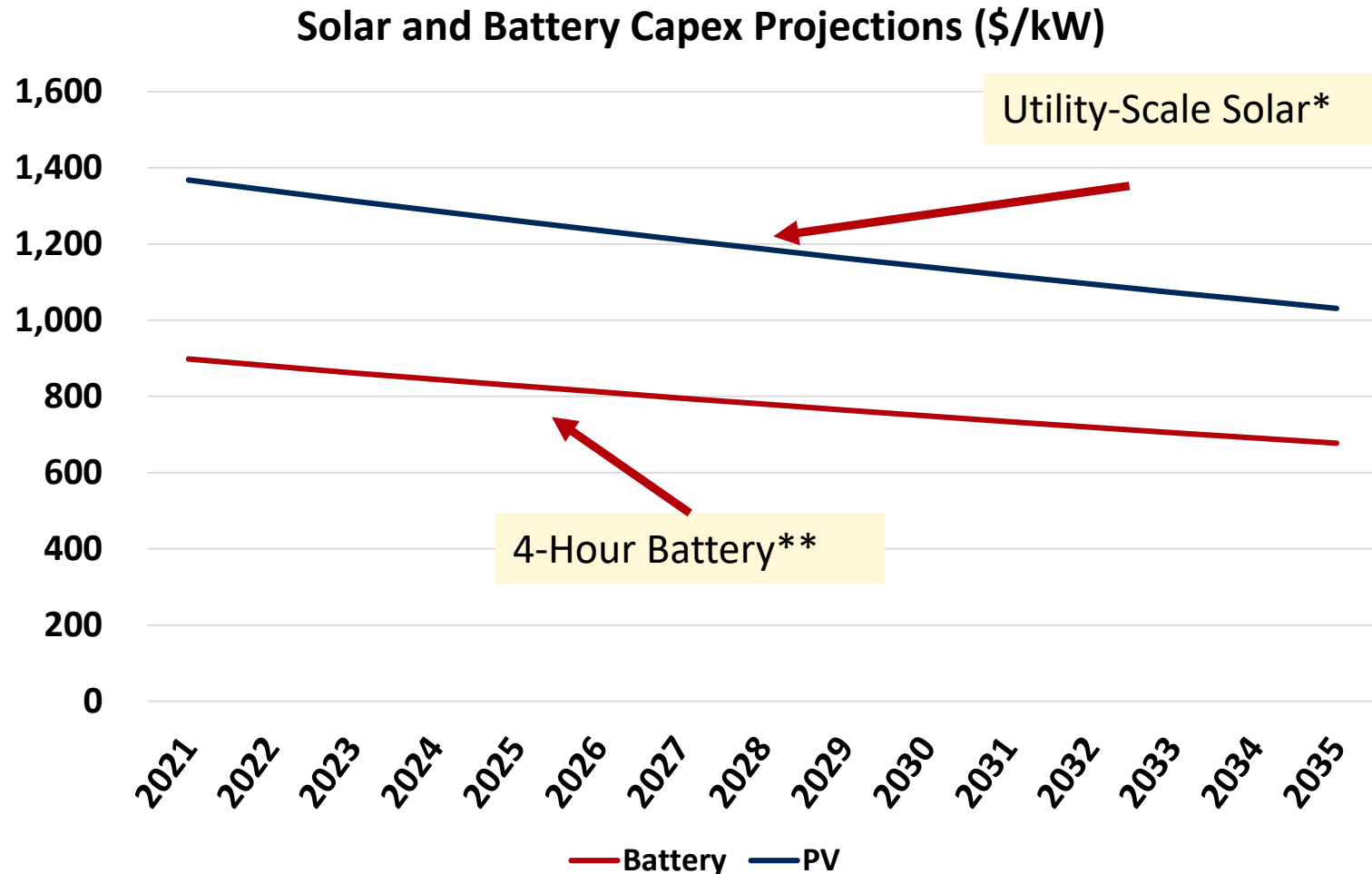
Higher Costs Expected for Tight Demand of Raw Materials

- Assumptions

- Price trends continue, but learning curve effects offset by increased demand
- Supply can meet demand

- Annual declines

- Solar 2%
- Storage 2%



Under Significant Reduction, Large Solar Land Needed

Tight Buildable Land May Limit Availability

- Suitable land
 - Close to existing transmission and infrastructure
 - No environmental restraints
- FL total land area = 34,647,040 acres¹
 - Farm land 8,417,200 Acres (2016) (24% of FL)²
 - Solar land estimated to be required 1,294,800 Acres (4% of FL)
 - Battery footprint 53,120 Acres
- Cost per acre for suitable solar and battery varies and would likely increase as demand surges
 - Leases range from \$250-\$2,000 / acre in more rural areas
 - Model assumes \$10,000 / acre costs financed over 20 years

Conversion	Units	Value
Solar Land Use (1 Axis, >20MW) ³	Acres/MW-AC	8.3
Battery Land Use ⁴	Acre/MWh	.02

Placing all solar in one condensed area implies a lot of compounded risk from single events.

1. <https://dos.myflorida.com/florida-facts/quick-facts/>

2. <https://farmlandinfo.org/statistics/florida-statistics/>

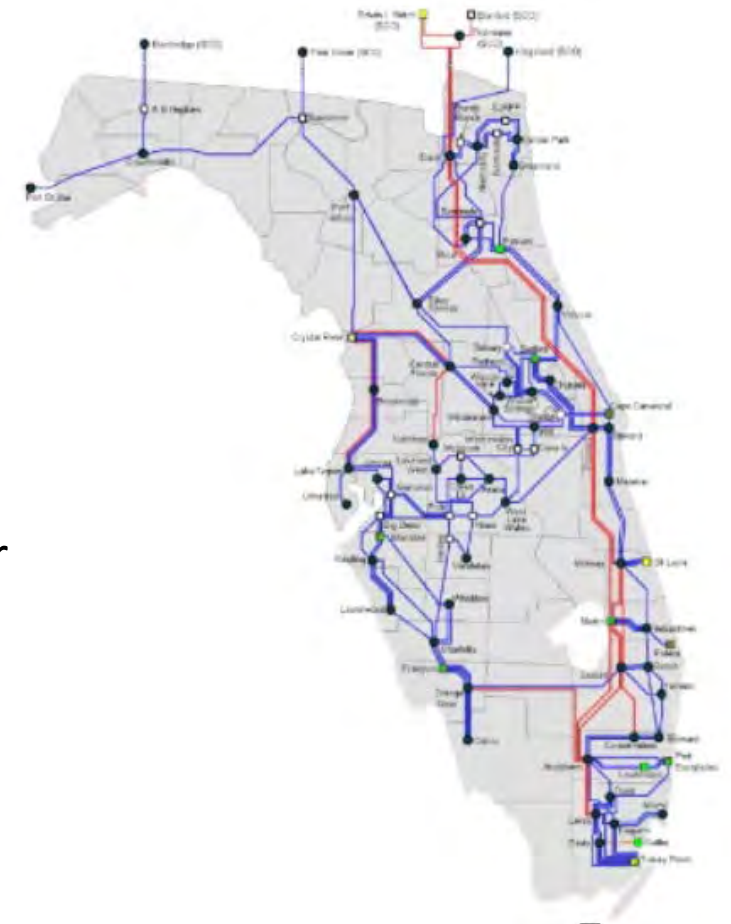
3. HDR June 2019 Energy-Storage-Technology-Assessment for Platte River Power Authority (for lithium ion)

4. NREL Land-Use Requirements for Solar Power Plants in the United States (2013)

Transmission Growth is Inevitable

Thermal Generation Keeps the Grid Stable

- The additional capacity of solar and batteries requires additional transmission lines for transport since new generation will likely be sited elsewhere (new locations)
- New substations will need to be built in great numbers to connect new solar and storage sites to the grid
- Grid stability requires many balancing elements to prevent black outs
 - Synchronous condensers support grid inertia and reactive power
 - Voltage regulators and frequency response solutions needed
- Assumption of \$100M per 1 GW new solar or battery installation for transmission upgrades



Uncertainties Are Significant

Simplified Study Has Key Limitations

- Technological breakthroughs in terms of battery duration and cost needed to reduce costs
- Cost of early retirements and decommissioning could be significant if forced early
- How many sunless days, storms, etc. per year can we import material energy?
 - California Aug 2020 heatwave - renewables makeup ~1/3 of generation, no extra energy to import from neighbors, CA had 3 plants shutdowns unavailable forcing rolling blackouts*
- Does not capture potential impact to load due to higher prices, load shapes of distributed generation or other industries affected by fossil fuel replacements
 - Doubling or tripling of power prices could reduce energy demand in Florida, lower GDP and population given how electricity intensive FL is
 - Power curtailments like occurring in California due to mismatch between renewables and load
 - Possible load growth as transportation industry shifts away from fossil fuels

Florida's CO₂ Reductions Continuing to 50% by 2027

Additional CO₂ Reductions Have Moderate to Significant Costs

- FMPA/FL currently on a path to meeting 50 percent CO₂ reduction by ~2027 from 2005 levels while FL costs stayed flat while US rose by ___%
- In 2027, Florida will be 80% gas generation and 20% CO₂-free (nuclear and solar)
- Increases in CO₂ reductions beyond 50% require varying levels of additional solar and batteries within FL
- Wholesale power costs could increase between ~20% - 250% above projected costs by 2035 as CO₂ reduction moves from ~70% to 100% levels
- Costs accelerate exponentially once reductions levels require significant battery installations of 2 – 10 times the current total generation capacity in FL
- Step function improvements in batteries could lead to lower power cost increases
- Investment required in transmission/substation reconfiguration for ~60-800 GW of new generation depending on the amount of new capacity added
- Real issue for policymakers is how much more cost can be placed on customers to achieve CO₂ reduction goals?



Appendix

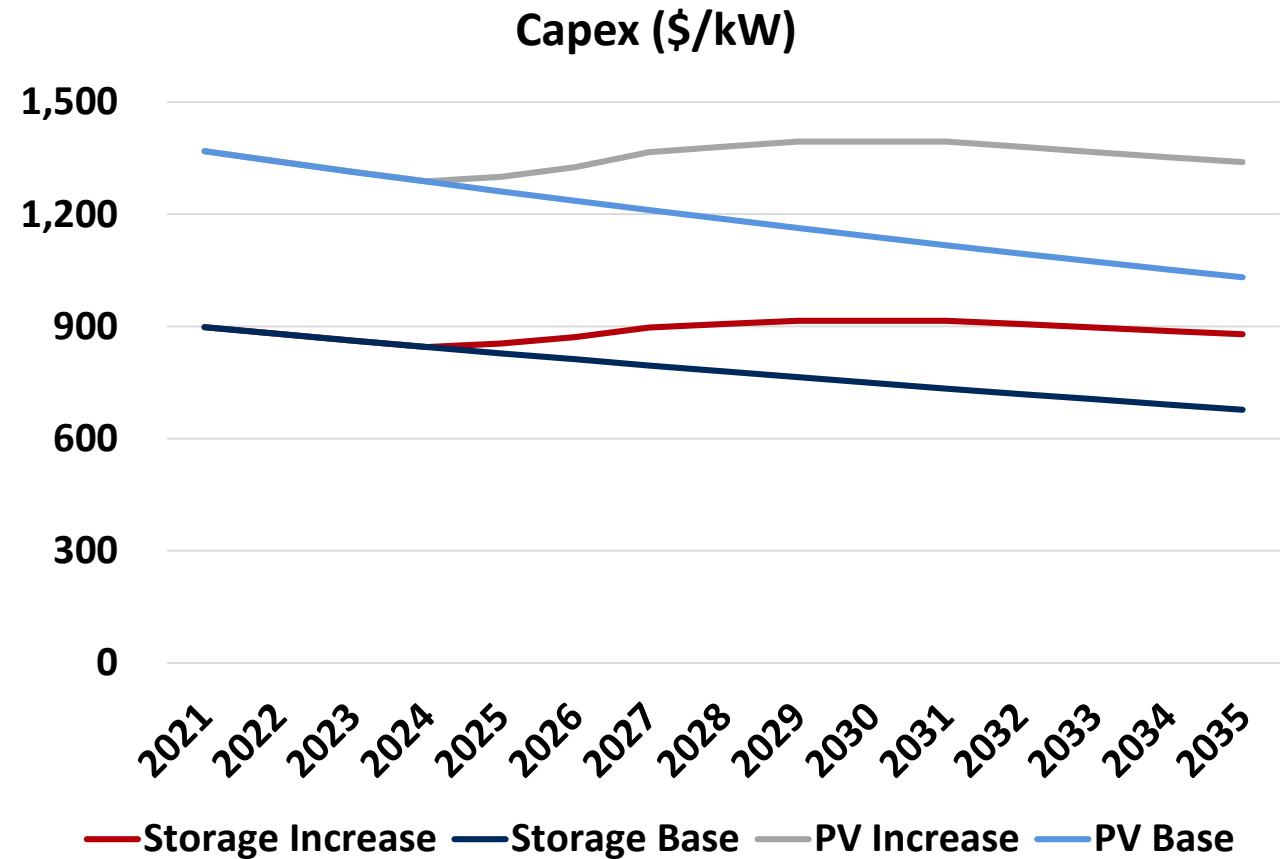
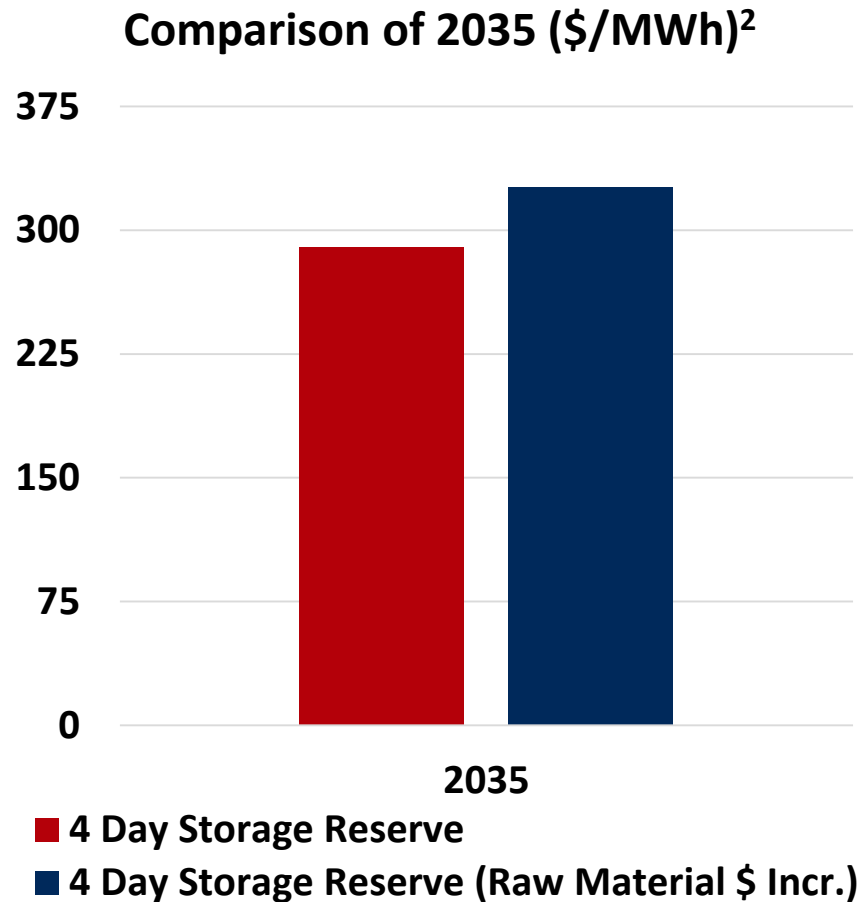
Solar and Battery Solution – Study Approach

Overbuild “Solves” the Daylight Question

- Assume no load growth and uses the FRCC Daily load graph plus an additional 20% reserve margin
- Battery is a 4-hour solution – derive capacity needs based on that solution assuming we need 4 days of backup storage for clouds
- Non carbon producing baseline nuclear and hydro power remain undisturbed
- Take annual load shape and apply typical meteorological year hourly solar shape and combine to determine the maximum storage and solar capacity to be fully self sufficient on the worst solar generating day.
 - Must meet peak daily load with all solar
 - Must have sufficient solar energy to charge batteries during daylight
 - Given large deviation in daily solar output, requires significant oversupply of energy and likely will result in curtailments*
- Reserve day method assumes that sunless days, n-1 event, will occur where no solar generation is available and storage supplies 100% of load.
 - Incremental reserve storage capacity would be added to meet the demand of sunless days
 - Excess or “long” solar energy charges reserve storage after the event concludes
 - n-1 events would occur when loads are much lower than during peak periods (25th percentile of energy day)

Increase In Lithium Demand Likely Raises Energy Cost

Asia Consumes 70% World's Lithium, North America only 6%¹



**Board of Directors Meeting
October 15, 2020**

**AGENDA ITEM 9 – INFORMATION
ITEMS**

**c. Summary of Finance Committee
Items**



BOD 9c – Summary of Finance Committee Items

Board of Directors & Executive Committee
October 15, 2020

Finance Committee Items

Possible Action Items for Next Meeting

Approve Risk Management
Policies and Compliance
Reports

Recommended Action

- Information only. No action required

**AGENDA ITEM 10 – MEMBER
COMMENTS**

**Board of Directors Meeting
October 15, 2020**

AGENDA ITEM 11 – ADJOURNMENT

**Board of Directors Meeting
October 15, 2020**