



ARP EXECUTIVE COMMITTEE AGENDA PACKAGE

April 15, 2021

**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 180 781 6973#

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: April 6, 2021
 RE: FMPA Executive Committee Meeting
Thursday, April 15, 2021 at 9:15 a.m. [NOTE TIME]
 (or immediately following the Board of Directors meeting)
 PLACE: 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 180 781 6973#
 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
April 15, 2021**

AGENDA ITEM 2 – SET AGENDA (By Vote)

**Executive Committee
April 15, 2021**

**AGENDA ITEM 3 – RECOGNITION OF
GUESTS**

**Executive Committee
April 15, 2021**

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

**Executive Committee
April 15, 2021**

VERBAL REPORT

AGENDA ITEM 5 – COMMENTS FROM THE CHAIRMAN

**Executive Committee
April 15, 2021**

VERBAL REPORT

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

**Executive Committee
April 15, 2021**

AGENDA ITEM 7 – CONSENT AGENDA

- a) Approval of Meeting Minutes – Meetings Held March 18, 2021 and ARP Telephonic Rate Workshop Held March 11, 2021**

**Executive Committee
April 15, 2021**

CLERKS DULY NOTIFIEDMARCH 9, 2021
AGENDA PACKAGES POSTED.....MARCH 9, 2021

**MINUTES
EXECUTIVE COMMITTEE MEETING
THURSDAY MARCH 18, 2021
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL 32819**

**PARTICIPANTS
PRESENT:**

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

**OTHERS
PRESENT**

Brad Hiers, Bartow
John Tompeck, Fort Pierce
Nick Batty, Key West
Claston Sunanon, Orlando

**STAFF
PRESENT**

Jacob Williams, General Manager and CEO
Jody Finklea, General Counsel and CLO
Ken Rutter, Chief Operating Officer
Linda Howard, Chief Financial Officer (via telephone)
Mike McCleary, Manager of Member Services Development
Cairo Vanegas, Manager of Member Services Development
Jason Wolfe, Financial Planning, Rates and Budget Director
Rich Popp, Treasurer and Risk Director
Mark McCain, Vice President of Member Services
and Public Relations
Sharon Adams, Vice President of Human Resources
and Shared Services
Sue Utley, Executive Asst. /Asst. Secy. to the Board
Carter Manucy, IT/OT & Cybersecurity Manager
Melisa Inanc, Public Relations Specialist
Ryan Dumas, Public Relations Specialist
Isabel Montoya, IT Specialist
Justin Harris, Environmental Engineer

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 11:11, Thursday, March 18, 2021 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 12 members present out of a possible 13.

ITEM 2 – SET AGENDA (BY VOTE)

MOTION: Lynne Tejeda, Key West, moved approval of the agenda as presented. John Holman, Starke, seconded the motion. Motion carried 12 – 0.

ITEM 3 – RECOGNITION OF GUESTS

None

ITEM 4 – PUBLIC COMMENTS

None

ITEM 5 – COMMENTS FROM THE CHAIRMAN

None.

ITEM 6 – REPORT FROM GENERAL MANAGER

Jacob Williams reminded the Executive Committee that FMPA would pay for one member of each ARP city to attend the APPA National Conference in Orlando June 20-23, 2021.

ITEM 7 – CONSENT AGENDA

Item 7a – Approval of Meeting Minutes – Meeting Held February 18, 2021 and ARP Telephonic Rate Workshop Held February 11, 2021

Item 7b – Approval of the Treasury Reports – As of January 31, 2021

Item 7c – Approval of the Preliminary Agency and All-Requirements Project Financials as of January 31, 2021

MOTION: Paul Jakubczak, Fort Pierce, moved approval of the Consent Agenda as presented. Eric Weaver, Ocala, seconded the motion. Motion carried 12 – 0.

ITEM 8 – ACTION ITEMS:

a. Approval of Resolution 2021-EC1 – ARP Power Supply Project Subordinated Revenue Bonds Series 2021B and ARP Power Supply Project Revenue Bonds Series 2021A

Larry Mattern, Kissimmee, asked that the two series of bonds be voted on separately.

MOTION: John Holman, Starke, moved approval of ARP Power Supply Project Revenue Bonds, Series 2021A (Fixed Rate Bonds). Bob Page, Green Cove Springs, seconded the motion. Motion carried 11 – 1 with Kissimmee voting nay.

MOTION: Lynne Tejada, Key West, moved approval of ARP Power Supply Project Subordinated Revenue Bonds, Series 2021B (Federally Taxable). Bill Conrad, Newberry, seconded the motion. Motion carried 12 – 0.

Resolution 2021-EC1 was reported as read by title:

A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE FLORIDA MUNICIPAL POWER AGENCY (I) RECITING STATEMENT OF AUTHORITY; (II) APPROVING AND ADOPTING THE SERIES 2021A SUPPLEMENTAL ALL-REQUIREMENTS POWER SUPPLY PROJECT REVENUE BOND RESOLUTION (FIXED RATE BONDS) WHICH AUTHORIZES THE ISSUANCE OF THE FLORIDA MUNICIPAL POWER AGENCY ALL-REQUIREMENTS POWER SUPPLY PROJECT REVENUE BONDS, SERIES 2021A TO BE SOLD ON OR BEFORE OCTOBER 1, 2021 IN A PRINCIPAL AMOUNT PLUS ANY ORIGINAL ISSUE PREMIUM AND MINUS ANY ORIGINAL ISSUE DISCOUNT NOT TO EXCEED FORTY MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$40,350,000) IN GROSS NEW MONEY PROCEEDS FOR THE PURPOSE OF PAYMENT OF ALL OR ANY PART OF THE COST OF ACQUISITION AND CONSTRUCTION OF THE SYSTEM RELATING TO FACILITIES OR PORTIONS THEREOF AND PAYMENT OF COSTS OF ISSUANCE RELATED THERETO AND DELEGATES TO AUTHORIZED SIGNATORIES AND AUTHORIZED OFFICERS CERTAIN MATTERS RELATING TO THE ISSUANCE OF SUCH SERIES 2021A BONDS INCLUDING (1) WHEN TO ISSUE SUCH SERIES 2021A BONDS, (2) DETERMINATION OF THE PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES, SINKING FUND INSTALLMENTS AND OTHER REDEMPTION PROVISIONS OF THE SERIES 2021A BONDS, (3) APPROVAL OF THE SALE AND PURCHASE PRICE FOR THE SERIES 2021A BONDS, (4) DETERMINATION OF AMOUNT, IF ANY, OF THE DEBT SERVICE RESERVE REQUIREMENT FOR THE SERIES 2021A BONDS, AND (5) DETERMINING THE ADVISABILITY OF SECURING BOND INSURANCE FOR SUCH SERIES 2021A BONDS; (III) APPROVING AND ADOPTING THE SERIES 2021B SUPPLEMENTAL ALL-REQUIREMENTS POWER SUPPLY PROJECT SUBORDINATED DEBT RESOLUTION WHICH AUTHORIZES THE

ISSUANCE OF FLORIDA MUNICIPAL POWER AGENCY ALL-REQUIREMENTS POWER SUPPLY PROJECT SUBORDINATED REVENUE BONDS, SERIES 2021B (FEDERALLY TAXABLE) TO BE SOLD ON OR BEFORE OCTOBER 1, 2021 IN A PRINCIPAL AMOUNT PLUS ANY ORIGINAL ISSUE PREMIUM AND MINUS ANY ORIGINAL ISSUE DISCOUNT NOT TO EXCEED ONE HUNDRED MILLION SIX HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$100,625,000) IN GROSS NEW MONEY PROCEEDS FOR ANY ONE OR MORE OF THE FOLLOWING PURPOSES: (A) THE PURCHASE OR REDEMPTION OF BONDS AND EXPENSES IN CONNECTION WITH THE PURCHASE OR REDEMPTION OF SUCH BONDS OR ANY RESERVES WHICH FMPA DETERMINES SHALL BE REQUIRED FOR SUCH PURPOSES, (B) PAYMENT OF OPERATION AND MAINTENANCE EXPENSES OR CREDIT TO THE WORKING CAPITAL ACCOUNT IN THE OPERATION AND MAINTENANCE FUND FOR APPLICATION TO THE PURPOSES OF THAT ACCOUNT, (C) PAYMENT OF THE COST OF ACQUISITION AND CONSTRUCTION OF THE SYSTEM, AND (D) TRANSFER TO THE CREDIT OF THE RENEWAL AND REPLACEMENT ACCOUNT OR THE CONTINGENCY ACCOUNT IN THE RESERVE AND CONTINGENCY FUND FOR THE PURPOSES THEREOF, AND FOR PAYMENT OF COSTS OF ISSUANCE RELATED THERETO AND DELEGATES TO AUTHORIZED SIGNATORIES AND AUTHORIZED OFFICERS CERTAIN MATTERS RELATING TO THE ISSUANCE OF SUCH SERIES 2021B SUBORDINATED BONDS INCLUDING (1) WHEN TO ISSUE SUCH SERIES 2021B SUBORDINATED BONDS, (2) DETERMINATION OF THE PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES, SINKING FUND INSTALLMENTS AND OTHER REDEMPTION PROVISIONS OF THE SERIES 2021B SUBORDINATED BONDS, (3) APPROVAL OF THE SALE AND PURCHASE PRICE FOR THE SERIES 2021B SUBORDINATED BONDS, AND (4) DETERMINING THE ADVISABILITY OF SECURING BOND INSURANCE FOR SUCH SERIES 2021B SUBORDINATED BONDS, AND ESTABLISHES PROVISIONS FOR THE PAYMENT AND SECURITY FOR THE SERIES 2021B SUBORDINATED BONDS AND PROVIDES FOR COVENANTS, EVENTS OF DEFAULT AND REMEDIES FOR THE SERIES 2021B SUBORDINATED BONDS AND PROVIDES PROVISIONS REGARDING THE TRUSTEE, PAYING AGENT AND BOND REGISTRAR FOR THE SERIES 2021B SUBORDINATED BONDS , AMONG OTHER THINGS, (IV) MAKING CERTAIN FINDINGS AS TO THE REASONS REQUIRING THE NEGOTIATED SALE OF THE SERIES 2021A BONDS AND THE SERIES 2021B SUBORDINATED BONDS; (V) ACKNOWLEDGING REQUIREMENT TO OBTAIN DISCLOSURE STATEMENT FROM THE UNDERWRITERS AND APPROVING THE FORM DISCLOSURE STATEMENT; (VI) AUTHORIZING AND APPROVING THE NEGOTIATED SALE OF (A) FLORIDA MUNICIPAL POWER AGENCY ALL-REQUIREMENTS POWER SUPPLY PROJECT REVENUE BONDS, SERIES 2021A AND (B) FLORIDA MUNICIPAL POWER AGENCY ALL-REQUIREMENTS POWER SUPPLY PROJECT SUBORDINATED REVENUE BONDS, SERIES 2021B (FEDERALLY TAXABLE) TO GOLDMAN, SACHS & CO. LLC AND THE EXECUTION OF THE PURCHASE CONTRACT BETWEEN FMPA AND SAID UNDERWRITER, (VI) APPROVING THE PREPARATION, EXECUTION, DELIVERY AND USE OF A PRELIMINARY AND A FINAL OFFICIAL STATEMENT, THE DEEMING "FINAL" OF THE PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION, DELIVERY AND PERFORMANCE OF A CONTINUING DISCLOSURE AGREEMENT; (VII) DESIGNATING AUTHORIZED OFFICERS AND APPROVING AND RATIFYING PREVIOUS ACTIONS; (VIII) PROVIDING FOR THE TAKING OF CERTAIN OTHER

ACTIONS; (IX) PROVIDING FOR SEVERABILITY; AND (X) PROVIDING FOR AN EFFECTIVE DATE.

MOTION: John Tompeck, Fort Pierce, moved approval of Resolution 2021-EC1. Bill Conrad, Newberry, seconded the motion. Motion carried 11 – 1 with Kissimmee voting nay.

b. Approval of Revision to ARP Rate Schedule B-1 to Lower FY 2021 Demand Rate

MOTION: Paul Jakubczak, Fort Pierce, moved approval of Revision to ARP Rate Schedule B-1 to Lower FY 2021 Demand Rate to be effective the first day of the month of the bond deal closing to reflect the typo error and reducing the demand rate to \$15.14. Eric Weaver, Ocala seconded the motion. Motion carried 12 – 0.

c. Approval of Amendment 2 to GE Contractual Services Agreement

MOTION: Larry Mattern, Kissimmee, moved approval of Amendment 2 to the contractual services agreement between FMPA and General Electric and authorize the General Manager and CEO to execute. John Tompeck, Fort Pierce, seconded the motion. Motion 12 – 0.

ITEM 9 – INFORMATION ITEMS:

a. Keys Battery Opportunity

Ken Rutter presented the Keys battery opportunity.

b. Financial Impact of Polar Vortex

Ken Rutter reported on the financial impact of the Polar Vortex.

c. Summary of Finance Committee Items

No further discussion from the Board presentation.

d. Duke Transmission Refunds

Jason Wolfe presented information on the Duke transmission refunds.

e. Strategic Planning Prioritization and Next Steps

No further discussion.

ITEM 10 – Member Comments

None

Jody Finklea reported on two recent FERC items. FERC ruled on the FMPA's intervention and protest of Florida Renewable Partners' (NextEra's) request for general market based rate authority approval for the Harmony and Taylor Creek solar facilities (ARP Participants that have elected to receive solar power receive it from the Harmony facility). FERC did not grant NextEra and its affiliates general market based rate authority in the FMPP balancing authority area, but approved the agreements on the more limited contract-specific basis pursuant to FERC Order 697-A.

Large utilities in the Southeast are forming a Southeast Power Pool to transact energy sales with no transmission costs. FMPA intervened to get more detailed information.

ITEM 11 – Adjournment

There being no further business, the meeting was adjourned at 12:57 p.m.

Howard McKinnon
Chairman, Executive Committee

Sue Utley
Assistant Secretary

Approved: _____

Seal

PUBLIC NOTICE SENT TO CLERKS..... MARCH 4, 2021
AGENDA PACKAGES SENT TO MEMBERS MARCH 10, 2021

**MINUTES
EXECUTIVE COMMITTEE
ALL-REQUIREMENTS POWER SUPPLY PROJECT
TELEPHONIC RATE WORKSHOP
THURSDAY, MARCH 11, 2021
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FLORIDA 32819**

COMMITTEE MEMBERS PRESENT VIA TELEPHONE

Christina Simmons, Bushnell
Jan Bagnall, Fort Meade
John Tompeck, Fort Pierce
Howard McKinnon, Havana
Lynne Tejada, Key West
Larry Mattern, Kissimmee
Marie Carter, Leesburg
Bill Conrad, Newberry
Charlene Pollette, Ocala

*arrived after roll call.

COMMITTEE MEMBERS ABSENT

Lynne Mila, Clewiston
Paul Jakubczak, Fort Pierce (John Tompeck present for Paul)
Bob Page, Green Cove Springs
Allen Putnam, Jacksonville Beach
John Holman, Starke

STAFF PRESENT

Ken Rutter, Chief Operating Officer
Jody Finklea, General Counsel/Chief Legal Officer
Linda S. Howard, Chief Financial Officer (via telephone)
Jason Wolfe, Financial Planning, Rates and Budget Director
Denise Fuentes, Financial Planning, Budget and Financial Analyst II
Sue Utley, Executive Assistant to General Manager and CEO / Asst.
Secy. to the Board

Item 1 – Call to Order

Howard McKinnon, Havana, Chair, called the Executive Committee All-Requirements Telephonic Rate Workshop to order at 2:01 p.m. on Thursday, March 11, 2021, via telephone. A speaker telephone for public attendance and participation was located in the Library Conference Room at Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, Florida.

Item 2 – Information Items

Denise Fuentes gave a verbal update on the natural gas markets; provided an overview of the February loads and reviewed the February ARP rate calculation.

Item 3 – Member Comments

There being no further business, the meeting was adjourned at 2:07 p.m.

Approved

HM/su

AGENDA ITEM 7 – CONSENT AGENDA

**b) Approval of Treasury Reports as of
February 28, 2021**

**Executive Committee
April 15, 2021**



AGENDA PACKAGE MEMORANDUM

TO: FMPA Executive Committee
FROM: Gloria Reyes
DATE: April 6, 2021
ITEM: EC 7(b) – Approval of the All-Requirements Project Treasury Reports as of February 28, 2021

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

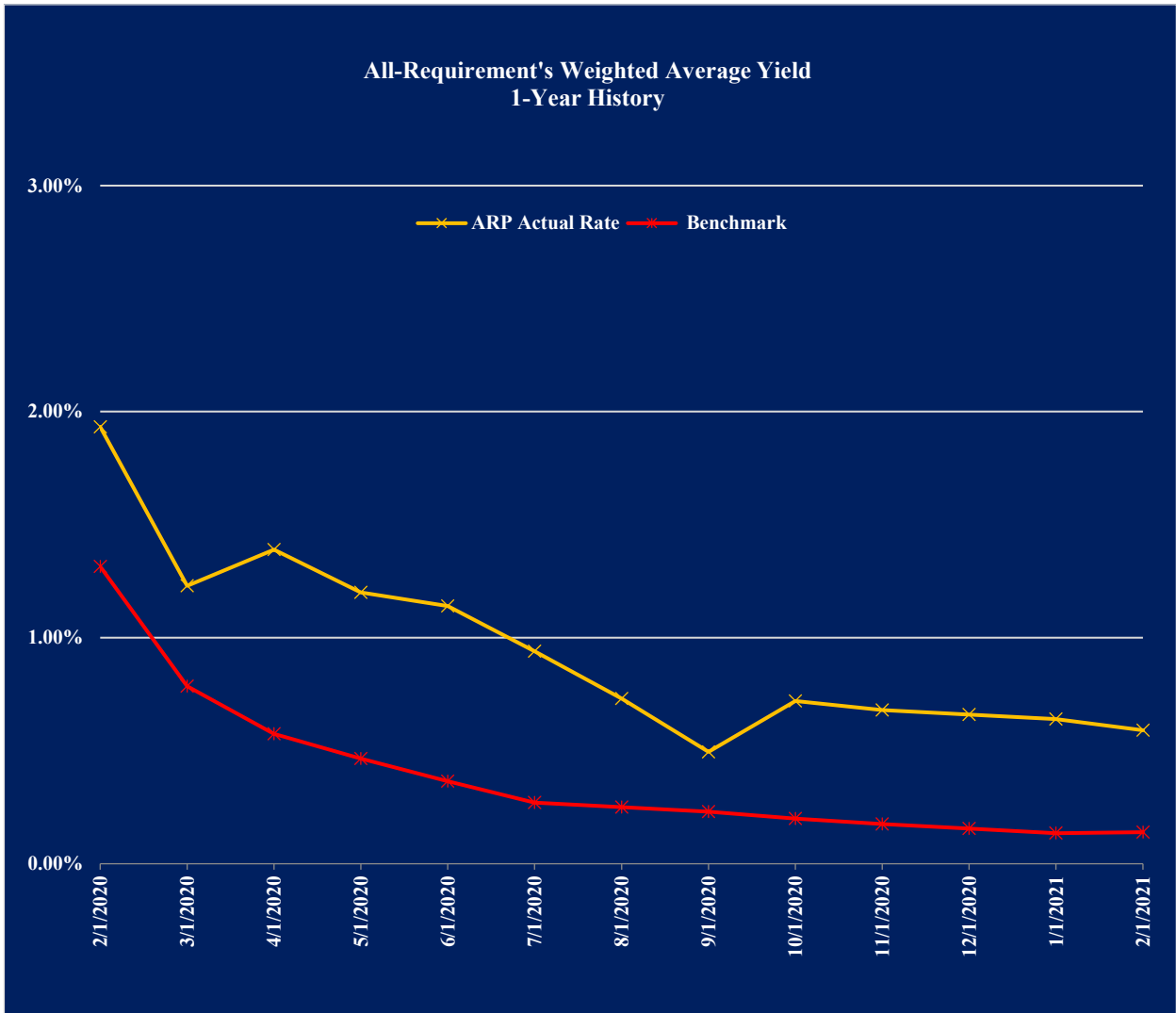
Debt Discussion

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 2021 as of February 28, 2021 is \$35,118,999.01. The total amount of debt outstanding is \$736,650,000.

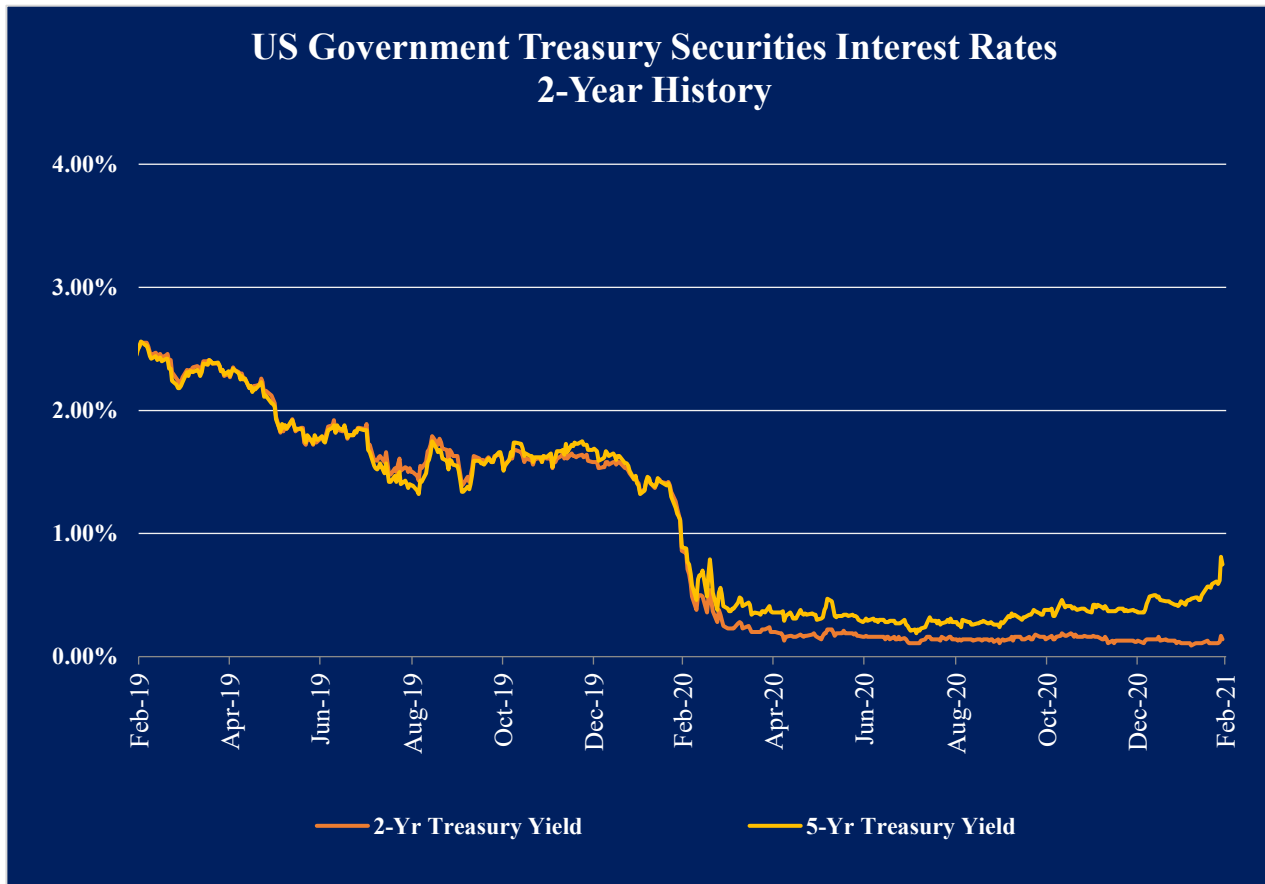
Investment Discussion

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 February 28, 2021, the All-Requirements Project investment portfolio earned a weighted average yield of .59%, reflecting the All-Requirements Project need for liquidity. 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 February at .14%. The yellow line is the 5-year Treasury which was .75%.



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

Recommended
Motion

Move for approval of the Treasury Reports for February 28, 2021

AGENDA ITEM 7 – CONSENT AGENDA

- c) Approval of the Preliminary Agency and All-Requirements Project Financials as of February 28, 2021**

**Executive Committee
April 15, 2021**



Linda S. Howard, CPA, CTP
Chief Financial Officer

MEMORANDUM

TO: FMPA Executive Committee
FROM: Linda Howard
DATE: April 13, 2021
SUBJECT: EC 7c – Approval of the Agency and All-Requirements Project Financials for the period ended February 28, 2021

Discussion: The summary and detailed financial statements, which include GASB #62 transactions, of the Agency and All- Requirements Project for the period ended February 28, 2021 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 February 28, 2021.

LH/GF

AGENDA ITEM 8 – ACTION ITEMS

- a) Approval of Use of Duke Transmission Refunds**

**Executive Committee
April 15, 2021**



8a – Approval of Use of Duke Transmission Refunds

Executive Committee

April 15, 2021

Transmission Refunds Anticipated Due to Settlement

Feedback Sought on Distribution to Participants

- FMPA reached settlement agreement with Duke Energy Florida in December 2020
- Settlement addressed FMPA's concern over Duke's return on equity used in its formula-based network transmission rates
- Cash settlement instead of modifying formula rate
- ARP share is \$700.6k, covers period from Aug. 2020 – Dec. 2022
- Refund will be provided upon FERC approval, not expected for 6-9 months
- Seeking EC approval of methodology for distributing the refund to Participants

Staff Recommending Split Approach

Best Approach to Align Refund with Settlement “Savings”

- Since settlement period is Aug. 2020 – Dec. 2022, settlement is both historical and forward-looking
- EC feedback at March meeting was to allow each Participant the ability to decide how to receive their portion of the settlement
- Staff still recommends that the portion of the refund that is forward-looking should be returned through rates for proper matching of the refund with the expense it is intended to cover
 - Also avoids having to estimate Participant load-ratio share for future periods and true-up at end
- Historical (i.e., before FERC approval) portion of refund can be distributed based on Participant choice
 - e.g., line item on invoice, check, ACH
 - Each Participant's portion based on load-ratio share of transmission charges paid over that historical period
- Future portion of refund spread over remaining settlement term, used to reduce ARP transmission rates
- All Participants that pay the ARP transmission rate (i.e., all but KUA) will receive a refund
- Participants will be notified once the settlement is approved and the distribution timing/amounts are known

Recommended Motion

- Move approval of the distribution of the Duke Energy Florida transmission refund as follows:
 - The portion of the refund that allocable to historical periods will be returned to Participants based on the load ratio share of the total ARP transmission rate billings (non-KUA) over the historical period
 - For the portion of the refund that is allocable to historical periods, each Participant may elect how it wishes to receive its share of the refund
 - The portion of the refund this is allocable to future periods will be credited against the transmission charges for the applicable periods and returned to Participants based on the normal monthly rate-setting process

AGENDA ITEM 9 – INFORMATION ITEMS

a) Solar Projects Update

**Executive Committee
April 15, 2021**



Solar Project Update

BOD 9a / EC 9a

Board of Directors & Executive Committee

April 15, 2021

FMSP Phase I

Operations and Development on Target

- Harmony and Taylor Creek production thru March 2021
 - 273,000 megawatt hours with 74,000 MWh for ARP project participants
- Poinsett Development - June 2023 COD
 - LGIA negotiation in progress with Duke Energy Florida
 - All permits received, extended and renewed thru 2025

FMSP Phase II

Rice Creek Development

- Rice Creek (Putnam County)
 - Permitting
 - Site studies for permitting/zoning support completed in January 2021
 - Scheduling pre-application meeting with Putnam County (pending)
 - Permitting expected to be complete in February 2022
 - Interconnection (FPL)
 - Feasibility study and system impact study complete
 - Next steps
 - Submission of transmission service requests – May
 - Facilities study – July
 - Interconnection agreement – November

FMSP Phase II (cont.)

Whistling Duck Network Upgrades Require Financing

- Whistling Duck (Alachua County)
 - Permitting
 - Site studies for permitting/zoning – June 2021
 - Start of permitting – July 2021
 - Permitting expected to be complete – November 2022
 - Interconnection (DEF)
 - Feasibility study, system impact study and facilities study complete
 - Network upgrades required (~\$17M refundable over time)
 - Working to minimize financial impact to existing contract terms vs. pursuing alternate site
 - Need approval from all participants / EC / Board of Directors
 - Quick turn-around needed to remain on schedule
 - Options for discussion
 - Origis finances with impact to PPA price?
 - Pooled loan?
 - Finance through ARP? (Simpler and lower cost. Requires agreement with Solar II)

FMPA Team – Working on Solar Activities

- Phase I and Phase II committee meetings
 - General update
 - Establish Phase II chairs and charters
 - Phase II Whistling Duck discussion (asap)
- Site signage
- One-year anniversary and site tour – June 23
- Renewable energy credits
- Energy monitoring website development
 - Scheduled to launch April 22 (Earth Day)
 - FMSP solar generation with participant shares
 - Near real-time and historical data with environmental benefits



Date Range
4/5/2021 4/5/2021

Total Megawatts Generated

871

*One megawatt serves approximately 200 typical residential customers.

Filter by Site & Participant

All



Environmental Benefits

530
Metric tons
of CO₂ Avoided

90
Homes
Powered

115
Cars Removed
from Road

8,841
Trees Planted
in 10 Years

Calculations based off EPA formulas to convert avoided emissions into different types of equivalent units

Members Expressing Interest in Even More Solar

Phase III Would Help Members Meet Clean Energy Targets

MEMBER INTEREST

Survey members to understand solar needs

2021

RFP PROCESS

- Utility-scale solar
 - Storage
- Member commitments

2022

COD

Additional sites would begin commercial operations

2025-2026

Project development needed soon to account for potential transmission process delays

AGENDA ITEM 9 – INFORMATION ITEMS

b) Black Belt Energy Prepaid Gas Opportunity

**Executive Committee
April 15, 2021**



9b – Black Belt Energy Prepaid Gas Transaction Opportunity

Executive Committee

April 15, 2021

Who Is Black Belt Energy

Second Prepaid Opportunity with ARP/FGU

- BBE is a gas district and public corporation organized and existing pursuant to the laws of the state of Alabama as a joint action gas supply agency
- BBE can acquire long-term natural gas supplies for sale to government-owned wholesale customers in Alabama and outside
- BBE is governed by a Board of Directors consisting of the mayors of its three member munis in the state: one from each of the cities of Thomasville, Jackson and Grove Hill

Black Belt Energy Next Prepaid Transaction

Minimum Savings of 30 Cents Before Going To Market

- Black Belt offered FGU prepaid transactions with two options
 - Term of 30 years full discount of 30 cents or more
 - Term to first repricing 5-7 years at lower discount
 - Around 20 cents and can renew at the pricing date
 - Up to 7,000 MMBtu per day 6.0% of average daily burn for 2020
 - Prepaid volume was 23% of 2020 average daily
 - ARP Obligations of Prepaid Gas
 - FGU directive will be same terms and conditions as other transactions
 - Same obligations as other prepaid transactions
 - Must take, and qualifying use
 - Loss of load is an allowable reduction or terminate agreement

ARP Participates in Five Prepaid Gas Transactions

Annual Savings of \$2,835,800

Prepaid Gas Transactions	Daily MMBtu Volume	Discount off of First of Month Price*	Annual Savings	Saving Start Date
Main Street / RBC	2,750	\$0.40	\$401,500	April 1, 2019
Main Street / Macquarie	2,500	\$0.30	\$273,500	April 1, 2019
Main Street / TD Bank	8,000	\$0.31	\$905,200	July 1, 2019
Black Belt Energy / Morgan Stanley	10,000	\$0.32	\$1,168,000	November 1, 2019
PEAK/BP Energy**	3,000	\$0.08	\$87,600	November 1, 2020
Totals	26,250		\$2,835,800	

* Includes estimated annual interest earnings

** PEAK/BP is only a 5-year term

ARP Has Saved \$4,622,420 with Prepaid Gas

Prepaid Gas Transactions	MMBtu Volume	Life to Date Savings
Main Street	8,944,500	\$2,935,220
Black Belt Energy	1,651,200	\$1,651,200
Peak	450,000	\$36,000
Total		<u>\$4,622,420</u>

AGENDA ITEM 9 – INFORMATION ITEMS

**c. Estimated Impact of CLEAN Energy
Future Act Draft Legislation**

Executive Committee

April 15, 2021



BOD 9b EC 9c – Estimated Impact of CLEAN Future Act Draft Legislation

Board of Directors and Executive Committee

April 15, 2021

CLEAN Futures Increase Cost ~30-80% vs. Base by 2035

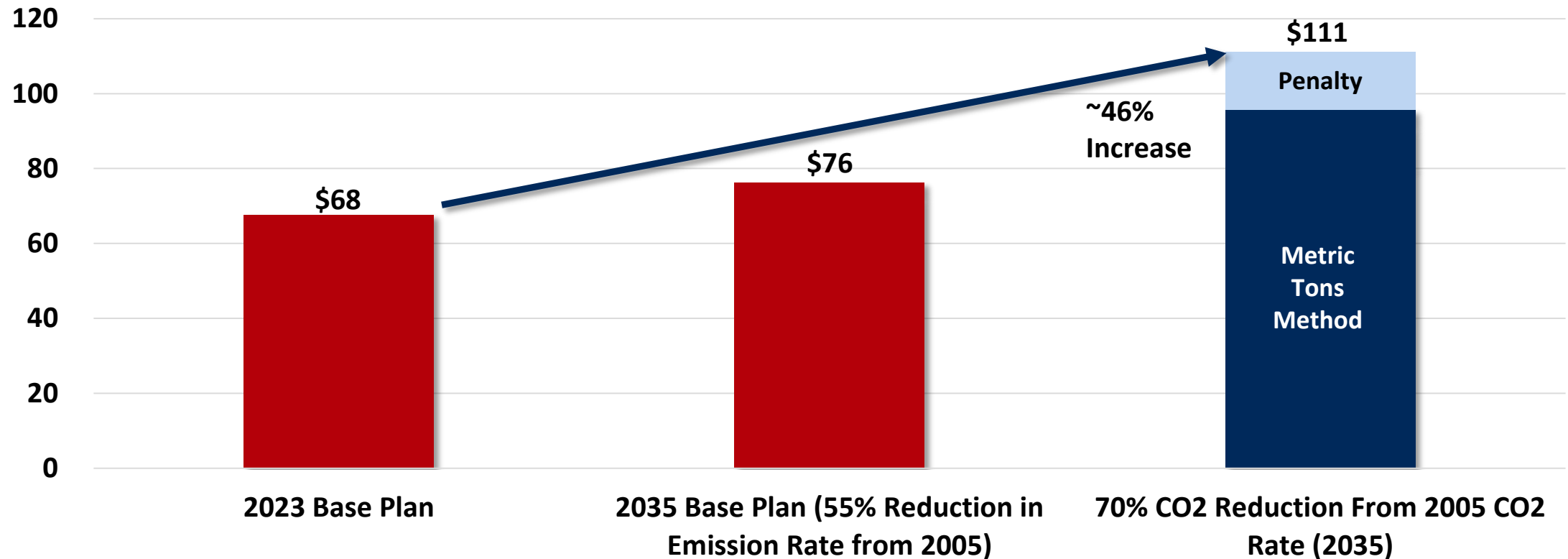
Costs After 2040 Increase 200%–300% as Net-Zero Must Be Reached

- Proposed CLEAN Futures Act sets Clean Electricity Standard of 80% by 2030 and 100% by 2035, with Alternative Compliance Payments (ACP) for non-compliance ending 2040
- ACP set at \$40/Mton* of CO2 in 2023 (~\$10/MWh to gas generation costs), escalating to \$70-90/Mton by 2035 depending on inflation
- ARP could achieve 70% CO2 reduction vs. 2005 rates with significant ACP purchases for the remainder in 2035. ARP costs would increase ~30%-80% above base case as a function of:
 - Adding ~1,200 MW of solar to generate majority of daily energy
 - Retaining gas capacity as backup for reliability, operating very inefficiently and increased transmission
- Post 2040, with no ACP available, cost would increase by 200%-300% from 2023 levels in order to achieve net-zero emissions
- Numerous uncertainties in Act need clarification and could have significant impacts
- ~1,000-page legislation – much detail to review

3% Inflation Likely Given Recent Trends

Money in Circulation Could Raise Inflation Materially

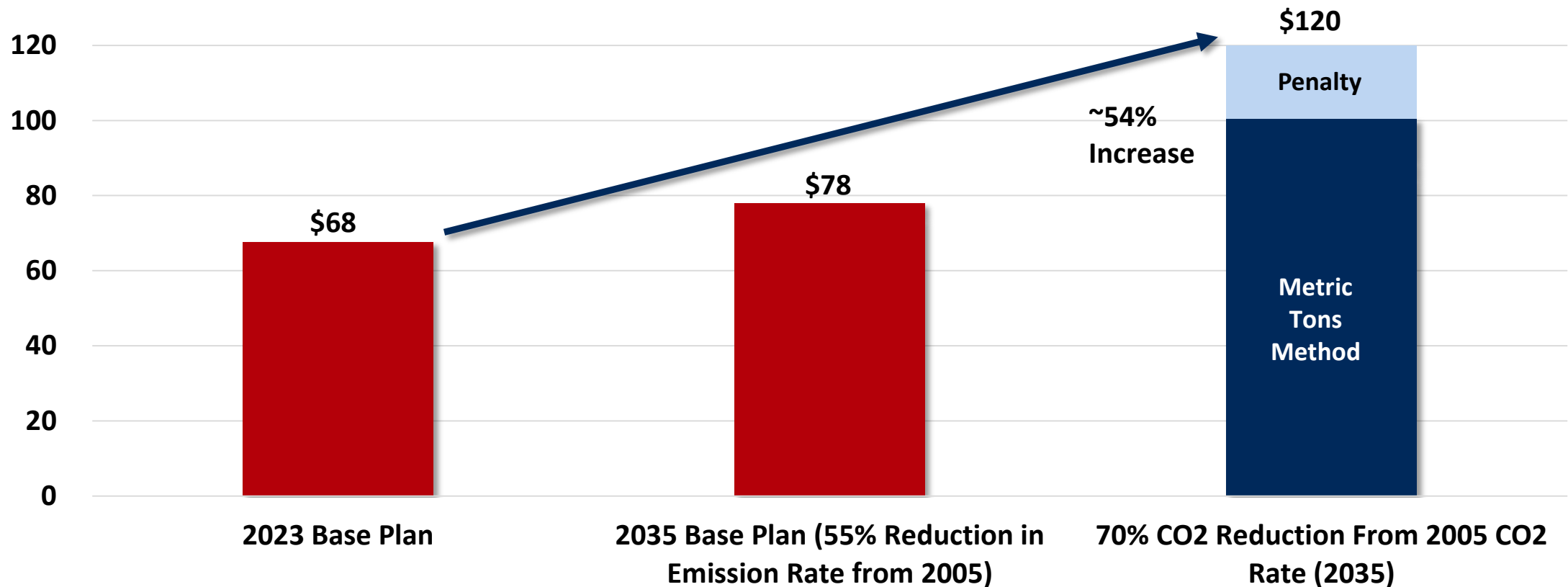
Estimated ARP Wholesale Power Rate (\$/MWh)



5% Inflation Sensitivity Increases Cost

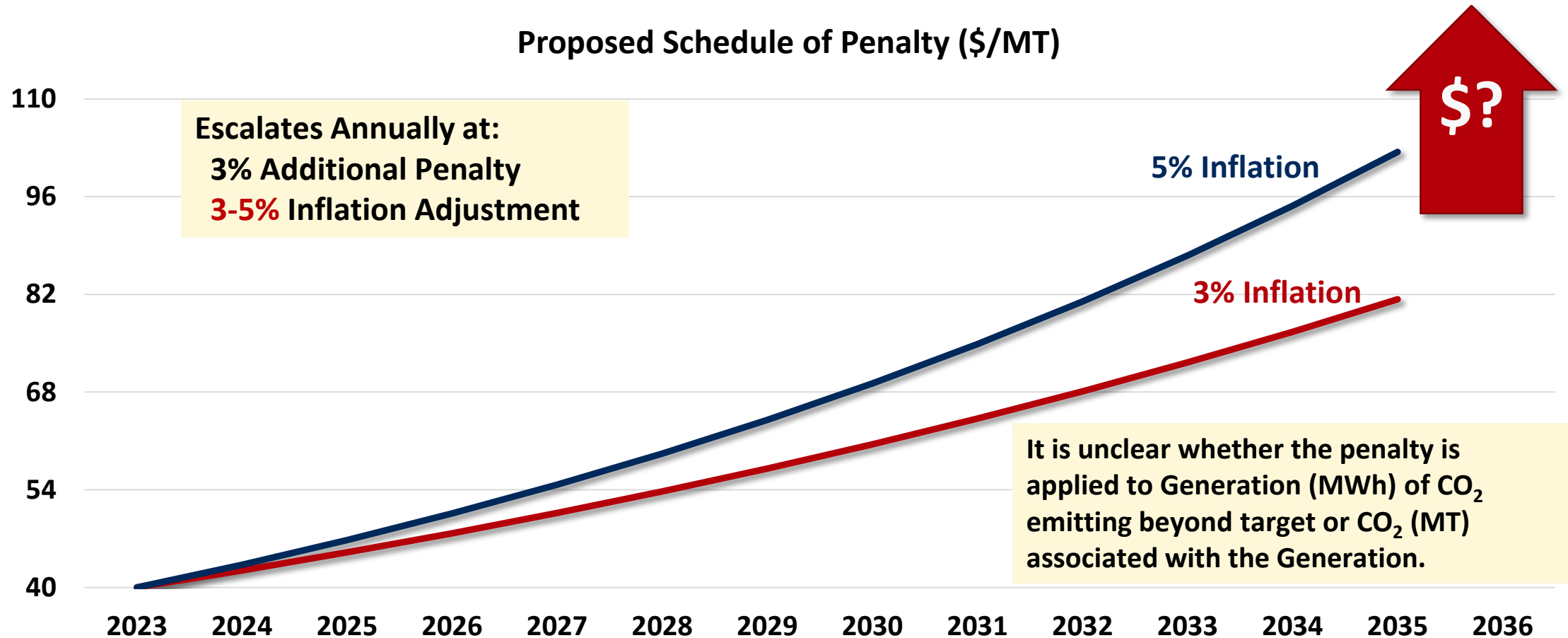
Money in Circulation Could Raise Inflation Materially

Estimated ARP Wholesale Power Rate (\$/MWh)



ACP Implementation Critical to Capping Cost Increase

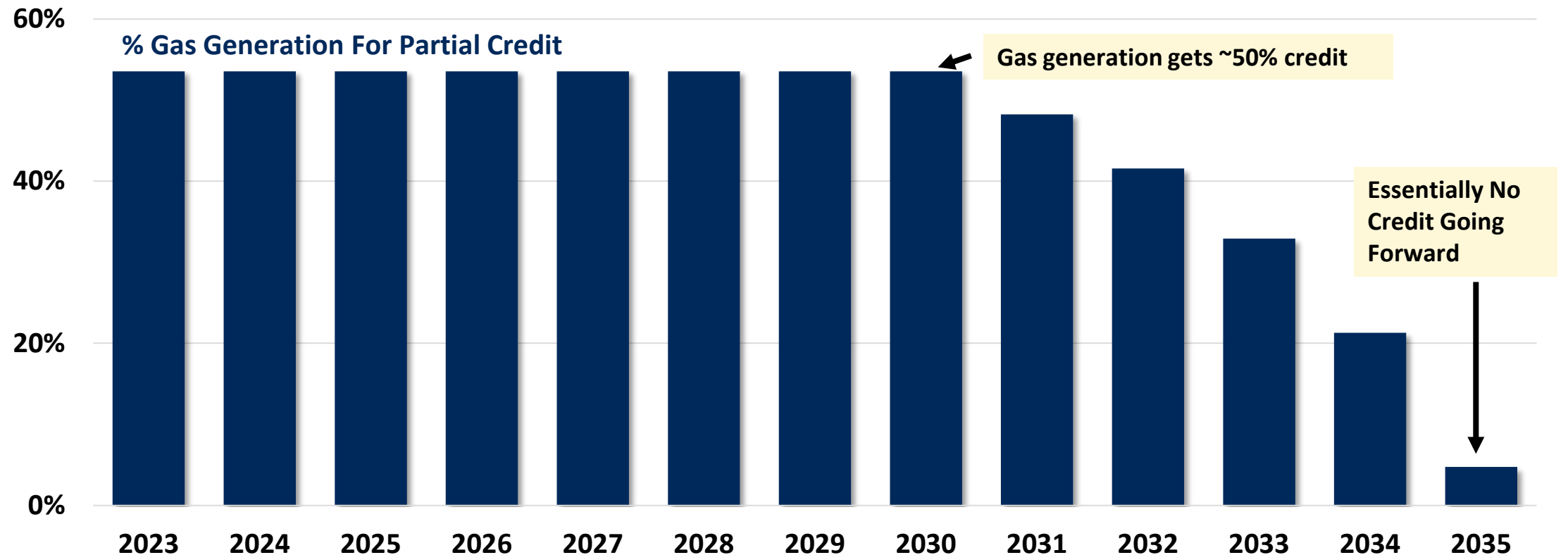
Significant Risk with High Inflation Potential over Next Decade



Gas Resources Receive Partial Credit During Transition

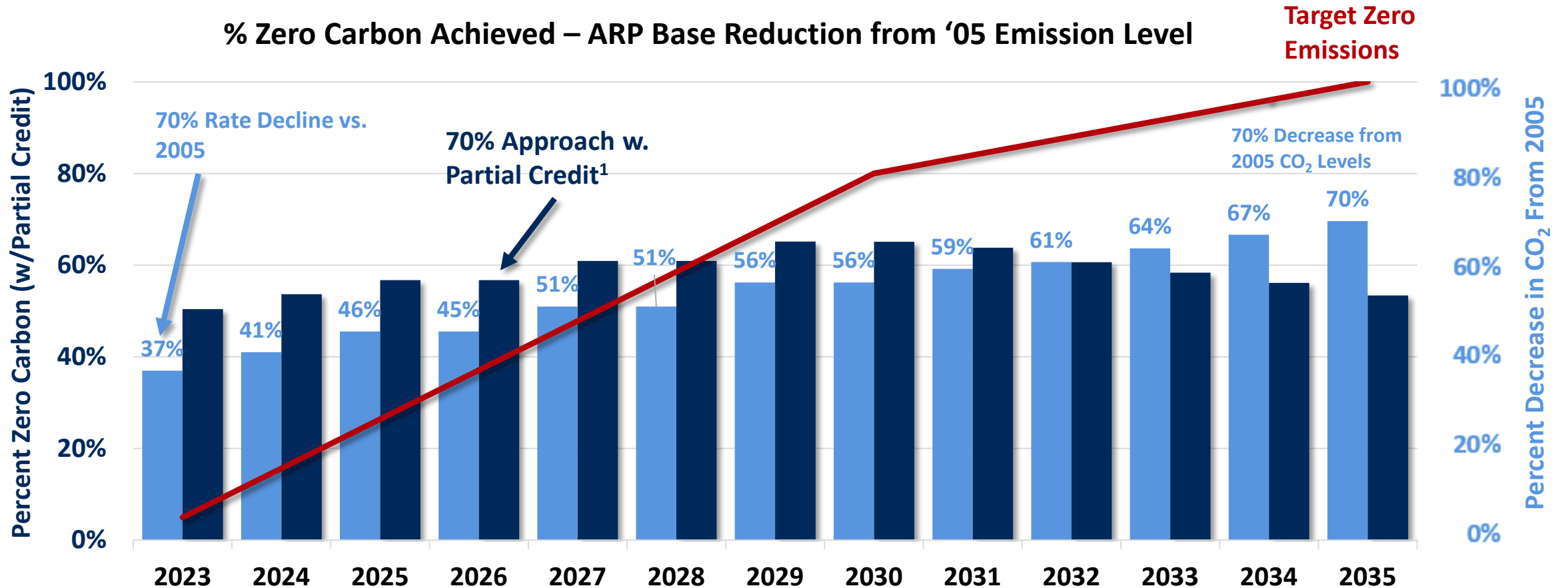
Clean Gas Credit Ramps Down Materially After 2030

Estimated Clean Gas Credit (% of Generation)



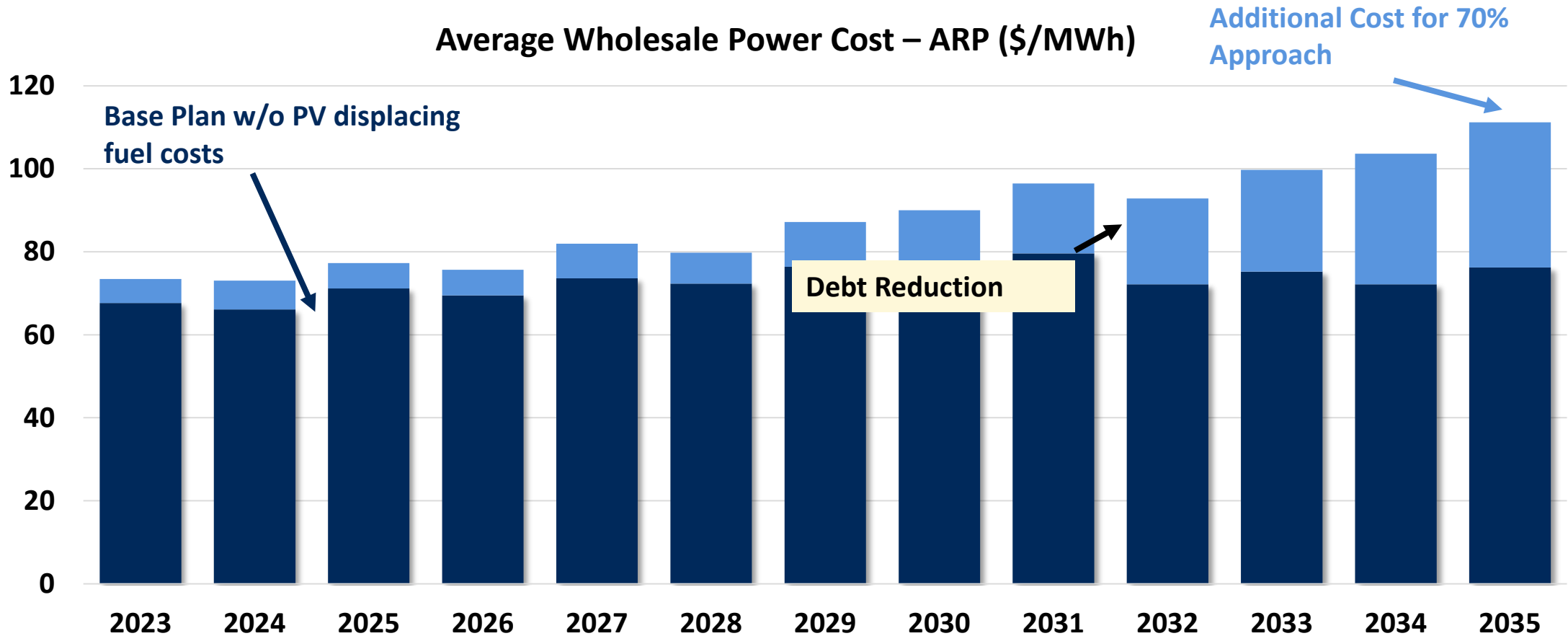
Base Plan Only Compliant Through ~2027

Post 2027, Purchases of ACP Critical to Cost Effectively Meeting Goal



Base Plan Rates Stable With Debt Payoff*

Can Add ~450 MW More PV with Reasonable Cost Stability



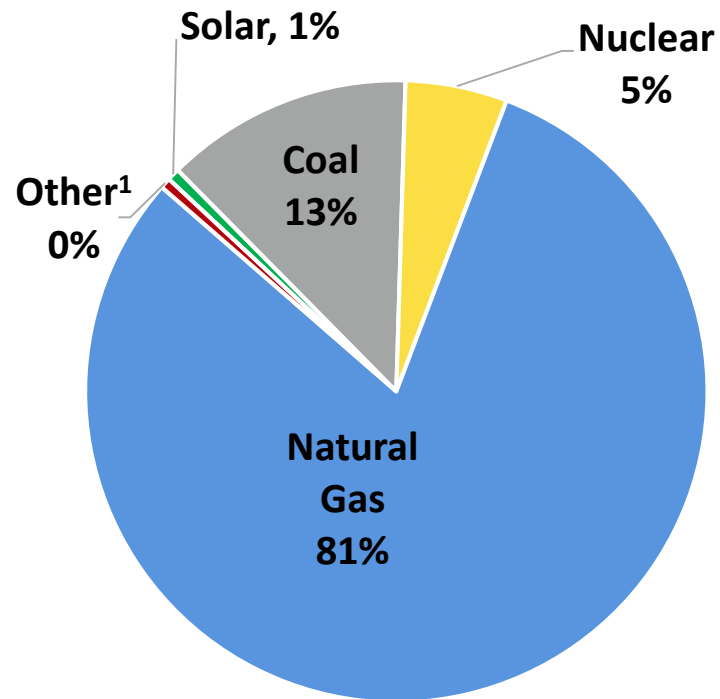
*55% Reduction in CO₂ from 2005 base case with ~450 MW is shown.

Note: PV costs fluctuate year to year since land purchases are fully paid for in year of PV install. 3% inflation shown.

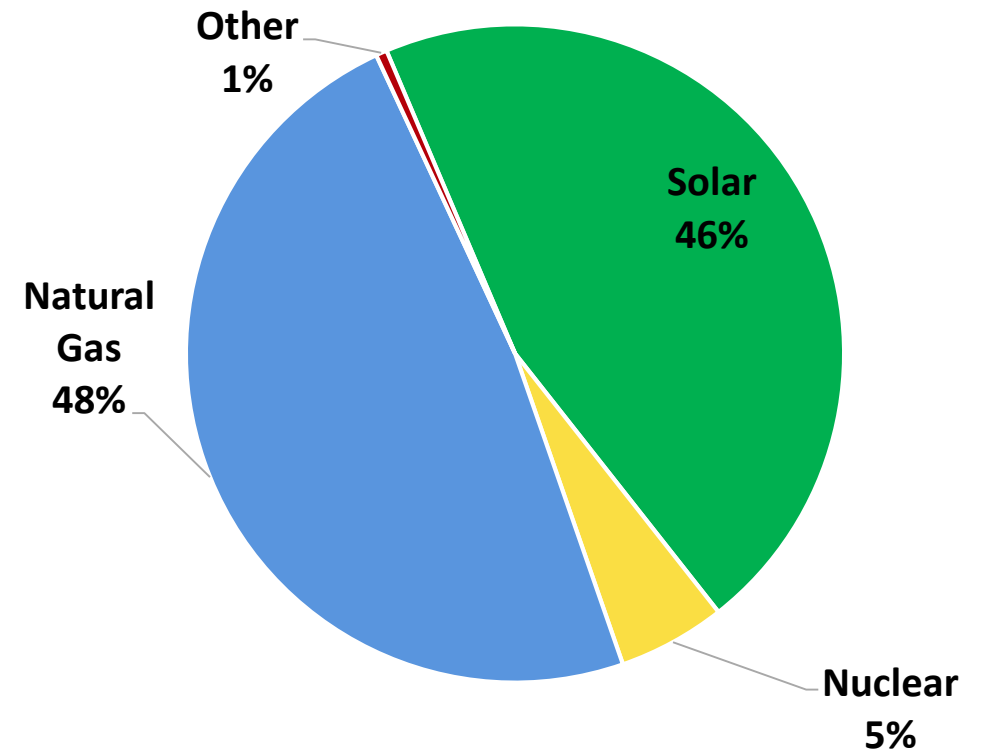
70% CO₂ Reduction from 2005, Large PV Investment

Natural Gas <50% of Energy Mix but a Backstop for Reliability

FMPA Today (Energy) (CY20)



FMPA 2035 (Energy)



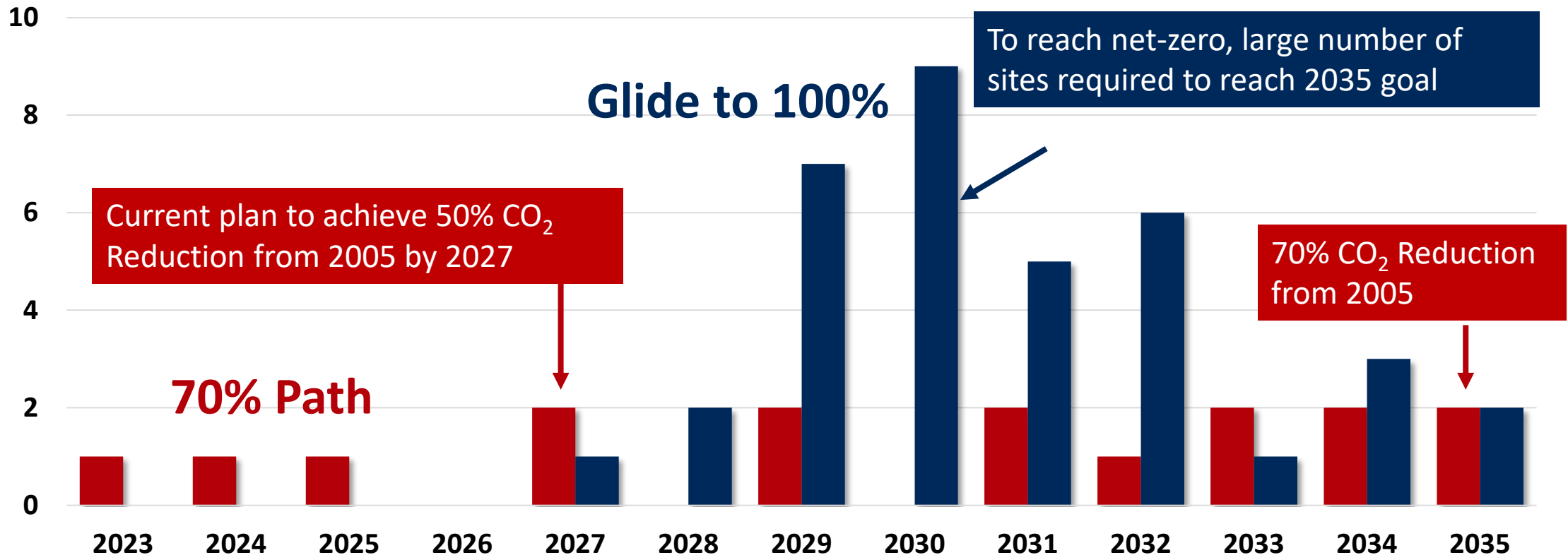
1 – Includes US Sugar, residual and distillate fuel oil.

Large Investments in Solar Require Pre-Planning

70% of 2005 Requires ~1,200 MW PV, Compliance ~2,700 MW

Impact For Florida Much Greater - FRCC Peak is ~33x FMPA's²

Number of 74.5 MW PV Sites¹ / Year



1 - Power Plant Siting Act and associated interconnection granularity may need to evolve.

2 – FRCC 2020 Peak 48,334 MW (2020 FRCC Load and Resource Plan Form 10), 2020 FMPA Peak 1,463 MW.

Cost Increases Driven on Multiple Fronts

PV Displaces Natural Gas Generation But Gas Capacity Needed

- Cost increase drivers:
 - Increasing solar by 750 MW beyond base plan of 450MW solar, some storage will be needed
 - Increased transmission investment to support new solar
 - ACP payments covering 48% of thermal generation in the 70% reduction scenario
 - Remaining gas generation operates at very inefficient levels, with much cycling leading to higher O&M costs
- Capital cost and timing of solar, including land and transmission, highly uncertain in race to build solar nationally, challenging siting and permitting processes
- Most natural gas/diesel generation capacity still needed for cloudy days scenario
- Additional ancillary services of more spinning and fast start units not included – would raise cost even further

Draft FMPA Priorities for Legislation Adjustments

Several Changes Desired, Unknown What Can Be Accomplished

- Slow Ramp - of net-zero goal to 2050 from 2035, practically not doable by 2035 and very costly to customers if attempted
- Regionalize Reduction Goals - taking into account current emission rates, renewables availability in a region and regional consumer cost impacts
- Cap on Regional Electricity Prices Increases - that slow implementation plans if regional prices rise above certain escalation rate
 - Alternatively extend ACP option through 2049 and remove inflation escalation from ACP
- Reliability Off-Ramp – if regional supply reliability declines, ramp of emission reductions would be delayed until infrastructure can be put in place to ensure reliability
- ACP Funds – should be available to regional utilities who need support in achieving emission reduction targets while keeping power costs affordable to all consumers including fixed and low income
- Significant National and International influences in Legislation will make changes challenging

AGENDA ITEM 9 – INFORMATION ITEMS

d) Update on Series 2021 A & B Bonds

**Executive Committee
April 15, 2021**



9d – Update on Series 2021 A & B Bonds

Executive Committee

April 15, 2021

Meetings with the Rating Agencies

Highlights

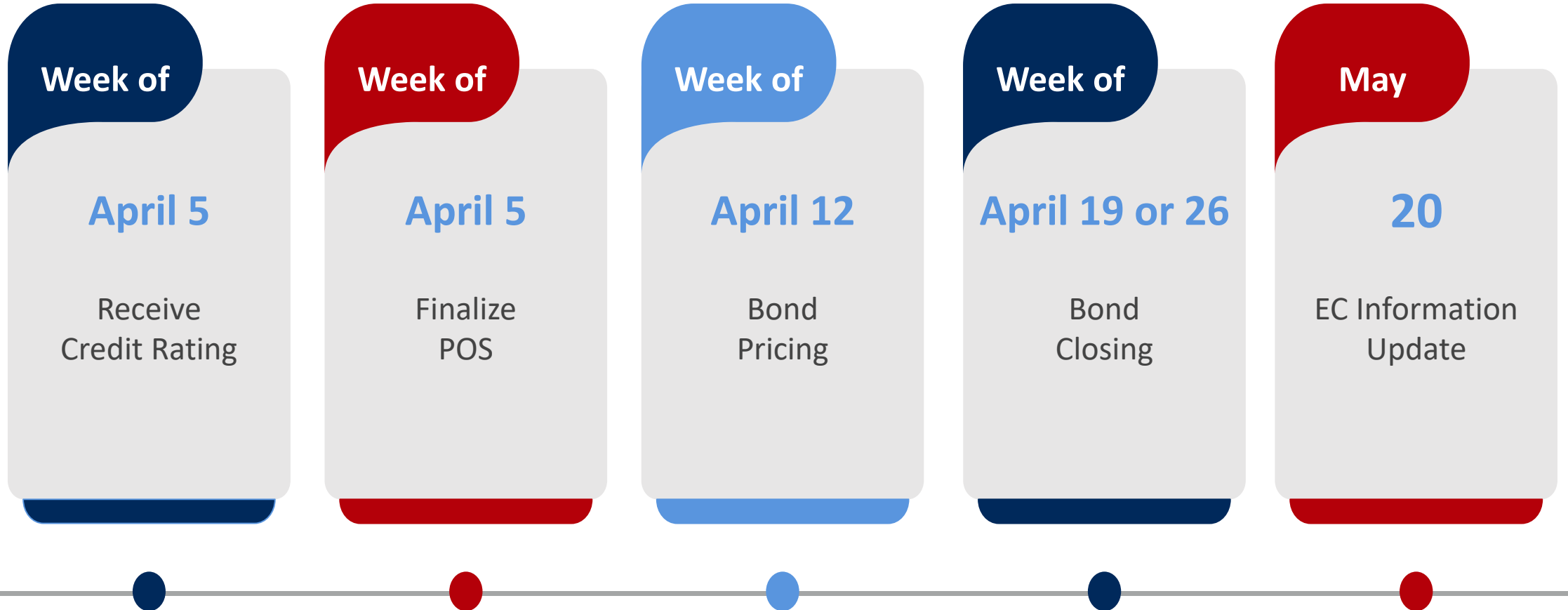
- Low costs
- Strong supply contracts
- Members strong and improving
- Above average performance by FMPA generating units
- Weathered COVID-19 without suffering major losses
- No negative impacts from Texas arctic blast
- Increased cash on hand after 2021B transaction; increased flexibility in use of funds
- Increase cybersecurity protocols and enhancements
- Monitoring legislative bills

Summary of use of Funds

Both Series

- Tax-exempt Series 2021 A
 - Used to help fund capital projects over the next three years
 - \$60M in projects identified
- Subordinated, Taxable Series 2021B
 - Used to replace \$100M in lines of credit
 - Provides more flexibility in use of funds
 - Immediate increase to days cash on hand

Financing Timeline



AGENDA ITEM 9 – INFORMATION ITEMS

e) Summary of Finance Committee Items

**Executive Committee
April 15, 2021**



Summary of Finance Committee Items

BOD 9d / EC 9e

Board of Directors & Executive Committee

April 15, 2021

Other Items

Review and/or Approval Required

- Approval of Risk Policies
- Review of the Agency Annual Risk Inventory
- New pooled loans
- Discuss Rate Protection Account (EC only)

AGENDA ITEM 10 – MEMBER COMMENTS

**Executive Committee
April 15, 2021**

AGENDA ITEM 11 – ADJOURNMENT

**Executive Committee
April 15, 2021**