



ARP EXECUTIVE COMMITTEE AGENDA PACKAGE

FEBRUARY 17, 2022

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

Dial-in info: 1-321-299-0575

Conference ID Number: 910 293 775#

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

Doug Peebles, 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: February 8, 2022
 RE: FMPA Executive Committee Meeting
Thursday, February 17, 2022 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: (321) 299-0575, Meeting Number 910 293 775#
Teams Link: [Click here to join the meeting](#)

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

Chairman Howard McKinnon, Presiding

AGENDA

1. Call to Order, Roll Call, Declaration of Quorum	4
2. Set Agenda (by vote)	5
3. Recognition of Guest	6
4. Public Comments (Individual public comments limited to 3 minutes)	7
5. Comments from the Chairman (Howard McKinnon)	8
6. Report from the General Manager (Jacob Williams)	9
7. Consent Agenda	
a. Approval of Meeting Minutes – Meetings Held January 20, 2022 and ARP Telephonic Rate Workshop Help January 11, 2022	11
b. Approval of Treasury Reports – As of December 31, 2022	17
c. Approval of the Agency and All-Requirements Project Financials as of December 31, 2021	21
d. ARP 12-month Capacity Reserve Margin Report	23

8. Action Items

a. None24

9. Information Items

a. Annual Debt Report as of September 30, 2021 * (Ed Nunez)26

b. Stock Island Discharge Update (Ken Rutter)40

c. Capacity Acquisition Update (Ken Rutter)42

d. Natural Gas Market Changes and Potential for Proactive
Management (Ken Rutter)53

e. Summary of Finance Committee Items * (Linda S. Howard)65

10. Member Comments67

11. Adjournment68

***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
February 17, 2022**

**AGENDA ITEM 2 – Set Agenda (by
Vote)**

**Executive Committee
February 17, 2022**

**AGENDA ITEM 3 – RECOGNITION OF
GUESTS**

**Executive Committee
February 17, 2022**

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

**Executive Committee
February 17, 2022**

VERBAL REPORT

AGENDA ITEM 5 – COMMENTS FROM THE CHAIRMAN

**Executive Committee
February 17, 2022**

VERBAL REPORT

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

**Executive Committee
February 17, 2022**

**AGENDA ITEM 7 – CONSENT
AGENDA**

- a. Approval of the Minutes –
Meetings Help January 20, 2022
and ARP Telephonic Rate
Workshop Help January 11, 2022**

**Executive Committee
February 17, 2022**

CLERKS DULY NOTIFIEDJANUARY 11, 2022
AGENDA PACKAGES POSTED.....JANUARY 11, 2022

MINUTES
EXECUTIVE COMMITTEE MEETING
THURSDAY JANUARY 20, 2022
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL 32819

PARTICIPANTS

PRESENT:

Lynne Mila, Clewiston
Javier Cisneros, Fort Pierce
Bob Page, Green Cove Springs
Howard McKinnon, Havana
Allen Putnam, Jacksonville Beach
Lynne Tejeda, Key West (via telephone)
Larry Mattern, Kissimmee
Brad Chase, Leesburg (via telephone)
Randy Hahn, Ocala
Drew Mullins, Starke

OTHERS

PRESENT

Randy Martin, Clewiston (via telephone)
Gary Baysinger, Gainesville (via telephone)
Barbara Quiñones, Homestead
Nick Batty, Key West (via telephone)
Jason Terry, Kissimmee (via telephone)
Kevin Crawford, Kissimmee (via telephone)
Brian King, Lake Worth Beach (via telephone)
Jim Williams, Leesburg (via telephone)
Doug Peebles, Ocala
Marie Brooks, Ocala (via telephone)
Claston Sunanon, Orlando
James Braddock, Wauchula
Jonathan Nunes, Leidos (via telephone)
Kathryn Eno, Purvis Gray & Co.
Tim Westgate, Purvis Gray & Co.
Bill Herrington, WHH Enterprises (via telephone)

STAFF

PRESENT

Jacob Williams, General Manager and CEO
Jody Finklea, General Counsel and Chief Legal Officer
Ken Rutter, Chief Operating Officer
Linda Howard, Chief Financial Officer
Mark McCain, Vice President, Member Services & Public Relations
Chris Gowder, Business Development and System Operations
Director (via telephone)

Dan O'Hagan, Assistant General Counsel and Regulatory Compliance Counsel
LaKenya VanNorman, Regulatory Compliance Specialist
Cairo Vanegas, Manager of Member Services Development
Mike McCleary, Manager of Member Services Development
Alan O'Heron, Manager of Member Services Development
Navid Nowakhtar, Resource & Strategic Planning Manager
Carter Manucy, IT/OT & Cybersecurity Director
Rich Popp, Treasurer and Risk Director
Sharon Adams, Vice President of Human Resources and Shared Services
Sue Utley, Executive Asst. /Asst. Secy. to the Board
Danyel Sullivan-Marrero, Controller
Susan Schumann, Public Relations and External Affairs Manager
Mark McCain, Vice President, Member Services and Public Relations
Ryan Dumas, Public Relations Specialist
Isaac Barbosa, IT Security Analyst
Wayne Koback, IT Manager

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

Chair Howard McKinnon, Havana, called the FMPA Executive Committee meeting to order at 10:20 a.m., Thursday, January 20, 2022, in the Frederick M. Bryant Board Room at Florida Municipal Power Agency 8553 Commodity Circle, Orlando, Florida. The roll was taken, and a quorum was declared with 10 members present out of a possible 13.

ITEM 2 – SET AGENDA (BY VOTE)

MOTION: Allen Putnam, Jacksonville Beach, moved approval of the agenda as presented. Larry Mattern, Kissimmee, seconded the motion. Motion carried 10 – 0.

ITEM 3 – RECOGNITION OF GUESTS

Chair McKinnon welcomed Kathryn Eno and Tim Westgate of Purvis Gray & Co., Doug Peebles, Ocala, Brian King, Lake Worth Beach and Tom Geoffroy, FGU.

ITEM 4 – PUBLIC COMMENTS

None

ITEM 5 – COMMENTS FROM THE CHAIRMAN

Chair McKinnon said the celebration held for Mark McCain's retirement last night was great. Mark has made many contributions to FMPA over his 35-year career including the new logo. This was a collaborative effort and Chair McKinnon encourages the Executive Committee members to speak up and ask questions during the meetings. We all benefit from the answers we get.

ITEM 6 – REPORT FROM GENERAL MANAGER

Nothing further to report.

ITEM 7 – CONSENT AGENDA

Item 7a – Approval of Meeting Minutes – Meeting Held December 9, 2021 and ARP Telephonic Rate Workshop Held December 14, 2021

Item 7b – Approval of the Treasury Reports – As of November 30, 2021

Item 7c – Approval of the Preliminary Agency and All-Requirements Project Financials as of November 30, 2021

Item 7d – ARP 12-month Capacity Reserve Margin Report

MOTION: Allen Putnam, Jacksonville Beach, moved approval of the Consent Agenda as presented. Bob Page, Green Cove Springs, seconded the motion. Motion carried 10 – 0.

ITEM 8 – ACTION ITEMS:

a. Approval of Financial Results for Fiscal Year 2021

MOTION: Larry Mattern, Kissimmee, moved approval of the 2021 External Audit Report and Audited Financial Statements. Allen Putnam, Jacksonville Beach, seconded the motion. Motion carried 10 – 0.

b. Approval of Additional Pre-Paid Gas Volume

MOTION: Allen Putnam, Jacksonville Beach, moved approval allowing staff to direct FGU for an additional 10,000 MMBtu per day of pre-paid gas with at least first of month discount of \$0.25 per MMBtu. Bob Page, Green Cove Springs, seconded the motion. Motion carried 10 – 0.

c. Approval of Information Technology Risk Policy

MOTION: Larry Mattern, Kissimmee, moved approval of the attached information Technology Risk Management Policy. Allen Putnam, Jacksonville Beach, seconded the motion. Motion carried 10 – 0.

d. Approval of Human Resources Risk Policy

MOTION: Larry Mattern, Kissimmee, moved approval of the attached Human Resources Risk Management Policy. Allen Putnam, Jacksonville Beach, seconded the motion. Motion carried 10 – 0.

e. Mid 20s Capacity Update & Approval Request

MOTION: Allen Putnam, Jacksonville Beach, moved approval to authorize staff to negotiate and General Manager to sign and execute capacity and energy power purchase agreements, subject to review and approval by FMPA General Counsel, for up to 150 MW for the period 2024-2030 at an annual capacity notional value not to exceed \$3.5 million. Larry Mattern, Kissimmee, seconded the motion. Motion carried 10 – 0.

f. Stock Island Discharge Update & Spending Authorization

MOTION: Bob Page, Green Cove Springs, moved approval to authorize the General Manager to execute spending, not to exceed \$3,250,000, to continue containment and remediation of Stock Island oil discharge through May 2022. Larry Mattern, Kissimmee, seconded the motion. Motion carried 10 – 0.

ITEM 9 – INFORMATION ITEMS:

a. KEYS Battery Energy Storage System Update

Navid Nowakhtar presented an update on the Keys Battery Energy Storage System.

b. Summary of Finance Committee Items

Linda S. Howard presented the summary of items from the previous day's Finance Committee meeting.

ITEM 10 – Member Comments

Javier Cisneros, Fort Pierce, said FPUA is hosting the FMEA Lineman Competition next month.

ITEM 11 – Adjournment

There being no further business, the meeting was adjourned at 12:15 p.m.

Howard McKinnon
Chairman, Executive Committee

Sue Utley
Assistant Secretary

Approved: _____

Seal

**AGENDA ITEM 7 – CONSENT
AGENDA**

- b. Approval of Treasury Reports as
of December 31, 2022**

**Executive Committee
February 17, 2022**



AGENDA PACKAGE MEMORANDUM

TO: FMPA Executive Committee
FROM: Gloria Reyes
DATE: February 17, 2022
ITEM: EC 7(b) – Approval of the All-Requirements Project Treasury Reports as of December 31, 2021

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

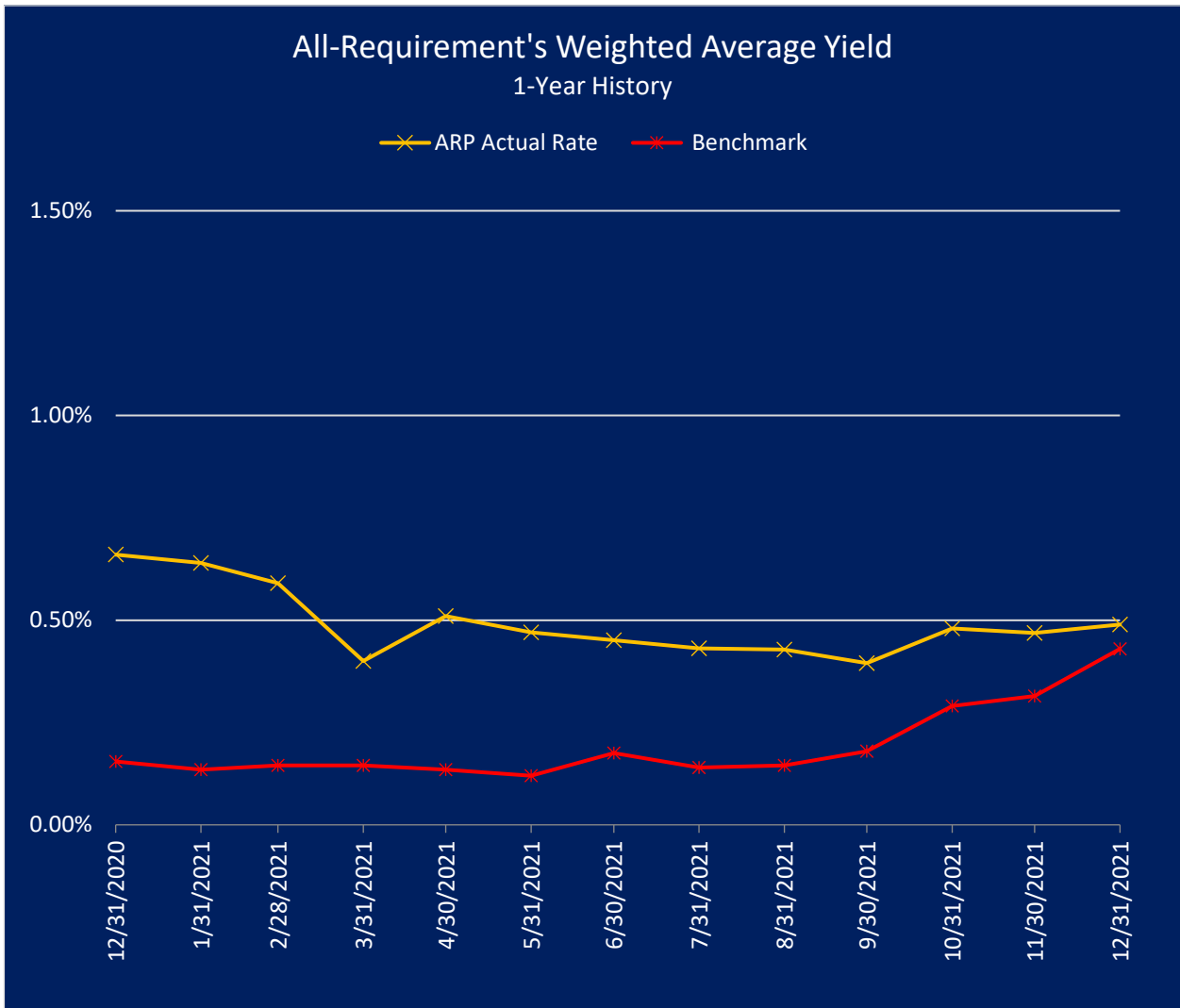
Debt Discussion

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 2022 as of December 31, 2021, is \$35,399,045. The total amount of debt outstanding is \$818,585,000.

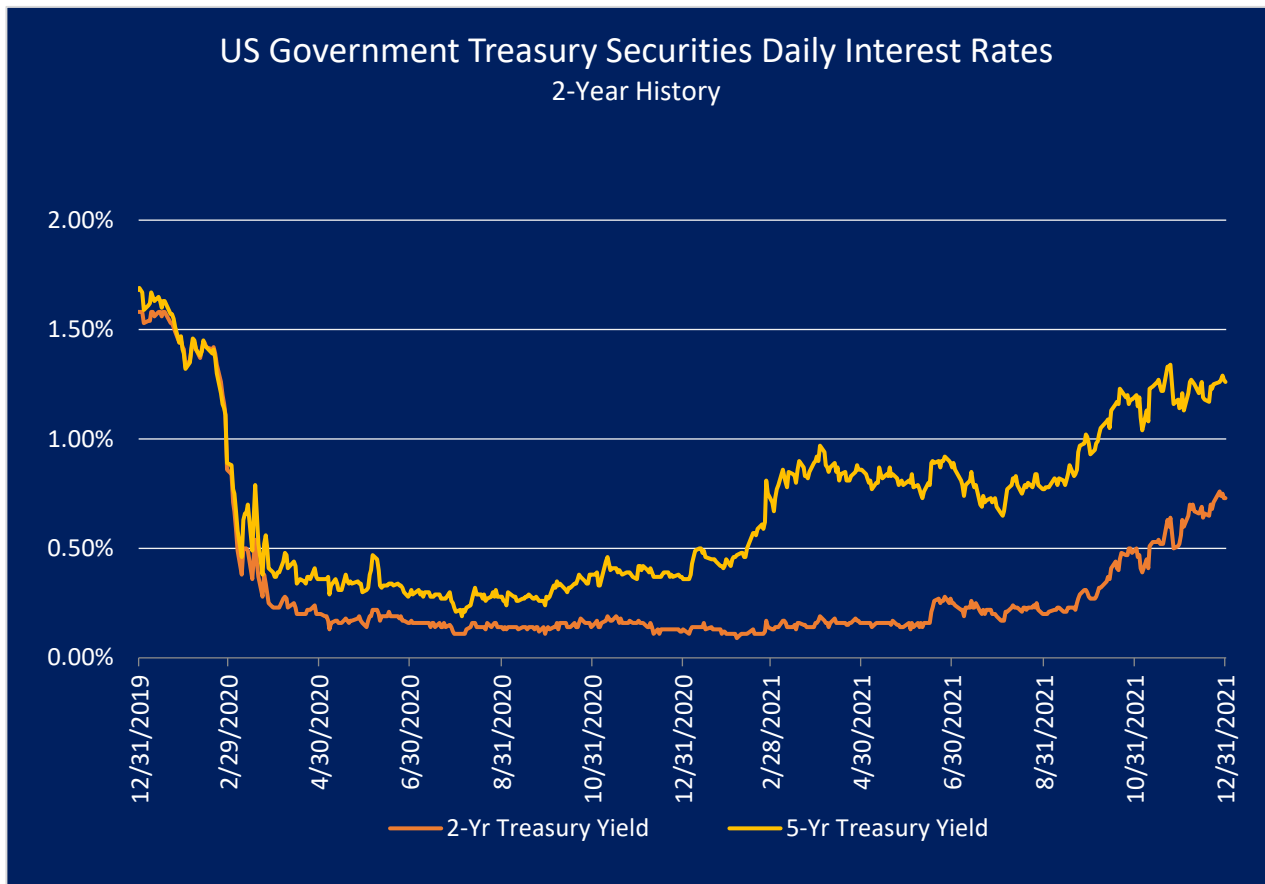
Investment Discussion

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 December 31, 2021, the All-Requirements Project investment portfolio earned a weighted average yield of 0.49%, 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 December at 0.73 %. The yellow line is the 5-year Treasury which was 1.26%.



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

Recommended
Motion

Move for approval of the Treasury Reports for December 31, 2021

**AGENDA ITEM 7 – CONSENT
AGENDA**

- c. Approval of the Preliminary
Agency and All-Requirements
Project Financials as of December
31, 2021**

**Executive Committee
February 17, 2022**



Linda S. Howard, CPA, CTP
Chief Financial Officer

MEMORANDUM

TO: FMPA Executive Committee
FROM: Linda Howard
DATE: February 8, 2022
SUBJECT: EC 7c – Approval of the Agency and All-Requirements Project Financials for the period ended December 31, 2021

Discussion: The summary and detailed financial statements, which include GASB #62 transactions, of the Agency and All- Requirements Project for the period ended December 31, 2021 are posted on the Document Portal section of FMPA’s website.

Recommended Motion: Move approval of the Agency and All-Requirements Project Preliminary Financial reports for the month of December 31, 2021.

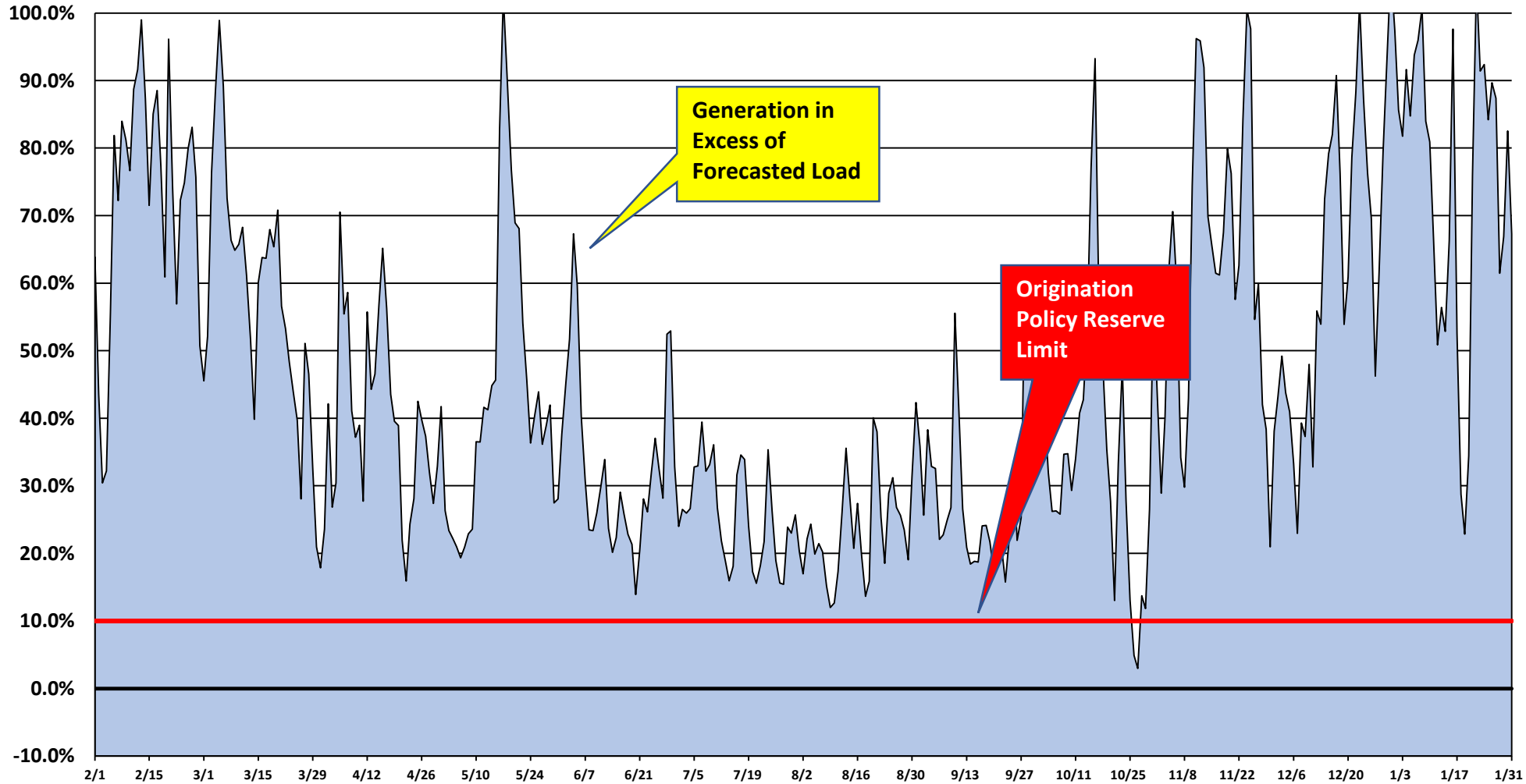
LH/GF

**AGENDA ITEM 7 – CONSENT
AGENDA**

- d. ARP 12-month Capacity Reserve
Margin Report**

**Executive Committee
February 17, 2022**

ARP Daily Reserve Margins February 2022 through January 2023



AGENDA ITEM 8 – ACTION ITEMS

a. None

**Executive Committee
February 17, 2022**

**AGENDA ITEM 9 – INFORMATION
ITEMS**

a. Annual Debt Report

**Executive Committee
February 17, 2022**



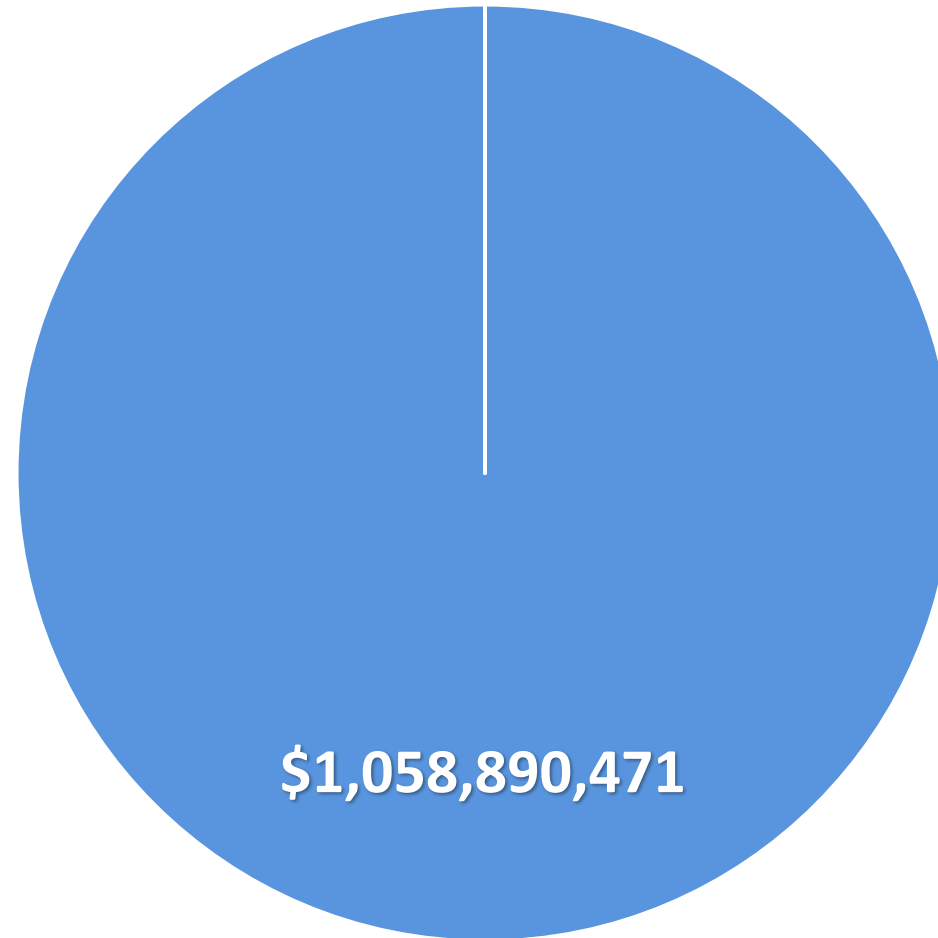
9a - Annual Debt Report as of Sept. 30, 2021

Board of Directors & Executive Committee

February 17, 2022

100% of FMPA Project Debt is Fixed Rate

Most Conservative Debt Structure



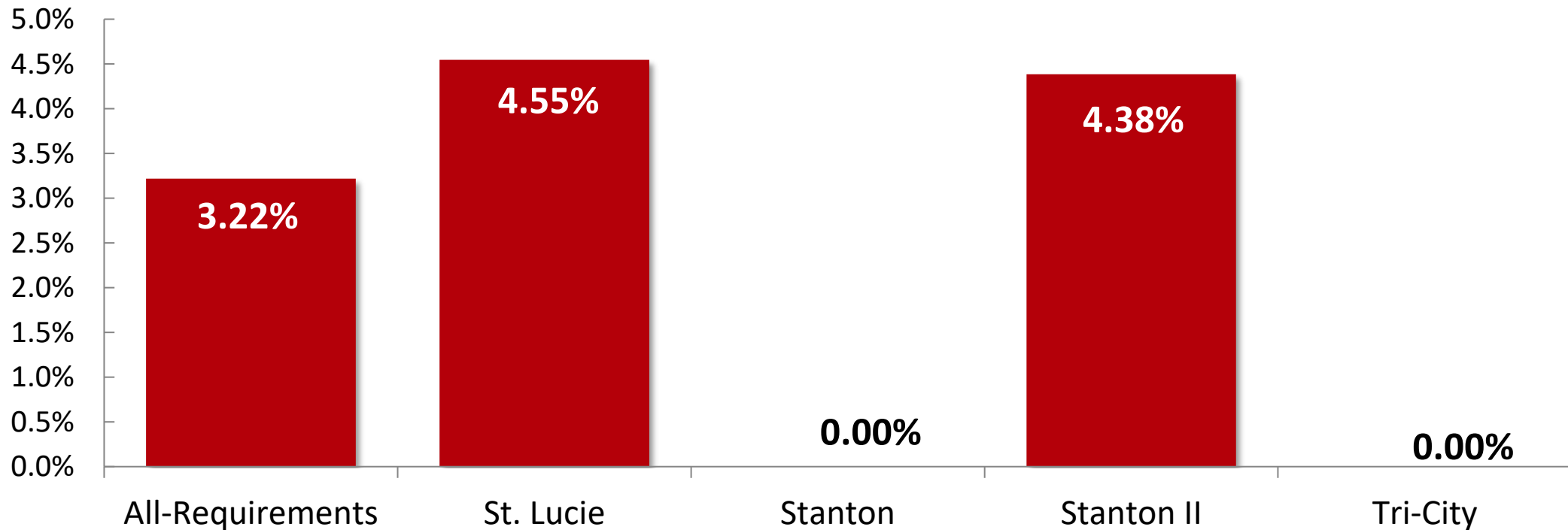
FMPA's Total Debt Increased by \$44.8M in 2021

ARP Issued Debt vs. Higher Cost Lines of Credit

Project	9/30/21 \$'s in 000's	9/30/20 \$'s in 000's	Debt Reduction
All-Requirements	\$873,865	\$785,140	\$88,725
St. Lucie	\$84,285	\$117,135	<\$32,850>
Stanton	\$0	\$0	\$0
Stanton II	\$100,740	\$111,735	<\$10,995>
Tri-City	\$0	\$0	\$0
Total	\$1,058,890	\$1,014,010	\$44,880

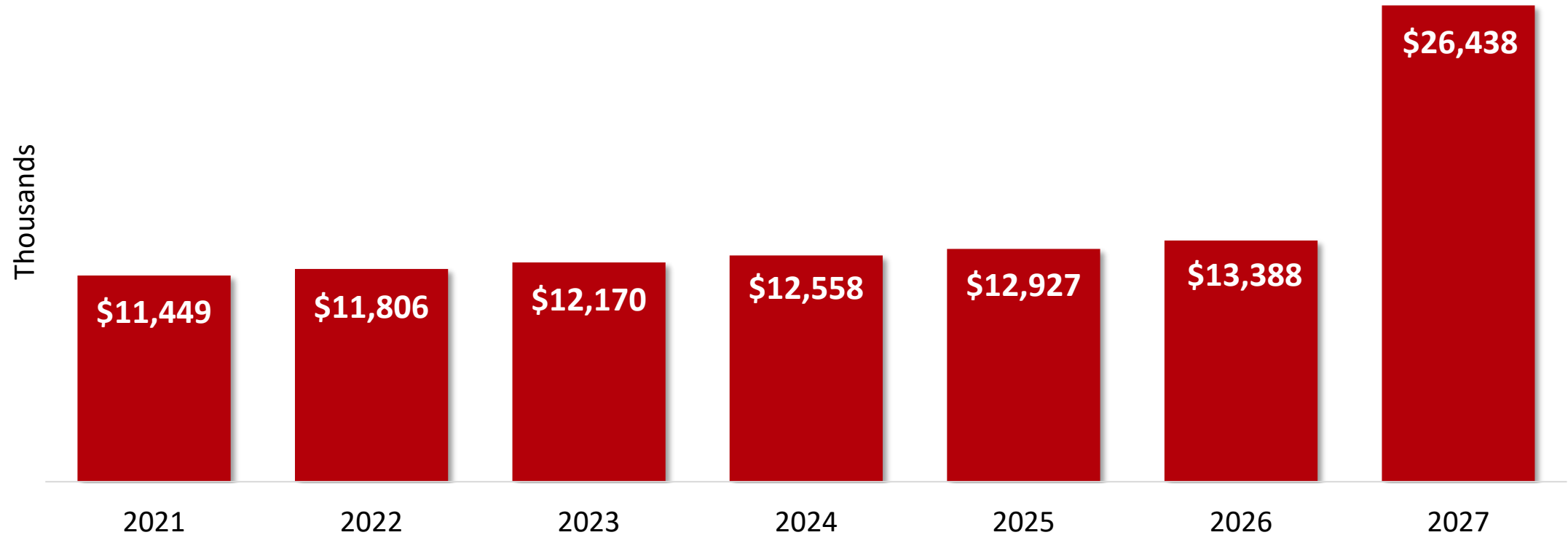
True Interest Cost of Debt by Project

TIC Reduction Due to 2021 Refinancings



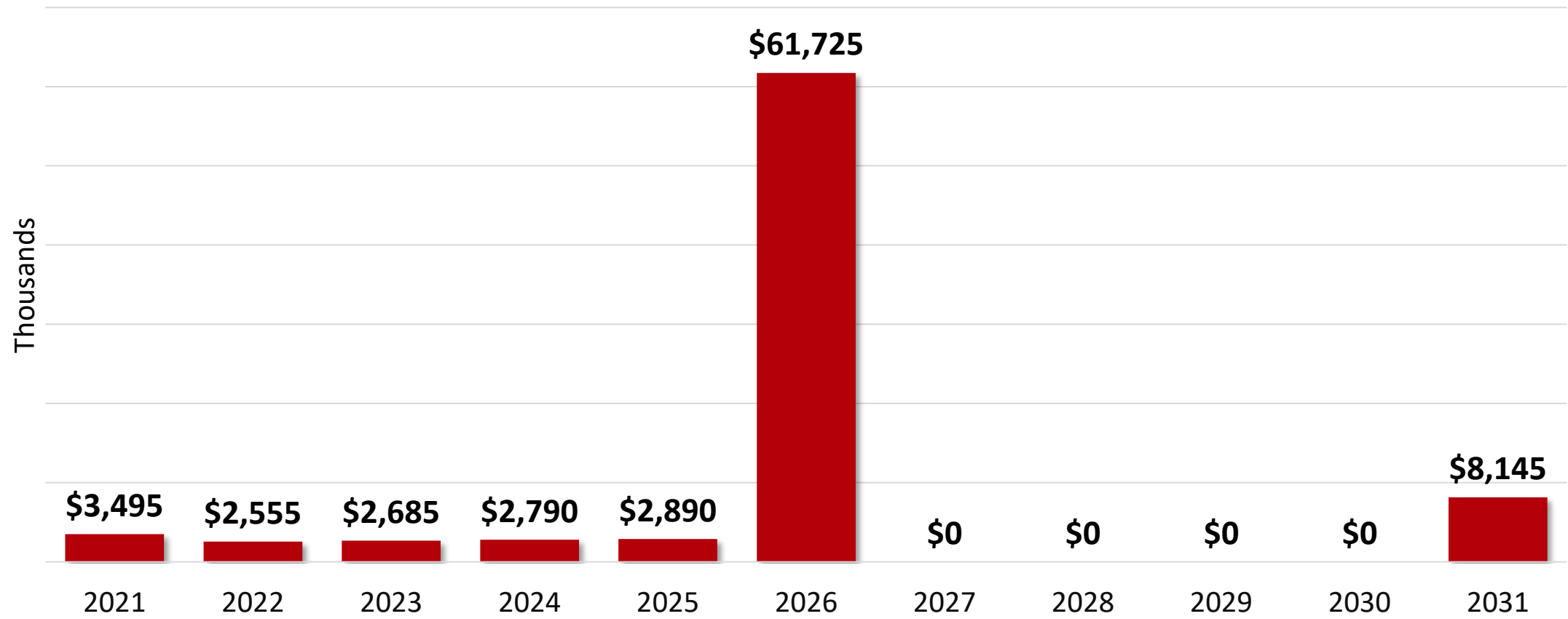
Stanton II General Reserve Will Fund Final Payment

No Additional Rate Impact in 2027 for Balloon Payment



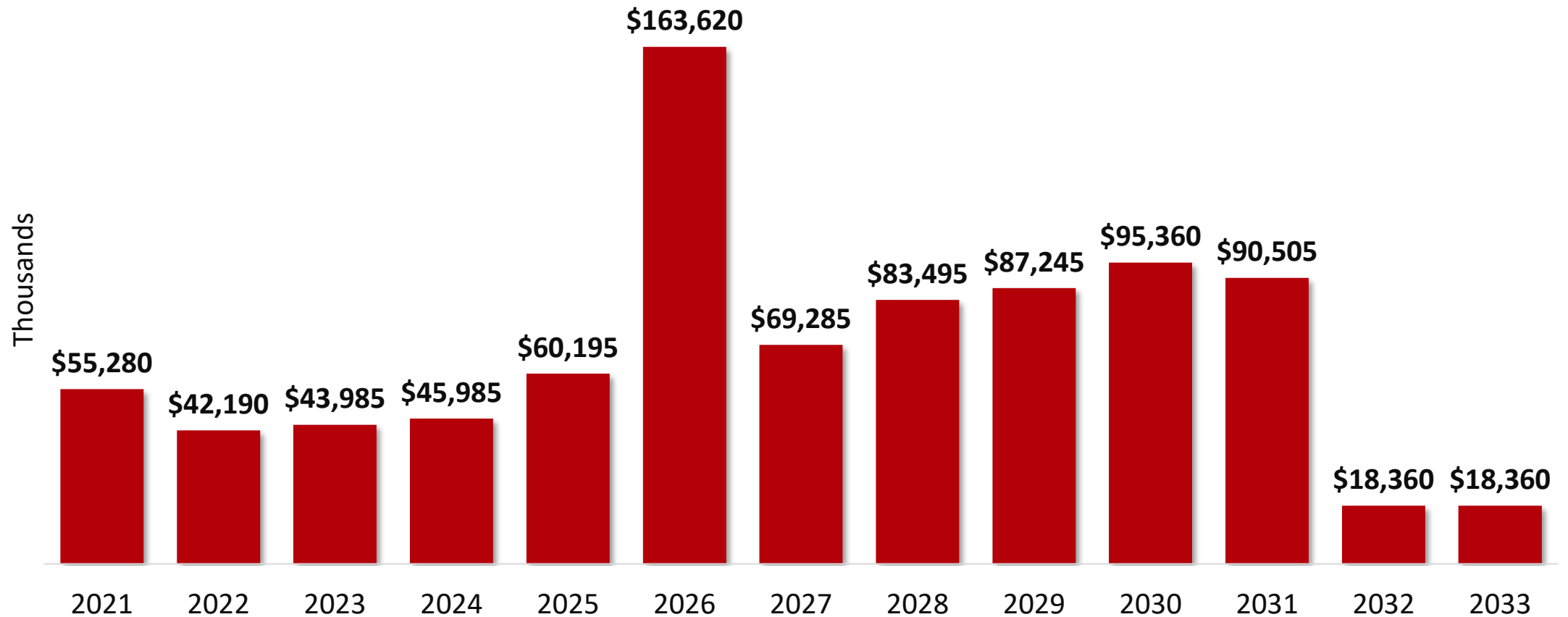
St. Lucie 2021B Transaction Amortizes Balloon Payment

2021B Closes in 2022, Principal Payment 2026 to 2031



ARP Principal Structure Trends with MWh Sales

\$100M Liquidity Funds Due in 2026, Rolled or Replaced w/LOC



Recommendation

- For information only. No action required.

ARP Bonds Purpose of Bonds Summary

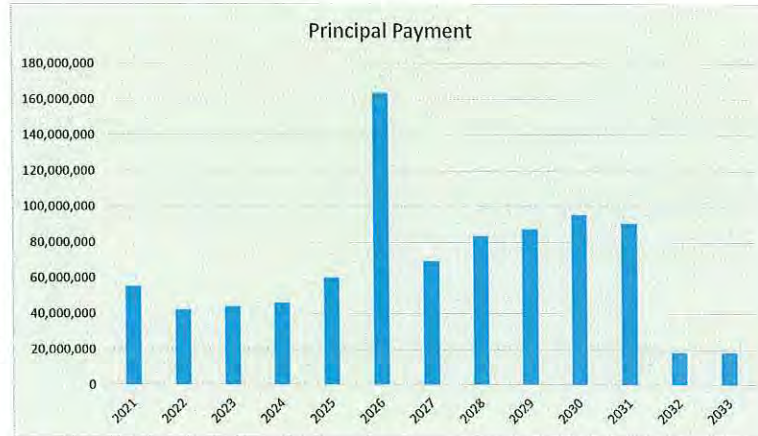
	Total Amount Issued (millions)	Purpose	Amount Outstanding as of 9/30/2021
ARP 2015B	\$115,770,000	Pay off 100% of the Taylor Swap termination fees and draws under the credit agreement	\$92,555,000
ARP 2016A	\$424,120,000	Refunded portion of 2008A and 2009A bonds	\$385,705,000
ARP 2017A	\$69,625,000	Refund 2011A-1, 2011B and interest rate swaps associated with the bonds	\$69,625,000
ARP 2017B	\$52,925,000	Refund 2011A-2 and interest rate swap associated with the bond	\$50,700,000
ARP 2018A	\$57,790,000	Refund all outstanding 2008A Bonds maturing on and after October 1, 2020	\$57,790,000
ARP 2019A	\$75,220,000	Refund 2008C and interest rate swaps associated with the bonds	\$75,220,000
ARP 2019B	\$6,670,000	Refund 2013A bonds	\$5,055,000
ARP 2021A	\$36,720,000	To fund a portion of the ARP Project capital program for the next 3 years	\$36,720,000
ARP 2021B	<u>\$100,495,000</u>	To provide liquidity to FMPA to replace the liquidity provided from existing lines of credit	<u>\$100,495,000</u>
Total	<u>\$939,335,000</u>		<u>\$873,865,000</u>

Non-ARP Bonds Purpose of Bonds Summary

Series	Total Amount Issued (millions)	Purpose	Amount Outstanding as of 9/30/2021
St Lucie 2010	\$20,500,000	Finance capital improvements.	\$2,180,000
St Lucie 2012A	\$58,870,000	Partial refund of the 2000 and 2002 bonds with interest rate swaps	\$58,870,000
St Lucie 2013A	\$24,305,000	Finance capital improvements	\$8,460,000
St Lucie 2021A	\$14,775,000	Refund 2011B bonds	\$14,775,000
Stanton II 2012A	\$77,520,000	Refund 2002. Partial refund of the 2000 and 2004 w/swaps. Finance capital improvements	\$41,020,000
Stanton II 2017A	\$21,888,000	Refund 2000 auction rate securities and interest rate swaps	\$20,727,000
Stanton II 2017B	\$50,019,000	Refund 2004 auction rate securities and interest rate swaps	\$35,495,000
Stanton II 2020-1	\$3,921,350	Pooled Loan refunded 2009A bonds	\$3,498,471
Total	<u>\$271,798,350</u>		<u>\$185,025,471</u>

ARP - CALCULATION BASED ON AVERAGE FY21 BILLING DEMAND

	Average Monthly Billing Demand (MW) FY 2021	% of Total	Bonds, Notes and Loans Outstanding as of 9/30/2021 ¹
Bushnell	11.736	1.0%	8,426
Clewiston	18.876	1.6%	13,552
Fort Meade	9.134	0.8%	6,558
Fort Pierce	96.943	8.0%	69,598
Green Cove Springs	22.333	1.8%	16,033
Havana	4.818	0.4%	3,459
Jacksonville Beach	147.661	12.1%	106,010
KUA	353.415	29.0%	253,726
Key West	136.837	11.2%	98,239
Lake Worth	0.000	0.0%	0
Leesburg	107.759	8.9%	77,363
Newberry	8.687	0.7%	6,237
Ocala	287.118	23.6%	206,130
Starke	11.889	1.0%	8,535
Total	1,217.206	100.0%	873,865

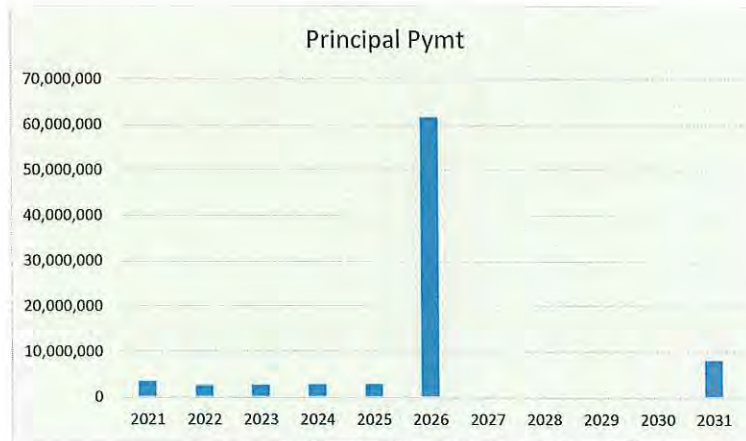


Payment October 1	Principal Payment
2021	55,280,000
2022	42,190,000
2023	43,985,000
2024	45,985,000
2025	60,195,000
2026	163,620,000
2027	69,285,000
2028	83,495,000
2029	87,245,000
2030	95,360,000
2031	90,505,000
2032	18,360,000
2033	18,360,000
Total	873,865,000

Footnote: ARP Participants' percent share of ARP debt payments varies monthly based on their monthly peak demand (less Excluded Resource capacity, if any) during the hour of the ARP system peak. Due to weather and other factors, such allocations can vary significantly from month to month. Additional factors such as varying levels of load growth among the Participants would also impact the allocations over time. Amounts shown are for illustrative purposes only and are based on each Participant's average monthly ARP billing demand during Fiscal Year 2021. It is important to note that this calculation is not the same as the calculation of outstanding ARP debt that each Participant would be required to pay in the event it exercised its right to withdraw from the ARP pursuant to Section 29 of the ARP Contract

ST. LUCIE - Entitlement share by participant

Entitlement Share %	Bonds, Notes and Loans Outstanding as of 9/30/2021 ¹		FY2021 Debt Service Related Budget ^{2,3,4}
		(\$000)	(\$000)
ALACHUA	0.431%	363	34
CLEWISTON	2.202%	1,856	174
FORT MEADE	0.336%	283	27
FORT PIERCE	15.206%	12,816	1,203
GREEN COVE SPRINGS	1.757%	1,481	139
HOMESTEAD	8.269%	6,970	654
JAX BEACH	7.329%	6,177	580
KISSIMMEE	9.405%	7,927	744
LEESBURG	2.326%	1,960	184
LAKE WORTH	24.870%	20,962	1,968
MOORE HAVEN	0.384%	324	30
NEWBERRY	0.184%	155	15
NEW SMYRNA BEACH	9.884%	8,331	782
STARKE	2.215%	1,867	175
ARP	15.202%	12,813	1,203
	100.000%	84,285	7,914



Payment October 1	Principal Pymt
2021	3,495,000
2022	2,555,000
2023	2,685,000
2024	2,790,000
2025	2,890,000
2026	61,725,000
2027	0
2028	0
2029	0
2030	0
2031	8,145,000
	<u>84,285,000</u>

¹ Makes no assumption about any new debt needs.

² Annual debt-service-related budget amounts may vary by year.

³ Use of monies on hand may reduce total debt service budget amounts collected from rates. As of 9/30/2021, \$48,209,276 (par amt) of investments in the General Reserve, Contingency, and Debt Service Reserves related accounts.

⁴ Final debt service payment is October 1, 2031. Plant licensed by NRC to operate until 2043.

Indicates the partial assignment taken from the City of Vero Beach

STANTON II - Entitlement share by participant

	Entitlement Share %	Bonds, Notes and Loans Outstanding as of 9/30/2021 ¹ (\$000)	FY2021 Debt Service Related Budget ^{2,3,4} (\$000)
ARP	16.489%	16,611	2,461
FORT PIERCE	16.489%	16,611	2,461
HOMESTEAD ^A	8.244%	8,305	1,231
KUA ^A	32.977%	33,221	4,922
ST. CLOUD	14.671%	14,780	2,190
KEY WEST	9.893%	9,966	1,477
STARKE	1.237%	1,246	185
	<u>100.000%</u>	<u>100,740</u>	<u>14,927</u>

^A Reflects impact of 100% and 50% Entitlement Share assignments respectively from Lake Worth and Homestead to KUA.

¹ Makes no assumption about any new debt needs.

² Annual debt-service-related budget amounts may vary by year.

³ Use of monies on hand may reduce total debt service budget amounts collected from rates. As of 9/30/2021, \$34,040,755 (par amt) of investments in the General Reserve, Contingency and Debt Service Reserve accounts.

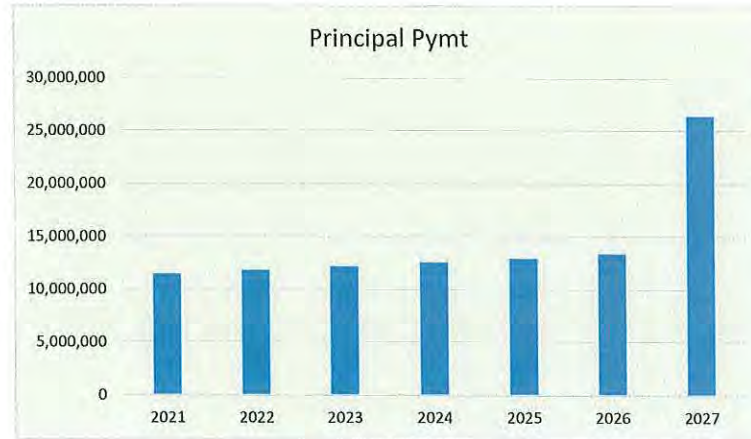
⁴ Final debt service payment is October 1, 2027.

⁵ Funds on hand in 2027 will be used to reduce payment amount to typical amount level.

See note ³ above.

Indicates amounts paid by ARP due to Participant being in the ARP

Indicates the partial assignment taken from the City of Vero Beach



Payment October 1	Principal Pymt
2021	11,449,492
2022	11,806,603
2023	12,170,876
2024	12,558,314
2025	12,927,920
2026	13,388,697
2027	26,438,569 ⁵
	<u>100,740,471</u>

**AGENDA ITEM 9 – INFORMATION
ITEMS**

b. Stock Island Discharge Update

**Executive Committee
February 17, 2022**

EXECUTIVE COMMITTEE

FEBRUARY 17, 2022

9b – STOCK ISLAND DISCHARGE UPDATE

This presentation will be provided at the meeting.

**AGENDA ITEM 9 – INFORMATION
ITEMS**

**c. Capacity Asset Acquisition
Update**

**Executive Committee
February 17, 2022**



9c – Capacity Acquisition Update

Executive Committee

February 17, 2022

ARP Has Total Need Up To ~280 MW Through 2030

Staff Recommending Acquisition As Primary Option for West

- ARP peaking need of ~120-280 MW through 2030
 - Asset retirement 2025
 - PPA expiration 2027
- Lowest cost options recommended:
 - Acquisition of ~220 MW located in strategic area (Duke BA) subject to due diligence
- Economical surplus capacity may provide value to some non-ARP members



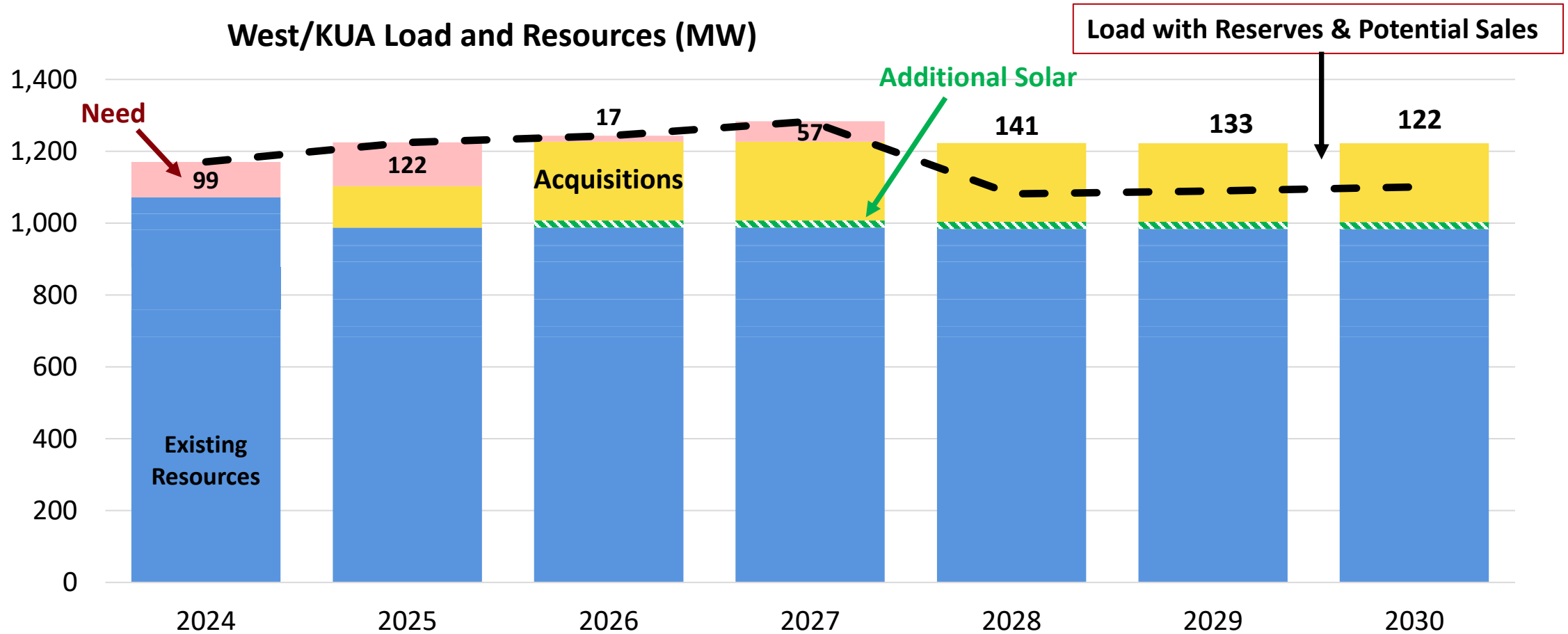
Mulberry



Orange

West/KUA Load Growth Higher w/ Stanton 1 Retirement

Acquisitions Fulfill Need with Timing Flexibility



Current Operation Varies Drastically from FMPPA Need

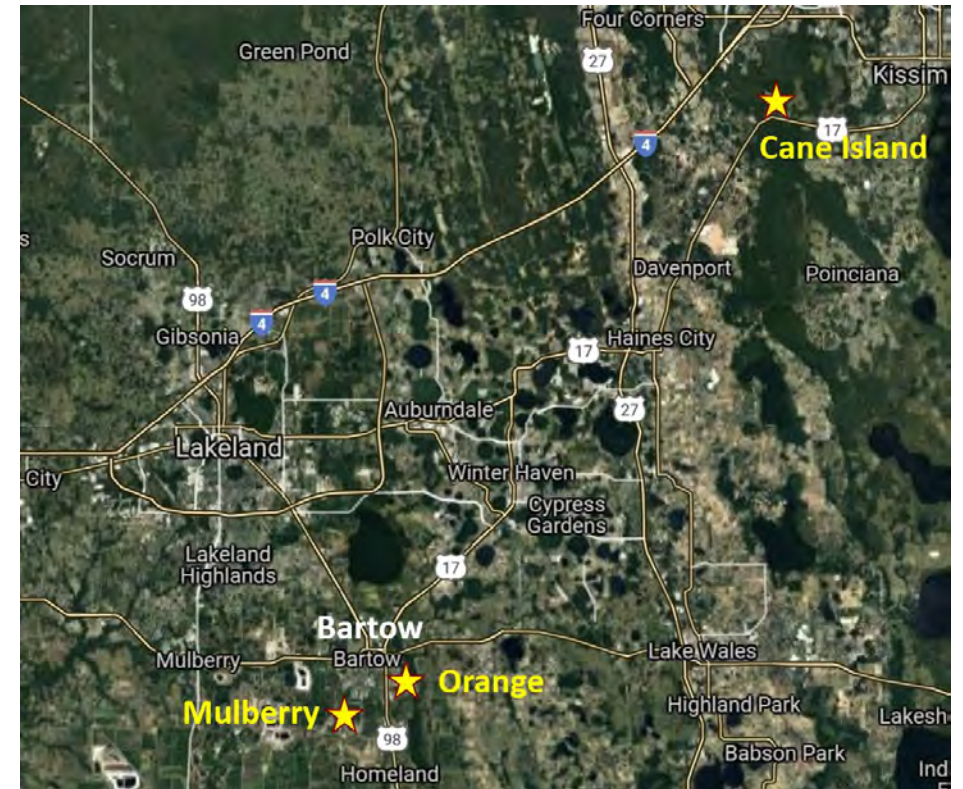
Each Site Currently Has Over 500 Starts Per Year

- Mulberry operation will look more like Cane Island 2
 - Expected to be slightly higher incremental cost than CI 2
 - May need to adjust VOM for zero discharge operating costs
 - No additional firm FGT pipeline capacity planned, need to ensure FGU prices delivered gas daily
- Orange will be “peaking reserve capacity”
 - Limited remaining hours in life of turbines
 - May also need to adjust VOM & other operating parameters for FMPP

Operations Must Be Leaner as Peaking Resources

Overall Model for Staffing And O&M Must Be Efficient & Low-Cost

- Current NS staffing levels in mid-30s with a shared plant manager
- Evaluation suggests 11 staff located at Bartow sites
 - 1 Lead, 2 I&C, 5 operators and 3 mechanics
- Developing staffing plan with consideration for proximity to Cane Island
- Exploring Cane Island remote operational maintenance support
- Orlando can provide planning, outage, engineering, environmental and contractor support
- Existing Mulberry and Orange staff would be considered for opportunities at other FMPA sites



Comprehensive Due Diligence Ongoing and On Schedule

Many Dimensions to be Reviewed Prior to Seeking Approval

Corporate Records, Agreements, Litigation

- Internal Legal
- Nixon Peabody

Financial & Encumbrances

- Internal Finance, Legal
- Nixon Peabody

Employment Matters

- Internal Human Resources, Legal
- Ogleetree Deakins

Property & Assets

- Nixon Peabody, Local Title Agency
- Legal, Finance, Power Resources

Environmental

- Internal Power Resources & Legal
- AECOM

Operational

- Internal Power Resources
- Cane Island Team
- Various External SMEs (next slide)

Operational Diligence Review of All Plant Assets, O&M

Multiple FMPA Contractors Overlap With NS Contractors

Combustion Turbines	<ul style="list-style-type: none"> Orlando, Cane Island & TCEC Team GE (*), FM Global (*)
Generators	<ul style="list-style-type: none"> Orlando, Cane Island & TCEC Team Kim Eiss (*)
Steam Turbines	<ul style="list-style-type: none"> Orlando, Cane Island & TCEC Team GE
HRSG	<ul style="list-style-type: none"> HRST (*) Cane Island and Orlando Team
Rotors	<ul style="list-style-type: none"> GE (*), Cane Island, TCEC, & Orlando Team
Transformers & Switchyard	<ul style="list-style-type: none"> Orlando and Cane Island Team
Zero Discharge Equip	<ul style="list-style-type: none"> Suez and Nalco(*) Orlando Team
Environmental	<ul style="list-style-type: none"> AECOM – Phase 1, Orlando Team
General	<ul style="list-style-type: none"> Orlando, Cane Island & TCEC Team


* Contractor also utilized by Northern Star

Plant Reports Providing Areas to Focus Deeper Review

~20-30 Page Reports Available for Last Several Years

Mulberry YTD
Availability
thru Sept 21
>97%

Mulberry Cogen



Operation and Maintenance
Monthly Report
September 2021

Mulberry Cogeneration Monthly Production Report

Equipment Run Parameters Date: 7/31/2021

Gas Turbine		MTD	YTD
Online hours:	372.12 hrs	372.12 hrs	2114.38 hrs
Starts:	32.00 starts	32.00 starts	276.00 starts
Fired Starts:	32.00 starts	32.00 starts	276.00 starts
Trips:	0.00 trips	0.00 trips	6.00 trips
Forced Outage:	0.00 hrs	0.00 hrs	54.64 hrs
Forgiven Hours:	0.00 hrs	0.00 hrs	315.00 hrs


Gas Turbine Lifetime Stats	
Total Starts:	12050.00
Total Trips:	306.00
Total Peak Fired Hours:	136.50
New Rotor Starts:	5293.00
Total Fired Hours:	105858.50

Steam Turbine		MTD	YTD
Online hours:	363.00 hrs	363.00 hrs	2070.66 hrs

Electrical Generation and Performance		MTD	YTD
Gas Turbine Power:	26797.19 MW	26797.19 MW	152152.18 MW
Steam Turbine Power:	13405.67 MW	13405.67 MW	74935.65 MW
PEF Invoice Net Generation:	38980.00 MW	38980.00 MW	221490.00 MW
PEF Capacity Factor:	95.93% %	95.93% %	95.42% % RCF
Plant Peak Availability:	100.0% %	100.0% %	96.8% %
Site Heat Rate:	8541.05 BTU/kw	8541.05 BTU/kw	8547.24 BTU/kw

July 2021

Orange YTD
Availability
thru Sept 21
>96%



Operation and Maintenance
Monthly Report
September 2021

Orange Cogeneration Monthly Report

Equipment Run Parameters Date: 8/30/2021

Gas Turbine #1		MTD	YTD
Online hours:	189.90 hrs	189.90 hrs	2873.30 hrs
Starts:	23.00 starts	23.00 starts	403.00 starts
Fired Starts:	17.00 starts	17.00 starts	375.00 starts
Failed Starts:	6.00 starts	6.00 starts	28.00 starts
Trips:	0.00 trips	0.00 trips	23.00 trips
Planned Offline Hours:	154.00 hrs	154.00 hrs	154.00 hrs
Forced Outage:	0.00 hrs	0.00 hrs	28.32 hrs
Scheduled Outage:	154.00 hrs	154.00 hrs	154.00 hrs

Gas Turbine #2		MTD	YTD
Online hours:	211.40 hrs	211.40 hrs	2301.90 hrs
Starts:	19.00 starts	19.00 starts	316.00 starts
Fired Starts:	19.00 starts	19.00 starts	291.00 starts
Failed Starts:	0.00 starts	0.00 starts	25.00 starts
Trips:	2.00 trips	2.00 trips	27.00 trips
Planned Offline Hours:	154.00 hrs	154.00 hrs	154.00 hrs
Forced Outage:	0.00 hrs	0.00 hrs	27.48 hrs
Scheduled Outage:	154.00 hrs	154.00 hrs	154.00 hrs

Steam Turbine		MTD	YTD
Online hours:	203.90 hrs	203.90 hrs	2344.85 hrs
Starts:	16.00 starts	16.00 starts	243.00 starts
Trips:	0.00 trips	0.00 trips	1.00 trips
Planned Offline Hours:	154.00 hrs	154.00 hrs	1155.00 hrs
Forced Outage:	3.05 hrs	3.05 hrs	10.65 hrs
Scheduled Outage:	154.00 hrs	154.00 hrs	154.00 hrs

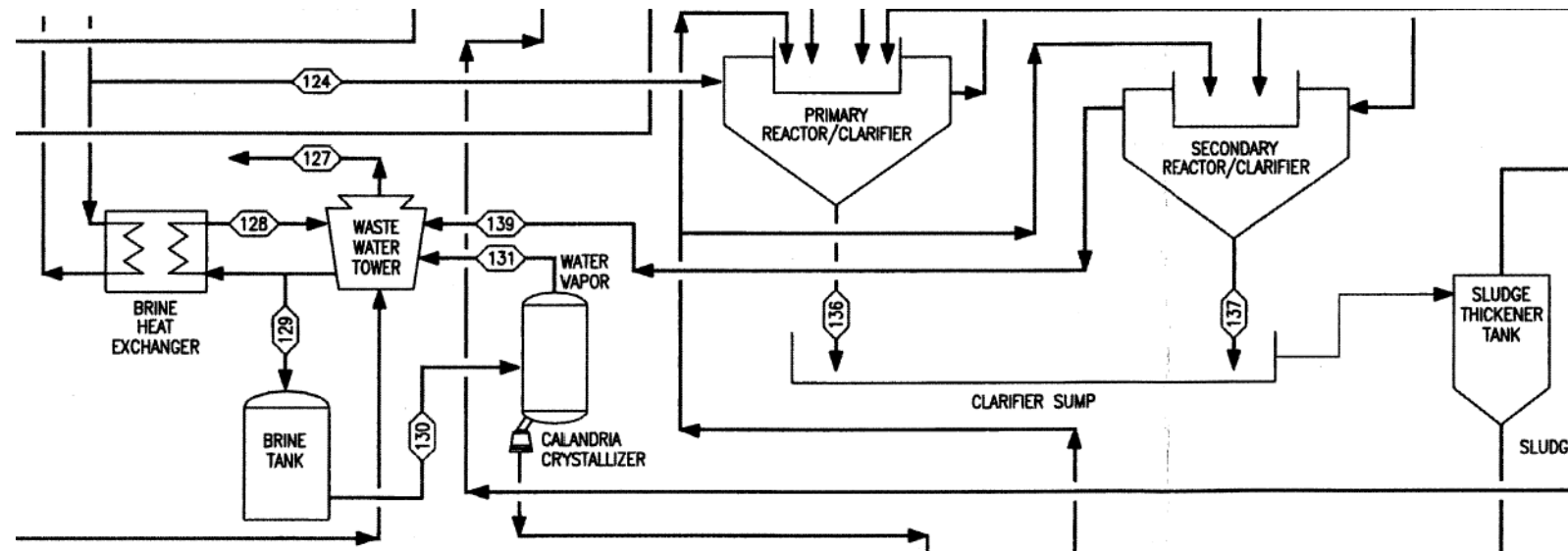
Gas Turbine Installed Fire Hours	
190-207	39354.50 hrs In Service GT1
190-202	28745.90 hrs In Service GT2
190-206	29314.90 hrs Spare

Electrical Generation and Performance		MTD	YTD
Net Generation:	19128.92 MW	19128.92 MW	284234.92 MW
Duke Capacity Factor:	94.42% %	94.42% %	92.41% % RCF
Plant Availability:	99.7 %	99.7 %	96.7 %
GT1 Availability:	100.0 %	100.0 %	95.9 %
GT2 Availability:	100.0 %	100.0 %	91.7 %
STG Availability:	99.1 %	99.1 %	99.6 %
Total Site Fuel:	132923.10 mmBTU	132923.10 mmBTU	2464098.13 mmBTU
Total Site Fuel - AXBI:	141278.90 mmBTU	141278.90 mmBTU	2281728.23 mmBTU
Site Heat Rate:	7909.11 BTU/kw	7909.11 BTU/kw	8669.19 BTU/kw
Site Heat Rate - AXBI:	7885.62 BTU/kw	7885.62 BTU/kw	8927.62 BTU/kw

Zero Discharge will be Unique to FMPA Sites

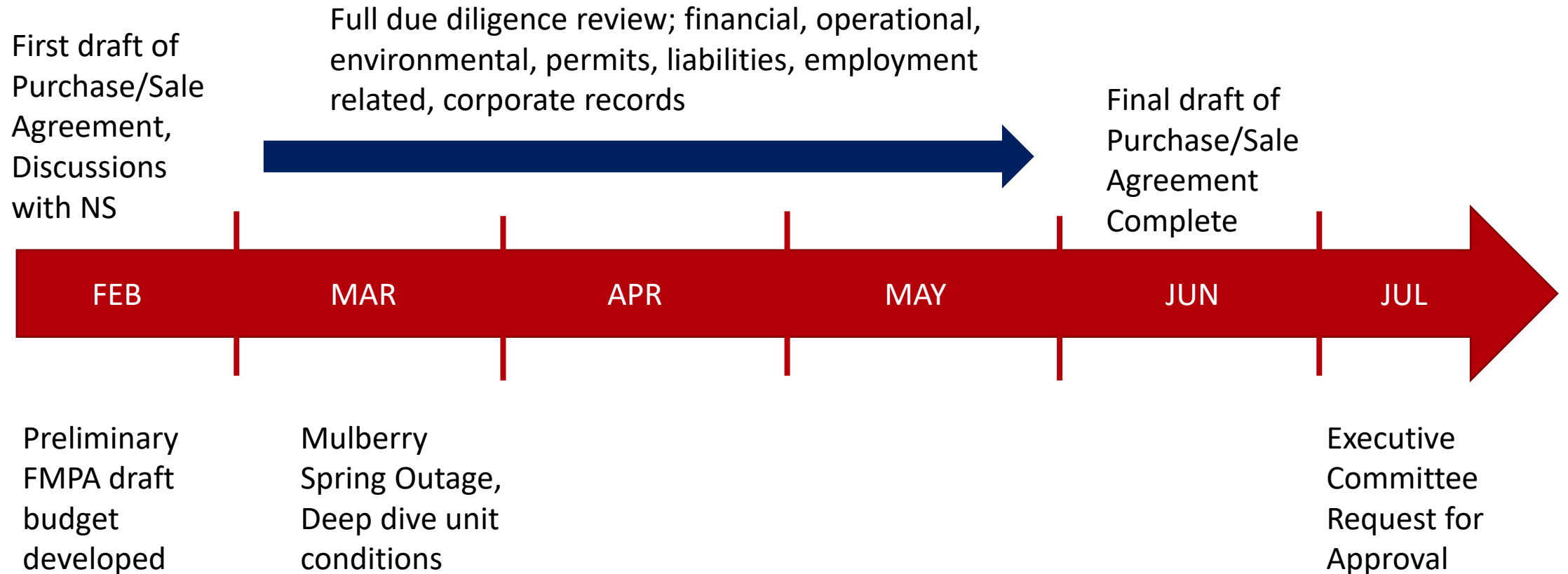
Heavy Due Diligence Focus to Understand Expenses

- Staff able to lean on expertise from Suez as well as OUC
- No significant concerns for environmental and financial impacts



Four to Six Months to Complete Required Diligence

Schedule Dependent on Full Business and Operational Reviews



**AGENDA ITEM 9 – INFORMATION
ITEMS**

**d. Natural Gas Proactive
Management**

**Executive Committee
February 17, 2022**



9d – Natural Gas Market Changes and Potential for Proactive Management

Executive Committee

February 17, 2022

Oil and Natural Gas Markets in U.S. Fundamentally Changing

Era of Abundant Supply and Infrastructure Ending

- Last 10 years, U.S. benefitted from fracking and new pipelines to meet rising demand cost effectively
- Energy prices declined from highs in 2008/09 to lows in 2019/20
 - Being short in market usually worked to buyer's advantage, spot lower than forwards
- Starting in 2021, concerted effort at all Federal Agencies to restrict fossil fuel production and pipeline expansions
- Access to capital has declined and return expectations of investors increase for oil/gas
- Federal Judges blocked new oil/gas leases and pipeline requiring Climate Change studies
- Global and national energy prices up 59% over last year and leading inflation
- Risk skewed to volatile price increases due to supply constraints

Change in Natural Gas Market Fundamentals Impacts

FMPA's Ability to Manage Price Risk for Members

- FMPA fuel expenses projected to be up \$90 million in FY22 compared to Budget
- Volatility increasing leading to February Nymex “Short Squeeze” up \$1.77/mmbtu in last 4 hours to \$6.27/mmbtu
- Risk policy allows for only pricing month ahead and daily pricing within month
- Risk skewed to volatile price increase due to supply constraints
- Futures for mid 2023 through 2025 still favorable to rates in mid to low \$70s
 - Gas Below \$3.50/mmbtu for most of the period
- Forward pricing mid 2023 though 2025 is roughly the ~55th percentile over last 11 years
- Opportunity to bring some price certainty at reasonable value

Futures Now At 10-Year Highs

Price Increases Linked to Supply/Demand Fundamentals

- Number of drivers will have long-term impacts on markets
 - New Leases and wells permitting issues
 - Pipeline approval denials or delays
 - Reduced access to capital for fossil projects – higher rates
- Likely upward price pressure to continue with Agencies direction even if Congress changes party

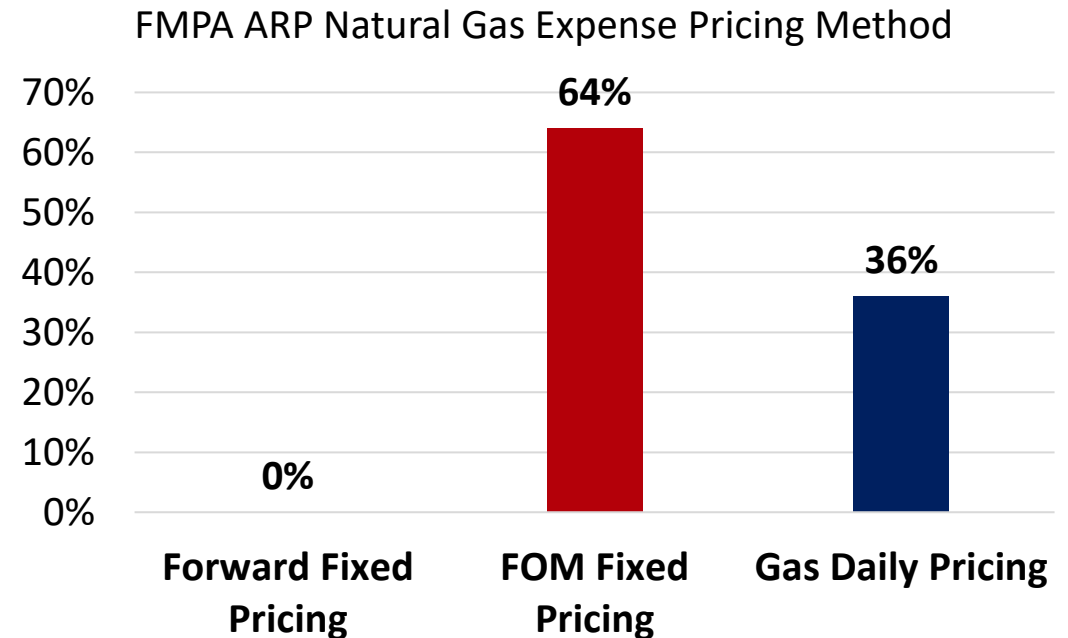
Nymex Settlement History



100% ARP Natural Gas Pricing Set 1 Month Out and Daily

First of Month (FOM) & Gas Daily Experiencing Similar Price Spikes

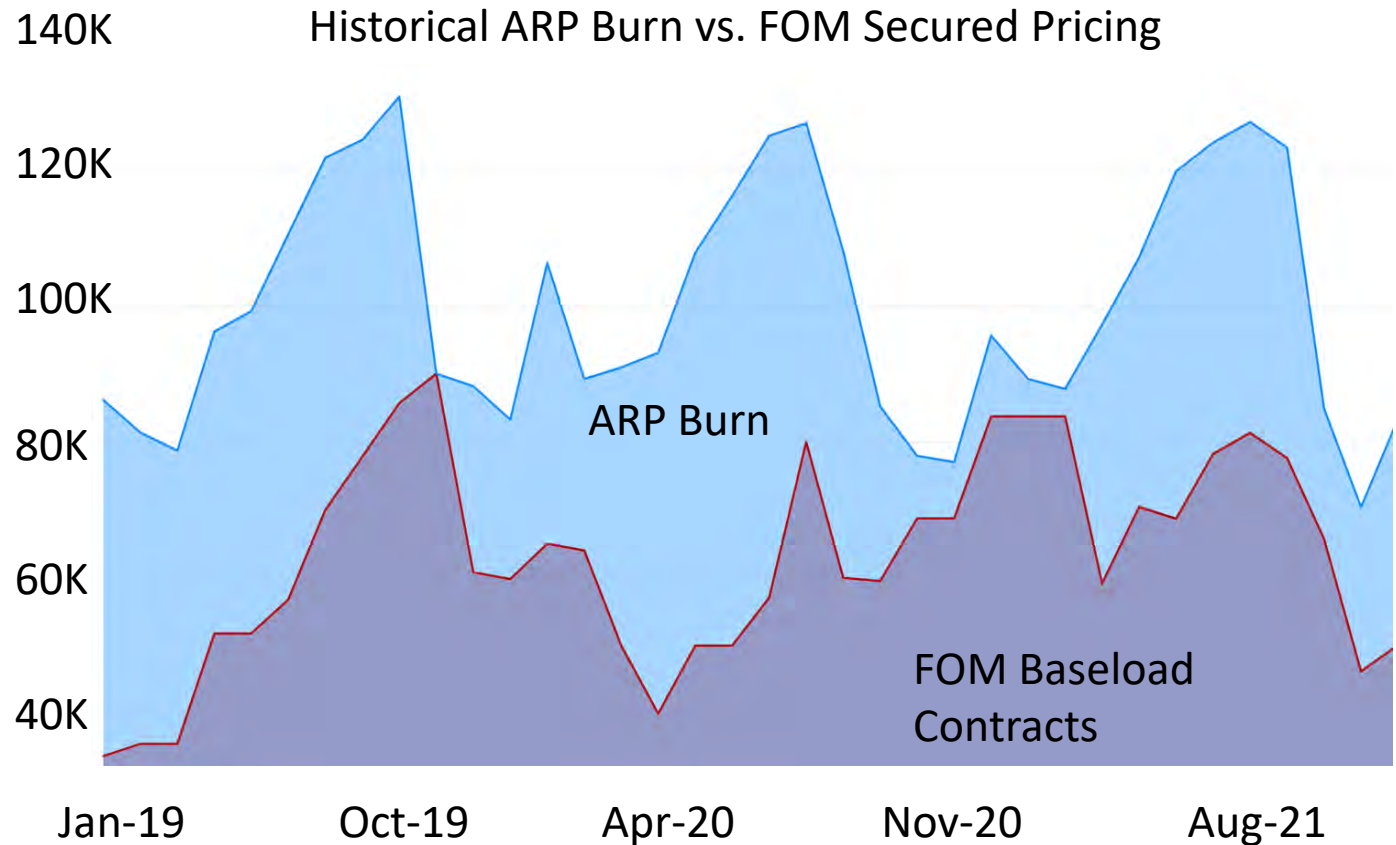
- ARP leaves natural gas pricing to a combination of First-of-Month (FOM) and Gas daily (GD) index pricing
- No forward price certainty beyond 1 month out
- Pre-pay contracts settle against the FOM pricing indices
- Volatile market conditions leave few monthly tools to manage price risk



FMPA Staff and FGU Coordinate On Monthly Purchases

Short-Term Price Signals Much More Volatile Than Long-Term

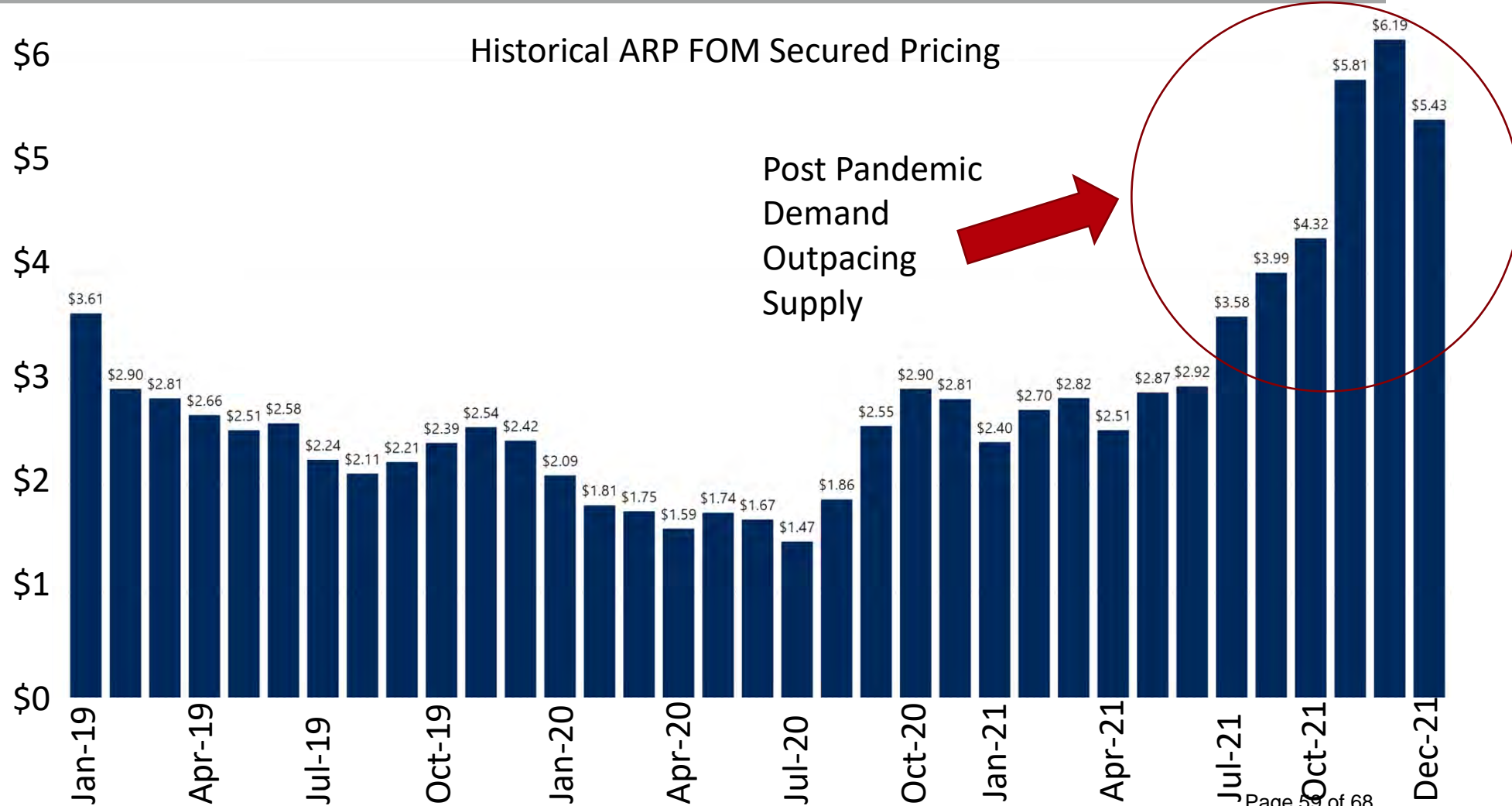
- Staff and FGU have discretion to secure some level of pricing against FOM Index
- Part of FOM pricing tied to Nymex Futures contract
- Remaining FOM pricing tied to “Bid Week” where prices are established as the average of the last five trading days of physical contracts



First-of-Month (FOM) Prices Trending Higher

Prices 100% Higher Than a Year Ago

- Pricing ~\$4/MMBtu higher than pandemic lows
- FOM pricing now exceeding pre pandemic levels
- Forward pricing currently exceeds \$5/MMBtu until Spring 2023



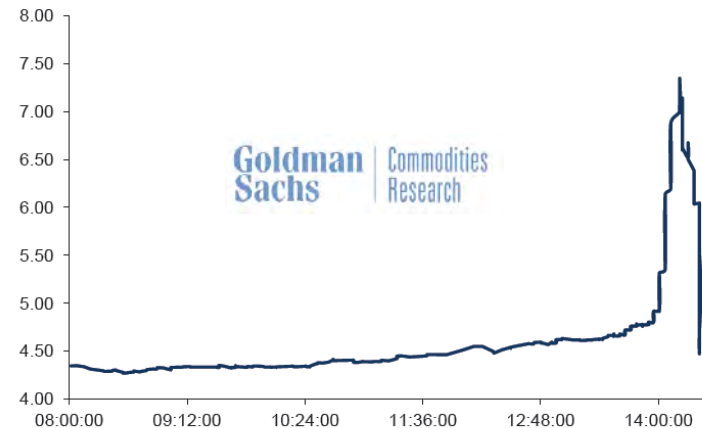
Tight Liquidity Resulted in Feb FOM Price Spike

Prices Jumped Above \$6.00/MMBtu in the last 30 Min of Trading

- Traders who had sold gas contracts without underlying supply (short sales) likely drove the price spike
- Price spikes near contract expiration becoming increasingly common, but not typically this high

Exhibit 1: Prompt NYMEX natural gas prices spiked near the close at the February contract expiration

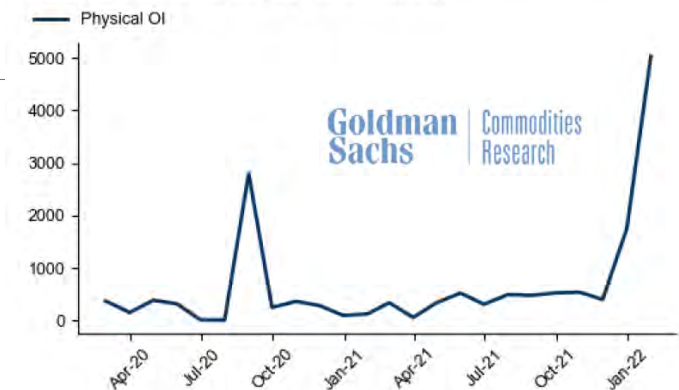
Intraday values of NYMEX gas Feb22 contract on Jan 27, \$/mmBtu



Source: Bloomberg

Exhibit 5: We think that the surge was caused by a short squeeze, as physical open interests were abnormally high for Feb 22 Henry Hub

Physical open interest for the US natural gas contract expiring that month as of the last trading day of the contract



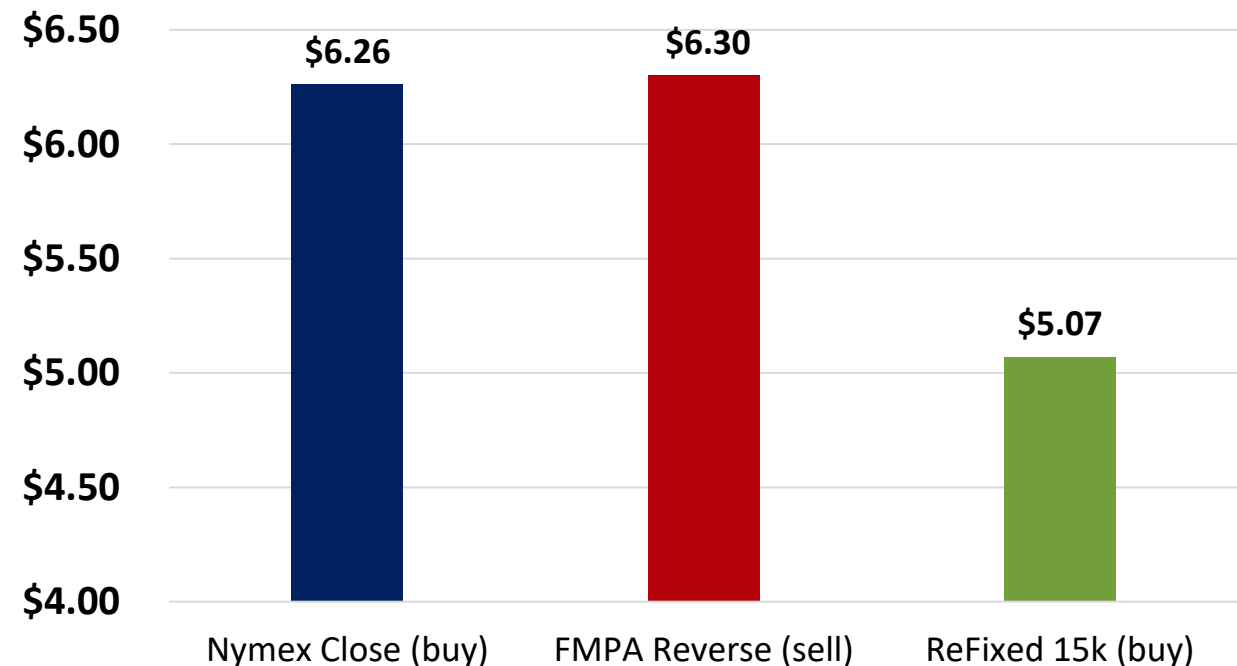
Source: Bloomberg

Staff & FGU Proactively Managing February

FMPA Directed FGU to Reverse Some Bid Week Positions In Response to Spike

- Reversed 30,000 MMBtus/day of FOM purchases
- Reduced exposure to price spike of Nymex Feb. settlement
- Volumes then exposed to Feb. daily cash prices
- Actively managing price risk within month, closed out 15k Mmbtus of original 30k
- Reclaimed ~\$600,000 of value so far

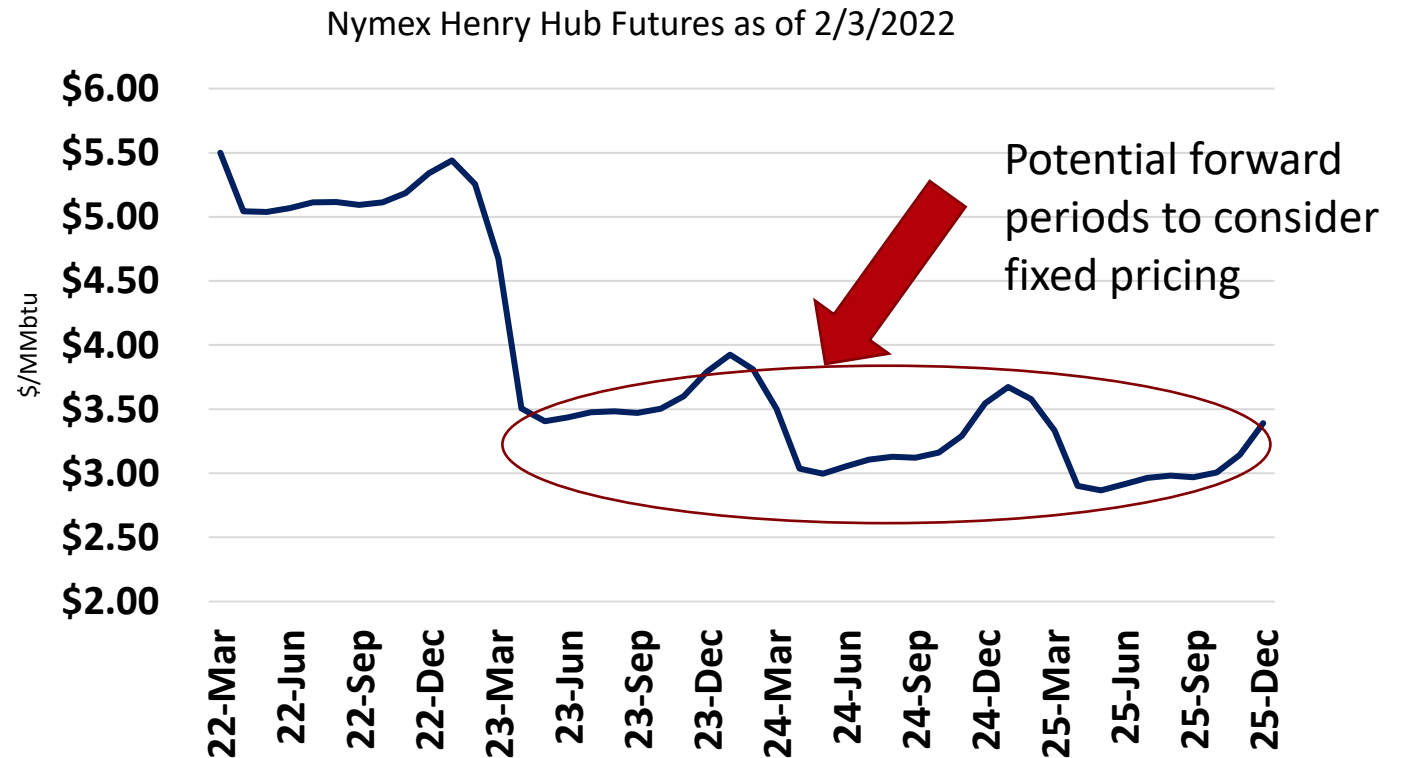
Feb 2022 Physical Nat Gas Pricing



Opportunities Remain in 2023-2025 To Secure Pricing

Post April 2023 Majority of Months Below \$3.50/MMBtu

- Staff evaluating potential to secure fixed prices when tied to rate objectives
- Securing pricing sub \$3.50/mmbtu supports ARP rates \$15/MWh below current levels
- Recommend considering securing declining amounts of 40% - 20% of projected burn in 2023 - 2025



Comprehensive Evaluation of Fuel Expense Management

Staff Reviewing and Will Present Alternatives to Executive Committee

- Fixing forward pricing requires detailed reviews;
 - Annual burn requirement available to physical fixed pricing
 - Pre-pay impacts
 - Appropriate pricing targets
 - Target and maximum prudent volumes to fix pricing
 - Liquidity impacts
 - Timing
- A number of other proactive management techniques being considered
 - More defined criteria related to natural gas storage
 - Monthly FOM pricing and position management
 - Assessment of optimization of pipeline capacity given forthcoming SEC and potential NS changes

**AGENDA ITEM 9 – INFORMATION
ITEMS**

**e. Summary of Finance Committee
Items**

**Executive Committee
February 17, 2022**



Summary of Finance Committee Items

BOD 9d / EC 9e

Board of Directors & Executive Committee

February 17, 2022

Other Items

Review and/or Approval Required

- Results of Stanton II debt transaction
- Annual Continuing Disclosure Report
- Approval of Risks Policy changes

**AGENDA ITEM 10 – MEMBER
COMMENTS**

**Executive Committee
February 17, 2022**

AGENDA ITEM 11 – ADJOURNMENT

**Executive Committee
February 17, 2022**