



ARP EXECUTIVE COMMITTEE AGENDA PACKAGE

MARCH 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: 313 033 47#

Committee Members

Howard McKinnon, Havana - Chairman

Lynne Tejada, Key West – Vice Chairwoman

Steve Macholz, Bushnell

Lynne Mila, Clewiston

Jan Bagnall, Fort Meade

Javier Cisneros, Fort Pierce

Robert Page, Green Cove Springs

Allen Putnam, Jacksonville Beach

Larry Mattern, Kissimmee

Brad Chase, Leesburg

Mike New, Newberry

Doug Peebles, Ocala

Drew Mullins, 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: March 8, 2022
 RE: FMPA Executive Committee Meeting
Thursday, March 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 313 033 47#

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

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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
March 17, 2022**

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

**Executive Committee
March 17, 2022**

**AGENDA ITEM 3 – RECOGNITION OF
GUESTS**

**Executive Committee
March 17, 2022**

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

**Executive Committee
March 17, 2022**

VERBAL REPORT

AGENDA ITEM 5 – COMMENTS FROM THE CHAIRMAN

**Executive Committee
March 17, 2022**

VERBAL REPORT

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

**Executive Committee
March 17, 2022**

**AGENDA ITEM 7 – CONSENT
AGENDA**

- a. Approval of the Minutes –
Meetings Help February 17, 2022
and ARP Telephonic Rate
Workshop Help February 15, 2022**

**Executive Committee
March 17, 2022**

CLERKS DULY NOTIFIED FEBRUARY 8, 2022
AGENDA PACKAGES POSTED FEBRUARY 8, 2022

MINUTES
EXECUTIVE COMMITTEE MEETING
THURSDAY FEBRUARY 17, 2022
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL 32819

PARTICIPANTS
PRESENT:

Steve Macholz, Bushnell
Lynne Mila, Clewiston
Paul Jakubczak, Fort Pierce
Bob Page, Green Cove Springs
Howard McKinnon, Havana
Allen Putnam, Jacksonville Beach (via telephone)
Lynne Tejeda, Key West (via telephone)
Larry Mattern, Kissimmee
Brad Chase, Leesburg (via telephone)
Bill Kaufman, Ocala (via telephone)

OTHERS
PRESENT

Brad Hiers, Bartow
Javier Cisneros, Fort Pierce
Barbara Quiñones, Homestead
Claston Sunanon, Orlando

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
Chris Gowder, Business Development and System Operations Director
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
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
Susan Schumann, Public Relations and External Affairs Manager
Mark McCain, Vice President, Member Services and Public Relations
Ryan Dumas, Senior Public Relations Specialist
Rachel Ilardi, Public Relations Specialist
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 10:50 a.m., Thursday, February 17, 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: Paul Jakubczak, Fort Pierce, moved approval of the agenda as presented. Larry Mattern, Kissimmee, seconded the motion. Motion carried 10 – 0.

ITEM 3 – RECOGNITION OF GUESTS

None

ITEM 4 – PUBLIC COMMENTS

None

ITEM 5 – COMMENTS FROM THE CHAIRMAN

Chair Howard McKinnon said we have some info items on the agenda and would encourage good discussion on them.

Chair McKinnon reported that Paul Jakubczak, Fort Pierce, is leaving to be the Utilities Director for Coldwater, Michigan.

ITEM 6 – REPORT FROM GENERAL MANAGER

Jacob Williams said he had nothing further to report.

ITEM 7 –CONSENT AGENDA

Item 7a – Approval of Meeting Minutes – Meeting Held January 20, 2022 and ARP Telephonic Rate Workshop Help January 11, 2022

Item 7b – Approval of the Treasury Reports – As of December 31, 2022

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

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

MOTION: Paul Jakubczak, Fort Pierce, 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. None

ITEM 9 – INFORMATION ITEMS:

a. Annual Debt Report as of September 30, 2021

The annual debt report as of September 30, 2021 was presented to the Board. No further questions or discussion.

b. Stock Island Discharge Update

Ken Rutter gave an update and status of the Stock Island discharge.

c. Capacity Acquisition Update

Ken Rutter presented information on the capacity acquisition update.

d. Natural Gas Market Changes and Potential for Proactive Management

Jacob Williams presented an update on the natural gas market changes and potential for proactive management. Discussion ensued. Members agreed that they did not want to make any changes to the current gas procurement until after the mid-term elections in November.

e. Summary of Finance Committee Items

Linda S. Howard reported on the Finance Committee items that will be brought back to the Board of Directors for approval.

ITEM 10 – Member Comments

None

ITEM 11 – Adjournment

There being no further business, the meeting was adjourned at 12:18 p.m.

Howard McKinnon
Chairman, Executive Committee

Sue Utley
Assistant Secretary

Approved: _____

Seal

PUBLIC NOTICE SENT TO CLERKS..... FEBRUARY 8, 2022
AGENDA PACKAGES SENT TO MEMBERS FEBRUARY 8, 2022

**MINUTES
EXECUTIVE COMMITTEE
ALL-REQUIREMENTS POWER SUPPLY PROJECT
TELEPHONIC RATE WORKSHOP
TUESDAY, FEBRUARY 15, 2022
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FLORIDA 32819**

COMMITTEE MEMBERS PRESENT VIA TELEPHONE

Christina Simmons, Bushnell
Javier Cisneros, Fort Pierce
Howard McKinnon, Havana
Larry Mattern, Kissimmee
Marie Carter, Leesburg
Maria Brooks, Doug Peebles, Ocala

*arrived after roll call.

COMMITTEE MEMBERS ABSENT

Lynne Mila, Clewiston
David Lord, Fort Meade
Bob Page, Green Cove Springs
Allen Putnam, Jacksonville Beach
Lynne Tejeda, Key West
Mike New, Newberry
Drew Mullins, Starke

STAFF PRESENT

Jacob Williams, General Manager and CEO (via telephone)
Ken Rutter, COO
Linda S. Howard, CFO
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 and Roll Call

Howard McKinnon, Havana, Chair, called the Executive Committee All-Requirements Telephonic Rate Workshop to order at 2:00 p.m. on Tuesday, February 15, 2022, via telephone. A speaker telephone for public attendance and participation was located in the Executive Conference Room at Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, Florida.

Item 2 – Review of December ARP Rate Calculation

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

Item 3 – Member Comments

None

4. – Adjournment

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

Approved

LT/su

**AGENDA ITEM 7 – CONSENT
AGENDA**

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

**Executive Committee
March 17, 2022**



AGENDA PACKAGE MEMORANDUM

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

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

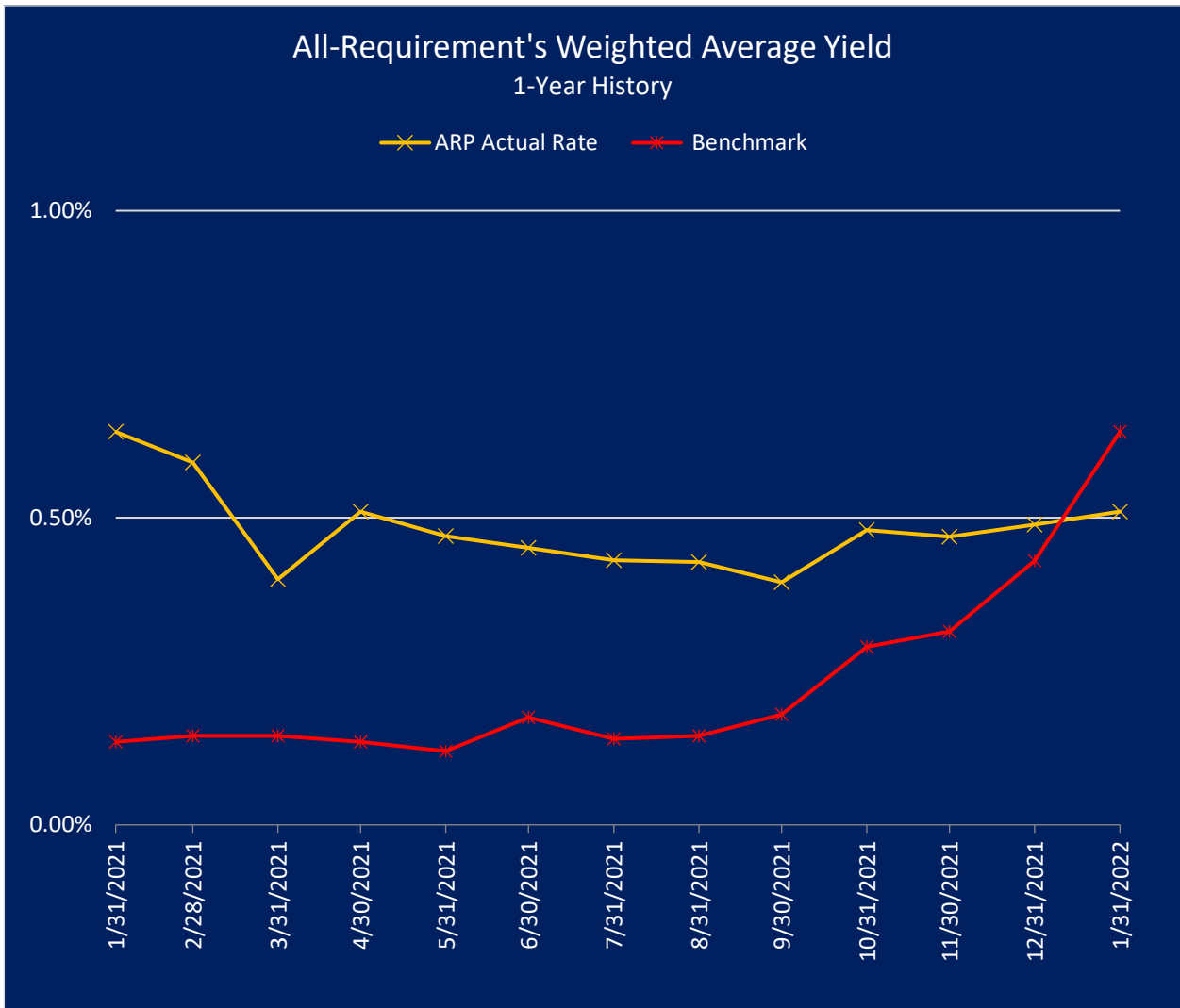
Debt Discussion

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

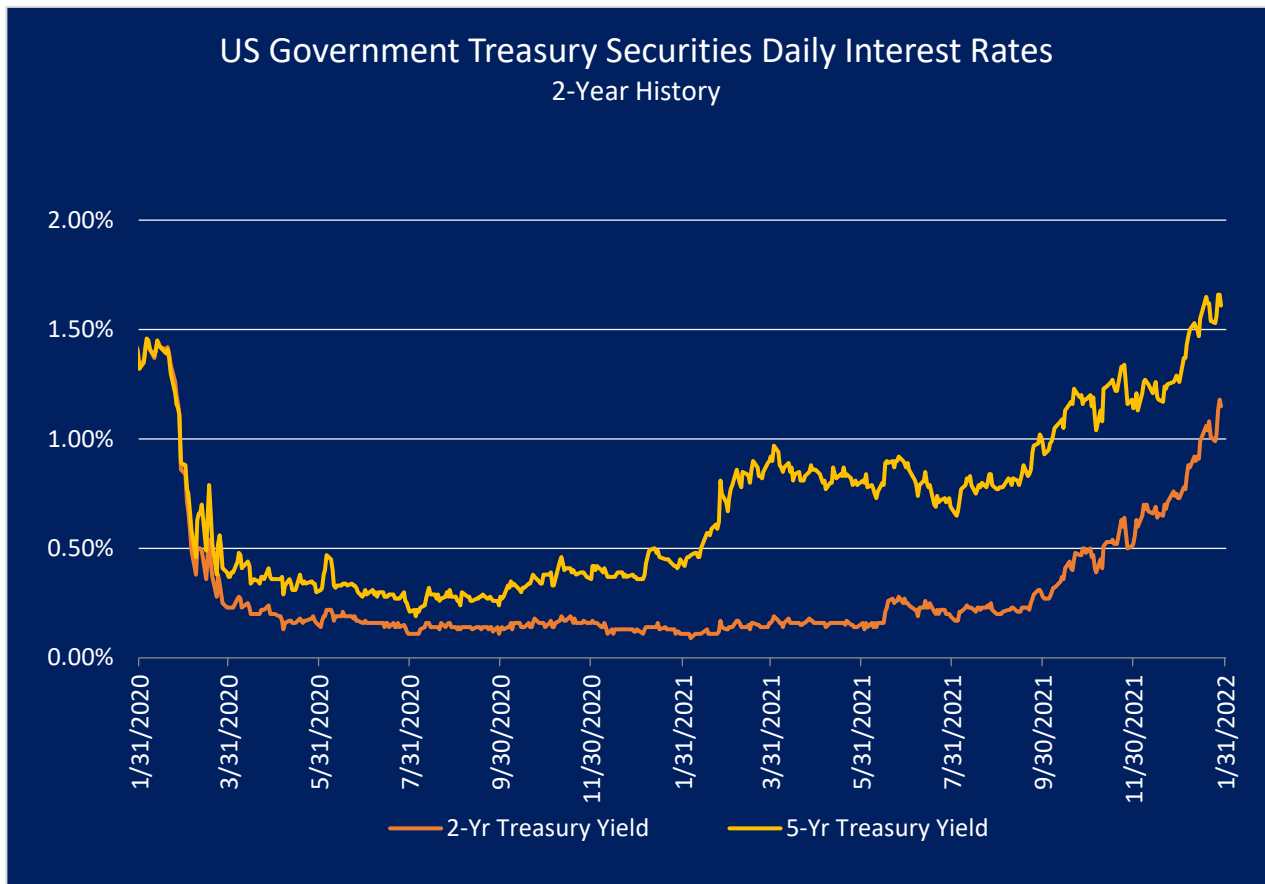
Investment Discussion

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 January 31, 2022, the All-Requirements Project investment portfolio earned a weighted average yield of 0.51%, 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 January at 1.15 %. The yellow line is the 5-year Treasury which was 1.61%.



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

Recommended
Motion

Move for approval of the Treasury Reports for January 31, 2022

**AGENDA ITEM 7 – CONSENT
AGENDA**

- c. Approval of the Preliminary
Agency and All-Requirements
Project Financials as of January
31, 2022**

**Executive Committee
March 17, 2022**



Linda S. Howard, CPA, CFP
Chief Financial Officer

MEMORANDUM

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

Discussion: The summary and detailed financial statements, which include GASB #62 transactions, of the Agency and All- Requirements Project for the period ended January 31, 2022 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 January 31, 2022.

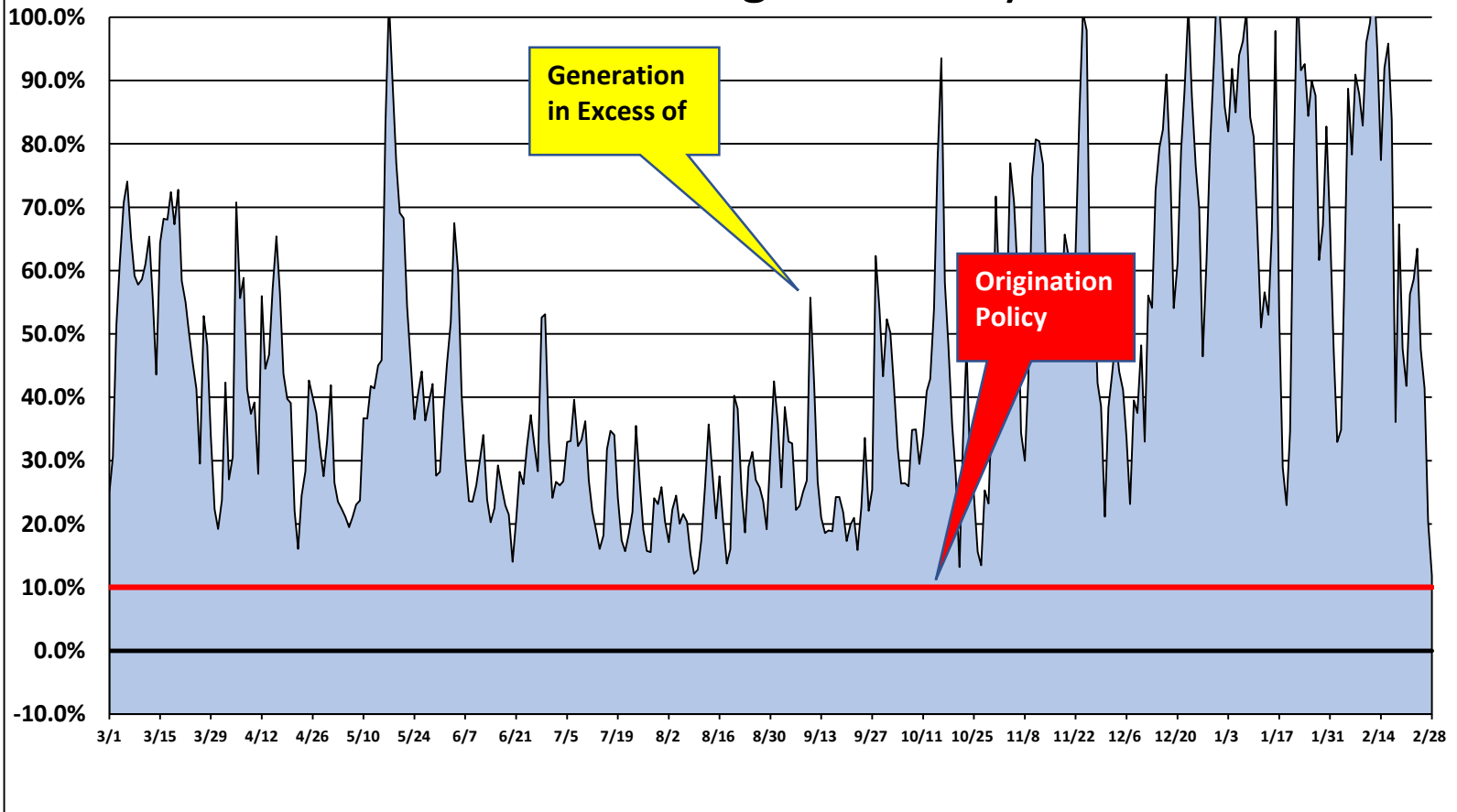
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**AGENDA ITEM 7 – CONSENT
AGENDA**

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

**Executive Committee
March 17, 2022**

ARP Daily Reserve Margins March 2022 through February 2023



AGENDA ITEM 8 – ACTION ITEMS

- a. Approval of Power Supply and Resource Planning Policy**

**Executive Committee
March 17, 2022**



8a – Approval of Power Supply and Resource Planning Policy

Executive Committee

March 17, 2022

Power Supply and Resource Planning Policy

Major Areas Covered

- Long-term planning - Integrated Resource Planning (IRP)
- Internal controls – Regulatory Compliance
- Reporting – IRP Reporting

Power Supply and Resource Planning Policy

Changes to the Policy

Section	Changes
1.0	Added language clarifying when IRP is required – \$25M capital asset investment will trigger IRP
4.2	Added language to identify when Resource and Strategic Planning Manager needs to present to EC various supply-side and demand-side resource options developed
5.2	Identified which regulatory standards FMPA is to follow to maintain compliance
6.1.1	Added language tying reporting to threshold established in Section 1.0. More formal reporting is required if Ten-Year Site Plan identifies need with expected NPV in excess of \$25M.
Throughout	Administrative updates – Title corrections and formatting

Recommended Motion

- Move approval of the attached Power Supply and Resource Planning Policy.

FLORIDA MUNICIPAL POWER AGENCY
RISK MANAGEMENT POLICY - APPENDIX H
POWER SUPPLY AND RESOURCE PLANNING POLICY
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**POWER SUPPLY AND RESOURCE PLANNING
RISK MANAGEMENT POLICY
FOR FLORIDA MUNICIPAL POWER AGENCY**

This Power Supply and Resource Planning 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 planning for long-term power supply resources. This Policy is Appendix H of the FMPA Risk Management Policy.

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1.0 Policy Statement

The Executive Committee (EC), as members of the All Requirements Power Supply Project (ARP), of FMPA recognizes that FMPA is exposed to various risks in the normal course of business activities. There may be times when FMPA will determine that certain risks are above the preferred risk tolerance level of FMPA and its members. FMPA is hereby 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 ability of the Agency to provide reliable and affordable power.

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The following summarizes the Policy of the EC:

- ❖ FMPA shall follow all applicable federal, state, and local laws or regulations concerning the planning for power supply resources.
- ❖ Planning for long-term resources to meet electrical load requirements shall consider all available reasonable alternatives and result in business strategies designed to achieve a highly reliable and economic power supply portfolio.
- ❖ FMPA shall annually file a Ten-Year Site Plan consistent with Florida Public Service Commission requirements and report upon the results of the plan to the EC annually.
- ❖ FMPA shall prepare, at least once every two years, a Strategic Planning slide deck that includes elements of the Ten-Year Site Plan and other key resource

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planning considerations similar in nature to an Integrated Resource Plan (“IRP”) for purposes of a detailed Strategic Planning session with the FMPA Governing Bodies (Board and EC).

- ❖ A more formal IRP process shall be brought to the appropriate governing body (BOD or EC), if the Ten-Year Site Plan identifies a need with an expected NPV capital cost in excess of \$25 million, with consideration given to allow sufficient lead time to implement the IRP findings (if different from findings and outcomes of the Strategic Planning process conducted at least once every two years).
- ❖ Authority is delegated to the Chief Operating Officer to create procedures in support of and to administer this policy.
- ❖ Deviations from this Policy shall be reported to the Finance Committee (FC).

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2.0 Scope

The Interlocal Agreement forming FMPA states that the Agency may among other things undertake financing, acquiring, constructing, managing, operating, utilizing, and owning capacity and energy supply resources, either with or without the participation of other electric utilities or any other joint electric supply project. The Agency is also empowered to investigate the desirability of and necessity for additional sources and supplies of electrical energy and associated fuel and delivery options without limitation. The planning of Agency power supply resources is conducted by the Power Resources Division.

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For this Policy, “long-term resources” shall mean power supply resources where the need is projected to occur three years or greater into the future from the start of the planning period. Staff, under the direction of the Resource and Strategic Planning Manager, shall coordinate with staff under the direction of the Business Development and System Operations Director for those power supply resources that are required within three years of the planning period. This Policy addresses long-term resource

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planning. The acquisition of short-term resources is addressed in the Origination Policy, Appendix K of this FMPA Risk Management Policy.

3.0 Types of Risk

This Policy establishes minimum standards to support an Agency-wide atmosphere of proper control levels to ensure effective planning for affordable and reliable power. The Chief Operating Officer 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 any identified risks. While not intended to be an all-inclusive listing of risks that may be encountered by FMPA during the normal course of its business cycle, the following provides insight into the major areas of long-term resource planning related risk exposure for FMPA and the ARP.

3.1 Operational Risk

The potential risk of loss resulting from inadequate or failed internal processes, people and/or systems, or events from external sources. An example of operational risk would be the FMPA planned long-term power supply resources were not adequate to meet forecasted electricity demand. This resource shortfall could cause the Agency to meet future electricity demands by less economical means than what could have been planned. Operational risk can also stem from holding an excessively long position in which FMPA maintains more power supply resources than needed. These types of planning failures could also lead to financial and/or reputation harm.

3.2 Strategic Risk

The risk that the policies and actions of management and/or governing bodies do not promote the successful attainment of organization goals and objectives. An example of strategic risk might occur if the power supply alternatives considered during the planning process do not match the goals set by the Agency and/or the ARP. Such a mismatch of alternatives to goals and objectives

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could result in the Agency's failure to achieve the strategic goals of the ARP. Such a strategic failure could also lead to economic and reputation harm.

4.0 Long-Term Planning

At FMPA, long-term resource planning is an ongoing process conducted in accordance with prudent utility practice and policies or standards set by the Florida Public Service Commission and the Florida Reliability Coordinating Council (FRCC). Long-term planning considers appropriate supply and demand resources within the context of federal, state, and local goals and objectives. Staff, under the direction of the Resource and Strategic Planning Manager, may utilize a variety of computer modeling and forecasting techniques and/or utilize third-party resources to assist in completing all required planning activities.

4.1 Reliability Standard

For planning purposes, FMPA ARP summer planning reserve margins must be maintained at a minimum of 15% for each year of the planning period.

4.2 IRP

An Integrated Resource Plan (IRP) is a process by which the Agency sets long-term supply and demand strategies for the ARP. The IRP process shall provide a plan for an optimal mix of power supply and demand-side resources which provides a highly reliable least cost alternative to the Agency for meeting forecasted future load demand over the next ~~20-year~~ period. The IRP process shall, at a minimum, consider the mix of needed resources, the size of those needed resources, the rate impact of resource alternatives, and current and/or potential legal and environmental requirements.

At a minimum, the Resource and Strategic Planning Manager shall present the various supply-side and demand-side resource options developed during the IRP process to the EC for their review and approval. [should the need for an IRP](#)

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[be triggered commensurate with the threshold established in Section 1.0 above or as otherwise deemed necessary by the Chief Operating Officer.](#)

4.3 Regulatory Filings

FMPA shall file a 10-Year Site Plan with the Florida Public Service Commission annually by April 1. FMPA shall comply with any and all other long-term planning requirements, whether at the local, state, or federal level.

5.0 Internal Controls

The Chief Operating Officer shall cause to be established a system of written internal controls to ensure effective planning for economic and reliable power supplies, consistent with this Policy and any associated Planning Procedures; all in accordance with procedural guidelines and policies of the FMPA Risk Management Policy.

5.1 Continuing Education

The Chief Operating Officer shall ensure that all applicable staff maintain current skills and knowledge regarding the long-term planning of power resources.

5.2 ~~Regulatory Compliance~~

The Resource and Strategic Planning Manager is responsible for ensuring compliance with ~~regulatory standards from~~ North American Electric Reliability Corporation (“NERC”), ~~Federal Energy Regulatory Compliance (FERC), Florida Reliability Coordinating Council (“FRCC”), Florida Public Service Commission (“FSC”), and others,~~ including those standards which impact the planning process.

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5.3 Policy Compliance

Internal Audit Manager shall monitor compliance with this Policy and all associated Procedures. Any unresolved compliance issues will be presented to the FC by the Internal Audit Manager.

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6.0 Reporting

6.1 Power Resources

The Chief Operating Officer is responsible for causing the completion of the following reporting requirements:

6.1.1 IRP Reporting

The Resource and Strategic Planning Manager shall present the following IRP related information [\(the development of which is governed by the threshold set in Section 1.0 above\)](#) to the EC:

6.1.1.0 Major Assumptions

Any major assumptions changes used in the IRP prior to the presentation of any dependent resource alternatives contained in the study. Appendix B illustrates the process and procedures that are followed.

6.1.1.1 IRP Study

The various supply-side and demand-side resource addition options developed during the IRP process for review and approval.

6.1.2 Ten Year Site Plan

The Resource and Strategic Planning Manager shall present the filed 10-Year Site Plan as an information item to the Executive Committee at its ~~May~~ meeting or the first meeting thereafter.

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6.2 Operation and Effectiveness Report

An annual report on the operation and effectiveness of this Policy shall be presented to the FC as described in Section 7.0 of the FMPA Risk Management Policy.

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7.0 Oversight Structure

The Risk Director shall cause any material deviations from this Policy to be reported according to the guidelines set forth in the FMPA Risk Management Policy, Section 4.1. The Resource and Strategic Planning Manager shall report on the current risk environment affecting planning for long-term power supply resources to the Risk Director as needed and engage any necessary discussion before presenting items to the FC or governing bodies.

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Appendix A

**Florida Municipal Power Agency
Risk Management Reporting Calendar
Power Supply and Resource Planning Reporting Requirements**

Reporting Item	Frequency of Report	Responsible Party	Policy Section Reference	Policy Category Reference
IRP Major Assumptions	As needed	Resource and Strategic Planning Manager	Section 6.1.1.0	Major Assumptions
IRP Study	<u>If 10YR plan identifies need with NPV capital cost > \$25MM</u>	Resource and Strategic Planning Manager	Section 6.1.1.1	IRP Study
10 Year Site Plan	Annually	Resource and Strategic Planning Manager	Section 6.1.2	Ten Year Site Plan
Policy Operation & Effectiveness	Annually	Risk Director	Section 6.2	Operation and Effectiveness Report
Deviations from Policy	As Needed	Internal Audit Manager	Section 7.0	Oversight Structure

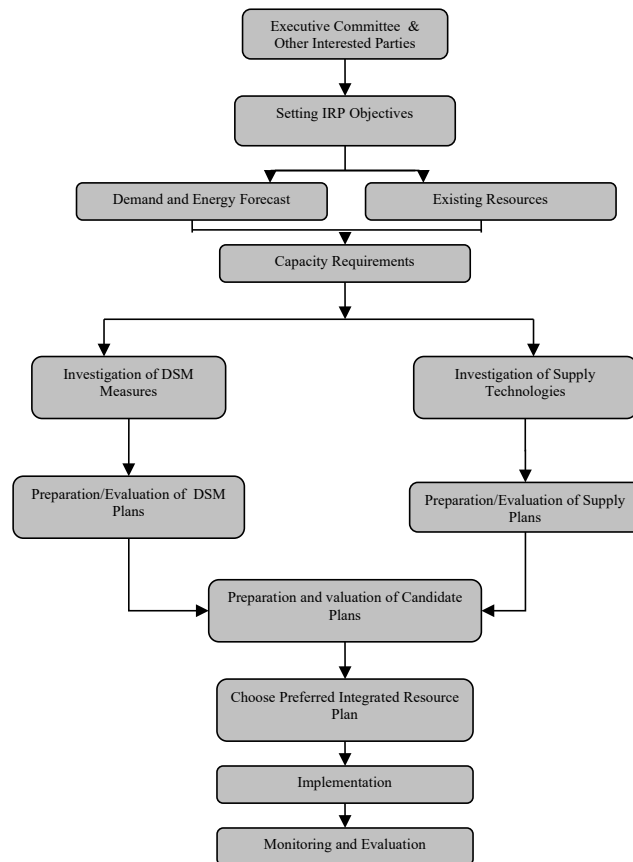
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Appendix B

**FMPA Integrated Resource Planning Process & Procedure
Version 1, October 20, 2009**

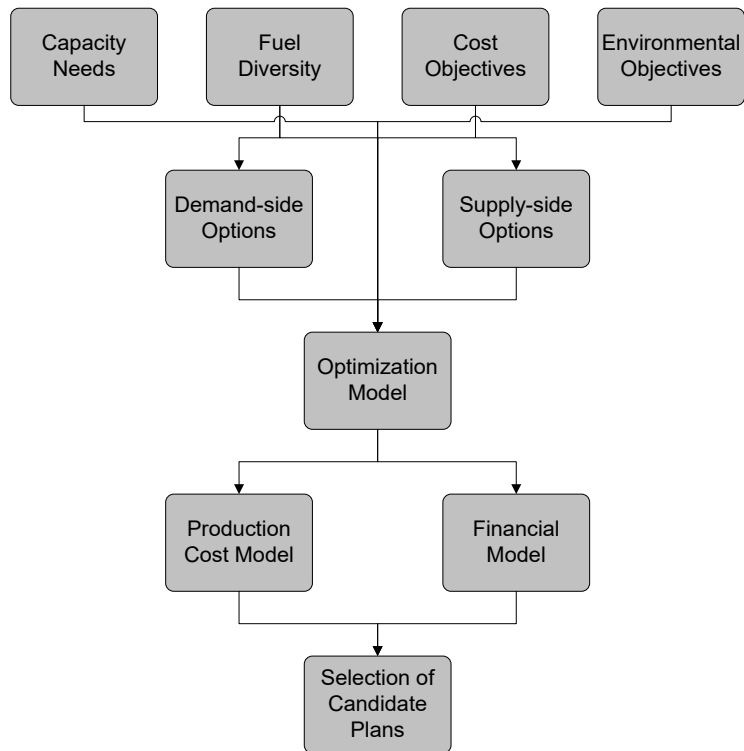
Integrated Resource Planning Process:



Appendix B

**FMPA Integrated Resource Planning Process & Procedure
Version 1, October 20, 2009**

Evaluation Process for Candidate Plans:



**AGENDA ITEM 9 – INFORMATION
ITEMS**

a. Can Island 3 Outage Update

**Executive Committee
March 17, 2022**



9a – Cane Island 3 Outage Update

Executive Committee

March 17, 2022

Multiple Repair Issues Extend CI3 Outage; \$6M Impact

Working on Offsets with Vendor and CI4 Outage Schedule

- Outage issues extend return to service by ~64 days with ~\$6M lost opportunity impact to ARP
- Major work on CI3's steam and combustion turbine/generators began in November 2021
- Advance investment specifically made in combustion turbine rotor initially to shorten outage
- Multiple problems developed, due to contractor workmanship and planning
- Staff and plant working with contractor on remedies to items that resulted in long outage
- Team working to ensure ultimate replacement of the first stage of high-pressure steam turbine
- GE is critical and valued partner to FMPA on combined cycles, recent performance a concern
- Team working with GE to evaluate potential to forego long spring outage on CI4, which could help mitigate up to \$3M lost in fiscal 2022

Contractor Issues Drove Outage Extension

Planning, Installation and Rework Resulted in Incremental Delays

Multiple problems developed during outage work:

- Steam turbine field shipped off site and copper was damaged during repairs that required long-lead time replacement
- Steam turbine generator stator shorted post rewind during electrical testing
- Hot reheat piping required minor reengineering and some after-the-fact modifications
- Steam turbine casing required repairs and welding due to steam erosion
- Once reassembled and operating, poor performance observed as a result of incorrect assembly
- Upon disassembly, foreign object damage observed on first stage buckets on high pressure turbine

Steam Turbine Field Required Replacement Bore Copper



Quality Control Report

Willis Rd • Richmond, VA 23237 • (804) 743-4700



Damaged threads with raised metal



Inspections performed and documented within this report are compliant with HTGG 600532

The Visual Inspection of the Bore Copper & Shim have the following findings: (1) threaded hole's threads has heavy mechanical damage. The Bore Copper & Shim are dirty & stained with oil. See photos below.



Overview

Stator Rewind Had Several Issues Requiring Rework



Top to bottom bar axial misalignment on the connection end.

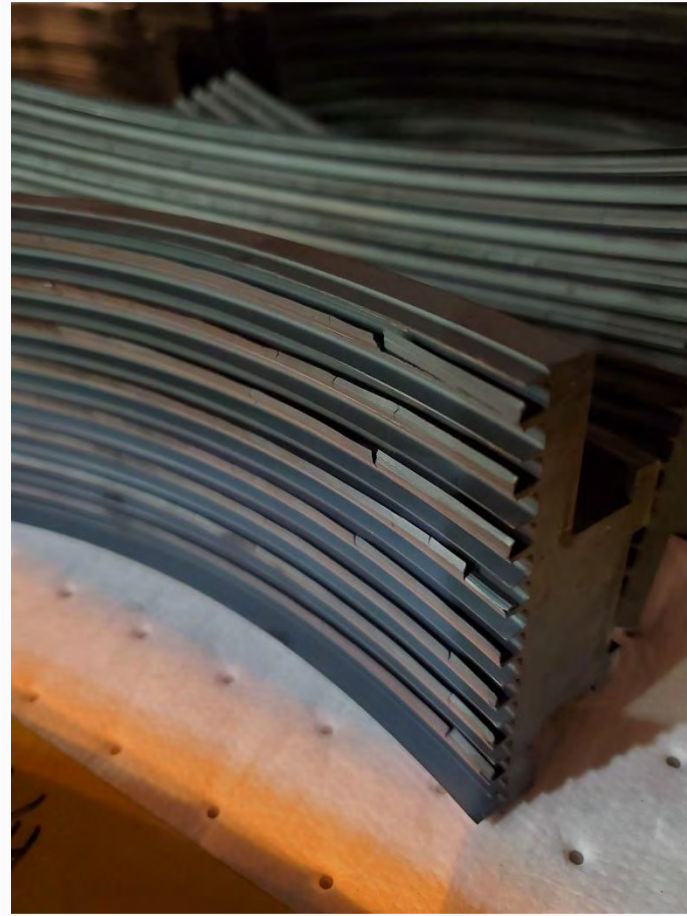
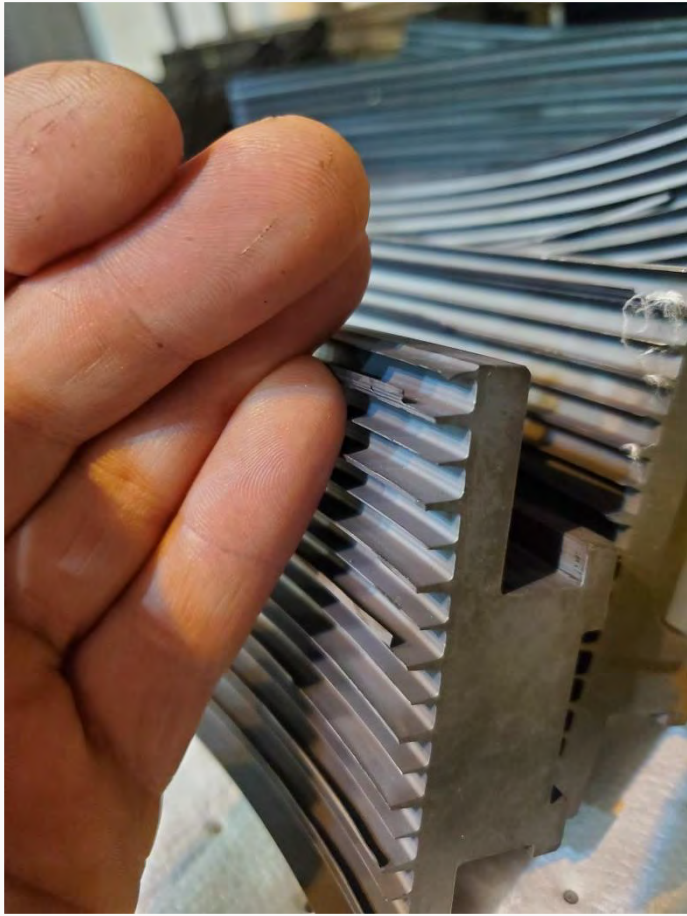


Top to bottom bar axial misalignment

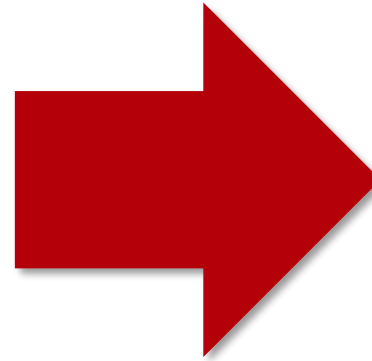


Tie missing after bake

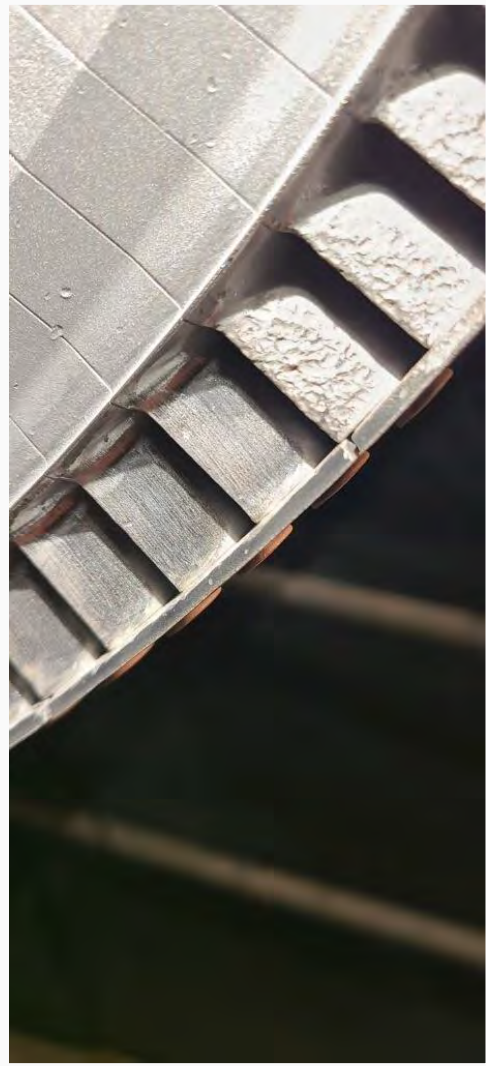
Incorrect Assembly Created Performance Issues & Rework



Foreign Object In Turbine Required Rework



Repairs Ongoing, Replacement Within 2 Years



- GE engineers provided engineering disposition that use of repaired first stage okay for interim period
- GE will cover materials and labor for ultimate replacement
- Plant and staff seeking warranty and potential damages coverage for interim operational period prior to replacement

Nat Gas & Coal Prices Push Evaluation of Outage Delay

Reviewing Potential for Continuing CI4 Operation for ~325 Days

- Elevated fuel pricing and coal operational constraints, due to supply chain issues driving need to evaluate operational options
- Deferring the planned spring CI4 outage to early fall could provide up to \$3M value for ARP
- CI4 was planning on 21-day outage starting March 19
- Plant and GE reviewing potential for CI4 to continue operation or take minor five-day conditional assessment outage
- All risks being evaluated and weighed against potential value
- Team will make ultimate assessment of risks vs. value

**AGENDA ITEM 9 – INFORMATION
ITEMS**

**b. Stock Island Diesel Discharge
Update**

**Executive Committee
March 17, 2022**



9b–Stock Island Discharge Update

Executive Committee

March 17, 2022

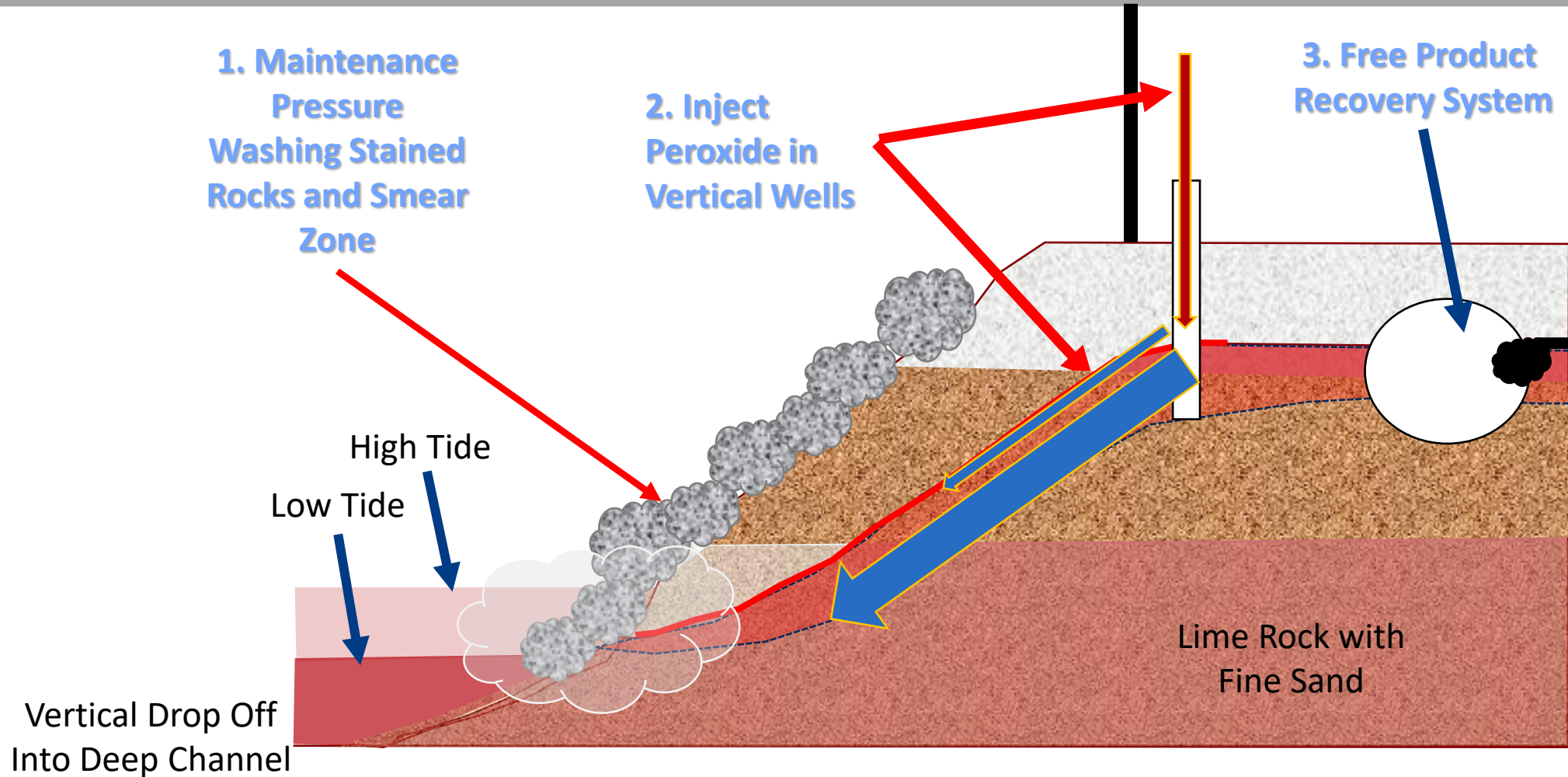
All Plans to Stop Discharge Submitted to Stakeholders

Four Distinct Plans In Progress to Stop Discharge

- Ultimate remediation requires multiple efforts
 - Permanent free product recovery system – vendor selected
 - Vertical injection wells with hydrogen peroxide flush – vendor selected
 - Shoreline cleaning
 - Containment area free product recovery – in progress
- Key stakeholders reviewed and either approved or provided comments to submitted plans

Focused Urgency on Projects Outside Containment Area

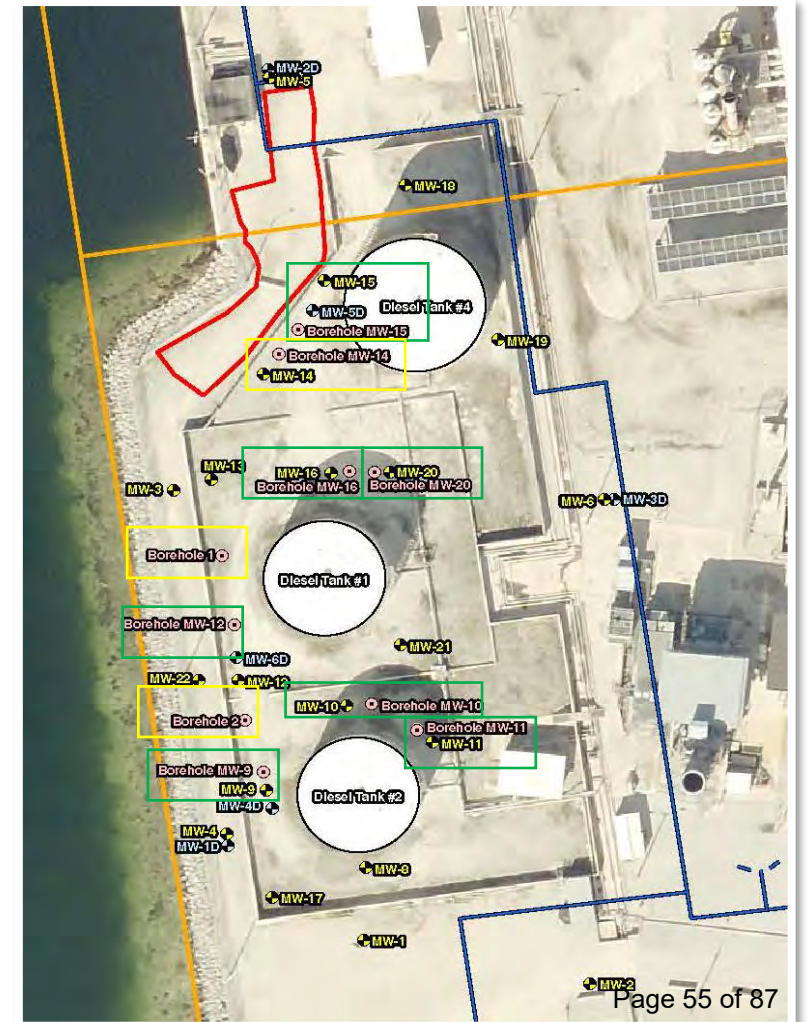
Combination of Alternatives Planned for Late March



Efforts in Containment Area Speed Recovery of Product

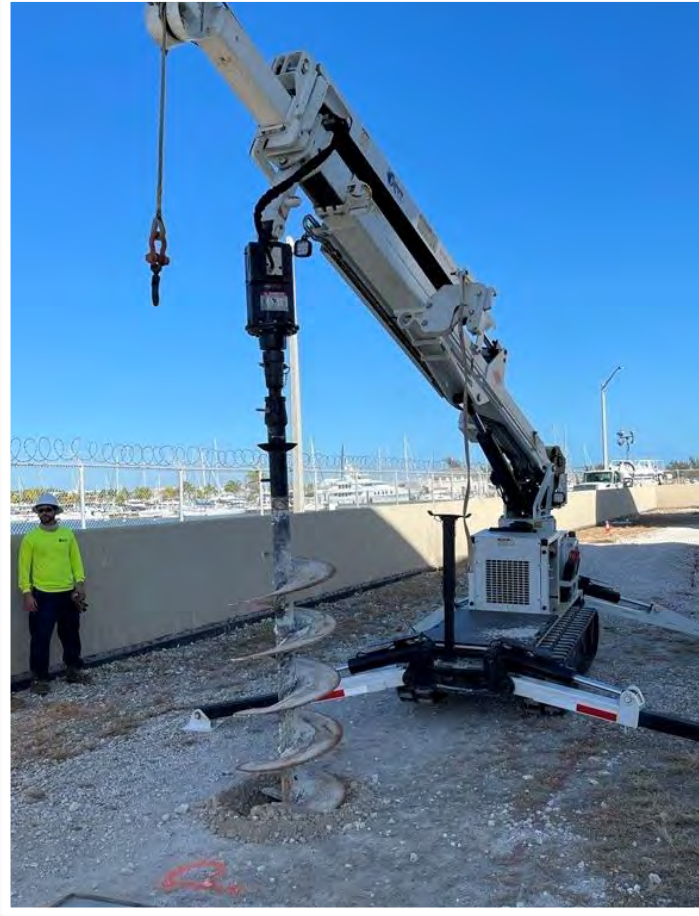
10 Open Pothole Excavations Vacuumed Multiple Times/Day

- Seven pothole excavation borings installed adjacent to wells with free product (>0.01 ft)
- Began skimming free product and petroleum-contact water from boreholes
- Completed three additional pothole borings to enhance free product recovery
- Tanks all currently empty due to open excavations
- Goal is to utilize Tank 4 for 2022 hurricane season. If possible Tank 1 could be added within season.



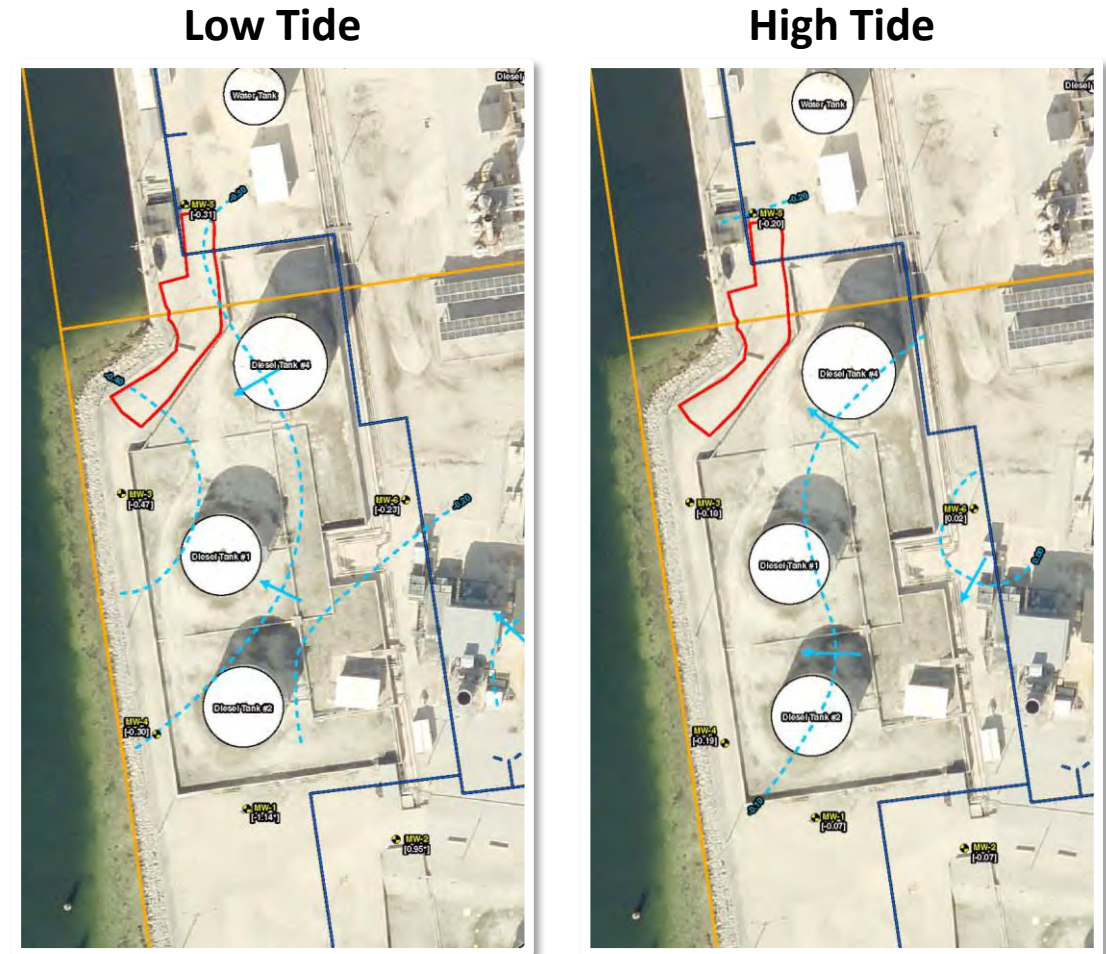
Preservation of Containment Area Critical to Operation

Keys Energy Equipment Utilized to Excavate 30" Potholes



Preliminary Site Assessment Consistent with Current Theories on Free Product and Flow of Discharge

- Site assessment provided data for:
 - Area of free product
 - Vertical extent of contamination
 - Groundwater flow direction
 - Detail on types of hydrocarbons in soil and groundwater
- More data required – will be available from existing and ongoing soil borings and wells in containment area
- Internal team suggests holding technical conference with stakeholders within roughly one month to walk through scientific data, results and conclusions



Groundwater flows generally west to northwest

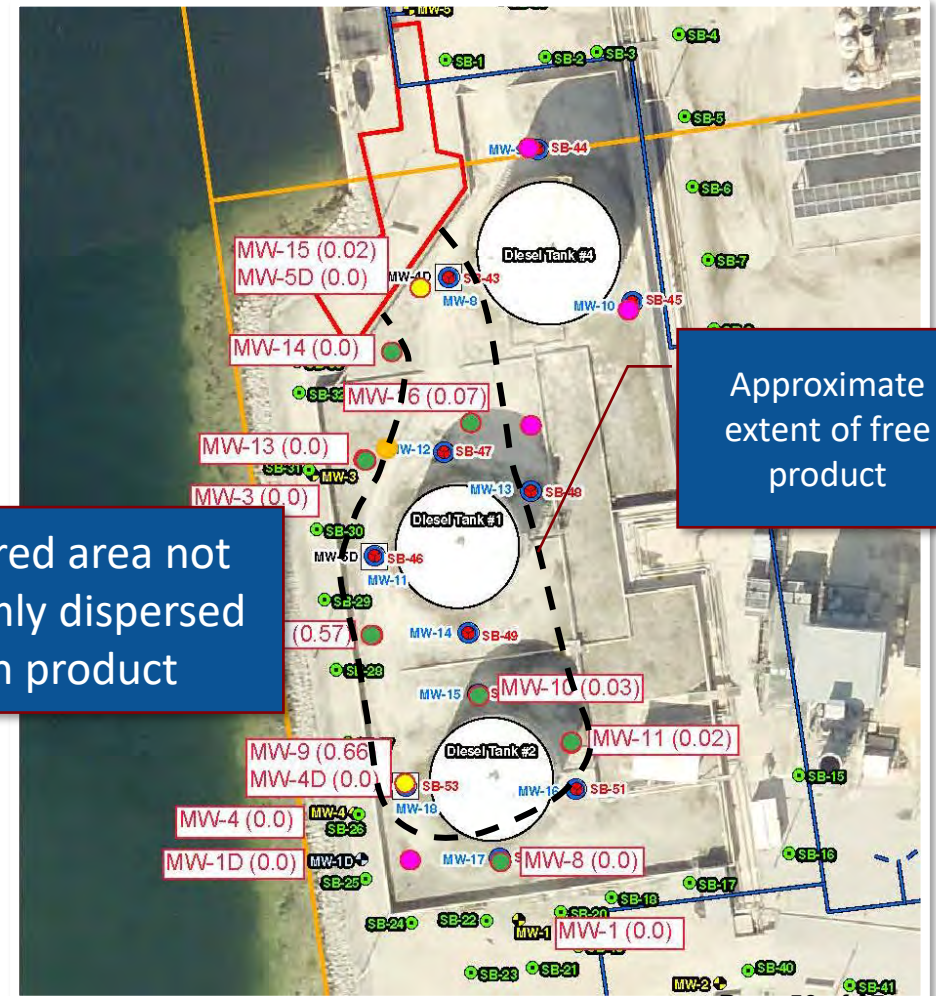
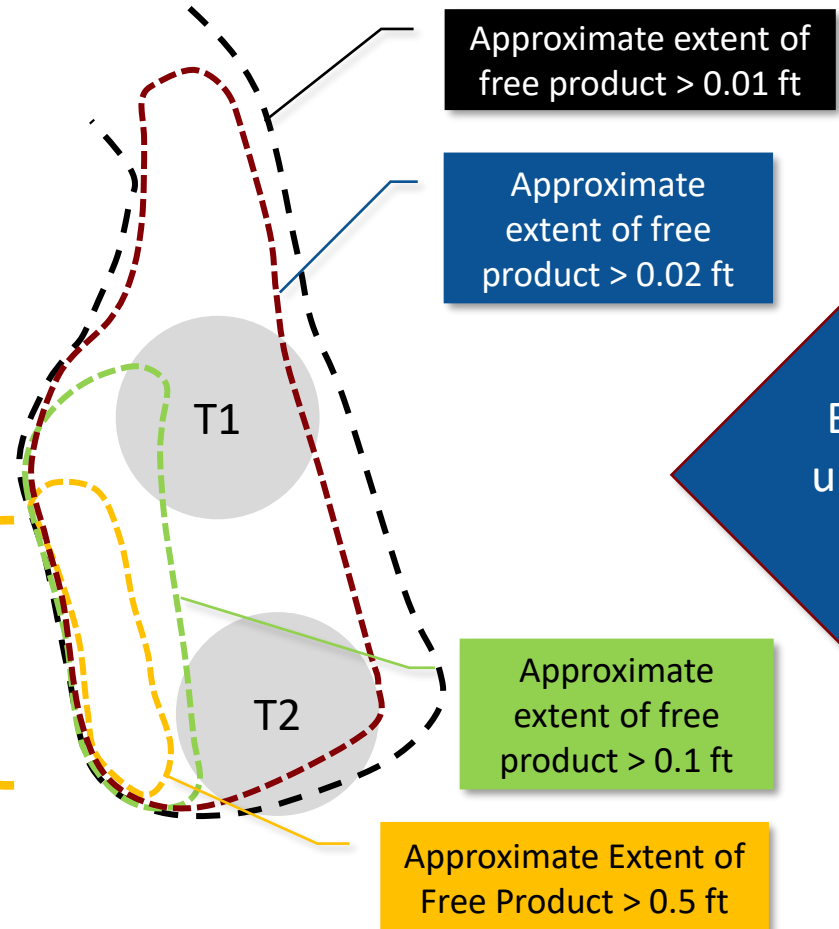
Boring Results Indicate Non-Uniform Plume

Heavy concentration of Product Just West of Tank 2

Spread of free product appears to follow path of least resistance within looser soil

Illustrative
representation of
free product
disbursement

Approximate area
where more
product is visible



Expenditures within Existing Approval Levels

Significant Expenses Still Forthcoming for Remediation Plans

- Estimate utilization of \$2.2M of \$3.25M approved for existing invoices and committed orders
 - \$1.6M Keys Energy commitments
 - \$0.6M FMMPA commitments
- FMMPA informed USCG, DEP, NOAA and AEGIS that Tank 2 most likely source
- FMMPA staff working with AEGIS on third-party damages claim for Keys Energy

Potential Spending Request

Bids due 3/10 After Executive Committee Packages Released

- There may be the potential need to increase the existing spending approval authority depending on how bids for permanent free product recovery system deviate from estimates. This slide is a placeholder pending receipt of bids.

**AGENDA ITEM 9 – INFORMATION
ITEMS**

c. Stock Island Fuel Inventory Policy

**Executive Committee
March 17, 2022**



9c – Stock Island Fuel Inventory Policy

Executive Committee

March 17, 2022

FMPA Proposes Strengthening Fuel Inventory Policy

Policy Requires 50% Capacity, 1.9M Gallons, Onsite During Hurricane Season

- Analysis shows FMPA should increase min. inventory to supply 17-22 days of operations with 2.8M gallons inventory
- Legacy fuel management policy outlines 50% of storage capacity filled by start of hurricane season; ~1.9M Gallons
- 50% storage supports ~12 days of worst-case hurricane recovery operations
- Hurricane Andrew was the worst-case situation with tie-line out, but load in Keys territory unaffected
- There is risk that restoration could exceed this a 12-day period
- Tanks 3, 4, 6 & 7 rated capacity can support this level of inventory

Proposed Inventory Policy Solves Multiple Constraints

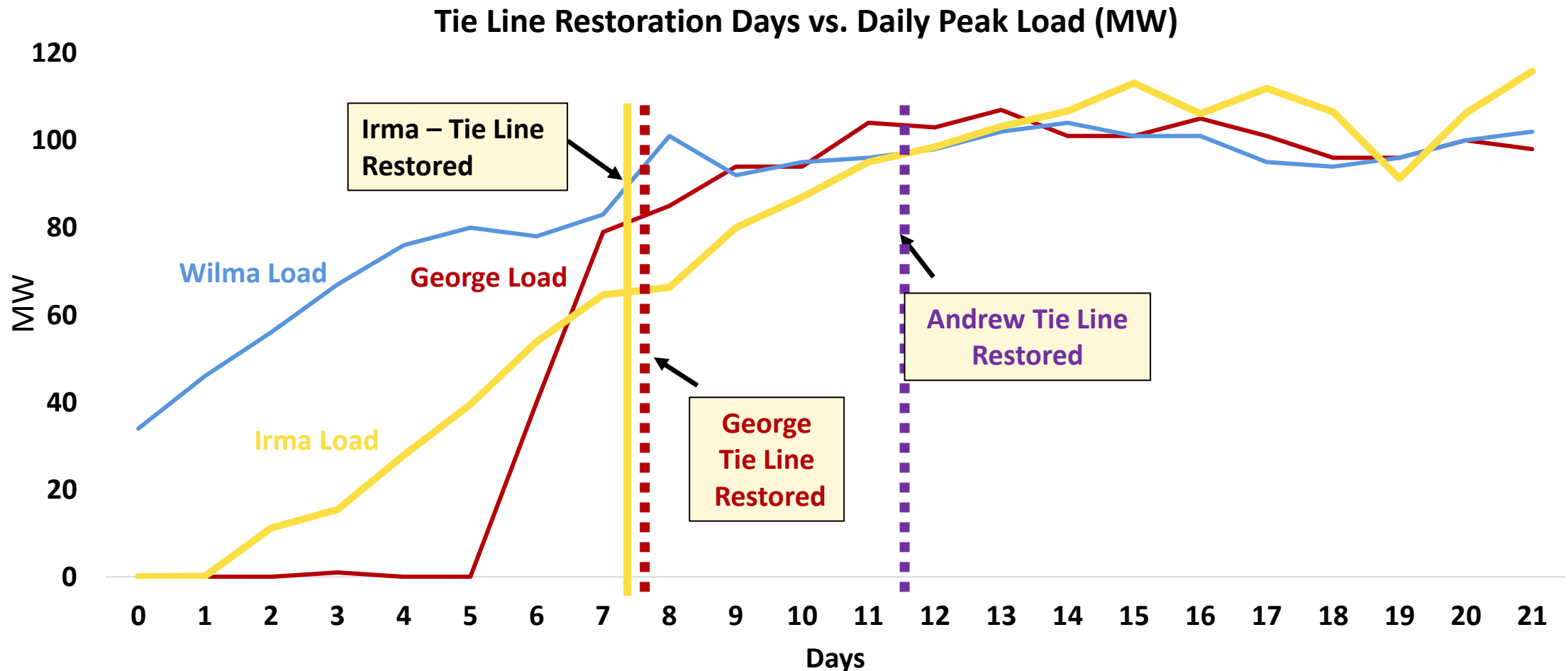
While Fuel Inventory Increases, Desire for Risks to Simultaneously Be Reduced

Overall Fuel Management Objective: **Maximizing unit availability while minimizing environmental risk**

- Multiple Risks Create Constraints on Solution
 - Loss of Tie Line from hurricane or other incident
 - Loss of bridge fuel transport capabilities from hurricane/bridge event
 - Environmental spill from upland event
 - Environmental spill from barge unloading event
 - Optimize overall value inclusive of fixed and O&M costs

Historically, Tie Line Recovers Before Full Load Restored

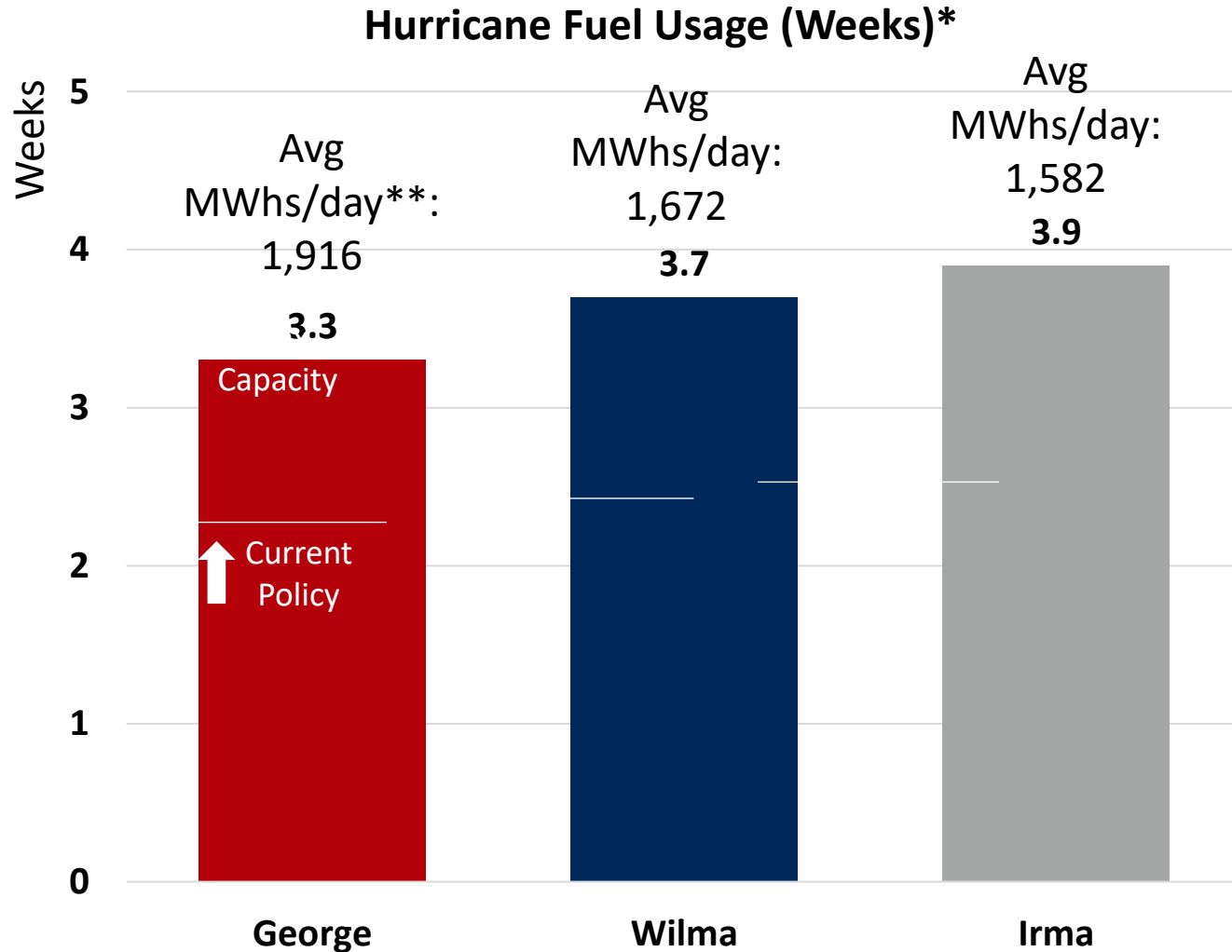
*Storm Cleanups Vary and Can Delay Load Restoration**



*Hourly loads from hurricane George were zero from 9/26 – 10/2. For conservatism, fuel usage calculations start on the first day of load, 10/3 (7 days later, Tie line restored the night of 10/2).

Current Fuel Policy Supports <2 Weeks Operation

Tanks Haven't Been Full, or Significantly Full, For Over 10 Years



*Assumes all tanks at max capacity and in service. Assumes interchangeable volumes between distinct tanks. Seasonal evaluation based on 2021 load levels.

** Average MWhs per day over the period, not a daily peak

Fuel Capacity Analysis Driven By Past Storms & Events

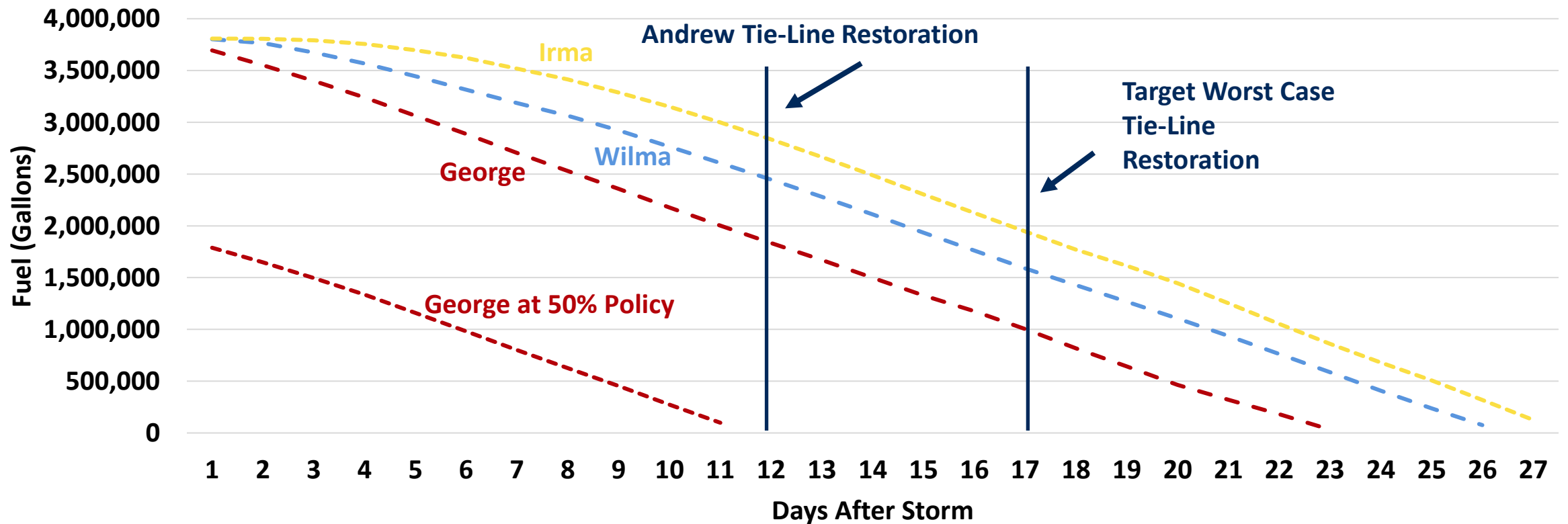
Historical Incidents Help Define Inventory Need

- Seasonal scenarios for summer and winter peak period as well as a mild shoulder month to determine longevity of inventory
 - Fuel would be replenished if road access to island is in normal state
 - Assumes feeder rotation when load exceeds generation capacity
- Recent hurricane scenarios were created with actual load data to simulate required fuel burn, assuming no tie-line availability
 - Fuel lasts longer than historical tie-line outage durations
 - Scenarios were again run to determine fuel requirements for a hurricane Andrew tie-line outage timeline (12 days)
 - Fuel inventory policy can be recommended based on risk adjusted contingency to these historical events; 17 days = ~140% of Andrew Restoration

50% Policy Aligns With Andrew Tie-Line Restoration

*Prudent to Plan Target Beyond Typical Restoration Time**

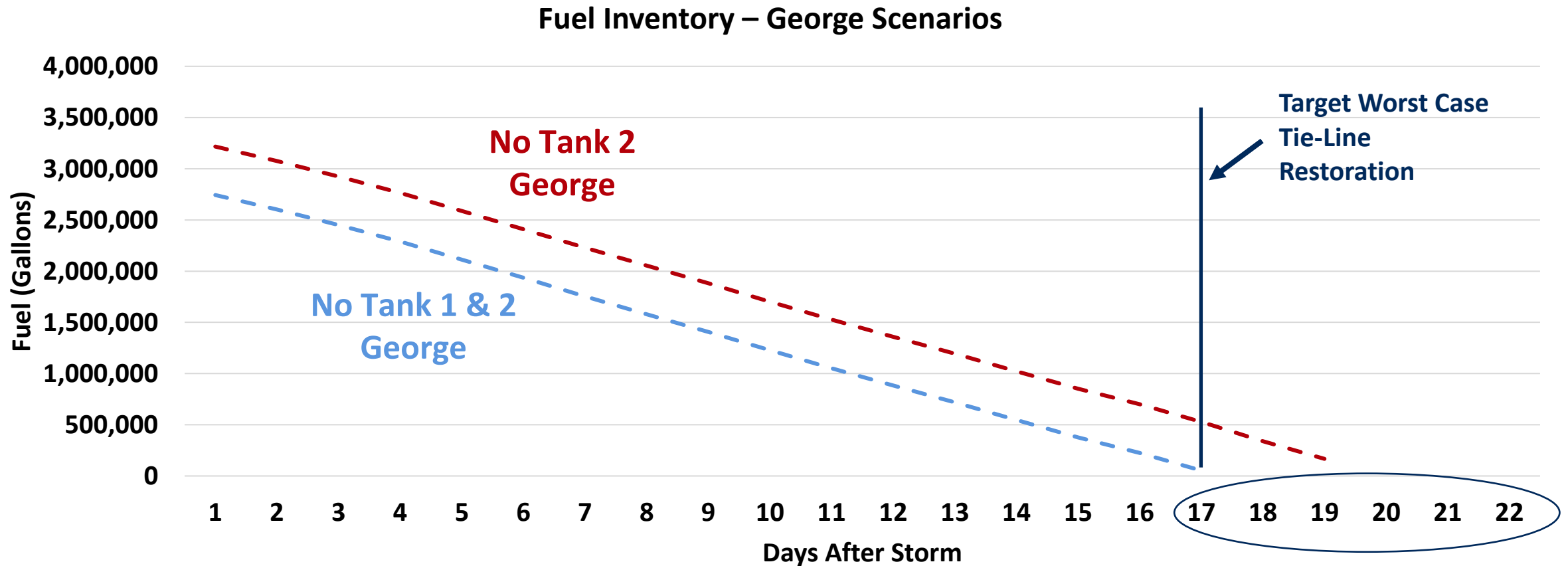
Current Max Capacity Fuel Inventory – Significant Recent Storms



*Distribution service can impact ability to pick up additional load in the first several days after a major storm event.

Tank 1 & 2 Retirement, Still ~6 Days More Inventory

Most Conservative View of Hurricane Load Still >Capacity Than Current Policy

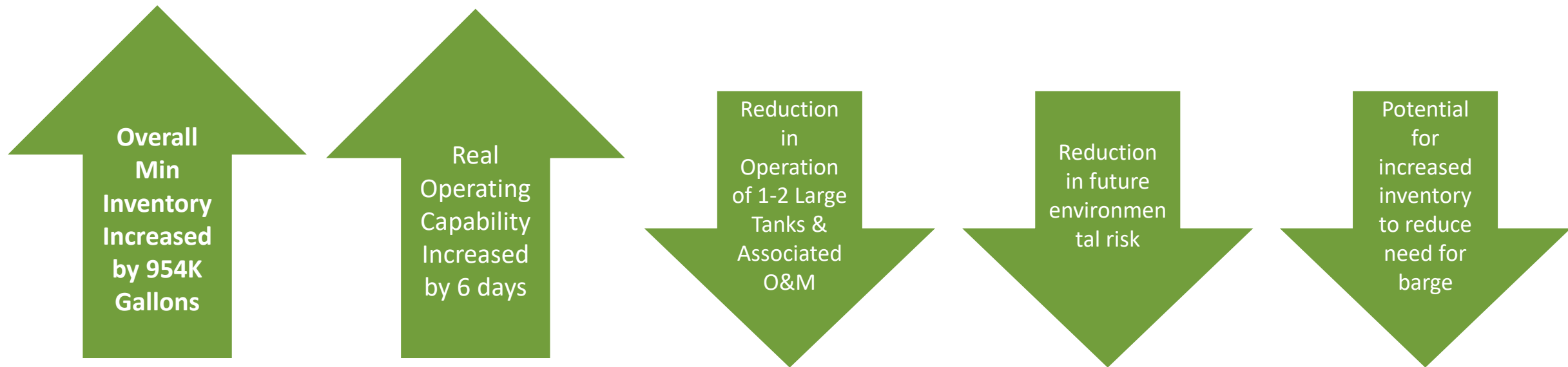


*Distribution service can impact ability to pick up additional load in the first several days after a major storm event.

Optimal Solution: Increase Inventory With Less Tanks

Adopt 2.8MM Gallon Fuel Policy = ~17-22 Days Inventory

- Recommendation:
 - Increase minimum inventory requirement during hurricane season
 - Reduce number of tanks in operation
 - Evaluate potential to eliminate need for barge fuel delivery
 - Evaluate other operational changes required to support reduction in overall storage tanks



**AGENDA ITEM 9 – INFORMATION
ITEMS**

d. ARP Cost Projections for FY 2022

**Executive Committee
March 17, 2022**



9d – ARP Cost Projections for FY 2022

Executive Committee

March 17, 2022



Presentation to Come



**AGENDA ITEM 9 – INFORMATION
ITEMS**

e. Quarterly Compliance Update

**Executive Committee
March 17, 2022**



Quarterly Compliance Update

BOD 9d / EC 9e

Board of Directors & Executive Committee
March 17, 2022

Roles of FMPA Regulatory Compliance Department

- FMPA's Regulatory Compliance Department performs three main functions related to NERC mandatory reliability standards:
 - FMPA compliance
 - Member support
 - Industry influence

FMPA Compliance

Internal Compliance

- 2022 Annual Goal - Regulatory Compliance Update
 - NERC Compliance Steering Committee will review a staff report reviewing all processes and procedures for compliance with all applicable NERC Reliability Standards”.
 - Compliance-SME one-on-one meetings
 - The process began with high risk, new, and plant applicable standards
 - Top-down standards review
 - Approximately 20% complete
 - Per registered function: 56 applicable standards and 851 applicable requirements
 - Per registered function internal responsibility: 33 applicable standards; 617 applicable requirements; 317 direct internal applicable requirements

FMPA Compliance

Internal Compliance

- FMPA had no reportable compliance violations since December 2021
 - CIP-003 Self-reports
 - Determination in progress
 - Under review
- Cyber Security
 - Level II NERC Alert – Preparation for Potential Russian Cyber Activity against Industry from Russia-linked Actors

FMPA Compliance

Member Support

- In-process peer review
- Bi-weekly compliance calls are a continued success
- Compliance Department is available for support and help with peer reviews, spot checks, balloting and commenting, or to answer any compliance questions

Industry Influence

- Submitted comments and/or cast ballots
 - CIP-012; FAC-008; TPL-001 & MOD-032
- Align release 3 – Q2 2022
- Align release 4 – TBD dependent upon release 3
- Cold Weather Standard Development
 - FMPA continues participation in Cold Weather Preparedness standard development & implementation efforts

**AGENDA ITEM 9 – INFORMATION
ITEMS**

f. Prepay Gas Update

**Executive Committee
March 17, 2022**



9f – Prepaid Gas Update

Executive Committee

March 17, 2022

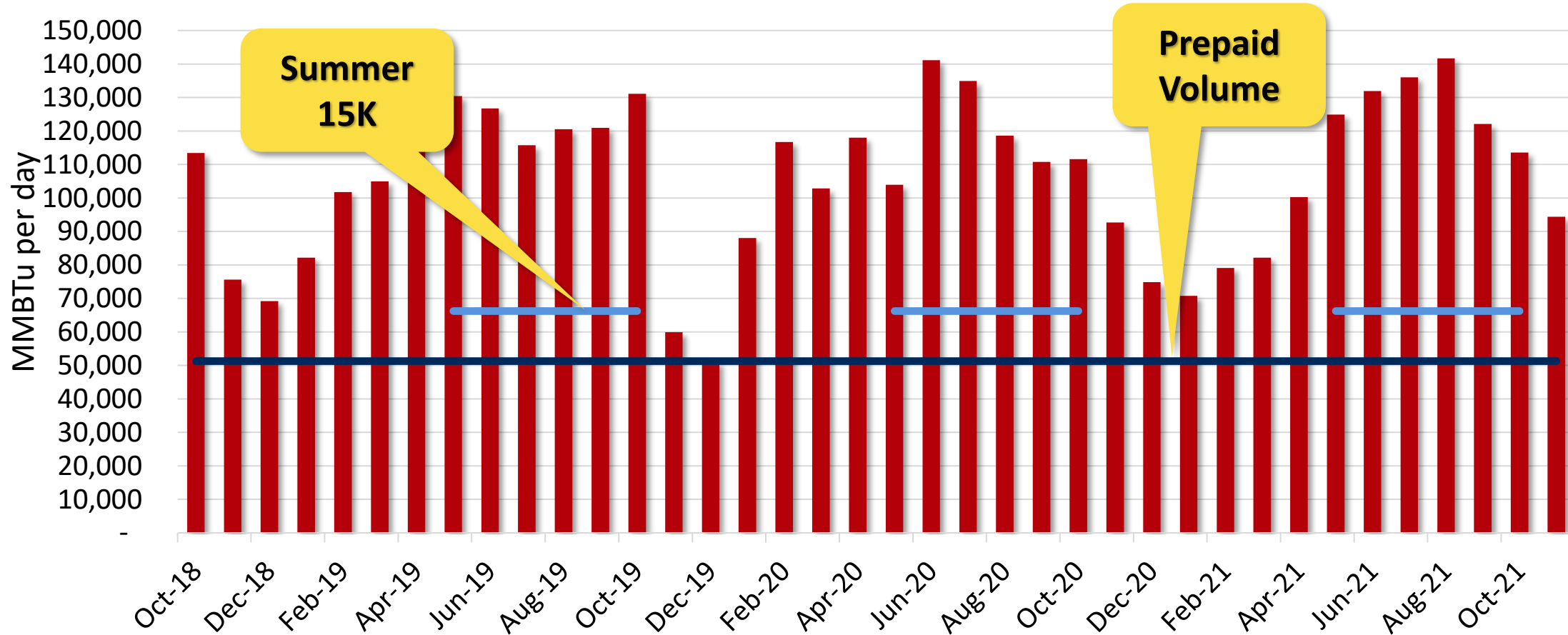
10,000 Per Day Closed with Black Belt Energy

Filled Authorized and Approved Annual Volumes

- Savings Start on Oct. 1, 2022
- Discount of \$0.32 per MMBTu or \$1,168,000
- Term 30 year with ~9.5 year “Put” i.e., reset discount period
- Permanent Load Loss language

Annual Prepaid Gas Fills Minimum Monthly Volume

Additional Summer Transaction Yet To Close



Prepaid Gas Portfolio Detailed

Annual Savings Over \$5.7M When All Transactions Close

Prepaid Gas Transactions	Daily MMBtu Volume	Discount off First of Month Price*	Annual Savings	Saving Start Date
Main Street/RBC	2,750	\$0.40	\$401,500	April 1, 2019
Main Street/RBC 21	5,000	\$0.30	\$547,500	June 1, 2022
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
Main Street/Citi	1,830(W)/2,600(S)	\$0.35	\$282,966	April 1, 2022
PEAK/BP Energy (April 2026)	3,000	\$0.08	\$87,600	Nov. 1, 2020
TEAC/GS	5,000	\$0.30	\$547,500	April 1, 2022
Black Belt Energy/Morgan Stanley	10,000	\$0.32	\$1,168,000	Nov. 1, 2019
BBE/2021	3,170(W)/2,400(S)	\$0.30	\$328,320	April 1, 2022
BBE/RBC	10,000	\$0.32	\$1,168,000	Oct 1, 2022
Remaining Summer	15,000	N/A	N/A	N/A
Totals	50,740		\$5,710,086	

**AGENDA ITEM 10 – MEMBER
COMMENTS**

**Executive Committee
March 17, 2022**

AGENDA ITEM 11 – ADJOURNMENT

**Executive Committee
March 17, 2022**