



8a –Approval of FY 2023 Small Projects Budgets and Agency Allocations

Board of Directors

June 23, 2022





Stanton and Tri-City Projects



Stanton and Tri-City Projects Summary

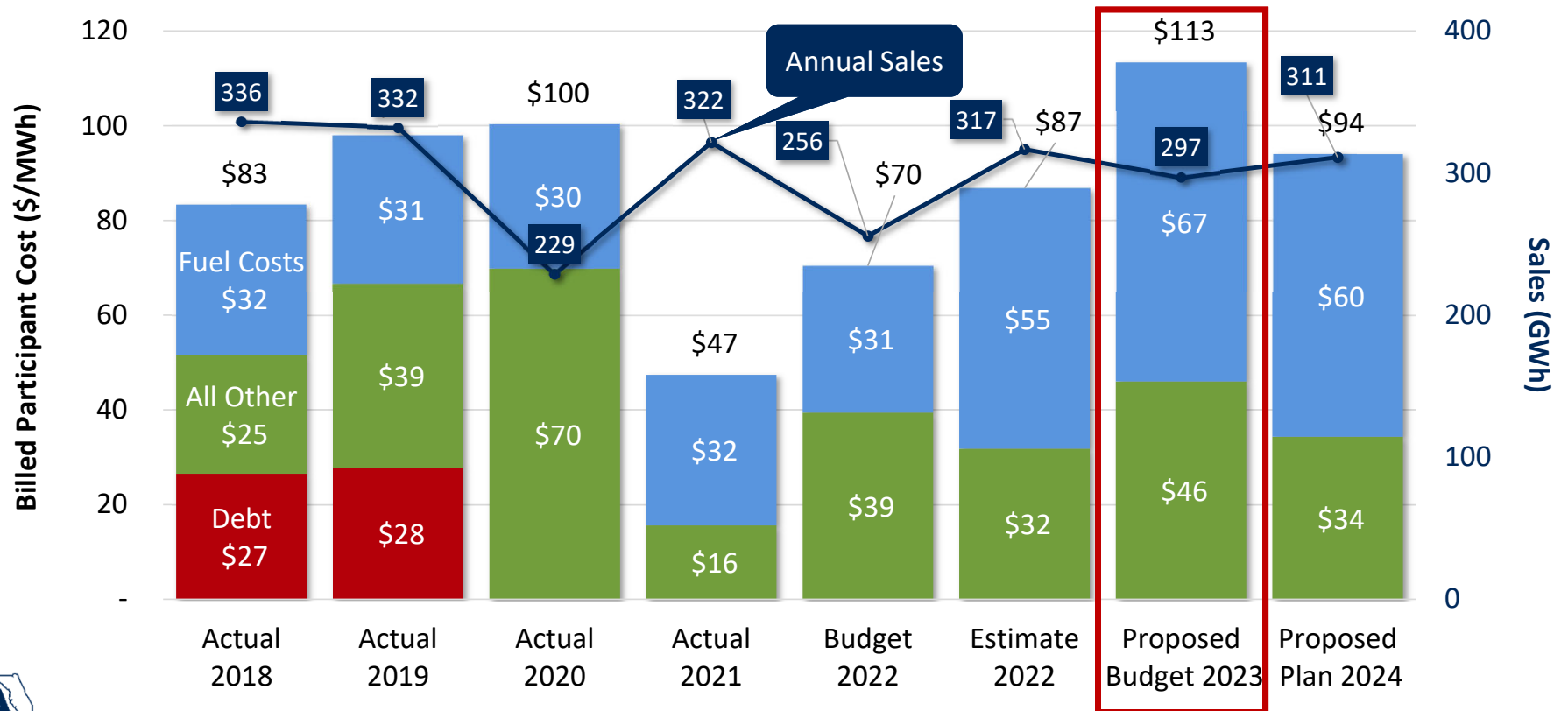
Key Points to Note

- Both Projects' \$/MWh costs well above 2021 actuals and 2022 budget
- FY 2023 budgeted generation in line with recent actuals
- Coal costs much higher reflecting market conditions
- FY 2023 Budget reflects plan to retire Stanton 1 by end of 2025; building Project reserves to fund ongoing post-retirement costs and decommissioning
- R&R funding higher in FY 2023 due to budgeted common capital projects but much lower thereafter
- OUC planning normal O&M spending in FY 2023
- Continuing to coordinate with OUC on retirement timing and on-going costs
- Added unfunded contingencies for spending authority: \$1.6M for Stanton and \$0.6M for Tri-City; each set as 5% of total budgeted expenses

Stanton FY 2023 Budgeted Cost is \$113/MWh

Costs Up Due to Continued High Forecasted Fuel Costs

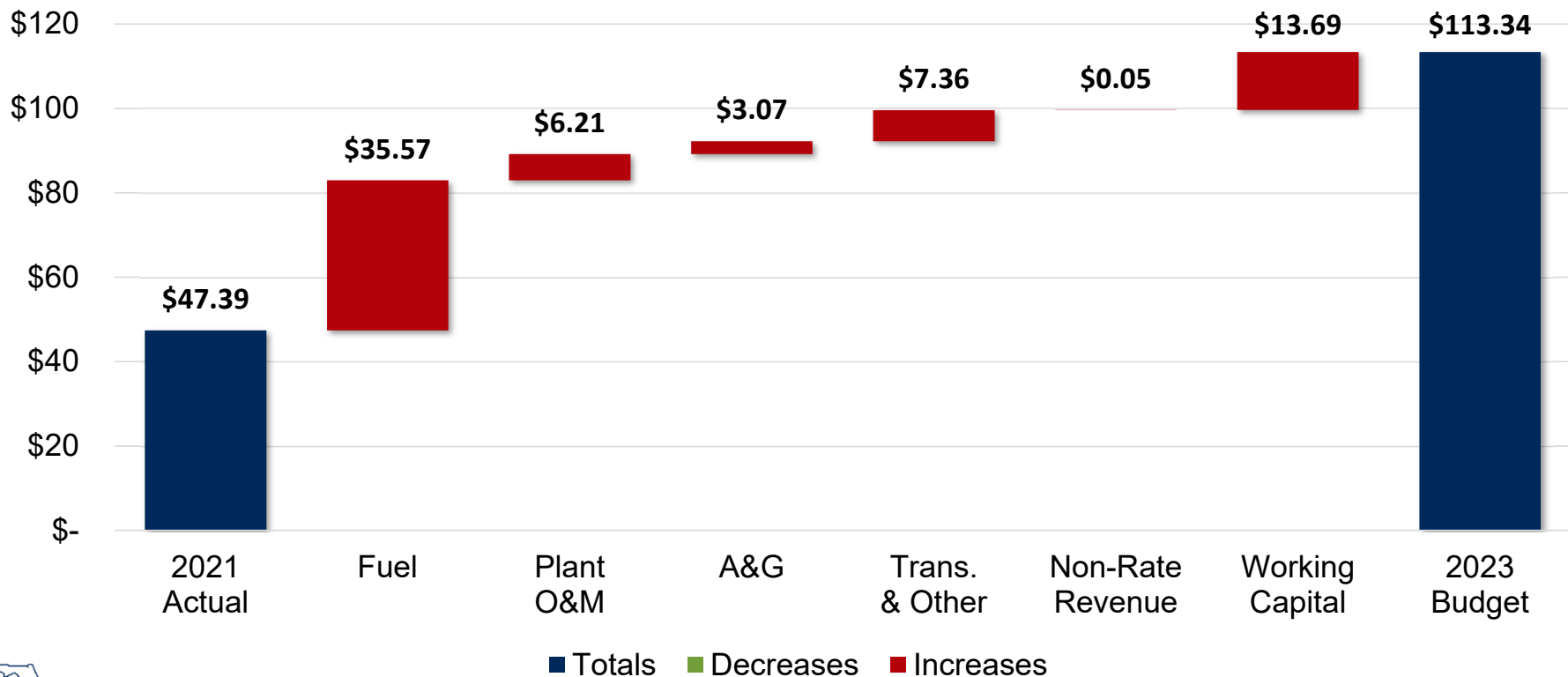
Stanton Project – Historical & Budgeted All-in Rate (\$/MWh) and Sales (GWh)



FY 2023 Budgeted \$/MWh Cost 139% > FY 2021 Actual Cost

Driven by Higher Fuel Costs and Adjustment for 60-Days Cash

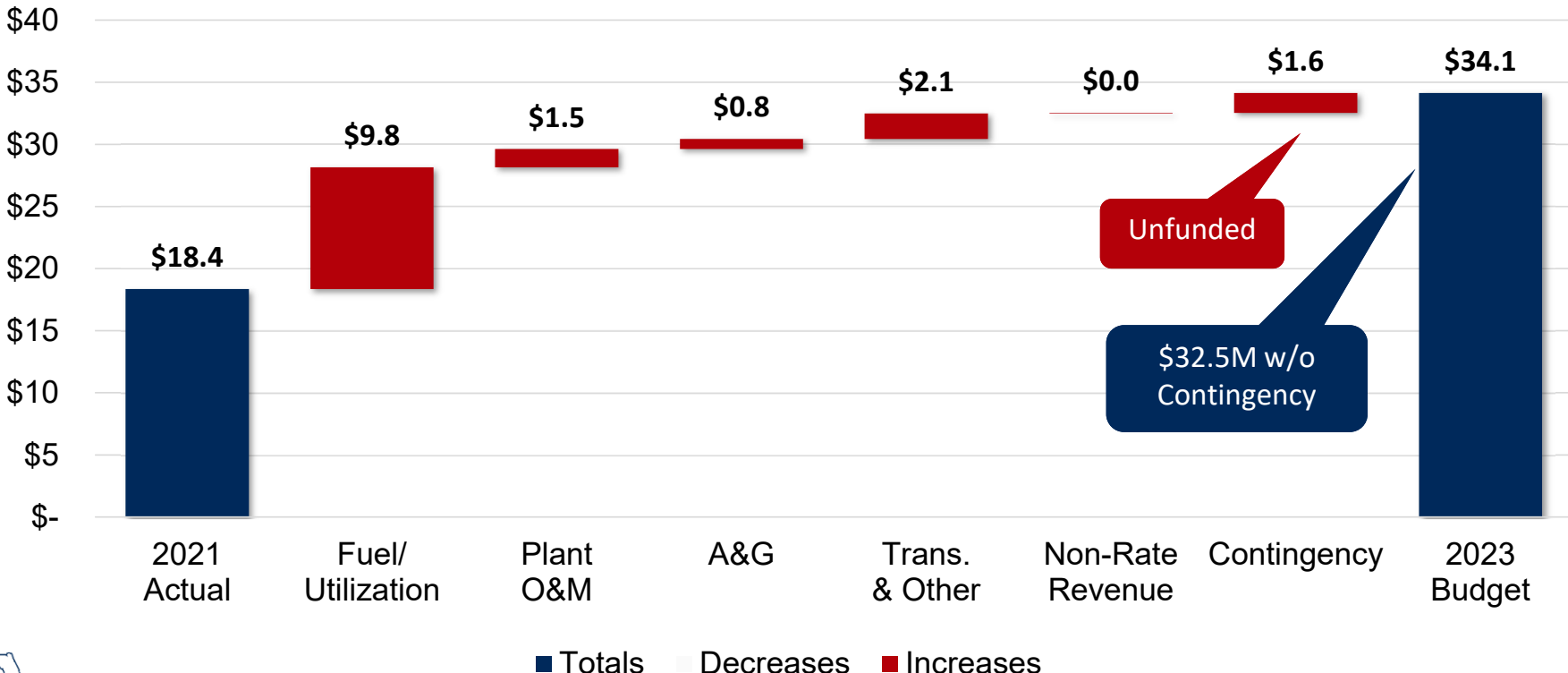
Stanton Project – 2021 Actual to 2023 Budget All-in Rate (\$/MWh)



FY 2023 Budgeted Expenses \$14M (77%)* > FY 2021 Actuals

Primarily Driven by Fuel Costs, but All Categories Up in FY 2023

Stanton Project – 2021 Actual to 2023 Budget Total Expenses (\$Millions)

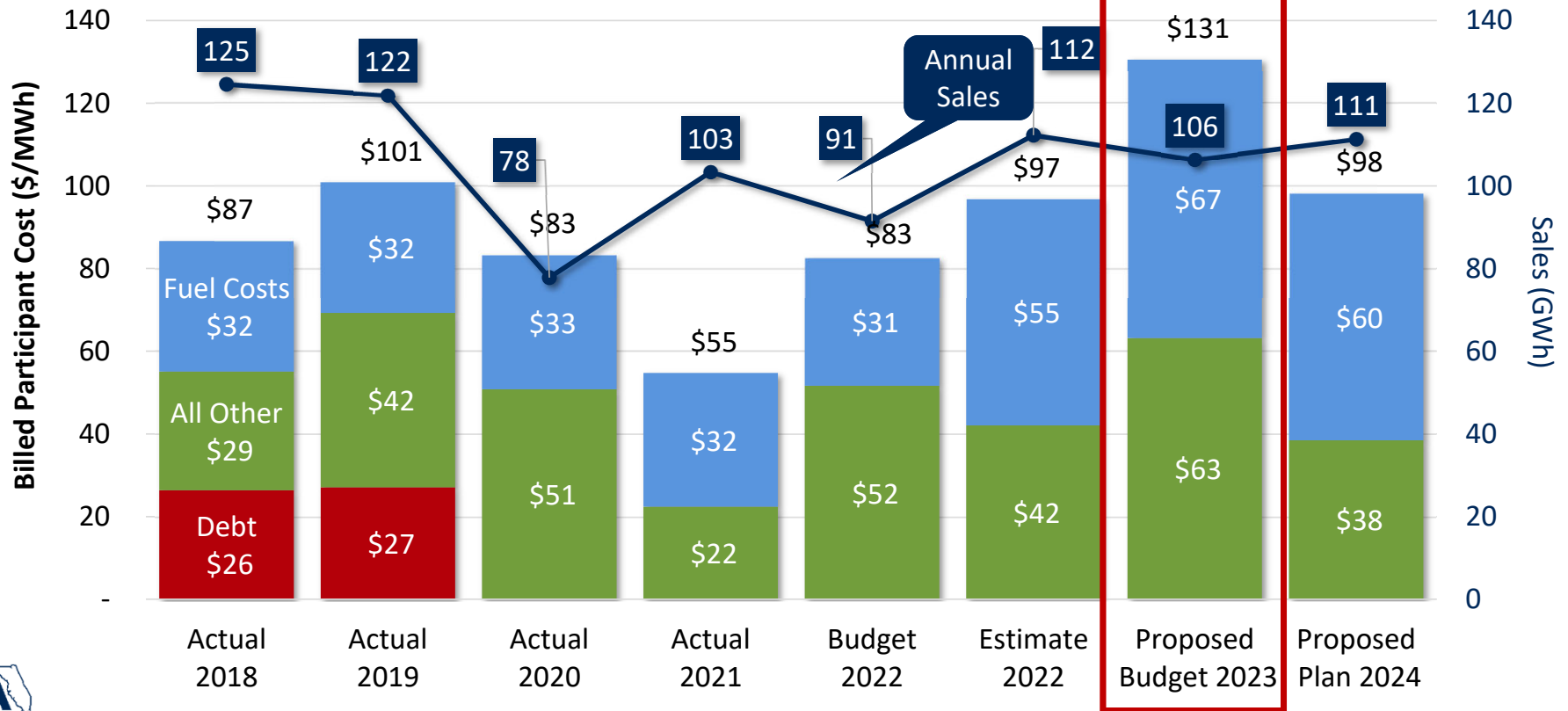


* Excluding contingency

FY 2023 Tri-City Project Rate is \$131/MWh

Costs Up Due to Continued High Forecasted Fuel Costs

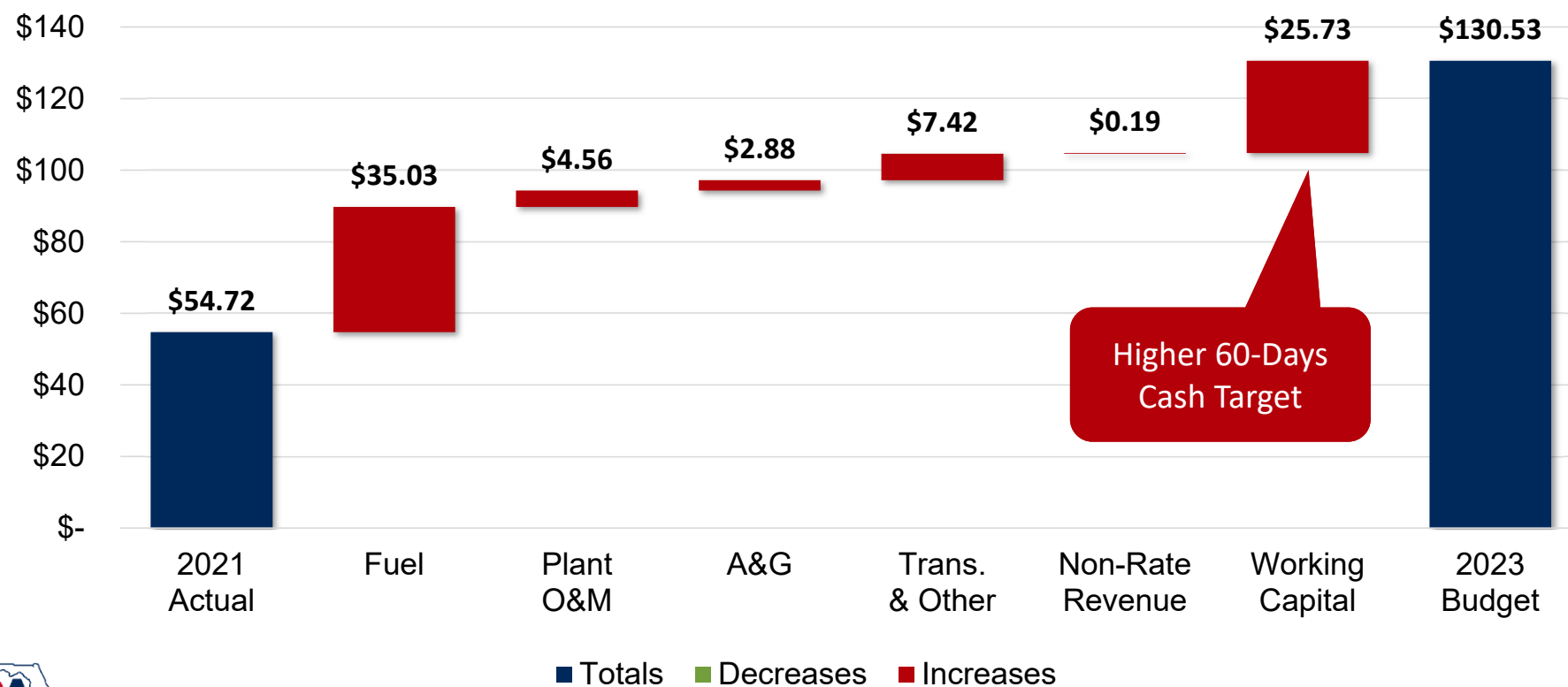
Tri-City Project – Historical & Budgeted All-in Rate (\$/MWh)



FY 2023 Budgeted Rate 139% > FY 2021 Actuals

Driven by Higher Fuel Costs and Adjustment for 60-Days Cash

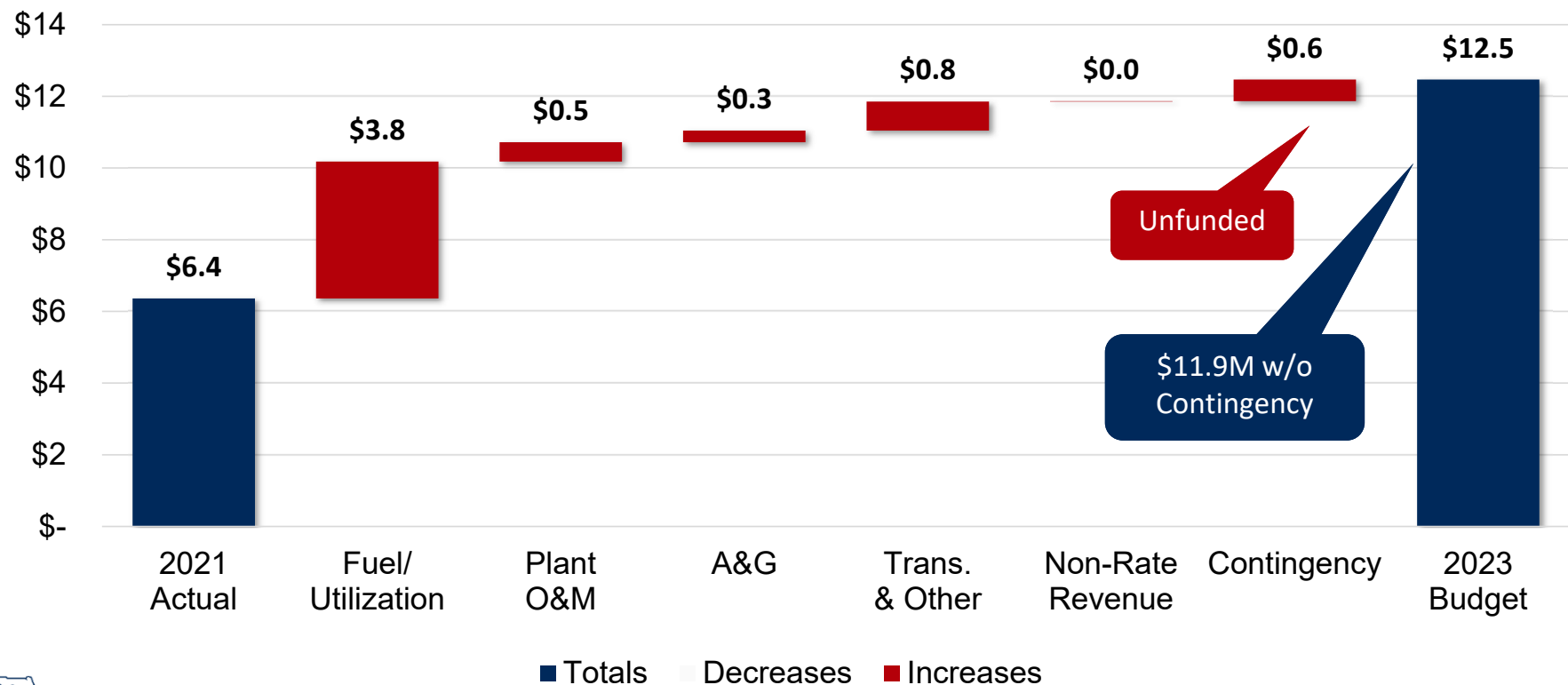
Tri-City Project – 2021 Actual to 2023 Budget All-in Rate (\$/MWh)



FY 2023 Budgeted Expenses \$5.5M (86%)* > FY 2021 Actuals

Higher Fuel Expense Accounts for 69% of Increase

Tri-City Project – 2021 Actual to 2023 Budget Total Expenses (\$Millions)



* Excluding contingency



Stanton II Project



Stanton II Project FY 2023 Budget

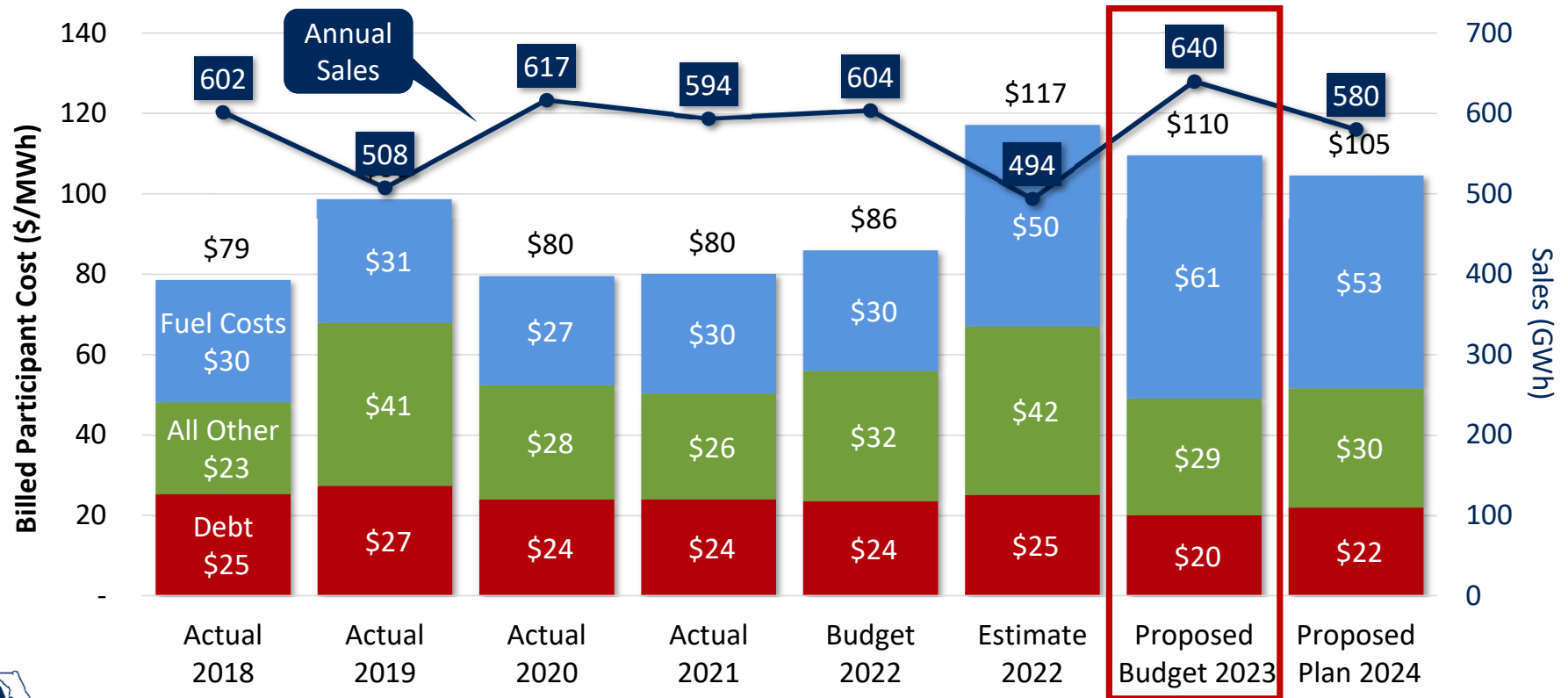
Key Points to Note

- FY 2023 Stanton II Project \$/MWh budgeted ~\$25/MWh higher than FY 2022 budget, ~\$35/MWh higher than FY 2021 actuals
- Coal costs budgeted much higher to reflect market conditions
- FY 2023 budgeted generation higher than projected FY 2022 actuals
- OUC currently doesn't plan to convert Stanton 2 to gas until 2027; planning to pay Stanton II Project share using General Reserve Fund
- 2022 refinancing reduces FY 2023 debt service costs ~\$1.5M
- Added \$3.5M (5%) unfunded contingency for spending authority

FY 2023 Stanton II Participant Cost is \$110/MWh

Project Costs without Debt ~\$90/MWh

Stanton II Project – Historical & Budgeted All-in Rate (\$/MWh) and Sales (GWh)



FY 2023 \$/MWh Budget 45% > FY 2021 Actuals

Increase is 4.4% Excluding Fuel Costs

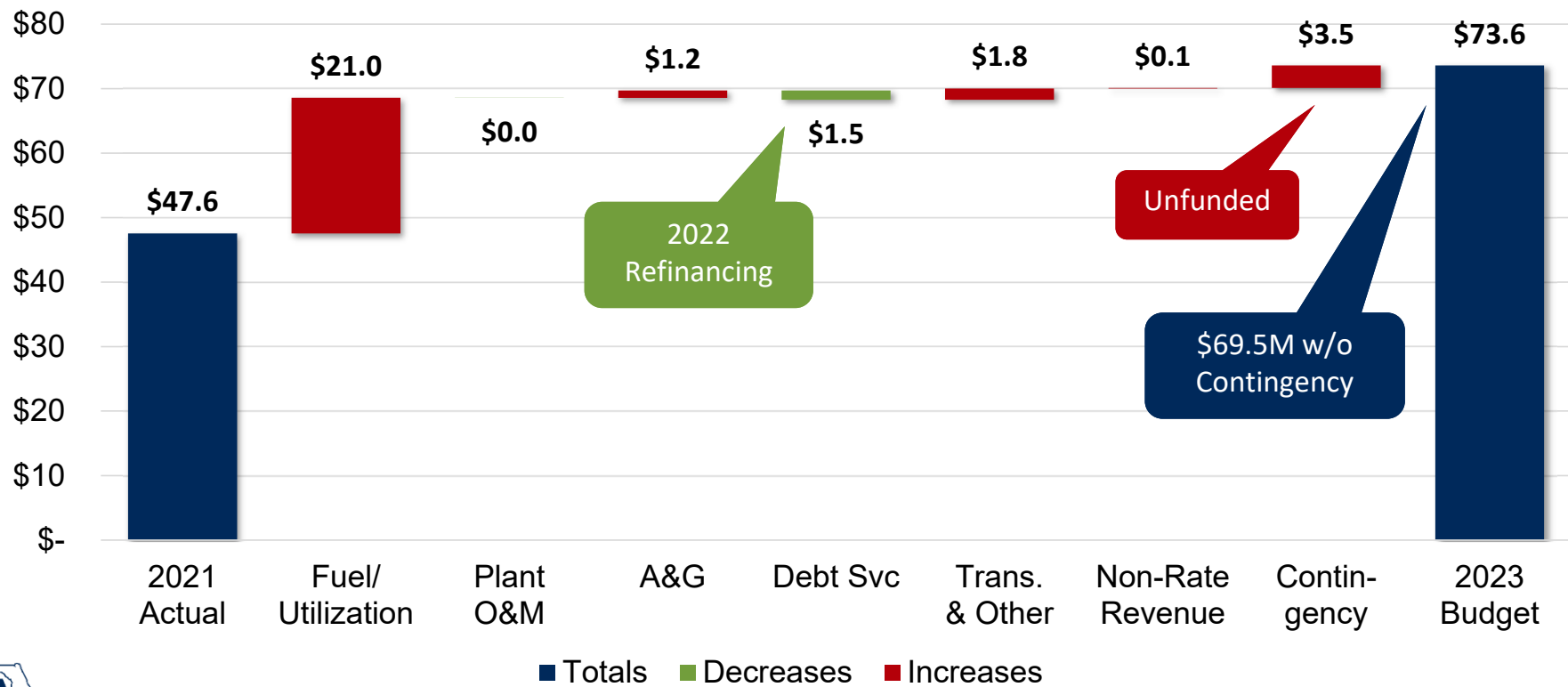
Stanton II Project – 2021 Actual to 2023 Budget All-in Rate (\$/MWh)



Total FY 2023 Expenses \$21.9M (46%)* > FY 2021 Actuals

Net Increase Driven Almost Entirely by Higher Fuel Costs

Stanton II Project – 2021 Actual to 2023 Budget Total Expenses (\$Millions)



* Excluding contingency



St. Lucie Project



St. Lucie Project Summary

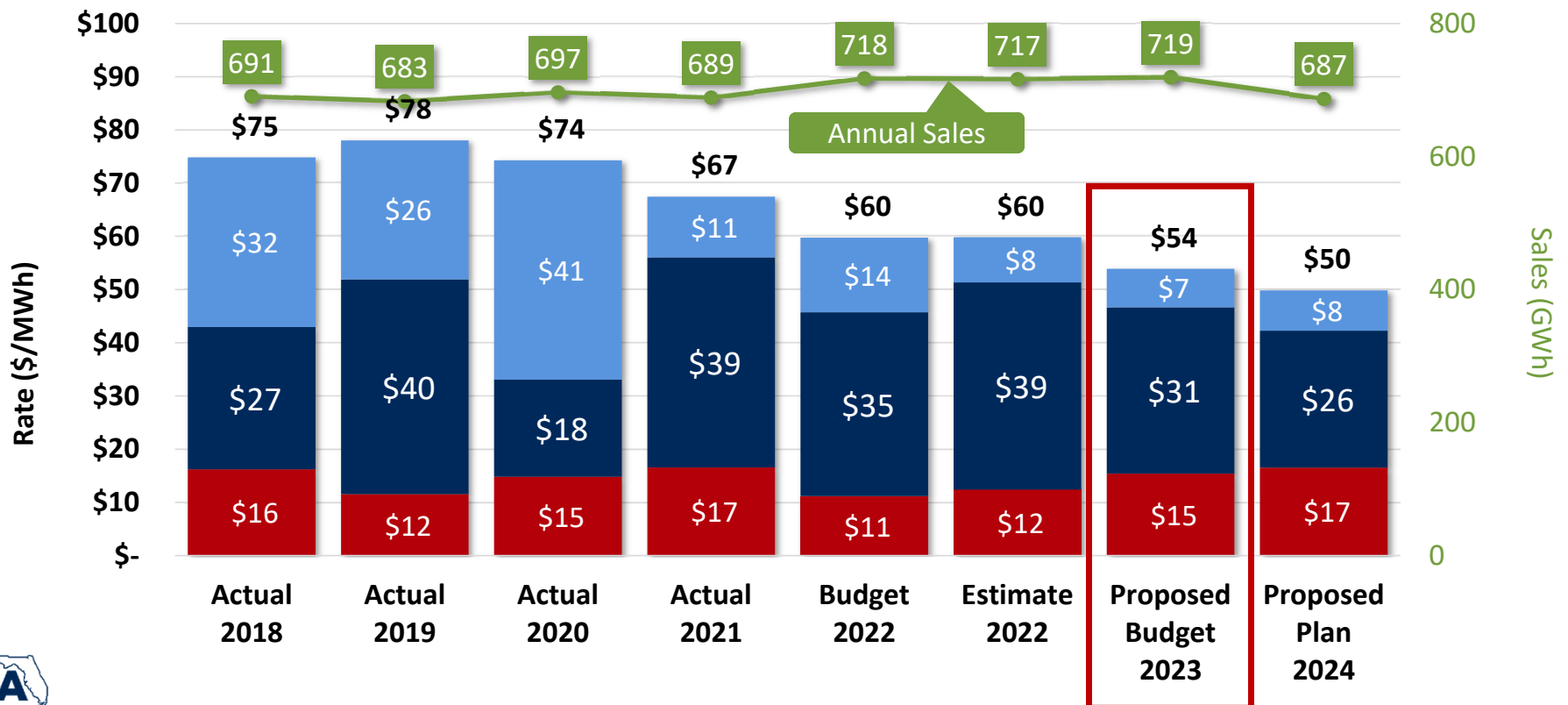
9% Lower Rate for FY 2023 than FY 2022 Budget

- Total St. Lucie FY 2023 Participant cost of \$54.18/MWh excluding transmission, continuing the goal of sustainably reducing Participant costs
- Generation ~ FY 2022 budget with planned refueling outage for St. Lucie 2 only during FY 2023
- FY 2023 budgets for FPL O&M and A&G costs again developed based on recent historical experience and anticipated trends
 - O&M costs reflect refueling outage in FY 2023 vs. no outage in FY 2022
- R&R funding increased to rebuild and maintain target balance
- FPL seeking additional 20-year operating license extension (to 2063), long-term capital needs not currently known
- Budget reflects continuation of reliability exchange agreement
- Added \$2M (5%) unfunded contingency for spending authority

FY 2023 St. Lucie Project Rate is \$53.90/MWh

All-in Rate is ~\$50/MWh Net of Projected True-Up

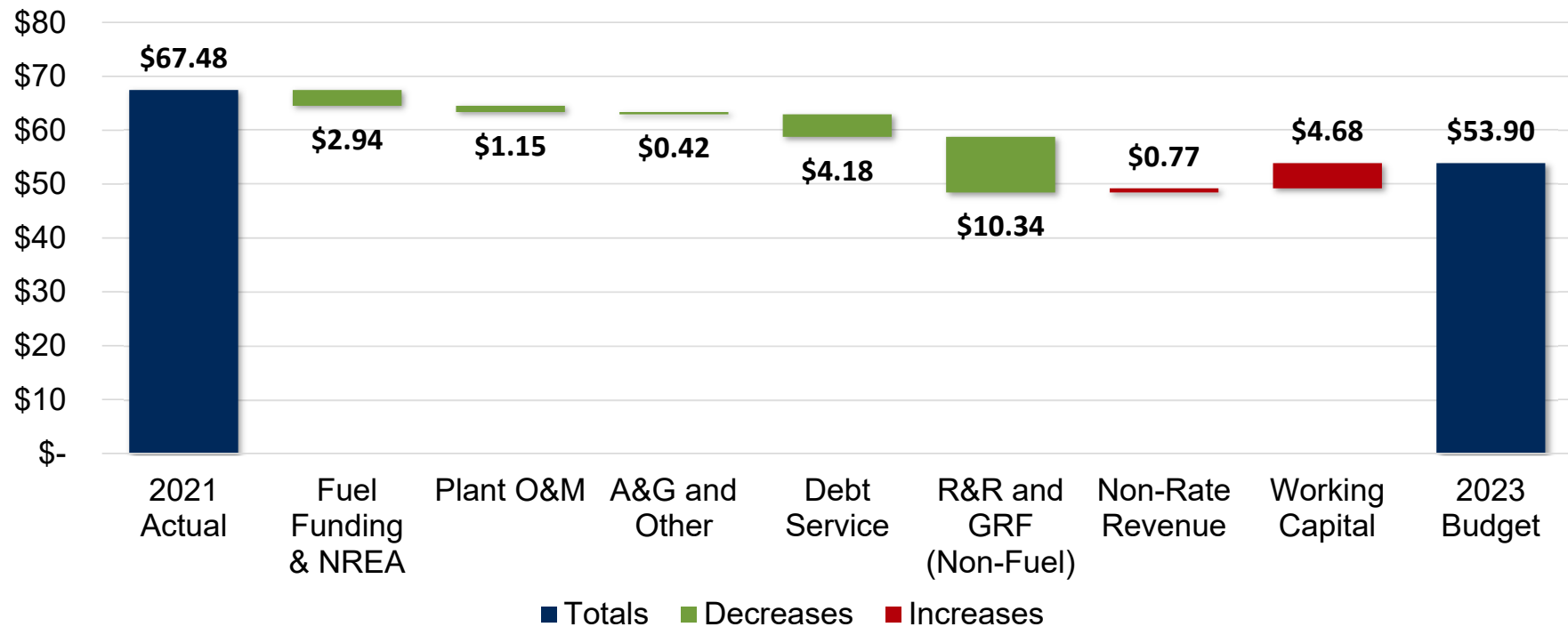
St. Lucie Project – Historical & Budgeted All-in Rate (\$/MWh) and Sales (GWh)



FY 2023 Budget Rate 20% Below FY 2021 Actual Cost

Lower Debt, Fund Contributions Partially Offset by Higher Working Capital Funding Due to Anticipated \$3M+ True-Up^[1]

St. Lucie Project – 2021 Actual to 2023 Budget All-in Rate (\$/MWh)

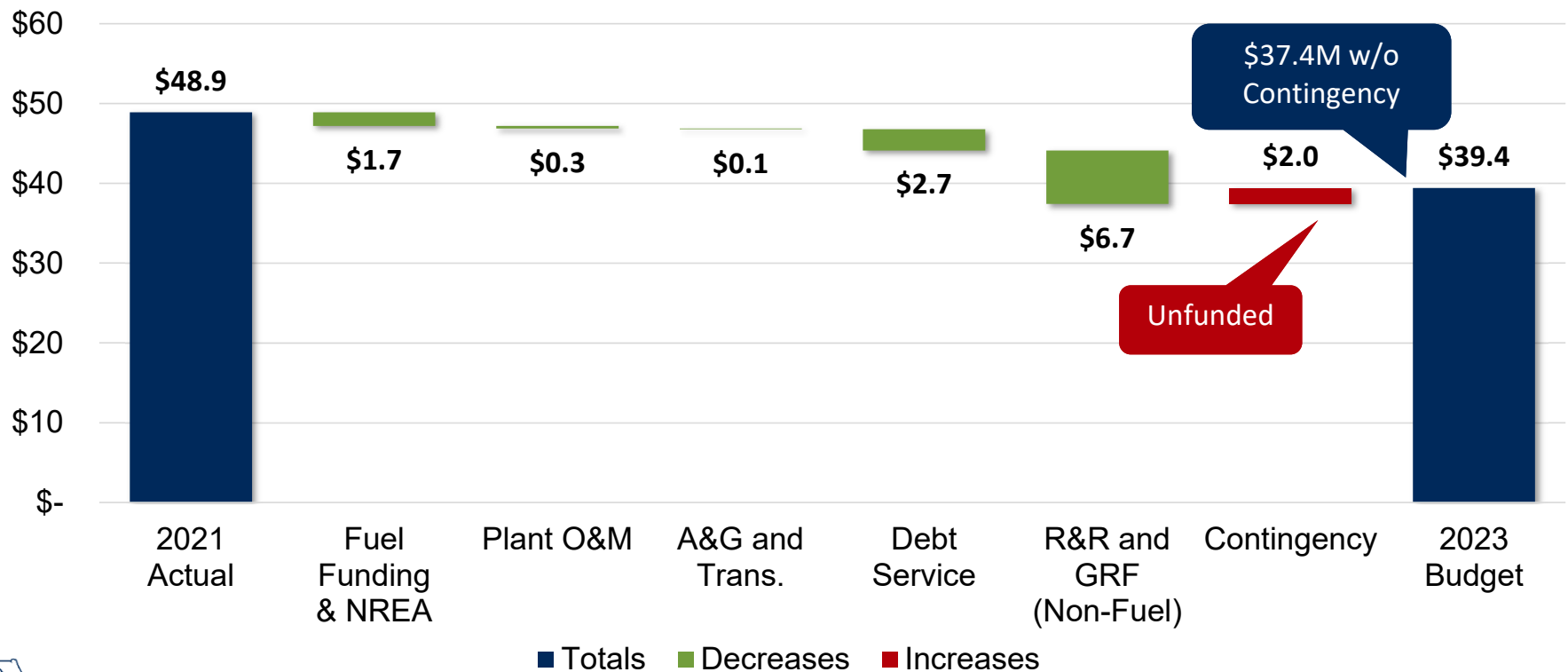


[1] Due to the refinancing of debt in summer 2021, the St. Lucie Project will achieve ~\$4 million of debt service savings during FY 2022 that were not reflected in the FY 2022 Budget. As a result, the true-up due to Participants in FY 2023 is currently estimated to be at least \$3 million.

FY 2023 Total Costs Projected ~\$11.5M* < 2021 Actuals

Budgeted Debt and Fund Contributions Lower in FY 2023

St. Lucie Project – 2021 Actual to 2023 Budget Total Expenses (\$Millions)

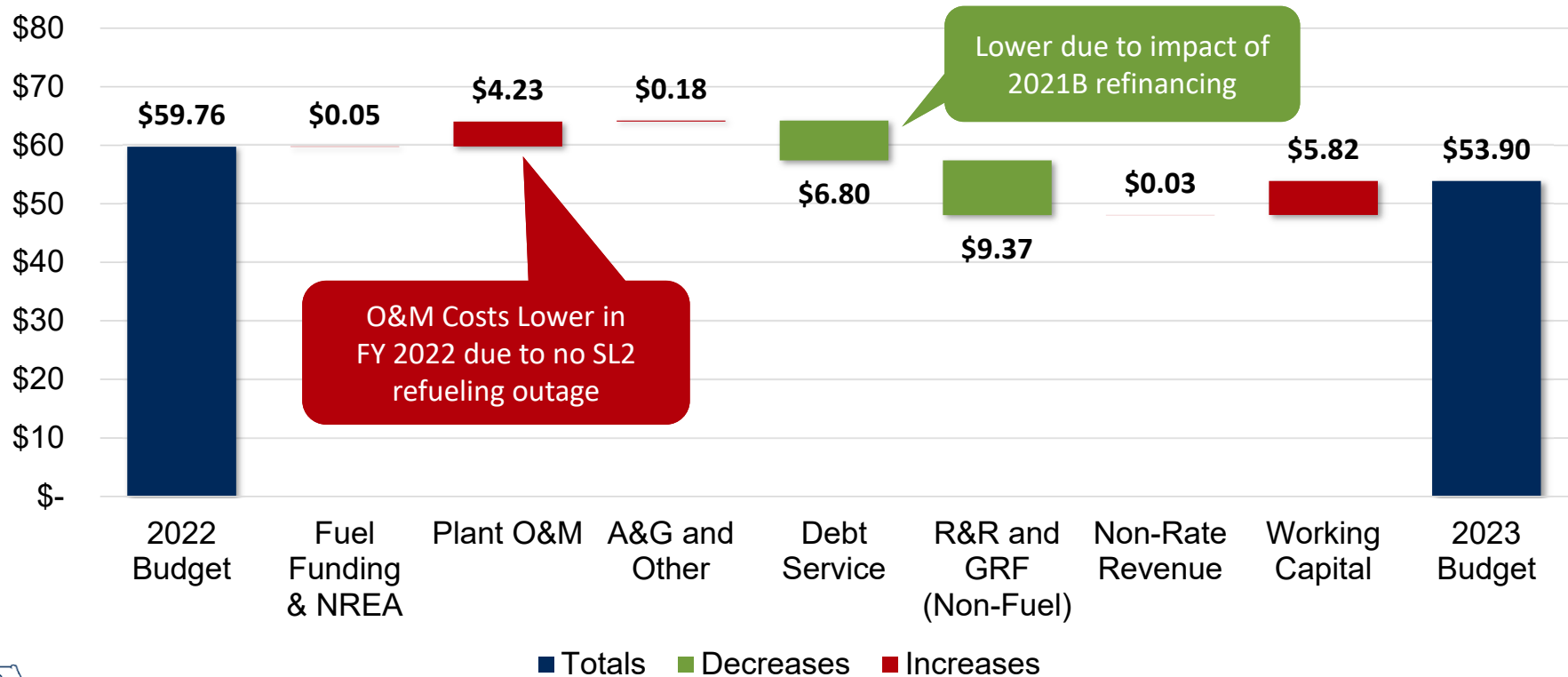


* Excluding contingency

FY 2023 Budget Rate ~\$6/MWh < FY 2022 Budget Rate

O&M, Working Capital Funding Offset by Other Savings

St. Lucie Project - 2022 Budget to 2023 Budget All-in Rate (\$/MWh)





Solar Projects



Solar Projects Summary

Key Points to Note

- FY 2023 Budgets assume the Solar Projects do not come online during FY 2023 due to delays and uncertainty in market
- Will bring back to the Board for budget amendment if ultimately needed



Pooled Loan Project



Pooled Loan Project Summary

- Currently \$21.8M par amount issued
- Current participants:
 - Bushnell \$7.9M
 - Stanton II Project \$3.9M
 - Clewiston \$1.4M
 - Homestead \$8.6M
- Potential future loans for Starke and ARP with a total of \$17M+ being explored
- Approved for up to additional \$25M in loans, with a maximum individual loan amount of \$15 million

Pooled Loan FY 2023 Budget is \$616,257

- FMPA A&G billing budgeted at \$2,600 per year regardless of loan amount
- \$3,500 trustee fees per loan remain
- \$1,500 arbitrage fees per loan budgeted for 5 loans
- Start-up costs included as a member service
- Budgeting for up to 6 loans for the year
- Stanton II Project debt service budgeted as an expense for spending authority purposes (conduit loan), with offsetting revenue



Agency Allocation



Agency Allocation To Projects

FY 2023 Agency Budget Allocation

- Calculated based on revised methodology approved by Board in FY 2021
- Pooled Loan program receiving flat fee allocation per loan
- Both solar projects included in calculation but ignored for FY 2023 budget since neither anticipated to be in service

FY 2023 Proposed Agency Overhead Allocations

	FY 2022 Budget (\$)	FY 2023 Budget (\$) [2]	% Change from FY 2022	With Solar Projects (\$) [3]
Member Assessments [1]	\$60,000	\$63,234	5.4%	\$63,234
St. Lucie Project	746,292	648,536	-13.1%	636,056
Stanton Project	429,235	438,276	2.1%	438,276
Tri-City Project	429,235	438,276	2.1%	438,276
Stanton II Project	537,448	469,463	-12.6%	462,523
Pooled Loan Project	15,000	15,600	4.0%	15,600
Solar Project	--	--	--	175,310
Solar II Project	--	--	--	175,310
Joint Owner Contract Audits	86,000	118,000	37.2%	118,000
All-Requirements Project	14,864,780	15,069,649	1.4%	14,738,448
Total	\$17,167,990	\$17,261,034		\$17,261,034

[1] Assessments to FMPA members that do not participate in an FMPA power supply project.

[2] FY 2023 Budget assumes neither solar project comes online during FY 2023.

[3] Reflects Agency overhead allocations assuming both solar projects were online.



Recommended Motion

- Move adoption of the Budget Resolution 2022-B5, which will approve the Fiscal Year 2023 Stanton, Tri-City, Stanton II, St. Lucie, Solar, Solar II, and Pooled Loan Projects Budgets and the Fiscal Year 2023 Agency Allocations