



SPECIAL CALLED ARP EXECUTIVE COMMITTEE AGENDA PACKAGE

February 02, 2023

10 a.m. [NOTE TIME]

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

Meeting ID Number: 270 067 443 14#

Committee Members

Howard McKinnon, Havana - Chair

Lynne Tejeda, Key West – Vice Chair

Christina Simmons, 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: FMIPA Executive Committee
FROM: Jacob Williams, General Manager & CEO
DATE: January 26, 2023
RE: **Special Called ARP Executive Committee Telephonic/Teams Meeting**
Thursday, February 2, 2023 at 10:00 AM

PLACE: Via Teams and at Florida Municipal Power Agency
8553 Commodity Circle, Orlando, FL 32819
FMIPA 1st Floor Conference Room, Orlando, Florida

DIAL-IN: 321-299-0575, Access Code 270 067 443 14#
[Click here to join the meeting](#) or [+1 321-299-0575,,27006744314#](#)

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

AGENDA

Chair Howard McKinnon, Presiding

- 1. Call to Order, Roll Call, Declaration of Quorum**
- 2. Set Agenda (By Vote)**
- 3. Recognition of Guests**
- 4. Public Comments (Individual Public Comments limited to 3 minutes)**
- 5. Possible Action Item – Approval of Natural Gas/Power Longer Term Price Stability Opportunities and Additional Pre-Pay**
- 6. Member Comments**
- 7. Adjournment**

The participants in the above referenced public meeting will conduct the public meeting by telephone, via Teams/telephone conference hookup. There will be a speaker telephone made available for any interested person to attend this public meeting and be fully informed of the discussions taking place by telephone conference hookup at FMIPA's headquarters, located at 8553 Commodity Circle, Orlando, Florida 32819-9002. 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 FMIPA at (407) 355-7767 or 1-(888)-774-7606, at least two (2) business days in advance to make appropriate arrangements. Any interested person may contact FMIPA for more information on this public meeting by calling (850) 297-2011 or (877) 297-2012 or writing to: Open Government Law Compliance Coordinator, Florida Municipal Power Agency, 2061-2 Delta Way, Post Office Box 3209, Tallahassee, Florida 32315-3209.



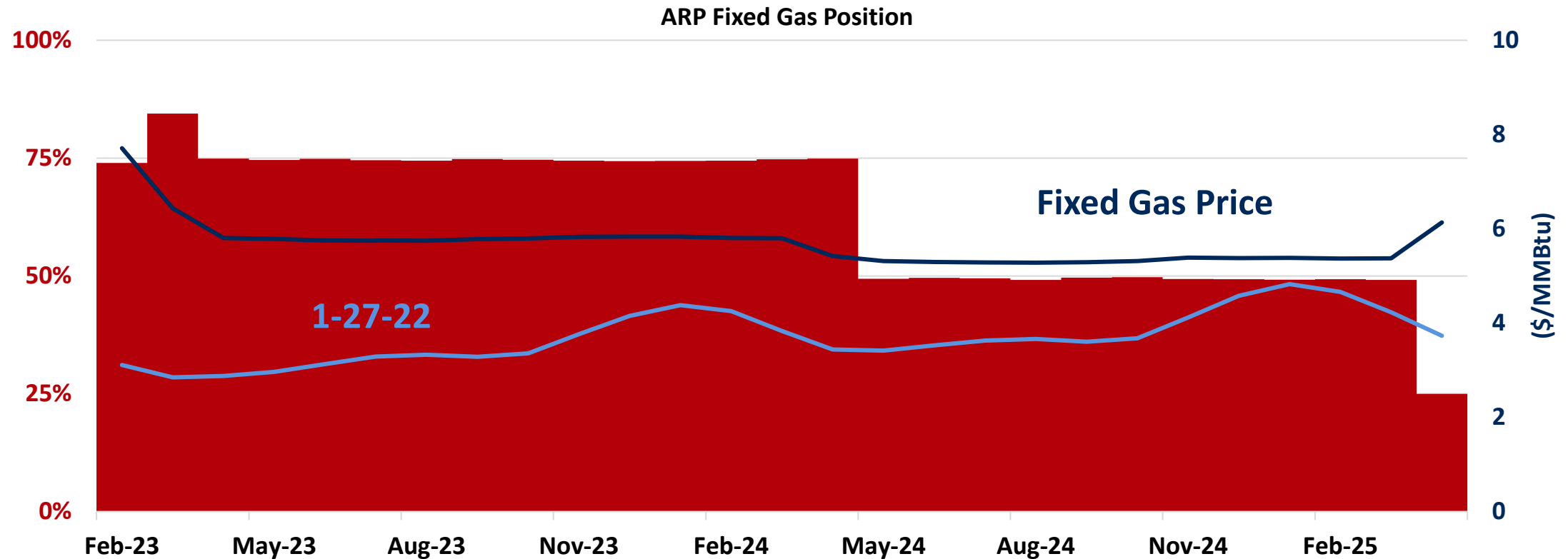
EC 5 Natural Gas/Power Longer Term Price Stability Opportunities & Additional Pre-Pay

Executive Committee

February 2, 2023

Natural Gas Henry Hub Price Risk Management

Partially Managed Until Spring 2023, 50% & 25% Thereafter

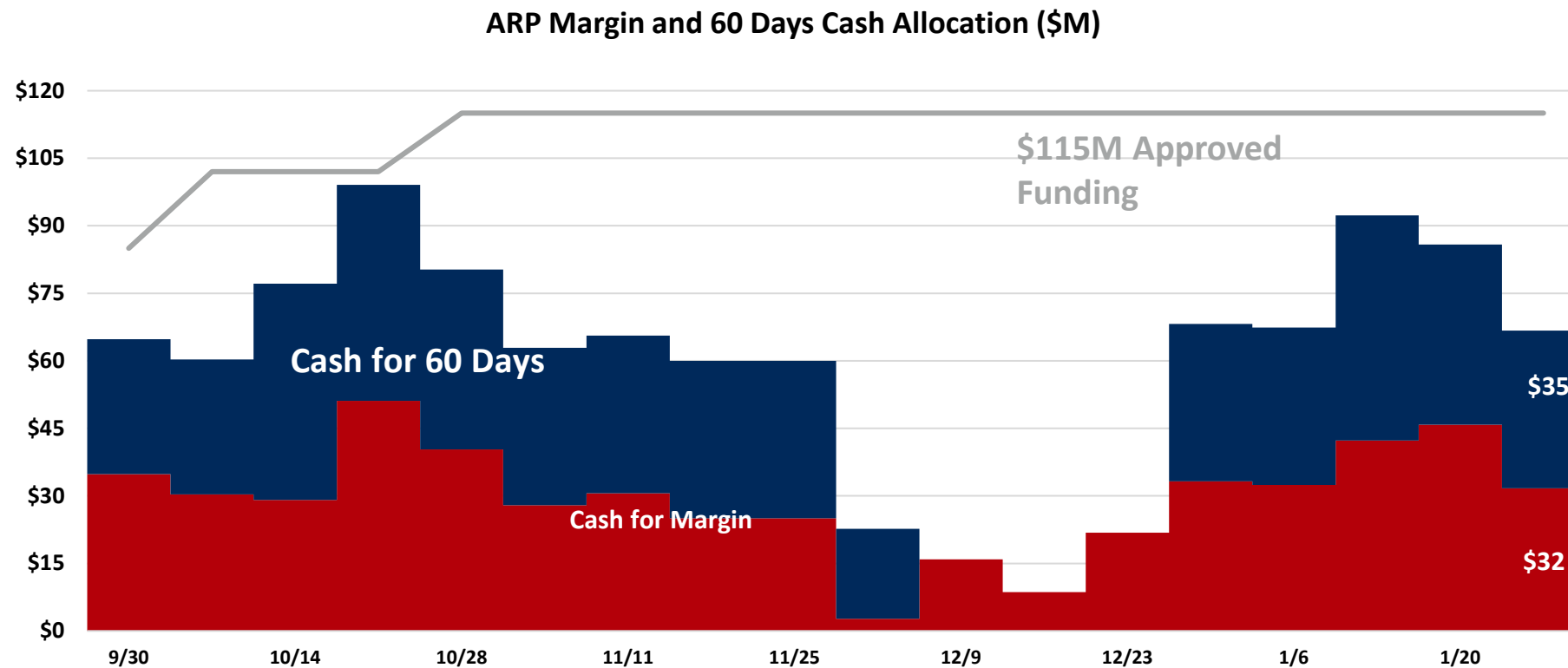


Forward Natural Gas Price/Triggers vs. Fixed Gas Price Achieved
Percent of Monthly Volume Fixed

ARP Funding to Manage Margin/Cash Now \$115M

Approved Funding Sufficient To Manage Margin + 60 Days

Approved Funding vs. Actual Margin Cash and Cash Allocated for 60 Day Target

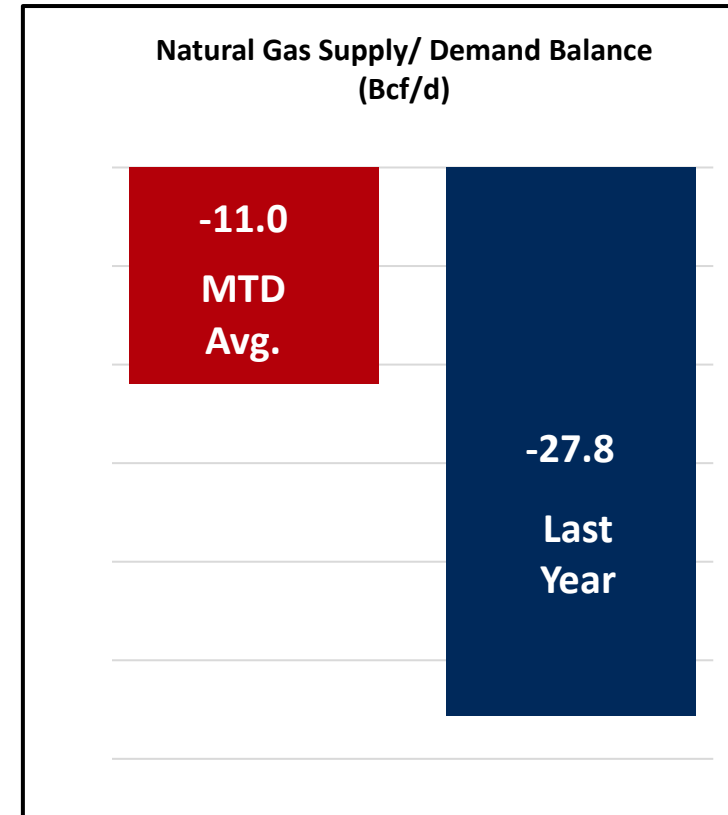


Natural Gas Demand Down in January Due to Mildness

Supply is Up 1.8 Bcf/Day, Demand is Down 15 Bcf/Day

U.S. Gas Generation Increase Driving Growth

Supply / Demand Detail (Bcf/day)		
	MTD Avg	Last Year
Production	97.9	95.0
Imports	5.6	6.7
Total Supply	103.5	101.7
Power Demand	-29.5	-31.1
Industrial Demand	-24.2	-25.5
Res / Com Demand	-41.0	-51.8
Exports	-19.8	-21.1
Total Demand	-114.5	-129.5
Net Surplus for Storage	-11.0	-27.8



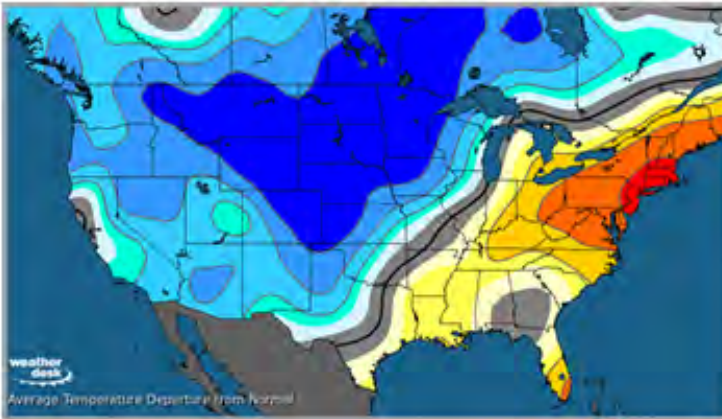
Temperatures Turning Cold at the end of January

Res/Comm usage forecasted 8 Bcf/d higher over next 7 days

- While the warmer weather has been a driving factor for January, the cold fronts, shown below, are expected to be short-lived events, not new trends.

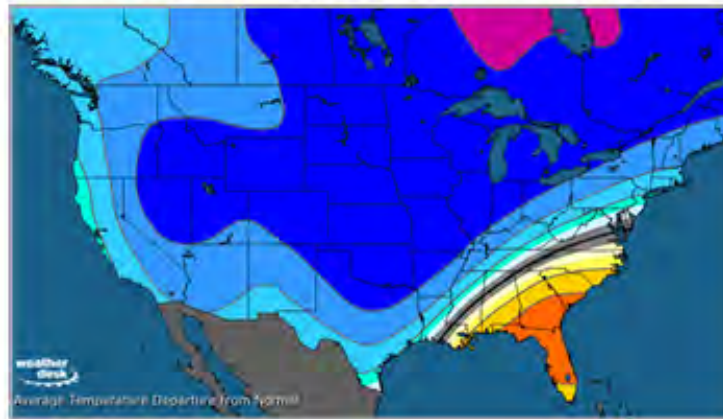
Turning Colder West-Central

1-5 Day: Thursday Jan 26 - Monday Jan 30



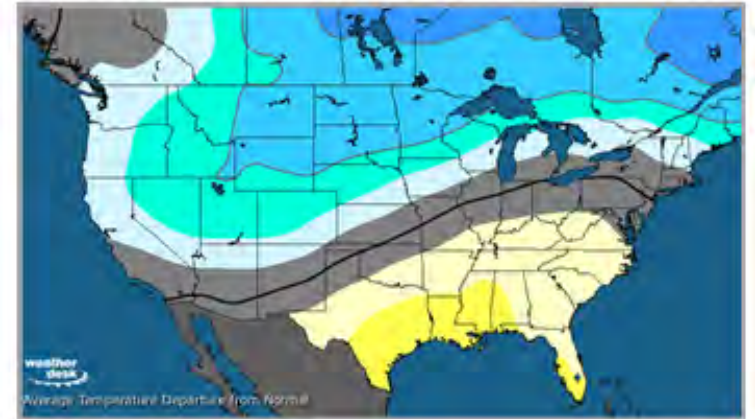
East: Early Aboves, Late Belows

6-10 Day: Tuesday Jan 31 - Saturday Feb 4



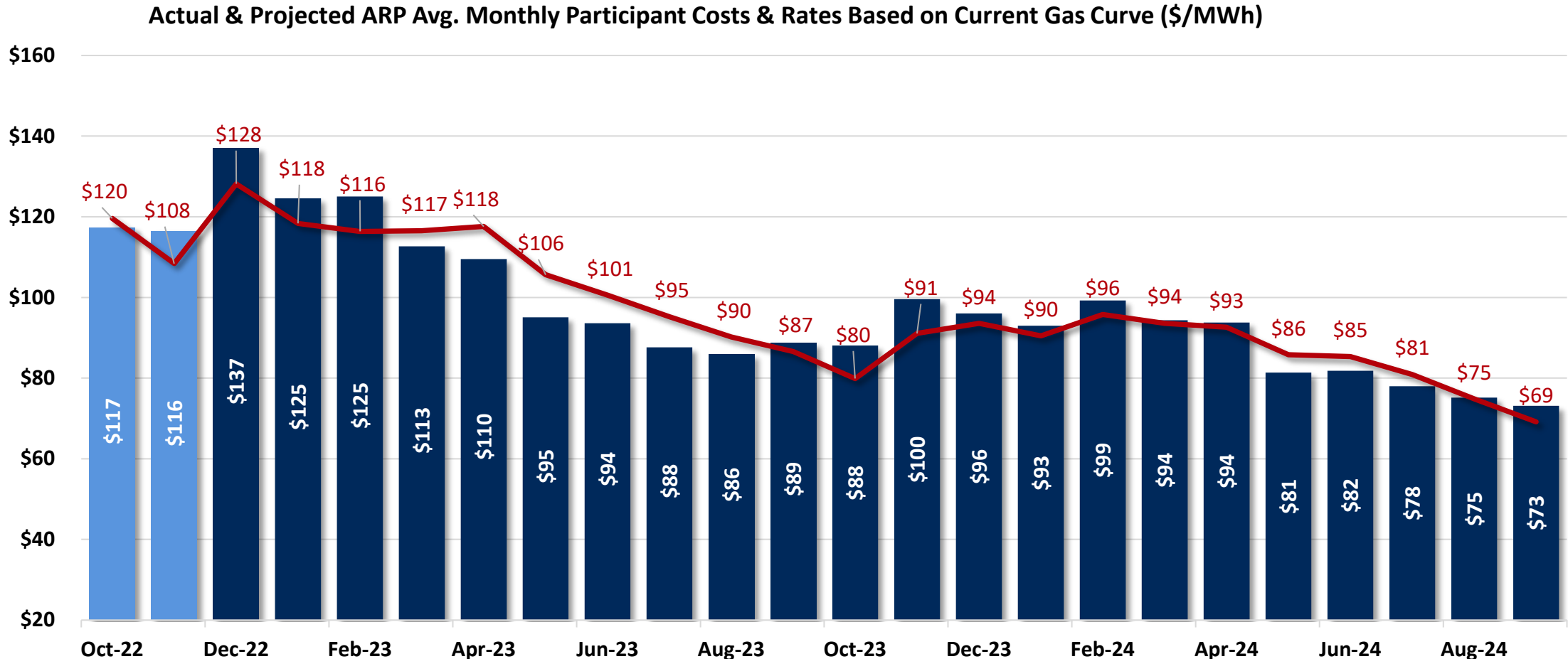
Mid To Late Aboves In South

11-15 Day: Sunday Feb 5 - Thursday Feb 9



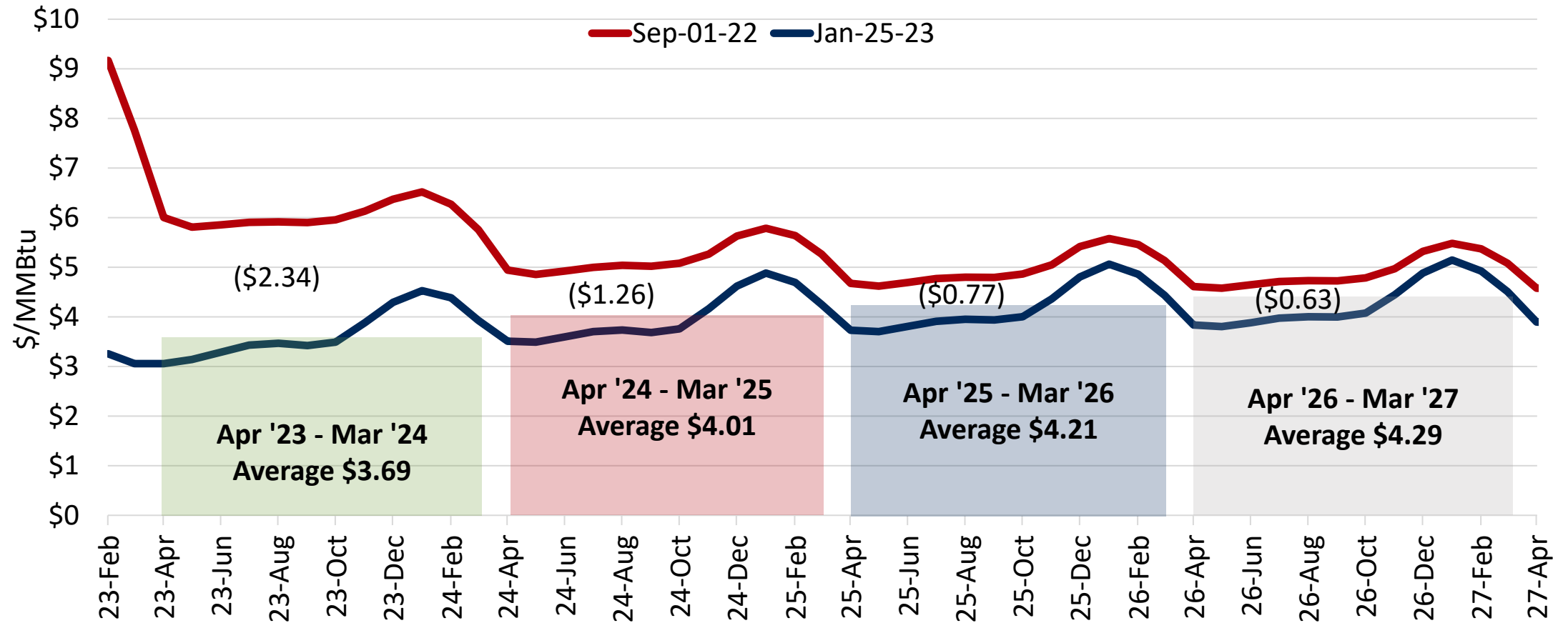
Monthly Participant Rates Forecasted < \$120/MWh

Assumes No Bond Usage for Cash Support After March



Significant Reduction in Forward Prices Since Fall

Post April 2025 Pricing Fairly Flat on Average ~\$4.25/MMBtu



Gas Prices Drive Costs

Avg. All-In Cost Up ~\$6.50/MWh for Every ~\$1 Increase in Gas

Gas Price Assumed (\$/MMbtu)	Projected All-In Cost w/ 100% of gas at Assumed Price (\$/MWh)
\$3	\$78
\$4	\$84
\$5	\$90
\$6	\$96
\$7	\$103
\$8	\$109
\$9	\$115
\$10	\$122

Potential Further Long-Term Price Stability Targets

Lock in Fixed Volumes if Prices Hit Certain Thresholds

Period	Threshold \$/MMBtu	Incremental Volume Managed (%)	Executed?	Equivalent Power Cost (\$/MWh)
Apr. '23 – Mar. '24	\$3.69 ¹	5%	Proposed	\$82
Apr. '24 – Mar. '25	\$4.01 ¹	10%	Proposed	\$84
Apr. '24 – Mar. '25	\$3.90	10%	Proposed	\$83.3
Apr. '24 – Mar. '25	\$3.80	5%	Proposed	\$82.3
Apr. '25 – Mar. '26	\$4.21 ¹	10%	Proposed	\$85.2
Apr. '25 – Mar. '26	\$4.10	10%	Proposed	\$84.6
Apr. '25 – Mar. '26	\$4.00	5%	Proposed	\$84

¹ Current market price.

Liquidity to Cover Additional Volumes ~\$9M - \$18M

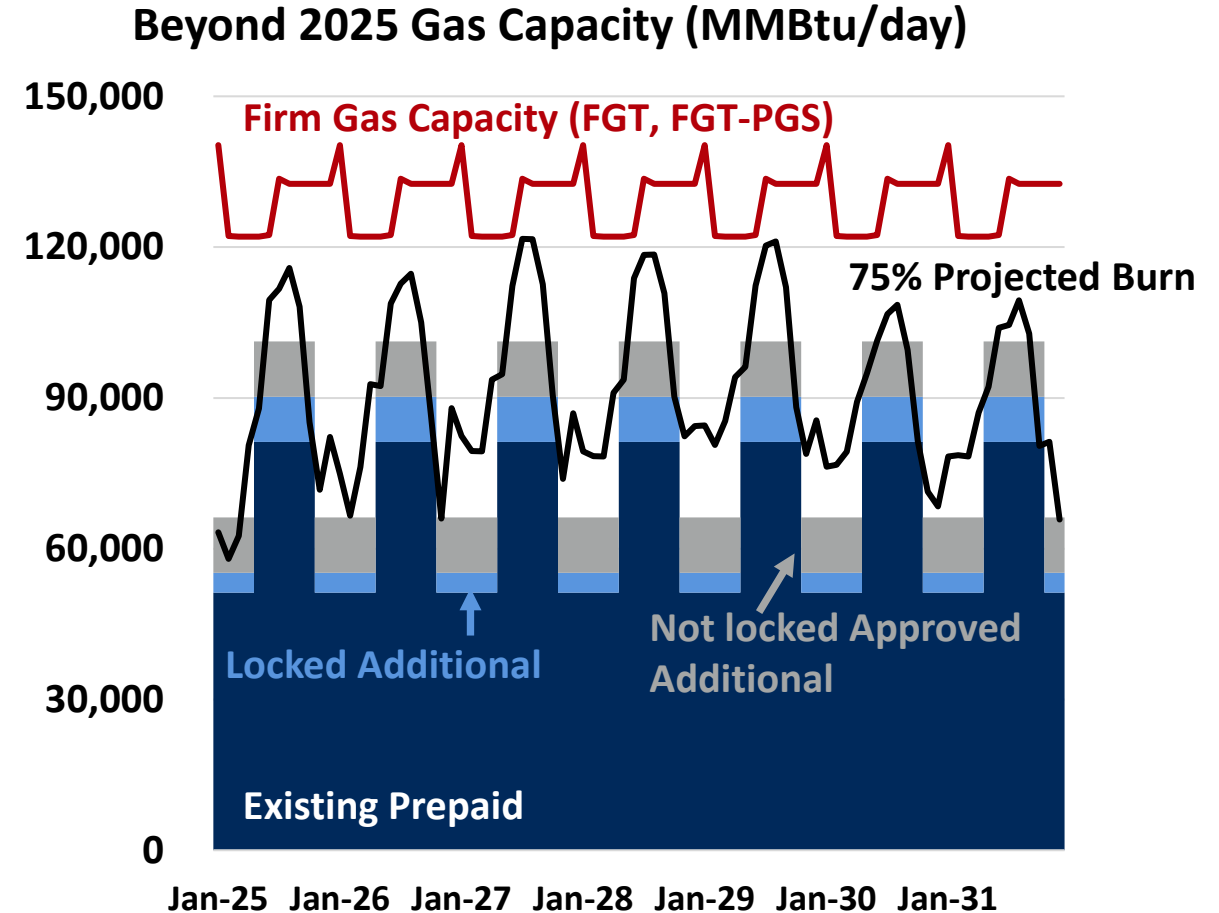
Total Possible Margin For High End Price Drop ~\$68M

- Based on percentage targets for May 2024 – March 2026 (layering in additional 25% of native burn by month), the ARP's fixed position would require an additional financial product on ~14.9 million MMBtu
- Modeled scenario with a \$1 price drop in front month of the gas curve and corresponding drops on down to March 2026, assuming a transaction occurs prior to 3/1/2023, and assumed the same impact on existing held volumes
- Up front margin requirements for the new volume (~\$2.8M) also included based on current counterparty requirements
- Analysis suggests liquidity to support \$1 drop scenario ~\$9M for new volumes, with double the severity versus the price drop modeled requiring ~\$18M.
- Existing margin posted to support prior volumes is currently ~\$33M of debt liquidity (\$40M of margin already collected) as of 1/25/23, with remainder of debt liquidity available to service additional margins
- Total of high-end cases for existing exposure (~\$50M) and new volume (~\$18M) equals ~\$68M

Gas Burn Headroom Exists for Additional Prepay

Requires Firm Gas Transportation to Support Takes

- With anticipated SEC 1 retirement, ARP gas burn to increase
- Residual wholesale sales, pool sales, and native load growth also drive gas burns
- Pace of solar additions captures expected Phase III solar added into energy mix
- FMPA has sufficient firm gas transportation capacity to cover up to 75% of burn
- We have ~10,000 MMBtu/Day available at 75%, with ~15,000 MMBtu/Day available at 80%



Recommended Motion

- Move approval authorizing staff to secure an additional 10,000 MMBtu/Day, of pre-paid gas with an initial minimum discount of 45 cents/MMBtu and granting staff discretion on individual monthly volume.