



## FMPA BOARD OF DIRECTORS AGENDA PACKAGE

---

**March 16, 2023**  
**9:00 a.m. [NOTE TIME]**  
**Dial-in info: 1-321-299-0575**  
**Conference ID Number: 226-154-168-665#**

### **Board of Directors**

Barbara Quiñones, Homestead –Chair  
Lynne Tejada, Key West – Vice Chair  
Larry Mattern, Kissimmee – Secretary  
Allen Putnam, Jacksonville Beach – Treasurer  
Rodolfo Valladares, Alachua  
Bradley Hiers, Bartow  
Traci Hall, Blountstown  
Christina Simmons, Bushnell  
Robert Presnell, Chattahoochee  
Lynne Mila, Clewiston  
Jan Bagnall, Fort Meade  
Javier Cisneros, Fort Pierce  
Dino DeLeo, Gainesville  
Robert Page, Green Cove Springs  
Howard McKinnon, Havana  
Ed Liberty, Lake Worth Beach

Mike Beckham, Lakeland  
Brad Chase, Leesburg  
Vacant, Moore Haven  
Steve Langley, Mount Dora  
Mike New, Newberry  
Joe Bunch, New Smyrna Beach  
Doug Peebles, Ocala  
Claston Sunanon, Orlando  
Vacant, Quincy  
Kolby Urban, St. Cloud  
Drew Mullins, Starke  
Tony Guillen, Tallahassee  
James Braddock, Wauchula  
Vacant, Williston  
Dan D'Alessandro, Winter Park

**Meeting Location**  
**Florida Municipal Power Agency**  
**8553 Commodity Circle**  
**Orlando, FL 32819**  
**(407) 355-7767**



# MEMORANDUM

**TO:** FMPA Board of Directors  
**FROM:** Jacob A. Williams, General Manager and CEO  
**DATE:** March 7, 2023  
**RE:** **FMPA Board of Directors Meeting – 9:00 a.m., Thursday March 16, 2023**  
**PLACE:** Florida Municipal Power Agency  
 8553 Commodity Circle, Orlando, FL 32819  
**DIAL-IN:** **DIAL-IN INFO 321-299-0575**  
**Meeting Number 226 154 168 665#**  
**LINK:** [Click here to join the meeting](#)  
 (If you have trouble connecting via phone or internet, call 407-355-7767)

## AGENDA

**Chairperson Barbara Quiñones, Presiding**

- 1. Call to Order, Roll Call, Declaration of Quorum .....4
- 2. Recognition of Guests..... 5
- 3. Public Comments (Individual public comments limited to 3 minutes)..... 6
- 4. Set Agenda (by vote) ..... 7
- 5. Report from the General Manager (Jacob Williams)..... 9
- 6. Sunshine Law Update (Dan O’Hagan)..... 20
- 7. Consent Agenda
  - a. Approval of the Minutes for the Meeting Held February 16, 2023..... 26
  - b. Approval of the Projects’ Preliminary Financials as of January 31, 2023 ..... 32
  - c. Approval of the Treasury Reports as of January 31, 2023 ..... 34

<b>8. Action Items</b>	
a. None .....	37
<b>9. Information Items</b>	
a. Update on Inflation Reduction Act (IRA) * (Mike Mace, PFM and Mitch Rappart, Nixon Peabody) .....	39
b. Florida Municipal Solar Project Update * (Susan Schumann) .....	59
c. Quarterly Compliance Update * (LaKenya VanNorman) .....	64
d. 2023 Strategic Planning Workshop Report * (Jacob Williams).....	71
e. JEA Membership in FMPA (Jacob Williams) .....	77
<b>10. Member Comments</b> .....	79
<b>11. Adjournment</b> .....	80

**\*Also on the Executive Committee agenda.**

JW/su

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**

**Board of Directors Meeting  
March 16, 2023**

**AGENDA ITEM 2 – RECOGNITION OF  
GUESTS**

**Board of Directors Meeting  
March 16, 2023**

**AGENDA ITEM 3 – PUBLIC  
COMMENTS (Individual Public  
Comments Limited to 3 Minutes)**

**Board of Directors Meeting  
March 16, 2023**

**AGENDA ITEM 4 – SET AGENDA (By  
Vote)**

**Board of Directors Meeting  
March 16, 2023**

**AGENDA ITEM 5 – REPORT FROM  
THE GENERAL MANAGER**

**Board of Directors Meeting  
March 16, 2023**

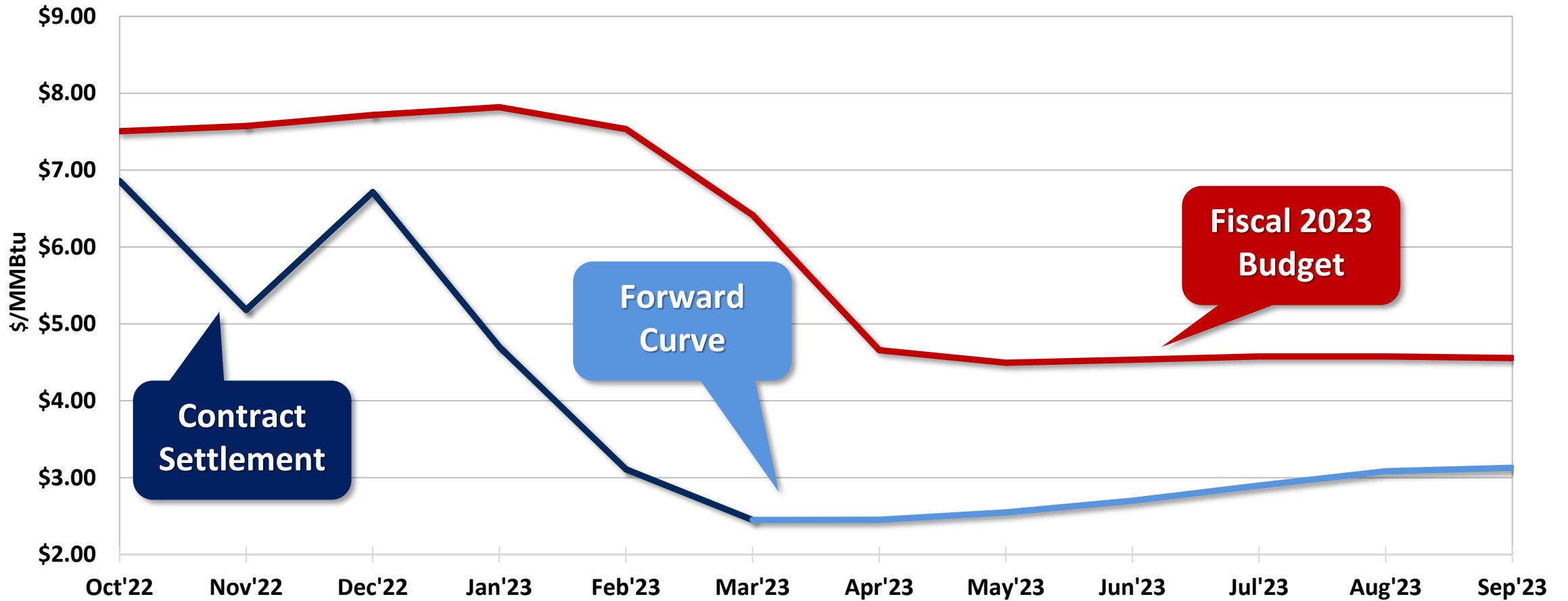


# Fiscal Year 2023 Management Goals – February Data

Goal		Status	Actual	YTD Actual	YTD Target	FY 2023 Target	Comment
<b>1. Safety</b>	Lost-time Accidents		0	0	0	0	No lost-time accidents
	OSHA Recordables		0	0	0	0	
<b>2. Compliance</b>	Environmental		0	0	0	0	
	Financial		0	0	0	0	
	Regulatory		0	0	0	0	
<b>3. Low Cost (\$/MWh)</b>	Fiscal Year 2023 Rate Objective		124.27	122.74	123.82	< \$105.99	<ul style="list-style-type: none"> <li>Managed Fuel costs &gt; target due to margin recovery</li> <li>Market-Exposed Fuel &lt; target is a combination of declining prices and margins on gas sales</li> <li>Non-fuel costs 1% below YTD target primarily due to capacity sales &gt; target</li> </ul>
	Managed Fuel		53.31	50.98	40.16	\$29.40	
	Market-Exposed Fuel		15.48	17.87	29.38	\$26.92	
	Non-Fuel		55.48	53.88	54.28	\$49.67	
<b>4. Natural Gas Rate Stability Plan</b>	Discuss need & goals for a structured plan					Complete by June	Workshop conducted on programmatic effort for natural gas/power price stability. Will revisit in the spring after strategic plan and winter impacts are clear.

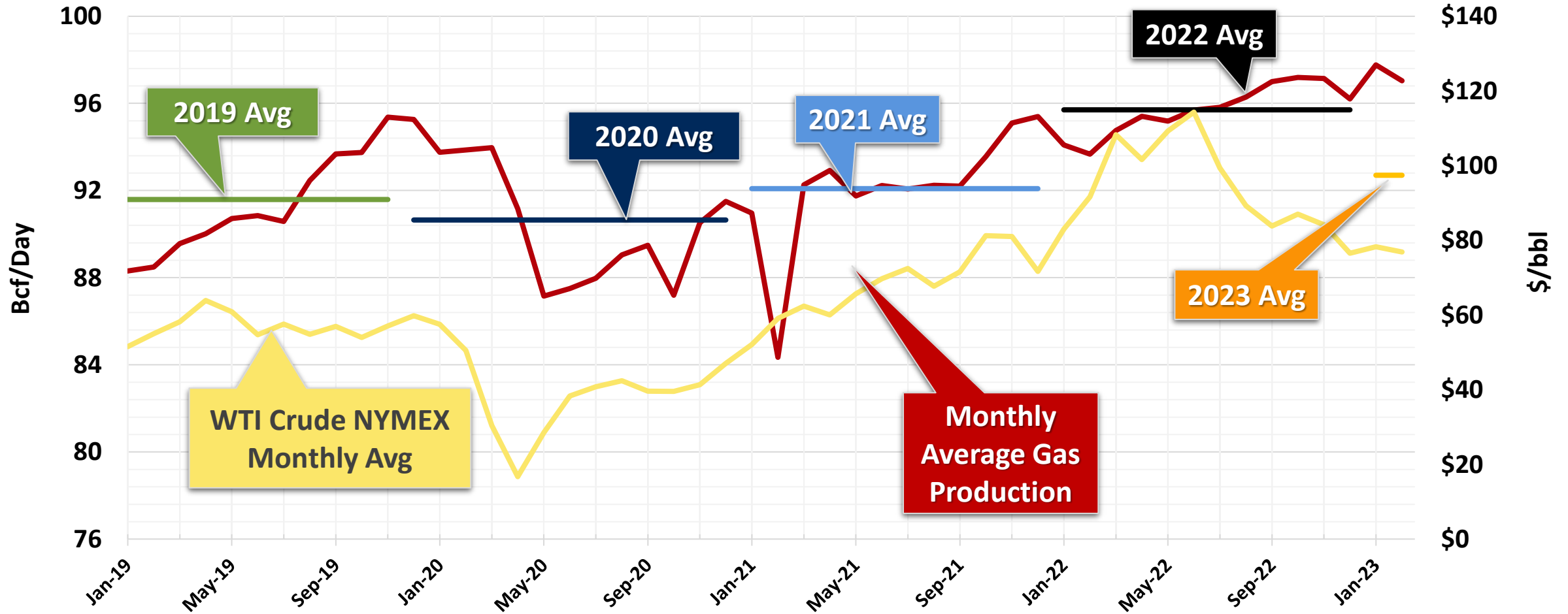
# NYMEX Settlement \$3.96/MMBtu Below Budget FYTD

*Forward Natural Gas Curve as of March 1st*



# Natural Gas Production Finally Above 2019 Peaks

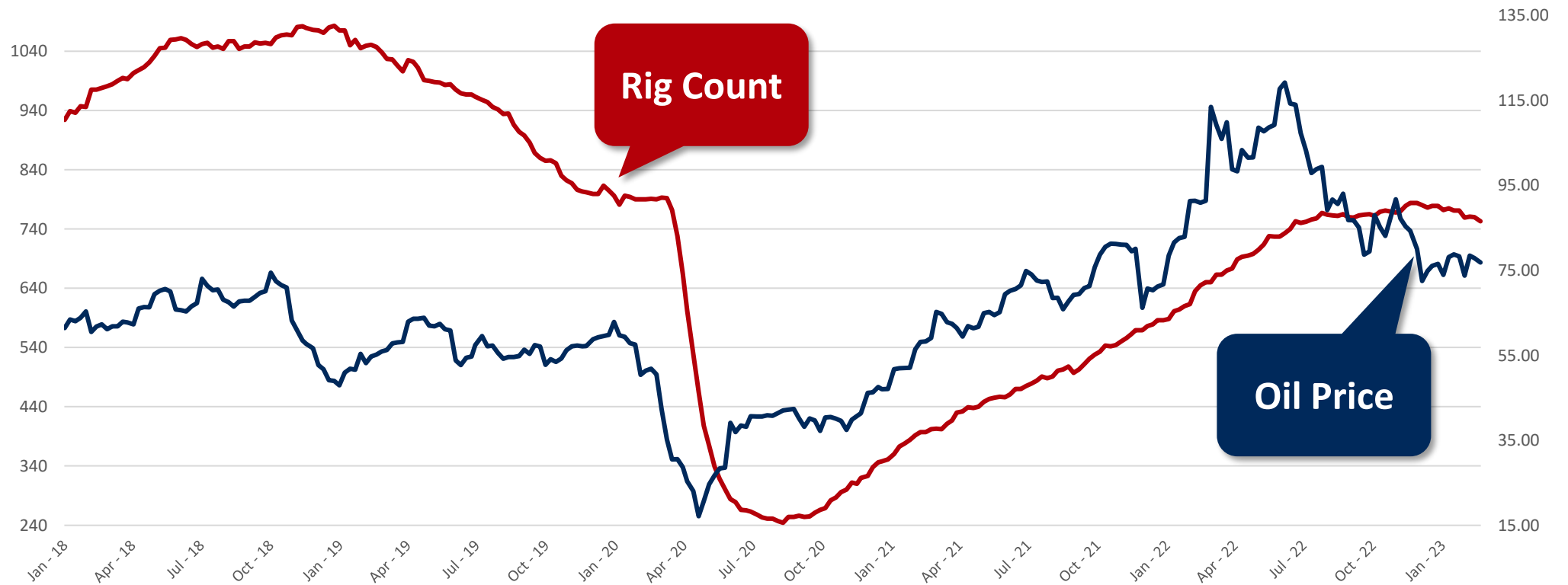
*Gas Demand Up 6 Bcf/Day Over 2019, Continued Tight Market*



# Oil and Gas Rigs Not Keeping Pace with Demand

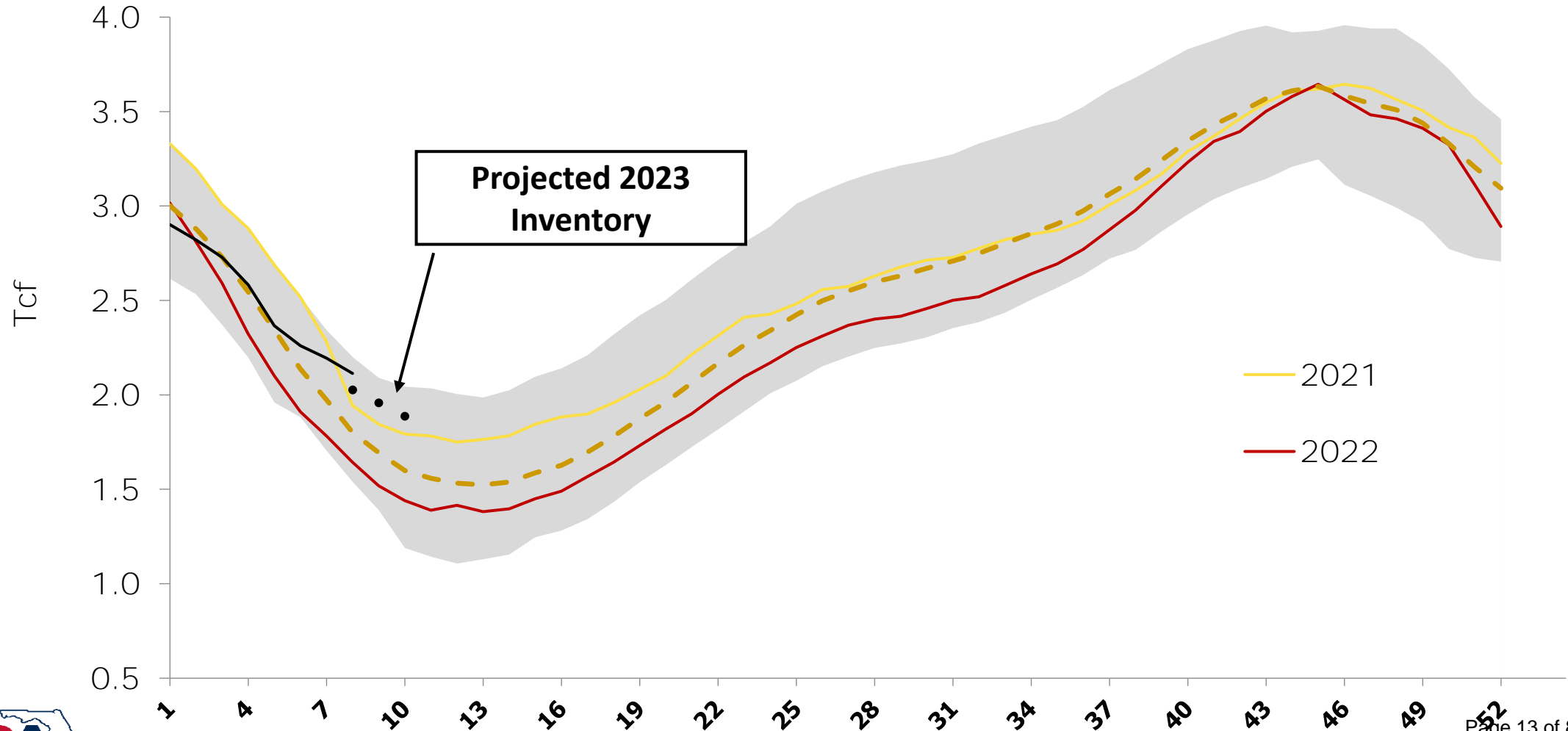
*US Rigs at Only 70% of 2019 Levels*

## US Drilling Rig Count vs. WTI Prompt

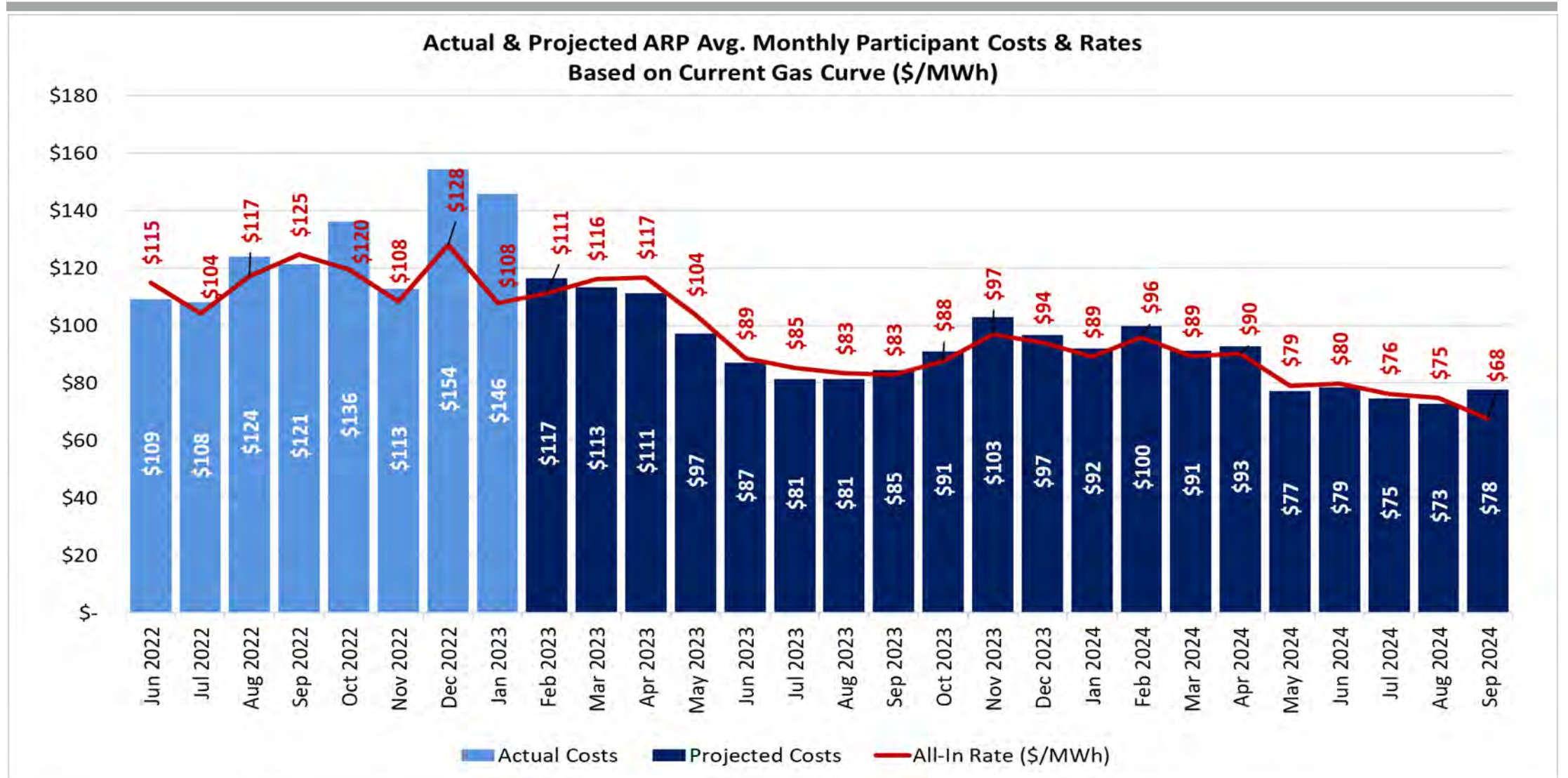


# Gas Storage Inventory as of Week Ending March 3rd

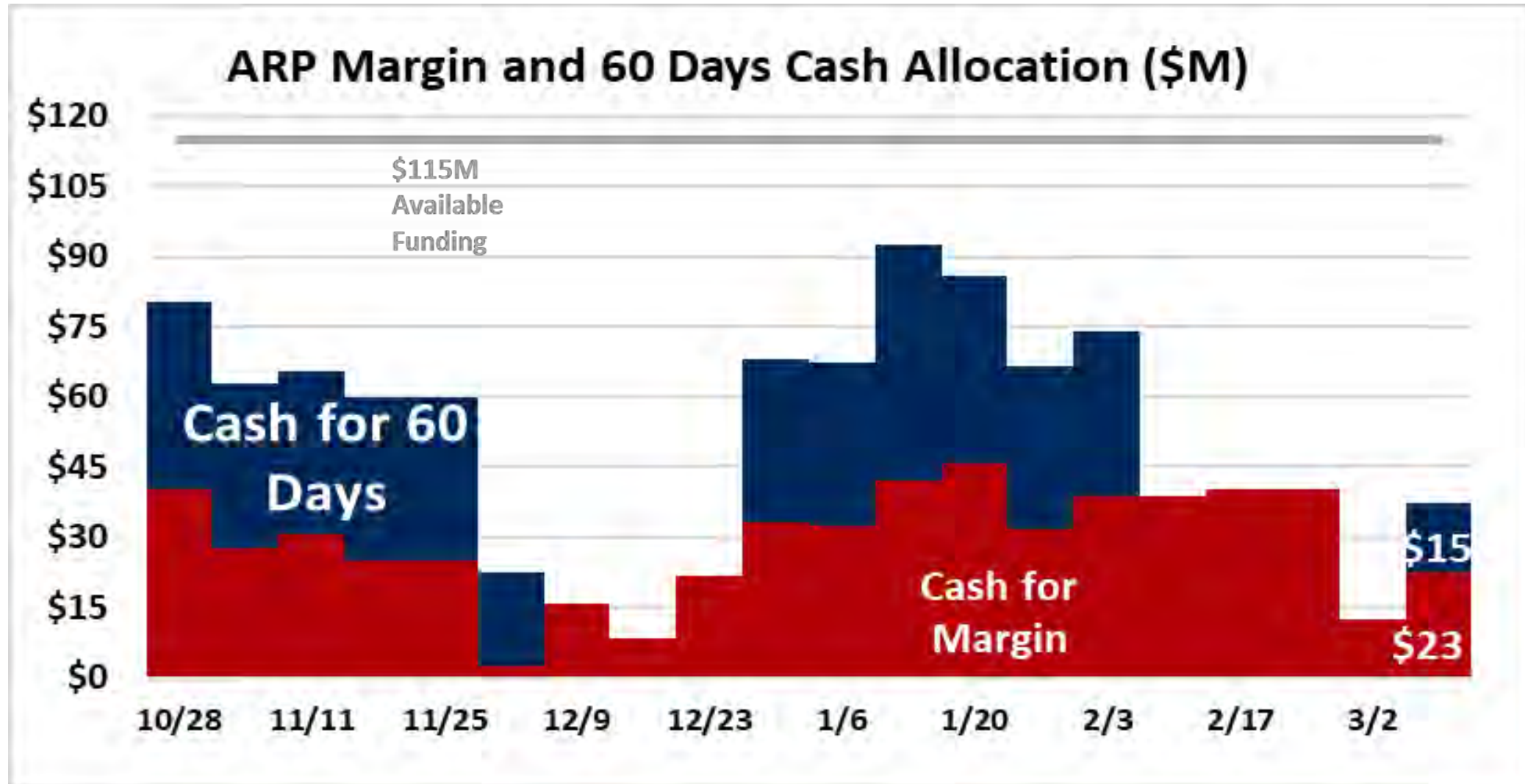
*Feb storage averaged 232 bcf over its 5-year average.*



# All-in Rate and Cost Projections Through FY 2024



# ARP Margin and 60-Days Cash Allocation (\$M)



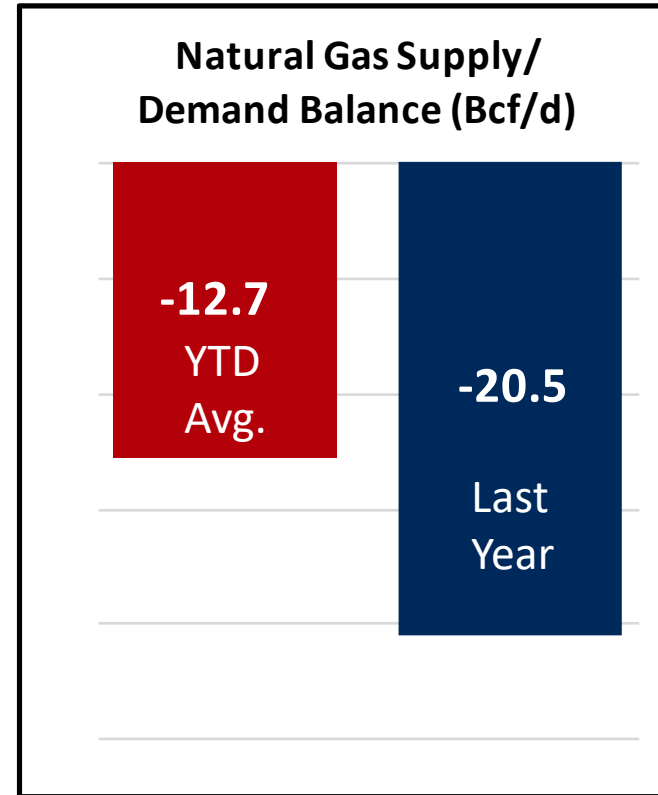


# Gas Demand For Res/Comm Down Due to Mild Winter

*Supply Up 1.5 Bcf/Day, Demand Down 6.3 Bcf/Day*

## U.S. Gas Generation Increase Driving Growth

Supply / Demand Detail (Bcf/day)		
Updated as of 3/14/2023		
	YTD Avg	YTD Last Year
Production	97.4	94.9
Imports	5.4	6.4
<b>Total Supply</b>	<b>102.8</b>	<b>101.3</b>
Power Demand	-29.9	-28.9
Industrial Demand	-24.2	-25.2
Res / Com Demand	-40.9	-46.7
Exports	-20.4	-21.0
<b>Total Demand</b>	<b>-115.5</b>	<b>-121.8</b>
<b>Net Surplus for Storage</b>	<b>-12.7</b>	<b>-20.5</b>





Goal	Status	Actual	YTD Actual	YTD Target	FY 2023 Target	Comment
5. Cyber-security	Breaches	0	0	0	0	
	Advance phishing tests	1	6	7.3%	10% or <	Advanced phishing tests based on real-world phishing attempts
6. Reliability	Large CC EAF	92.8%	86.3%	88.6%	90%	CI2 and TCEC in planned outage CI2 & CI3 experienced additional outage time vs. plan due to GE performance
	SI EAF	57.8%	84.0%	88.8%	92%	Planned outages on EP2, MSD 1 and 2 to upgrade control system have exceeded planned period, Working to condense future outages to minimize down time
	SI black start and trans. backup	-	-	-	100%	No units operated
7. Member Reliability	Project recommendations Major >8 hrs	0	5	5	12	• Ocala reviewing Min/Max
	Projects recommendations Minor < 8 hrs	2	8	7.5	18	• Williston – Program recloser • Clewiston – Backup Transformer Support
8. Member Services	Leadership member visits	6	31	31.25	75	
	Member/Community presentations, communications & social media support	2	10	8	20	9 presentations; 1 communication support

Goal	Status	Actual	YTD Actual	YTD Target	FY 2023 Target	Comment
<b>9. Strategic Plan &amp; IRP</b> Staff will complete IRP for 20-year planning horizon					Complete by EOFY	<ul style="list-style-type: none"> <li>Key assumptions for IRP agreed upon by EC during strategic plan</li> <li>Staff conducted Phase 2 kickoff with Burns &amp; McDonnell</li> </ul>
<b>10. Financing</b> Complete Member <u>pooled loans</u> Complete Gas Prepays		1 3	1 3		1 0	Homestead pooled loan closed Nov. 18. Prepay of 4K(W)/24K(S) at average \$0.61/mmbtu discount
<b>11. Solar Phase III</b> Complete contract negotiations on Phase III sites					Complete by EOFY	Potential for 3-5 sites; Workshop scheduled March 15, Prices increasing due to FEMA, Insurance costs in addition to higher interest rates
<b>12. People</b> Complete All Team In-House Training Sessions		1	1	1	3	All Managers attended training for "Managing a remote workforce" in December.

**AGENDA ITEM 6 – SUNSHINE LAW  
UPDATE**

**Board of Directors Meeting  
March 16, 2023**



# **Sunshine Law Update – An Election, a Pandemic and a Broken Laptop, Oh My!**

Board of Directors

March 16, 2023

# Sunshine Law and Public Records Law

## *Good Faith Exception for Public Records Law Only!*

---

Jackson v. City of South Bay, 48 Fla. L. Weekly D371, -- So. 3d – (Fla. 4th DCA Feb. 15, 2023).

- City Commission candidate lost election by one vote in March 2020.
- Candidate files a public records request for copies of all meeting minutes of Palm Beach County canvassing board related to election.
- Candidate and County agree to timeframe for when records will be produced.
  - County produces records within the agreed timeframe, but omits minutes for March 13 meeting.
  - Later, candidate learns of March 13 meeting. When asked, County says it was unaware March 13 meeting occurred.
  - Minutes were recorded on laptop which, subsequently, stopped working. (The old broken laptop trick!)
  - Eventually, minutes were retrieved from minute-taker's email.
- Candidate sues for Sunshine Law and Public Records Violation

# Who wins?

---



# Both! Really?

---

- Public Records Law
  - Public records act requires records custodian to respond “in good faith”
  - Court said that broken laptop does not mean the County lacked “good faith” – the County did what it could to retrieve the minutes from March 13.
  - County never refused records and did not have unjustified delay.
  - **County wins!**
- Sunshine Law (not so fast)
  - No good faith element for Sunshine law.
  - All meeting minutes must be promptly recorded and open to public for inspection.
  - Court said that March 13 minutes were not promptly recorded and open to inspection –evidenced by the fact that County was unaware of the meeting.
  - County claimed, “busy election season,” “throes of a pandemic,” and “extraordinary circumstances.”
  - Too bad, **Candidate wins, and gets attorney’s fees!**





**AGENDA ITEM 7 – CONSENT  
AGENDA**

- a. Approval of the Minutes for the  
Meeting Held February 16, 2023**

**Board of Directors Meeting  
March 16, 2023**

**MINUTES**  
**FMPA BOARD OF DIRECTORS MEETING**  
**FLORIDA MUNICIPAL POWER AGENCY**  
**THURSDAY FEBRUARY 16, 2023**  
**8553 COMMODITY CIRCLE**  
**ORLANDO, FL 32819**  
**9:00 A.M.**

**MEMBERS PRESENT** Christina Simmons, Bushnell\* (virtual)  
Lynne Mila, Clewiston (virtual)  
Jan Bagnall, Fort Meade  
Javier Cisneros, Fort Pierce  
Dino DeLeo, Gainesville (virtual)  
Bob Page, Green Cove Springs  
Howard McKinnon, Havana  
Barbara Quinones, Homestead  
Allen Putnam, Jacksonville Beach (virtual)  
Lynne Tejeda, Key West  
Larry Mattern, Kissimmee  
Ed Liberty, Lake Worth Beach  
Mike Beckham, Lakeland (virtual)  
Joe Bunch, New Smyrna Beach (virtual)  
Claston Sunanon, Orlando  
Kolby Urban, St. Cloud  
Drew Mullins, Starke  
James Braddock, Wauchula (virtual)  
Jonathan Bishop, Williston\* (virtual)

\*Joined after roll call.

**OTHERS PRESENT** Daniel Retherford, FPUA  
Norm Krise, Enercon Services Inc.  
Steve Stein, nFront Consulting

**STAFF PRESENT** Jacob Williams, General Manager and CEO  
Jody Finklea, General Counsel and CLO  
Ken Rutter, Chief Operating Officer  
Linda S. Howard, Chief Financial Officer  
Dan O'Hagan, Assistant General Counsel and Manager of  
Regulatory Compliance  
Sue Utley, Executive Asst. /Asst. Secy. to the Board  
Mike McCleary, Manager of Member Services Development  
Sharon Adams, Chief People and Member Services Officer  
Susan Schumann, Manager of External Affairs and Solar Projects  
David Schumann, Power Generation Fleet Director

Chris Gowder, Vice President IT/OT and System Ops  
LaKenya VanNorman, Regulatory Compliance Specialist  
Rich Popp, Treasurer and Risk Director  
Lindsay Jack, Administrative Specialist  
Ed Nunez, Assistant Treasurer / Debt  
Denise Fuentes, Budget and Financial Analyst II  
Ryan Dumas, Senior Public Relations Specialist  
Rachel Ilardi, Public Relations Specialist  
Wayne Koback, IT Manager  
Jose C. Molina-Bravo, Manager of Member Services Development

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

Chair, Barbara Quiñones, Homestead, called the Board of Directors meeting to order at 9:00a.m. on Thursday, February 16, 2023, 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 17 members present representing 28.5 votes out of a possible 47.5 votes. Just after roll call two additional members joined, bringing the total present to 19 members representing 31.5 votes out of a possible 47.5 votes.

### **ITEM 2 – Recognition of Guests**

Chair, Barbara Quiñones, Homestead, welcomed Steve Stein, nFront Consulting and Norm Krise, Enercom

### **ITEM 3 – PUBLIC COMMENTS (Individual Public Comments Limited to 3 Minutes)**

None

### **ITEM 4 – SET AGENDA (by vote)**

**MOTION:** Lynne Tejeda, Key West, moved approval of the agenda as presented. Howard McKinnon, Havana, seconded the motion. Motion Carried 31.5-0.

### **ITEM 5 – REPORT FROM THE GENERAL MANAGER**

Jacob Williams reported on the following items:

1. Goals Score Card
2. Strategic Planning session was a success.
3. Jacob recognized Jody Finklea’s testimony at the House Energy, Communications & Cybersecurity Subcommittee meeting. Jacob Williams said it was well done.
4. Congratulations to Ken Rutter and Lynne Tejeda for the Stock Island USCG

Administrative Order termination.

5. FPL minimum customer charge \$30, up from \$5.
6. Cybersecurity Workshop will be held March 30 10am-2pm. Department of Homeland Security, FBI, E-ISAC, and local police will be here.
7. Annual Member Survey is Due March 13<sup>th</sup>.

## **ITEM 6 – SUNSHINE LAW UPDATE**

Dan O'Hagan reported on Public Comment Requirements.

## **ITEM 7 – CONSENT AGENDA**

- a. Approval of Minutes – Meeting Held January 19, 2022
- b. Approval of the Projects' Preliminary Financials as of December 31, 2022
- c. Approval of the Treasury Reports as of December 31, 2022

**MOTION:** Larry Mattern, Kissimmee, moved approval of the consent agenda. Javier Cisneros, Fort Pierce, seconded the motion. Motion Carried 31.5-0.

## **ITEM 8 – ACTION ITEMS**

### **a. Approval of Poinsett Facility Termination Fund Distribution**

Susan Schumann reported on the Poinsett Facility termination fund distribution.

**MOTION:** Ed Liberty, Lake Worth Beach, moved approval of Solar I Project Poinsett termination proceeds to be used toward repayment of the Project Development funds associated with Solar I Project expenditures. Any remaining balance will be returned to Solar I Project participants via check based on pro-rata share. Javier Cisneros, Fort Pierce, seconded the motion. Motion Carried 31.5-0.

**MOTION:** Javier Cisneros, Fort Pierce, moved approval of ARP Solar I Participants Poinsett Termination proceeds to be used toward repayment of Project Development funds associated with Solar Project expenditures, with no remaining balance expected. If EC subsequently approves additional pending Harmony substation expenses, Poinsett Termination proceeds will be used toward those costs first, to avoid an additional request for Development Fund. Larry Mattern, Kissimmee, seconded the motion. Motion Carried 31.5-0.

### **b. Approval of Debt Risk Management Policy**

Rich Popp presented revisions to the Debt Risk Management Policy.

**MOTION:** Howard McKinnon, Havana, moved approval of the presented Debt Risk Management Policy with recommended changes. Javier Cisneros, Fort Pierce, seconded the motion. Motion Carried 31.5-0.

**c. Approval of Financial Advisors' Contracts Renewals**

Linda S. Howard presented the Financial Advisors' contracts' renewals.

Howard McKinnon, Havana, asked if PFM will have a representative at our meetings going forward? Linda Howard advised PFM will have someone at our meetings or online in the future.

Larry Mattern, Kissimmee, Thanked Craig for all he has done for the agency and Member cities and said Craig has done a wonderful job.

**MOTION:** Larry Mattern, Kissimmee, moved approval of the contracts with Financial Advisors as follows:

- 3-year contract with PFM with total fees of \$570,000, with the opportunity to extend the contract
- 2-year contract with Dunlap & Associates with total fixed fees of \$180,000

Howard McKinnon, Havana, seconded the motion. Motion Carried 31.5-0.

**ITEM 9 – INFORMATION ITEMS**

**a. Annual Debt Report**

Ed Nunez presented the annual debt report.

**b. Florida Municipal Solar Project Update**

Susan Schumann gave an update on the Florida Municipal Solar Project.

Reminder that the Solar III participation Workshop is March 15, 2023.

**c. Summary of Finance Committee Items**

Linda Howard provided an update on the Finance Committee items.

**d. Update on Stanton Energy Center**

Ken Rutter provided an update on Stanton Energy Center.

**ITEM 10 – MEMBER COMMENTS**

Barbara Quinones, Homestead, mentioned that the mid-year review performance for Jacob Williams and Jody Finklea would be more streamlined going forward. The average merit of FMPA staff will be included in the budget process beginning soon for Jacob Williams and Jody.

**ITEM 11 – ADJOURNMENT**

There being no further business, the meeting was adjourned at 10:25a.m.

\_\_\_\_\_  
Barbara Quiñones  
Chairperson, Board of Directors  
Approved: \_\_\_\_\_

\_\_\_\_\_  
Larry Mattern  
Secretary  
Seal

BQ/LM/su

**AGENDA ITEM 7 – CONSENT  
AGENDA**

- b. Approval of the Projects'  
Preliminary Financials as of  
January 31, 2023**

**Board of Directors Meeting  
March 16, 2023**



Linda S. Howard, CPA, CFP  
Chief Financial Officer

## AGENDA PACKAGE MEMORANDUM

**TO:** FMPA Board of Directors  
**FROM:** Linda Howard  
**DATE:** March 07, 2023  
**ITEM:** 7b – Approval of Projects’ Financials as of January 31, 2023

---

**Discussion:** The summary financial statements and detailed financial statements, which include GASB #62 transactions, of the Projects for the period ended January 31, 2023 are posted on the Document Portal section of FMPA’s website.

---

**Recommended:** Move approval of the Projects’ Financial Reports for the month ended January 31, 2023.

---

LH/GF



**AGENDA ITEM 7 – CONSENT  
AGENDA**

- c. Approval of the Treasury Reports  
as of January 31, 2023**

**Board of Directors Meeting  
March 16, 2023**



**AGENDA PACKAGE MEMORANDUM**

TO: FMPA Board of Directors  
 FROM: Sena Mitchell  
 DATE: March 7, 2023  
 ITEM: BOD 7(c) – Approval of Treasury Reports as of January 31, 2023

**Introduction** This agenda item is a quick summary update of the Treasury Department’s functions.

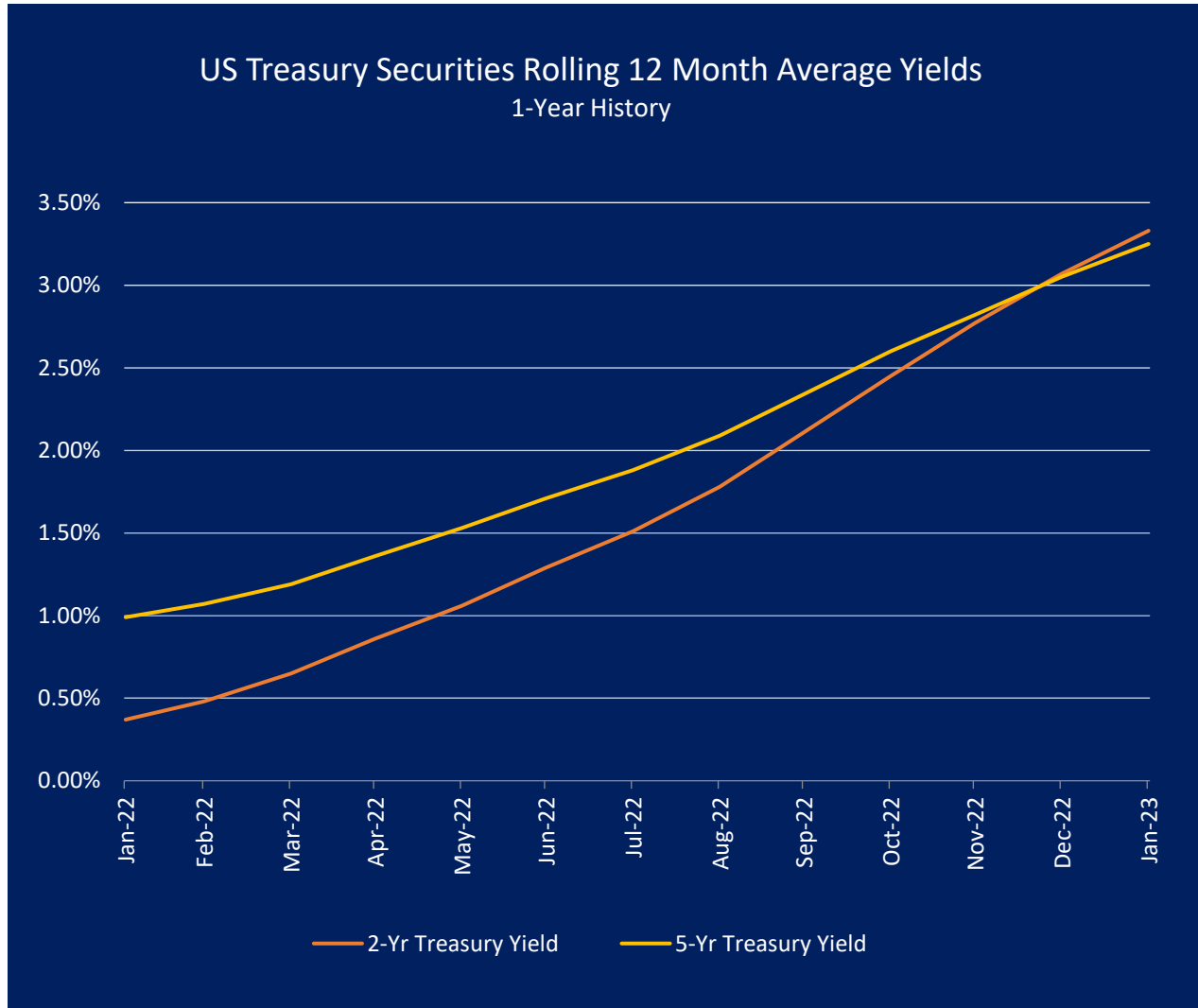
The Treasury Department reports for January are posted in the member portal section of FMPA’s website.

**Debt Discussion** Below is a summary of the total debt outstanding and the percentage of debt that was fixed, variable or synthetically fixed with interest rate swaps as of January 31, 2023.

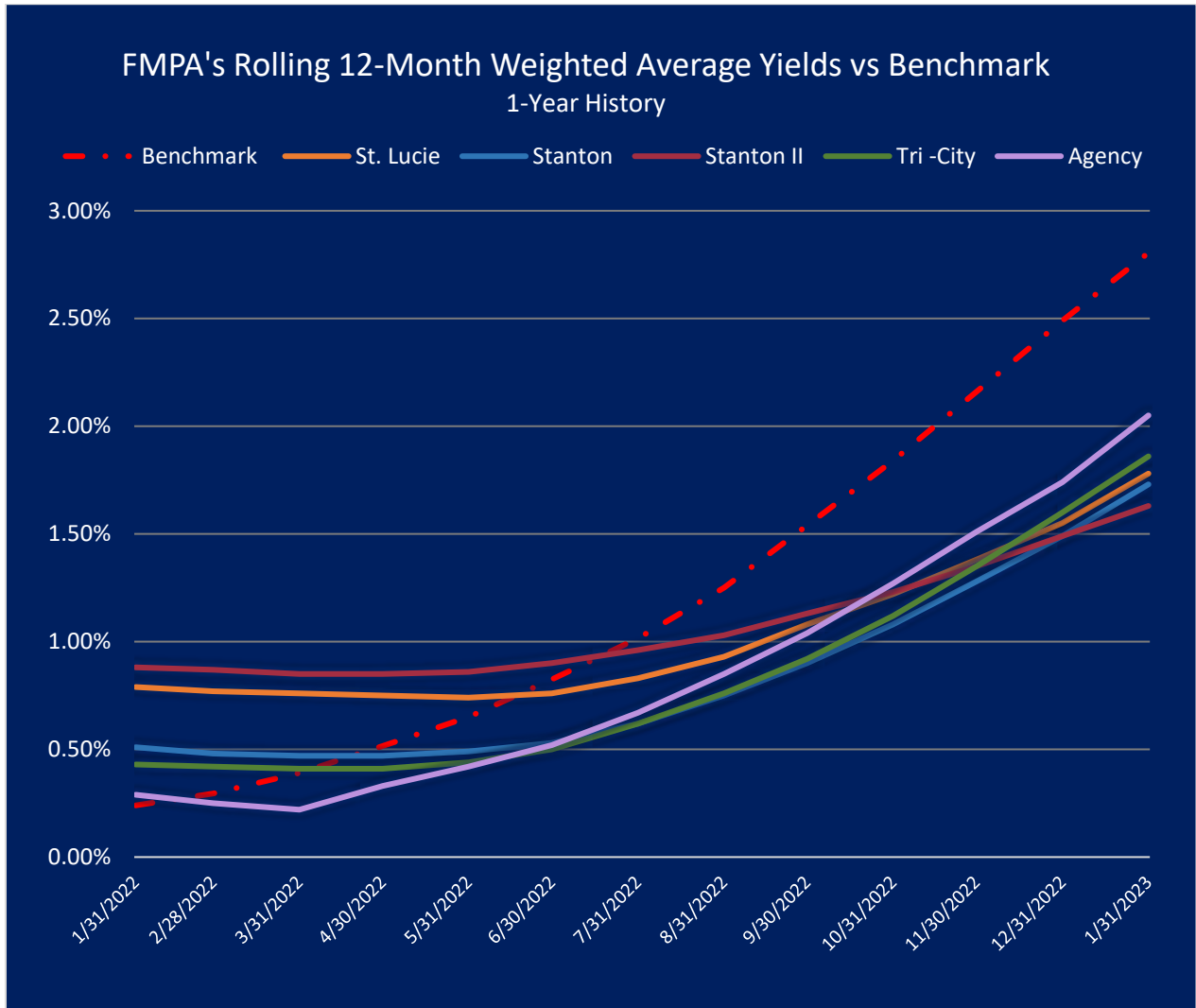
	<b>Total debt Outstanding</b>	<b>Fixed Rate</b>	<b>Variable Rate</b>	<b>Synthetically Fixed</b>
Agency	0.00	0%	0%	0%
St Lucie	53,285,000.00	100%	0%	0%
Stanton	0.00	0%	0%	0%
Stanton II	73,464,376.31	100%	0%	0%
Tri City	0.00	0%	0%	0%

**Investment Discussion** The investments in the Projects 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, Certificates of Deposits, Commercial Paper, Municipal Bonds, Corporate Notes, Local Government Investment Pools and Money Market Mutual Funds.

Below is a graph of the rolling 12-month average US Treasury yields for the past year. The orange line is the 2-year Treasury which had a rolling 12-month average yield on January 31, 2023 of 3.33%. The yellow line is the 5-year Treasury rolling 12-month average yield which was 3.25%.



The rolling 12- month weighted average yields on investments earned as of January 31, 2023, in the Projects, along with their benchmark (Average of Florida Prime Fund and 2-year treasury), are as follows:



Recommended Motion

Move approval of the Treasury Reports for January 31, 2023.

**AGENDA ITEM 8 – ACTION ITEMS**

**a. None**

**Board of Directors Meeting  
March 16, 2023**

**AGENDA ITEM 9 – INFORMATION  
ITEMS**

- a. Update on Inflation Reduction Act  
(IRA)**

**Board of Directors Meeting  
March 16, 2023**



pfm

# Inflation Reduction Act

Considerations for Public Power



**FMPPA**

**March 16, 2023**

---

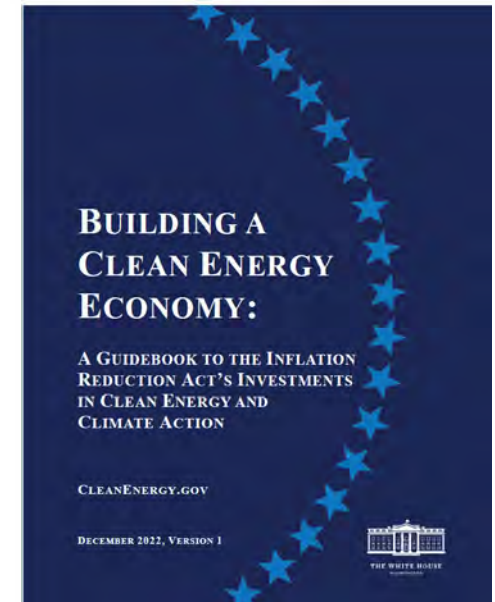
---

---



## Inflation Reduction Act (IRA) – Overview

- Signed into law in August 2022
- \$369 billion for new and existing programs, through tax incentives and direct investment, loans and guarantees
- Goals of reducing emission by ~40%
- Incentives touch multiple aspects of your operations and community
  - Installation of energy facilities (e.g., wind, solar...)
  - Conversion of vehicle fleets to electric/hybrid
  - Electric Vehicle (EV) charging station deployment
  - Use of renewable fuels, such as biodiesel
  - Energy efficient building design & construction
- Guidance still needed from Treasury
- Guidebook version 1 was released in December







# IRA Key Provisions – Investment and Production Tax Credits

	Base Credit	Wage & Apprenticeship	Domestic Content Bonus	Energy Community and Low Income	
<b>Inv. Tax Credit</b>	6% of Costs	to 5X Base	Additional 10%	Additional 10%	
Credit as % of Qualifying Capital Costs				10%	<b>Total to 60+% of Costs</b>
Transferable Tax Credit for Taxpayers			10%	10%	
Paid Directly to Muni Utilities		24%	24%	24%	
	6%	6%	6%	6%	
<b>Prod. Tax Credit</b>	~\$5/MwH	to 5X Base	Additional ~\$3.00		
Credit per MWh Produced over ~10 Yrs	<b>Inflation Adjusted</b>				
Transferable Tax Credit for Taxpayers			~\$3.00	~\$3.00	<b>Total to ~\$29 per MWh</b>
Paid Directly to Muni Utilities		~\$21.00	~\$21.00	~\$21.00	
	~\$5.00	~\$5.00	~\$5.00	~\$5.00	



# IRA Key Provisions – lots of Devil in the Details...

## Areas of Concern and Uncertainty

	<b>Base Credit</b>	<b>Wage &amp; Apprenticeship Bonus</b>	<b>Domestic Content Bonus</b>	<b>Energy Community and Low Income</b>
<b>Qualifying Costs</b>		<b>Ability</b>	<b>Availability</b>	<b>Practicality</b>
<b>Uncertainty</b>		<b>Complexity</b>	<b>Complexity</b>	<b>Complexity</b>
<b>Technologies</b>		<b>Documentation</b>	<b>Documentation</b>	<b>Planning</b>
<b>Penalties</b>		<b>Contractors</b>	<b>Cost Pressures</b>	
<b>Timing</b>		<b>Planning</b>	<b>Planning</b>	
			<b>Muni Penalty</b>	
<b>15% "Haircut" for Using Tax-Exempt Debt</b>				
<b>ITC vs. PTC - Up-Front vs Over Time (remember BABs?)</b>				
<b>Munis Tax Filing to Receive Benefit - in the Year After COD or Production</b>				
<b>For Munis, No Domestic Content = Reduced Benefits after 2025</b>				





# Inflation Reduction Act (IRA) – Financing Implications

- ◆ Financing Renewable Energy - recent practices
  - Most muni utilities have procured renewables via competitive RFPs for long-term Power Purchase Agreements (“PPAs”) from private, for-profit utilities and project developers
  - For-profit, tax-paying entities had access to tax incentives (ITC, PTC, depreciation) which provide considerable advantages, a portion of which are passed through in the form of lower-priced RFP bids
  - Public power utilities have access to low-cost, tax-exempt debt. However, the economics of the tax-benefits outweigh the financing cost advantage
  - PPAs also allocate certain project ownership and performance risks to the developer/owner and provide risk mitigation for PPA buyers



## Inflation Reduction Act (IRA) – Financing Implications

- ◆ Initial reactions to IRA provisions were expectations for 30% to 50% reductions to already low prices seen in renewable RFP bids.
- ◆ Can public power utilities expect a 30% to 50% decline in renewable prices as a result of the IRA? – Unfortunately, NO
- ◆ Why Not?
  - Private, tax-paying developer-owners were already receiving tax benefits, some of which were being incorporated into RFP bid prices
    - ~26% solar investment tax credit and accelerated depreciation
  - Bids were often based on developer and tax equity return/profit targets
  - If bids are driven by equity return hurdles, INCREMENTAL tax credits should be incorporated into new bid pricing
  - Private tax benefits should increase from ~26% up to 30%, 40%, 50%??
  - Which could reduce pricing by ~4%, 14%, 24% on RFP bids??



# Inflation Reduction Act (IRA) – Financing Implications

## ◆ Why Not? Continued...

- However...
- New benefits are **at risk** to achieving wage/apprenticeship and domestic content provisions over the course of a multi-year construction project
- And **at risk** to later IRS interpretation and approval for payment
- Bid responses are unlikely to price in 100% of **potential** incremental benefit
- Inflation, supply chain and supply/demand imbalance are already driving up construction and labor costs for renewable projects

## ◆ Net result?

- IRA will provide valuable assistance in delivering low renewable costs, but do not expect RFP bids to be coming in 25+% lower in the near future



## Inflation Reduction Act (IRA) – Financing Implications

- ◆ Solution – Public Power build/own and get the full direct tax payments

- Recent renewable energy core competencies

### Public Power

bidding and negotiating PPAs,  
finance

### For-Profit Developers

siting, permitting, contracting,  
design, engineering, constructing,  
finance, schedule, interconnection,  
tax credits, operation, maintenance,  
risk management and allocation

- New benefits would be **at risk** to wage/apprenticeship and domestic content provisions over the course of a multi-year construction project
- And **at risk** to later IRS interpretation and approval for payment
- PTC structures would be at risk to project performance and US Gov't payments – similarly to Build America Bond credit payments

- ◆ Net result?

- Public power build/own interest will increase, but doesn't solve everything



## Inflation Reduction Act (IRA) – Financing Implications

- ◆ Public Power renewable acquisition will migrate (slowly and not completely) from the PPA model to the ownership model
- ◆ Ownership advantages include tax-exempt financing, residual value of future asset retention and control/flexibility
- ◆ It will require a significant change in the evaluation and implementation of renewables
  - Not just a PPA bid
  - Probably an EPC bid or a build/transfer bid
  - Public power now needs to:
    - Determine ITC vs PTC – and it is more than just a numbers exercise
    - Integrate and optimize financing
    - Incur ownership and performance risks



# Treasury/IRS Process

- / Priorities--Direct pay and transferability, prevailing wage and apprenticeship
  - Prevailing wage and apprenticeship guidance issued 11/30/2022
- / Treasury has issued nine requests for comments
  - APPA and LPPC submitted comments on three notices:
    - Rules on direct pay, wage/apprenticeship/domestic content and substantive tax issues
- / Compiling issues, drafting process and release of guidance underway
- / Form, Timing, and Elements of direct pay election
- / Huge amount of work for them to do
- / No one at Treasury Tax Policy that is familiar with public power; IRS tax credit experts also are not familiar with public power







# Public Power Action Items

- / Review legislative text and identify questions and potential issues
- / Responding to Treasury comment requests
- / Monitoring of Treasury/IRS actions
- / Identify which issues to prioritize, includes identifying synergies with other trade associations
- / Communicate with House and Senate Democratic tax-writers on our issues
- / Letters and/or meetings with Treasury highlighting those issues
- / Possible Joint Committee on Taxation Bluebook for further guidance





## IRA: Summary

- IRA will benefit and influence public power acquisition of renewable resources, but will not translate to overwhelming immediate savings
- Availability and extension of the PTC and ITC to municipal utilities will change how renewable resources are analyzed, procured and deployed
- Considerable additional implementation guidance and clarity is needed
- Will require much greater coordination within utility management teams to determine optimal approach to renewable resources – no longer just PPA RFPs



# Supporting Materials



# Prevailing Wage and Apprenticeship Requirements

- / New rules related to prevailing wages and apprenticeships
- / Rules are set up with a base tax credit that is increased by 5x if wage and apprenticeship rules satisfied
- / Prevailing wage—requires that laborers and mechanics are paid prevailing wages for the locality in which a project is located during the construction of that project (and, in some cases, the alteration and repair of the project).
  - Guidance provided by Department of Labor
- / Apprenticeship—Qualified apprentices must perform at least the applicable percentage of total labor hours related to construction, alteration, repair. Applicable percentage depends on the year in which construction begins: 10 percent for 2022, 12.5 percent for 2023, and 15 percent thereafter.
- / IRS guidance released 11/30/2022, including for recordkeeping and when “construction begins”
- / Rules to provide grace periods, exceptions for good faith efforts, and ability to remediate failures by making payments



# Domestic Content

## Bonus of 10 percent (or 10 points) for meeting domestic content

- / Penalty for Tax-Exempt Entities: if the domestic content rules are not satisfied, the PTCs and ITCs are significantly reduced depending on construction start: by 10 percent for 2024, by 15% for 2025, and 100% after 2025.
  - Only for refundable credit beneficiaries; taxable entities either get the full 10% bonus or a 2% bonus if the rules are not met
  - Biggest real world issue for public power?
- / What's required: any steel, iron, or manufactured product that is part of a project is produced in the United States. For manufactured products, specified percentages of cost of components/subcomponents must be mined, produced, or manufactured in the United States.
- / Treasury authority to waive domestic content requirement if materials are too expensive or unavailable
- / Additional bonuses for energy communities and low income communities but only for small wind/solar (less than 5mw)
  - Energy communities include brownfields, areas transitioning from fossil fuel production, and MSA in which a coal plant was shut down after 2009 (or the adjacent MSA)





# Effective Dates

- / PTC applies to projects that begin construction before 1/1/25
- / ITC applies to projects that begin construction before 1/1/25 (for costs incurred after 2022)
- / New tech neutral ITC and PTC—begin construction after 2024 and until 2032 (with phase out at end)
- / Nuclear PTC: existing projects and ends after 2032
- / Direct payments: projects placed in service after 2022
- / Wage/apprenticeship: construction starts on or after January 29, 2022
- / Domestic content: construction starts in 2024 and beyond





# Direct Payment Process

- / An election must be made to receive direct payments, with the election to be made at the time and manner to be specified by the IRS
- / Payments of direct credits to governmental entities will be made on the later of: (1) the date a tax return would be due (if returns were required), and (2) date on which a claim for the payment is submitted (with the time and manner to be specified by the IRS).
  - Comments urged expedited payment process
- / ITC payments due after project is “placed in service”
- / Putting the payment mechanism in place is a very substantial and critical task for the IRS
- / As a reminder, the IRS has not always been timely with BABs payments





# Additional IRA Tax Issues

- / The rules for tax credit qualification are complicated and subject to interpretation and will be new for public power: qualifying costs, date a project is placed in service, etc.
- / IRS audit potential—there is a 20% penalty for “excessive” payments
- / New corporate alternative minimum tax may negatively impact the tax-exempt market







## Disclosures

### ABOUT PFM

*PFM is the marketing name for a group of affiliated companies providing a range of services. All services are provided through separate agreements with each company. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation.*

*Financial advisory services are provided by PFM Financial Advisors LLC , a registered municipal advisors with the Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB) under the Dodd-Frank Act of 2010. Swap advisory services are provided by PFM Swap Advisors LLC which is registered as a municipal advisor with both the MSRB and SEC under the Dodd-Frank Act of 2010, and as a commodity trading advisor with the Commodity Futures Trading Commission. Additional applicable regulatory information is available upon request.*

*Consulting services are provided through PFM Group Consulting LLC. PFM's financial modelling platform for strategic forecasting is provided through PFM Solutions LLC.*

*For more information regarding PFM's services or entities, please visit [www.pfm.com](http://www.pfm.com).*

**AGENDA ITEM 9 – INFORMATION  
ITEMS**

**b. Florida Municipal Solar Project  
Update**

**Board of Directors Meeting  
March 16, 2023**



# 9b – Florida Municipal Solar Project Update

Board of Directors

March 16, 2023

# Phase I and Phase II Activity

## *Resolution Reached for Several Pending Issues*

---

### **Poinsett Facility**

- Termination Funds distributed to Solar I Participants

### **Harmony Facility**

- Additional substation costs of \$298k issue resolved; No additional action needed

### **Rice Creek and Whistling Duck**

- Amendment One to PPA executed by FMPA and Origis
- Rice Creek Groundbreaking scheduled for May 11, 2023

# Phase III Activity – Finalizing Documents and Commitments

## *Discussions with Members and Developers Continue*

Participant	Megawatts
Poinsett Participants	74.5
All-Requirements Project	100+
Fort Meade	1
JEA	75 - 150
Key West	10
Lake Worth Beach	20
Leesburg	10
Mount Dora	2
New Smyrna Beach	15-20
Orlando	40.5
Starke	1
Winter Park	10
<b>Total</b>	<b>359+</b>

- Power Purchase Agreement
  - <\$45/MWh
    - Final pricing dependent on several factors
    - FPL Interconnected facilities higher price
  - 20-year term
  - 2% annual escalation OR flat pricing
  - FPL and Duke interconnected sites
- Two developers for risk management
  - Contract negotiations underway
- Potentially 3-5 facilities
- COD Dec. 2025 or Dec. 2026

# Phase III Schedule - Workshop Planned

*Target: FMPA Approvals at May Board and EC Meetings*

Activity	Date Complete
Negotiation and PPA development with Origis and FRP	March 31
Member Participation Agreement/Enabling Agreement development	March 31
<b>Solar III Participant Informational Workshop</b>	<b>Mar. 15</b>
Member governing board approvals	May 17
FMPA Board and Executive Committee approvals	May 18
Final execution of PPAs	May 31

**AGENDA ITEM 9 – INFORMATION  
ITEMS**

**c. Quarterly Compliance Update**

**Board of Directors Meeting  
March 16, 2023**



# 9c – Regulatory Compliance Update

Board of Directors

March 16, 2023



# FERC Update

---

- Chairman Glick departure; Commission Phillips serving as Acting Chairman
- FERC Transmission Planning & Cost Allocation NOPR
  - FMPA testified at FERC Technical Conference on Transmission Planning and Cost Management (October 6)
  - **Independent Transmission Monitor**
    - **FMPA leading TAPS non-RTO small group ITM development**
    - **Written ITM proposal for FERC consideration**
- TAPS Spring Conference/Board Meeting March 27-29 (Wash. D.C.)

# Roles of FMPA Regulatory Compliance Department

---



**FMPA Compliance**



**Member Support**



**Industry Influence**

# Internal Compliance

---

- FMPA has one self-reportable compliance violation
  - Received an FFT (Find, fix, track) enforcement for TPL-001 self-report
  - Recordable but no fine
- Plant coordination
  - Cold weather preparedness plan
  - Training presentation
  - Upcoming spot checks

# Member Support

---

- Cold weather standards roundtable with member and regional GOs and GOPs
- Observation of member city SERC audit
- Upcoming Hometown Security Workshop focused on physical security through the lens of national and local experts
- Upcoming PRC-005 asset management software demonstration for members with PRC-005 applicability

# Industry Influence

---

- APPA and TAPS
  - Cold Weather Preparedness standard development and implementation efforts
  - Joint trade association comments on the IBR NOPR
  - Proposed changes to Section 300 of the Rules of Procedure

**AGENDA ITEM 9 – INFORMATION  
ITEMS**

**d. 2023 Strategic Planning  
Workshop Report**

**Board of Directors Meeting  
March 16, 2023**



# 2023 Strategic Planning Workshop Report

Board of Directors & Executive Committee

March 16, 2023

# **FMPA's Vision and Mission Statements Reviewed**

## *Great Support for Existing Statements Without Any Changes*

---

### **VISION**

To sustainably be the lowest cost, and a reliable and clean wholesale power provider in Florida.

### **MISSION**

To provide low-cost, reliable and clean power plus value-added services for FMPA's owner-customers that benefit their communities and customers.



# FMPA's Value Statements Reviewed and Discussed

## *Board Chose to Emphasize 'Low Cost' By Adding It to Values*

---

### VALUES

- A culture that values both our employees and operating agents and their safety
- Teamwork among our employees and our public power member-owner-customers
- Trust built through honesty, integrity, transparency, open communications and respect
- Employee development, recognition, reward and empowerment
- Low-cost electricity for all customers
- Environmentally responsible operations and consider impacts of raw materials/processing thereof in new resources decisions
- Member and employee diversity and inclusion
- Innovation and excellence
- The individual needs and desires of FMPA's owner-customers shall be given the strongest consideration consistent with the best interests of all owner-customers

# Board of Directors' Top-Ranked Strategic Priorities

## *Top 6 of 8 Strategic Priorities Ranked in Priority Order*

	<b>Board of Directors' Top Strategic Priorities</b>	<b>Score</b>
1	Advocate for abundant natural gas supply and pipeline expansions to keep costs low	6.60
2	Begin engaging in discussions to explore viable nuclear resource opportunities	6.27
3	Explore expanding membership in the Florida Municipal Power Pool	4.87
4	Evaluate capital funding strategies that align debt utilization with competitive rates	4.07
5	Continue gradual pursuit of new solar and battery opportunities	3.80
6	Identify our retail customers' energy priorities regarding electricity needs	3.73

15 Board members responded

# Executive Committee's Top-Ranked Strategic Priorities

## *Top 4 of 6 Strategic Priorities Ranked in Priority Order*

	Executive Committee's Top Strategic Priorities	Score
1	Develop systematic approach to reducing exposure to natural gas for power-cost stability	5.00
2	Continue high availability for FMPPA's low-cost generating resources	4.18
3	Maximize asset value/minimize costs with significant expansion of the Florida Municipal Power Pool	4.00
4	Pursue more municipal third-party sales that add value to ARP and municipal customers	3.46

11 Executive Committee members responded

**AGENDA ITEM 9 – INFORMATION  
ITEMS**

**e. JEA Membership in FMPA**

**Board of Directors Meeting March  
16, 2023**



# 9e - JEA Request to Join FMIPA

Board of Directors

March 16, 2023

# JEA Seeking to Join FMPA

## *Facilitates JEA's Participation in Solar Phase III*

---

- JEA is one of the largest municipal electric utilities in the U.S., serving almost 500,000 electric customers
- JEA is seeking 75–150 MW of solar from FMPA's Phase III Project
- To facilitate JEA's participation in Phase III, JEA is seeking membership in FMPA
- As Phase III comes on-line, JEA would move from a member with one vote, to a project participant with 1.5 votes
  - ARP members have two votes per member for Board votes
- Information only – action item in April

**AGENDA ITEM 10 – MEMBER  
COMMENTS**

**Board of Directors Meeting  
March 16, 2023**

**AGENDA ITEM 11 – ADJOURNMENT**

**Board of Directors Meeting  
March 16, 2023**