



ARP EXECUTIVE COMMITTEE AGENDA PACKAGE

September 14, 2023

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

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

Meeting ID Number: 228 890 049 078#

Committee Members

Howard McKinnon, Havana - Chair

Lynne Tejeda, Key West – Vice Chair

Christina Simmons, Bushnell

Lynne Mila, Clewiston

Vacant, Fort Meade

Javier Cisneros, Fort Pierce

Robert Page, Green Cove Springs

Allen Putnam, Jacksonville Beach

Brian Horton, 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



REVISED MEMORANDUM

TO: FMPA Executive Committee
 FROM: Jacob A. Williams, General Manager and CEO
 DATE: September 5, 2023
 RE: FMPA Telephonic Executive Committee Meeting
Thursday, September 14, 2023 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 228 890 049 078#

LINK: [Click here to join the meeting](#)

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

Chairman Howard McKinnon, Presiding

AGENDA

- 1. Call to Order, Roll Call, Declaration of Quorum 4
- 2. Set Agenda (by vote) 5
- 3. Recognition of Guests 6
- 4. Public Comments (Individual public comments limited to 3 minutes)..... 7
- 5. Comments from the Chairman (Howard McKinnon) 8
- 6. Report from the General Manager (Jacob Williams) 9
- 7. Consent Agenda
 - a. Approval of Meeting Minutes – Meetings Held August 17, 2023 and ARP
 Telephonic Rate Workshop Held August 15, 2023 11
 - b. Approval of Treasury Reports – As of July 31, 2023..... 17
 - c. Approval of the Agency and All-Requirements Project Financials as of
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 - d. ARP 12-month Capacity Reserve Margin Report 23
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8. Action Items

- a. None29

9. Information Items

- a. Natural Gas/Power Price Stability (Jacob Williams) 31
- b. Pool Expansion Update (Navid Nowakhtar)..... 47
- c. Stanton Impacts to ARP (Navid Nowakhtar) 59
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- f. Quarterly Compliance Update* (Dan O’Hagan/LaKenya VanNorman) 76
- g. FY23 Environmental Compliance Update (Daniela Delpino) 84

10. Member Comments..... 92

11. Adjournment..... 93

***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
September 14, 2023**

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

**Executive Committee
September 14, 2023**

**AGENDA ITEM 3 – RECOGNITION OF
GUESTS**

**Executive Committee
September 14, 2023**

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

**Executive Committee
September 14, 2023**

**AGENDA ITEM 5 – COMMENTS
FROM THE CHAIR**

**Executive Committee
September 14, 2023**

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

**Executive Committee
September 14, 2023**

**AGENDA ITEM 7 – CONSENT
AGENDA**

- a. Approval of Meeting Minutes –
Meetings Held August 17, 2023 and
ARP Telephonic Rate Workshop Held
August 15, 2023**

**Executive Committee
September 14, 2023**

CLERKS DULY NOTIFIEDAUGUST 8, 2023
AGENDA PACKAGES POSTEDAUGUST 8, 2023

**MINUTES
EXECUTIVE COMMITTEE MEETING
THURSDAY, AUGUST 17, 2023
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL 32819**

PARTICIPANTS PRESENT: Christina Simmons, Bushnell (Virtual)
Randy Martin, Clewiston (Virtual)
Jan Bagnall, Fort Meade *
Javier Cisneros, Fort Pierce (Virtual)
Bob Page, Green Cove Springs
Howard McKinnon, Havana
Allen Putnam, Jacksonville Beach (Virtual)
Lynne Tejeda, Key West (Virtual)
Larry Mattern, Kissimmee
Brad Chase, Leesburg (Virtual)
Janice Mitchell, Ocala
Drew Mullins, Starke

*arrived after roll call

OTHERS PRESENT: Craig Dunlap, Dunlap & Associates, Inc.
Mike Mace, PFM

STAFF PRESENT: Jacob Williams, General Manager and CEO
Jody Finklea, General Counsel and Chief Legal Officer
Ken Rutter, Chief Operating Officer
Linda S. Howard, Former Chief Financial Officer
Rich Popp, Chief Financial Officer
Chris Gowder, Vice President, IT/OT and System Ops
David Schumann, Power Generation Fleet Director
Dan O'Hagan, Assistant General Counsel and Manager of Regulatory Compliance
Sue Utley, Executive Asst. /Asst. Secy. to the Board
Mike McCleary, Member Services Manager
Sharon Adams, Chief People and Member Services Officer
Susan Schumann, Manager of External Affairs and Solar Projects
Emily Maag,
Jose Molina Bravo, Manager of Member Services Development

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

Chair Howard McKinnon, Havana, called the FMPA Executive Committee meeting to order at 10:30 a.m., Thursday August 17, 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 11 members present out of a possible 13. Jan Bagnall, Fort Meade, arrived after roll call bringing the total number of members present to 12 out of a possible 13.

ITEM 2 – SET AGENDA (BY VOTE)

MOTION: Larry Mattern, Kissimmee, moved approval of the agenda as presented. Drew Mullins, Starke, seconded the motion. Motion carried 12 – 0.

ITEM 3 – RECOGNITION OF GUESTS

Chair, Howard McKinnon welcomed Chad Swope, 1898 & Co. who attended virtually.

ITEM 4 – PUBLIC COMMENTS

None

ITEM 5 – COMMENTS FROM THE CHAIRMAN

Howard McKinnon, Havana, said the FMPA team is important, the culture here is great and he hopes the new plant teams sign on to FMPA's culture. He also wished Linda S. Howard the best in her new chapter in life. He also said that he was glad to see FMPA taking a leadership role in the EPA comments on their proposed greenhouse gas emissions rule.

ITEM 6 – REPORT FROM GENERAL MANAGER

Jacob Williams said he agrees with Chair McKinnon about the team at FMPA and the culture as shown in our Top Employer award we recently received. He said Sharon Adams has always been looking out for the team and they are a focal point for her.

He said several team members were at the Florida Women in Energy Leadership Forum and Daniela Delpino did a great job presenting with a panel on "Building Tomorrow's Energy."

ITEM 7 – CONSENT AGENDA

- a. Approval of Meeting Minutes – Meetings Held July 19, 2023 and ARP Telephonic Rate Workshop Held July 12, 2023
- b. Approval of Treasury Reports – As of June 30, 2023
- c. Approval of the Agency and All-Requirements Project Financials as of June 30, 2023
- d. ARP 12-month Capacity Reserve Margin Report

MOTION: Bob Page, Green Cove Springs, moved approval of the Consent Agenda as presented. Larry Mattern, Kissimmee, seconded the motion. Motion carried 12 – 0.

ITEM 8 – ACTION ITEMS:

- a. **None**

ITEM 9 – INFORMATION ITEMS:

- a. **IRP Phase 2 Update**

Navid Nowakhtar presented the IRP Phase 2 update.

- b. **Natural Gas Capacity Update**

Rich Popp presented the natural gas update.

ITEM 10 – Member Comments

Javier Cisneros, Fort Pierce, thanked Jacob for presenting the submitted comments to the EPA on their proposed greenhouse gas emissions rules to the FPUA Board and Fort Pierce City Commission meetings. He also thanked Jacob for attending their FPUA Board strategic planning meeting.

ITEM 11 – Adjournment

There being no further business, the meeting was adjourned at 11:02 a.m.

Howard McKinnon
Chairman, Executive Committee

Sue Utley
Assistant Secretary

Approved: _____

Seal

PUBLIC NOTICE SENT TO CLERKS..... August 08, 2023
AGENDA PACKAGES SENT TO MEMBERS August 15, 2023

**MINUTES
EXECUTIVE COMMITTEE
ALL-REQUIREMENTS POWER SUPPLY PROJECT
TELEPHONIC RATES MEETING
TUESDAY, AUGUST 15, 2023
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FLORIDA 32819**

COMMITTEE MEMBERS PRESENT VIA TELEPHONE

Christina Simmons, Bushnell
Lynne Mila, Clewiston
Javier Cisneros, Fort Pierce
Robert C. Page, Green Cove Springs
Allen Putnam, Jacksonville Beach
Jesse Perloff, Key West
Larry Mattern, Kissimmee
Doug Peebles, Ocala

OTHERS PRESENT VIA TELEPHONE

Barbara Mika, Fort Pierce
Mike Staffopoulos, Jacksonville Beach
Marie Brooks, Ocala
Danny Williams, Clewiston

STAFF PRESENT

Jacob Williams, General Manager and CEO
Roch Popp, Chief Financial Officer
Sue Utley, Executive Assistant to General Manager and CEO / Asst.
Secy. to the Board
Lindsay Jack, Senior Administrative & Member Services Assistant
Jason Wolfe, Financial Planning, Rates and Budget Director
Denise Fuentes, Financial Planning, Budget and Financial Analyst II
Resaul Misra, Financial and Data Analyst II
Ken Rutter, Chief Operating Officer

Item 1 – Call to Order and Roll Call

Lynne Tejeda, Key West, Vice Chair, called the Executive Committee All-Requirements Telephonic Rate Workshop to order at 2:00p.m. on Tuesday, August 15, 2023, via telephone. A speaker telephone for public attendance and participation was located in the 1st Floor Conference Room at Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, Florida.

Item 2 – Review of July ARP Rate Calculation

Denise Fuentes gave an update on the July natural gas markets, provided an overview of the July loads, and reviewed the July ARP rate calculation.

Item 3 – Member Comments

Larry Mattern, Kissimmee, asked what the normal gas prices are. Jacob advised the forward curve is above \$4.

Item 4 - Adjournment

There being no further business, the meeting was adjourned at 2:14p.m.

Approved

LT/lj

**AGENDA ITEM 7 – CONSENT
AGENDA**

- b. Approval of Treasury Reports as
of July 31, 2023**

**Executive Committee
September 14, 2023**



AGENDA PACKAGE MEMORANDUM

TO: FMPA Executive Committee
FROM: Sena Mitchell
DATE: September 5, 2023
ITEM: EC 7(b) – Approval of the All-Requirements Project Treasury Reports as of July 31, 2023

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

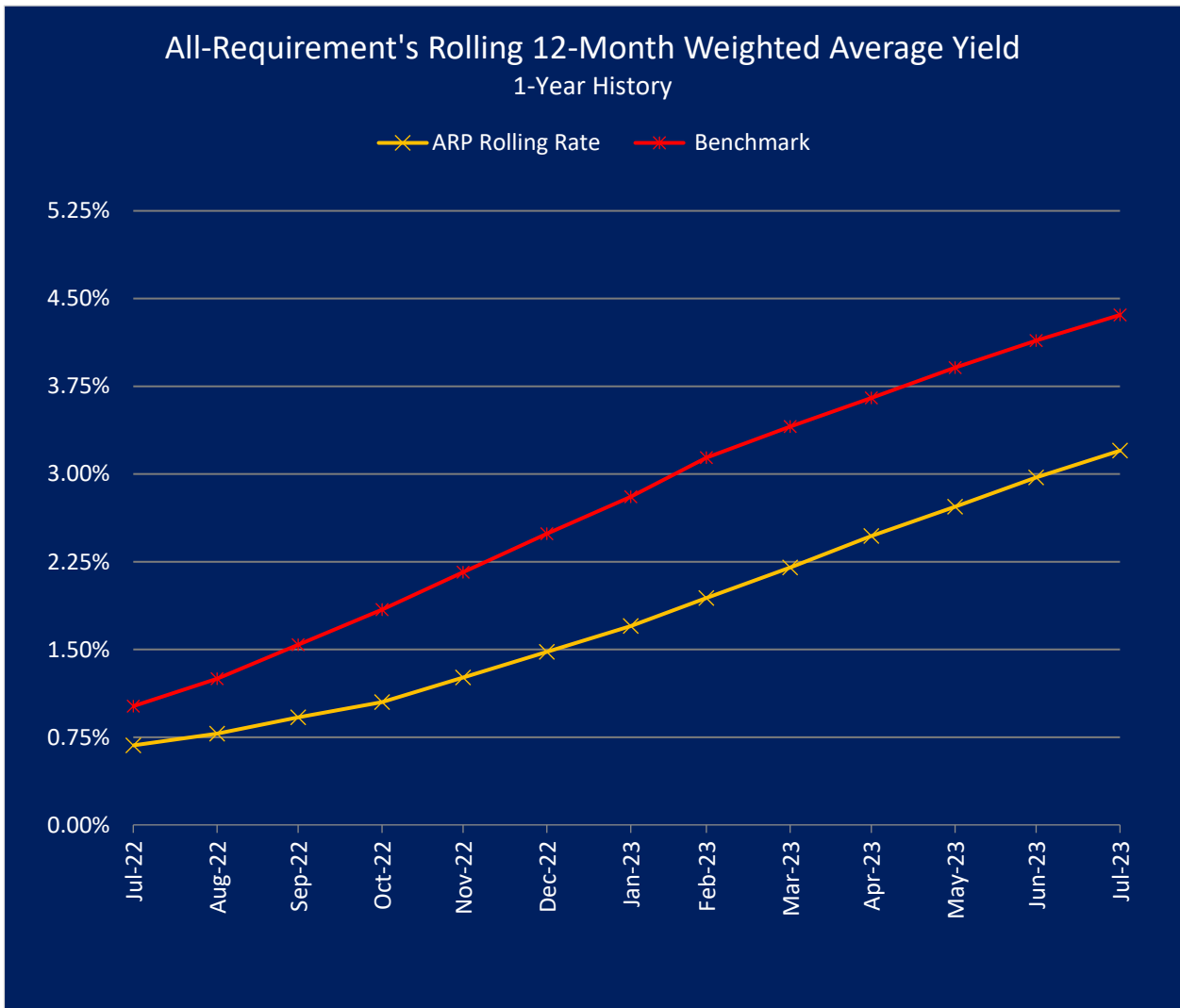
Debt Discussion

The All-Requirements Project has variable rate and fixed rate debt. The variable rate and fixed rate percentages of total debt are 1.90% and 98.10% respectively. The estimated debt interest funding for fiscal year 2023 as of July 31, 2023, is \$33,367,236. The total amount of debt outstanding is \$791,395,000.

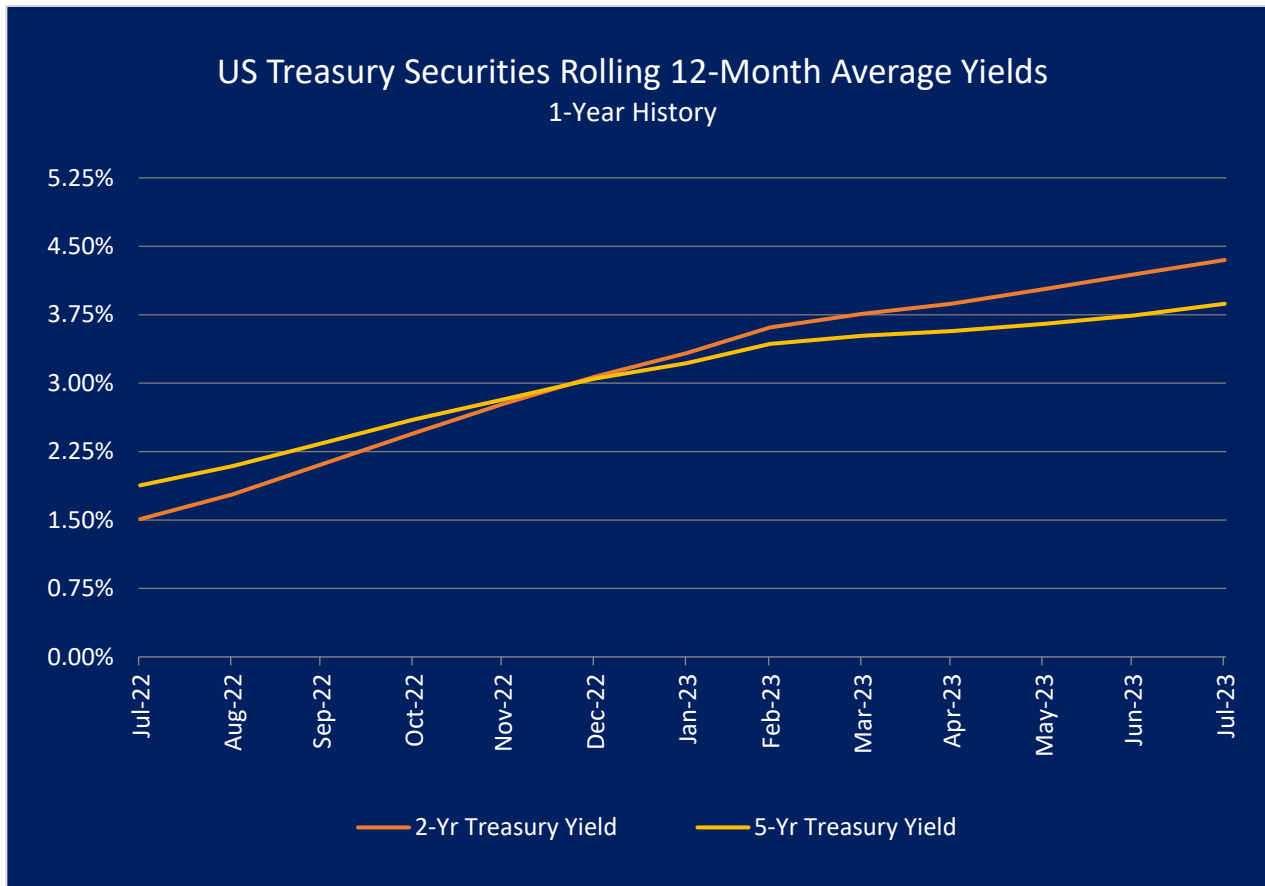
Investment Discussion

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 July 31, 2023, the All-Requirements Project investment portfolio had a rolling 12-month weighted average yield of 3.20%, 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 rolling 12-month weighted average yields are graphed below:



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 July 31, 2023 of 4.35%. The yellow line is the 5-year Treasury rolling 12-month average yield which was 3.87%.



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

Recommended
Motion

Move for approval of the Treasury Reports for July 31, 2023

**AGENDA ITEM 7 – CONSENT
AGENDA**

- c. Approval of the Agency and All-
Requirements Project Financials
as of July 31, 2023**

**Executive Committee
September 14, 2023**



Rich Popp
Chief Financial Officer

AGENDA PACKAGE MEMORANDUM

TO: FMPA Executive Committee
FROM: Rich Popp
DATE: September 05, 2023
SUBJECT: EC 7c– Approval of the Agency and All Requirements Project Financials as of the period ended July 31, 2023

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

Recommended: Move approval of the Agency and All-Requirements Project Financial Reports for the month ended July 31, 2023.

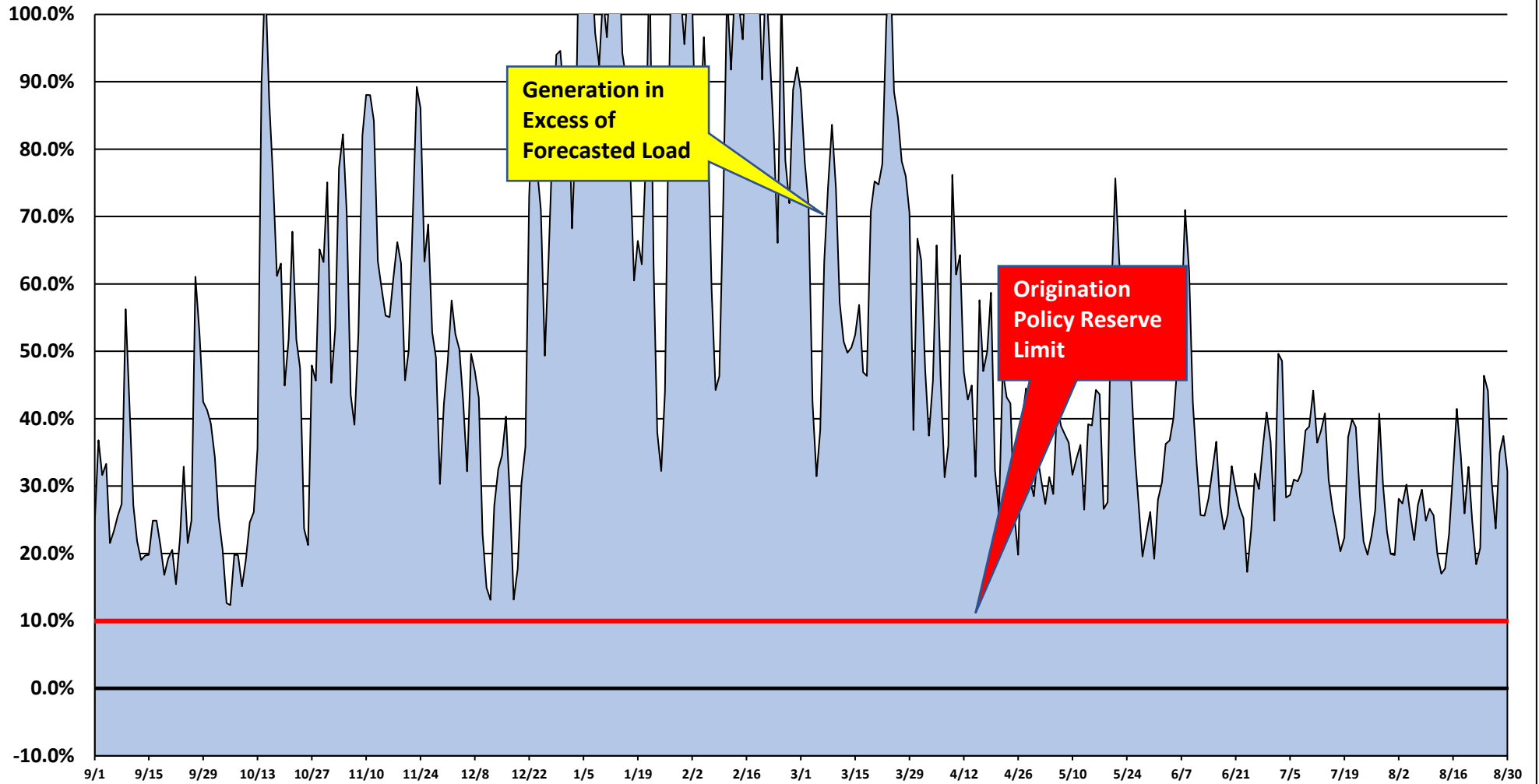
RP/GF

**AGENDA ITEM 7 – CONSENT
AGENDA**

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

**Executive Committee
September 14, 2023**

ARP Daily Reserve Margins September 2023 through August 2024



**AGENDA ITEM 7 – CONSENT
AGENDA**

- e. FMPA Financial Commitment
Authority Levels Update**

**Executive Committee
September 14, 2023**

Financial Commitment Authority – Defined as the authorized personnel who have the ability to financially commit (sign on behalf of) the Agency (contracts, work orders, purchase orders, etc.). Authority levels are shown in the following table.

FMPA Financial Commitment Authority Levels

Authority Levels	Agency	ARP (Non-Commodity)	ARP (Commodity) [1]
General Manager	Up to \$200,000. For emergency events declared by the GM, GM has unlimited authority and must report to chairpersons of the EC and BOD within 5 days and the governing bodies at the next scheduled meeting	Up to total non-fuel Operations and Maintenance Budget and total Project Capital Budget, with non-budgeted items over \$200,000 reported at the next EC Meeting	<ul style="list-style-type: none"> Up to \$50 million notional value for transactions > 2 years but ≤ 7 years Up to \$15 million notional value for transactions > 1 month but ≤ 2 years Up to \$5 million notional value for transactions ≤ 1 month
Chief Operating Officer (COO) [2]	Up to \$50,000	Up to \$100,000	<ul style="list-style-type: none"> Up to \$15 million notional value for transactions > 1 month but ≤ 2 years Up to \$5 million notional value for transactions ≤ 1 month
Power Generation Fleet Director	Up to \$5,000	Up to \$50,000	N/A
General Counsel	Up to \$20,000	Up to \$20,000	N/A
VP IT/OT & Systems Ops	Up to \$20,000	Up to \$20,000	<ul style="list-style-type: none"> Up to \$5 million notional value for transactions ≤ 1 month
Chief People & Member Services Officer	All benefit, health care and payroll related expenses that are within the approved budget. Any other HR related expenses up to \$10,000	All benefit, health care and payroll related expenses that are within the approved budget. Any other HR related expenses up to \$10,000	N/A
Chief Financial Officer	All insurance expenses, except employee health-related insurance, that are within the approved budget. [3] Any other expenses up to \$20,000	All insurance expenses, except employee health-related insurance, that are within the approved budget. [3] Any other expenses up to \$20,000	<ul style="list-style-type: none"> Up to \$5 million notional value for transactions ≤ 1 month
Generation Support Manager and Power Generation Engineer & Project Manager	Up to \$5,000	Up to \$20,000	N/A
Managers, Directors, Asst. General Counsel [4]and Cybersecurity Operations & Project Supervisor	Up to \$5,000	Up to \$5,000	N/A
FMPA Executive Director	N/A	\$10,000	N/A

Authority Levels	Agency	ARP (Non-Commodity)	ARP (Commodity) [1]
Approved Agents [5]	N/A	N/A	Up to \$5 million notional value for transactions ≤ 1 month

[1] Amounts shown represent the approval thresholds for spending authority or contract execution for business-related commodity transactions such as fuel, replacement power, and transmission, as set forth in Section 4.1 of FMPA's Origination Transaction Policy.

[2] COO, or the General Manager's designee in the event the COO position is vacant.

[3] Approval thresholds for spending authority or contract execution for insurance transactions as set forth in Section 2.1 of FMPA's Insurance Policy.

[4] Except as may be superseded by higher authority levels for certain manager or director positions elsewhere in this table.

[5] Approved agents include, but may not necessarily be limited to, FGU for transacting of physical natural gas trading activities, FMPP for electricity trading activities less than 8 calendar days, and OUC for non-firm transmission transactions less than 8 days.

The General Manager may authorize changes to the FMPA Financial Commitment Authority Levels table to reflect organizational changes solely to the extent that such changes do not increase the overall financial commitment authority levels set forth therein; however, any such changes must be reported to the Executive Committee at its next regularly scheduled meeting.

Once the Procurement Process has been completed and a vendor and total dollar amount have been negotiated, the above-referenced financial commitment authority determines who is authorized to sign contracts, work orders, purchase orders, etc.

Payment Approval Authority – Defined as managers and above who have the ability to approve vendor invoices and contractual obligations for services rendered. This is an administrative function to verify FMPA has received the good or services it contracted for in accordance with the counterparty's obligations and contract terms.

- a. If the goods and services provided are in accordance with work orders/contracts/agreements and doesn't result in expenditures or financial commitments exceeding the governing body approved budget, then the manager and above can approve and process invoice. Additional budget tests may exist, as further set by management.
- b. Should there be any desired change in the financial commitment that results in a higher total financial commitment, then the "Financial Commitment Authority" limits are reapplied to determine authority.

Financial Commitment Authority – Defined as the authorized personnel who have the ability to financially commit (sign on behalf of) the Agency (contracts, work orders, purchase orders, etc.). Authority levels are shown in the following table.

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Chief Operating Officer (COO) [2]	Up to \$50,000	Up to \$100,000	<ul style="list-style-type: none"> Up to \$15 million notional value for transactions > 1 month but ≤ 2 years Up to \$5 million notional value for transactions ≤ 1 month
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General Counsel	Up to \$20,000	Up to \$20,000	N/A
VP IT/OT & Systems Ops and Chief Financial Officer	Up to \$20,000	Up to \$20,000	<ul style="list-style-type: none"> Up to \$5 million notional value for transactions ≤ 1 month
Chief People & Member Services Officer	All benefit, health care and payroll related expenses that are within the approved budget. Any other HR related expenses up to \$10,000	All benefit, health care and payroll related expenses that are within the approved budget. Any other HR related expenses up to \$10,000	N/A
Treasurer and Risk Director Chief Financial Officer	All insurance expenses, except employee health-related insurance, that are within the approved budget. [3] Any other expenses up to \$ 205 ,000	All insurance expenses, except employee health-related insurance, that are within the approved budget. [3] Any other expenses up to \$ 205 ,000	<ul style="list-style-type: none"> Up to \$5 million notional value for transactions ≤ 1 month
Generation Support Manager and Power Generation Engineer & Project Manager	Up to \$5,000	Up to \$20,000	N/A
Managers, Directors, Asst. General Counsel [4] and Cybersecurity Operations & Project Supervisor	Up to \$5,000	Up to \$5,000	N/A
FMPA Executive Director	N/A	\$10,000	N/A

Authority Levels	Agency	ARP (Non-Commodity)	ARP (Commodity) [1]
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- a. If the goods and services provided are in accordance with work orders/contracts/agreements and doesn't result in expenditures or financial commitments exceeding the governing body approved budget, then the manager and above can approve and process invoice. Additional budget tests may exist, as further set by management.
- b. Should there be any desired change in the financial commitment that results in a higher total financial commitment, then the "Financial Commitment Authority" limits are reapplied to determine authority.

AGENDA ITEM 8 – ACTION ITEMS

a. None

**Executive Committee
September 14, 2023**

**AGENDA ITEM 9 – INFORMATION
ITEMS**

a. Natural Gas Capacity Update

**Executive Committee
September 14, 2023**



Natural Gas/Power Price Stability

Executive Committee

September 14, 2023

Price Stability Management Provides Level of Certainty

Choose Level of Protection (Insurance)

- Insurance coverage protects what matters – life, house, car, etc
 - Spend Premiums to ensure coverage (risk mitigation)
- How much insurance do you want?
 - How much can you afford to lose?
- How much insurance can you afford?
- ARP has significant risk to Natural Gas price changes
 - NG is 80% of expected FY 2025 fuel forecast

Balancing Rate Certainty vs. Market Exposure

Doing Nothing Is One End of Risk Spectrum

Benefits of Certainty

- More Predictable Rates
- Reduces Fear of Unknown

Challenges of Certainty

- Liquidity
- Possible Higher Rates than Piers



Benefits of Market

- Rates = Market
- No Liquidity Needed

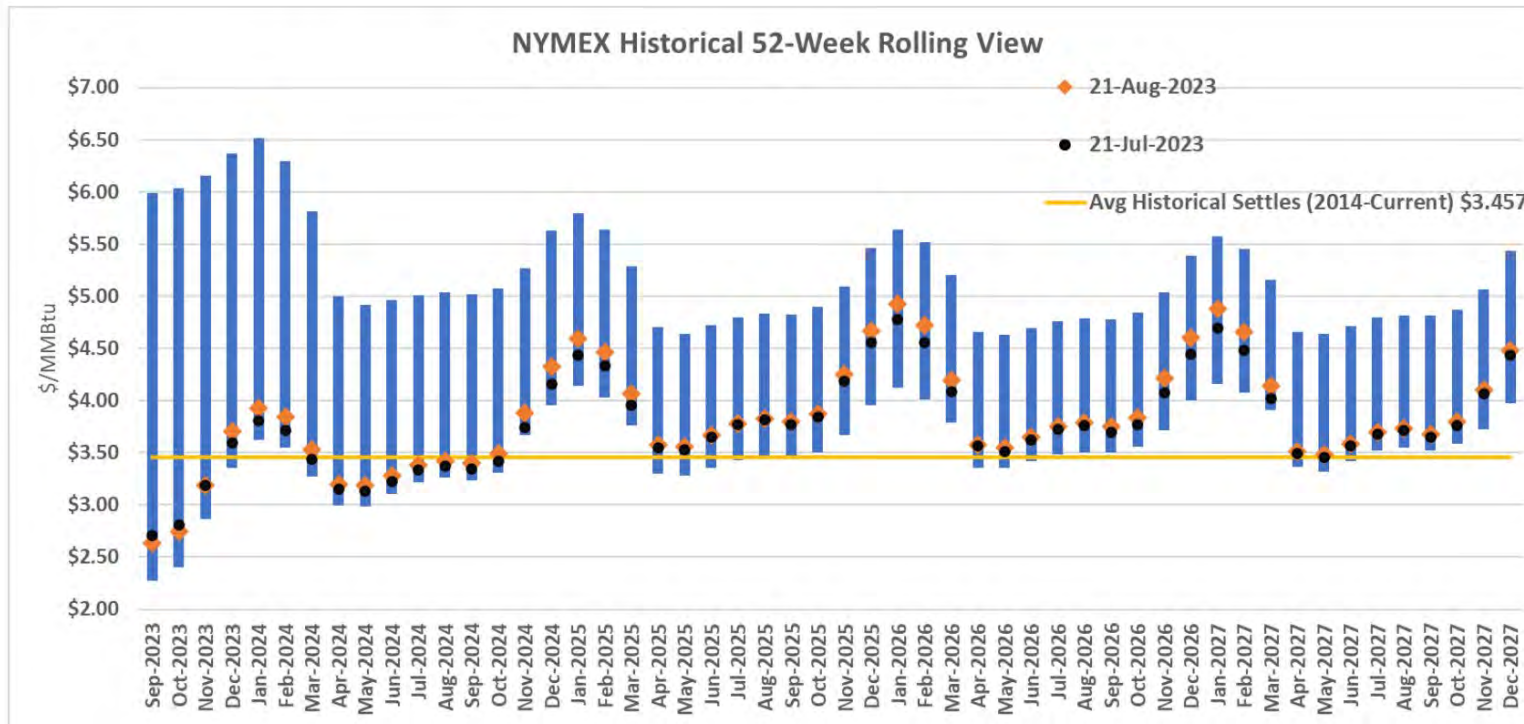
Challenges of Market

- Volatile Rates
- No Rate Cap

Buy Protection When Market Doesn't See Risk

What New Information Will Be Priced In the Future?

NYMEX FORWARD CURVE WITH 52-WEEK TRADING RANGES

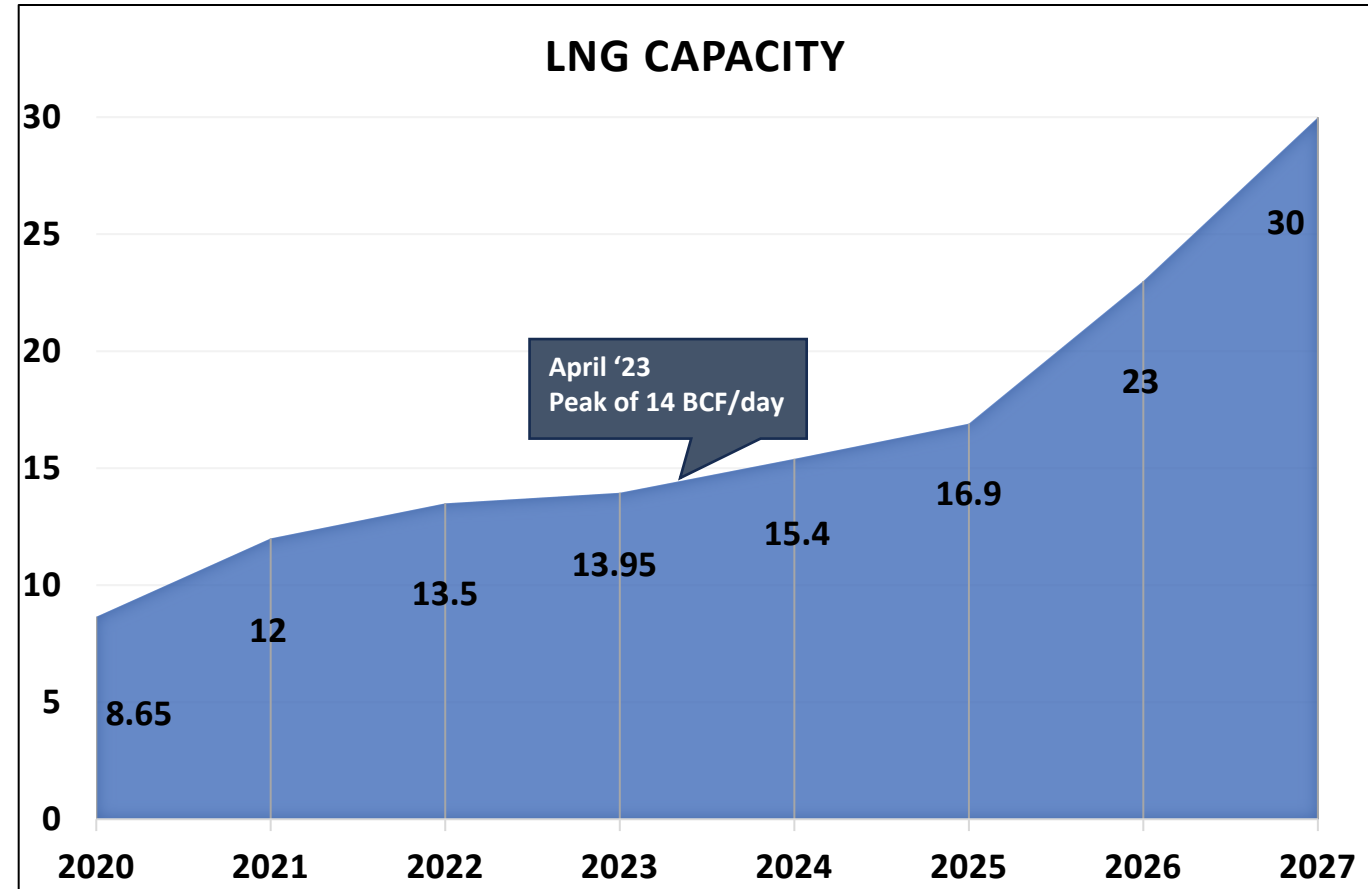


	21-Aug-2023
Cal	NYMEX
Bal23	\$3.07
2024	\$3.57
2025	\$4.01
2026	\$4.05
2027	\$3.98

United States LNG Outlook

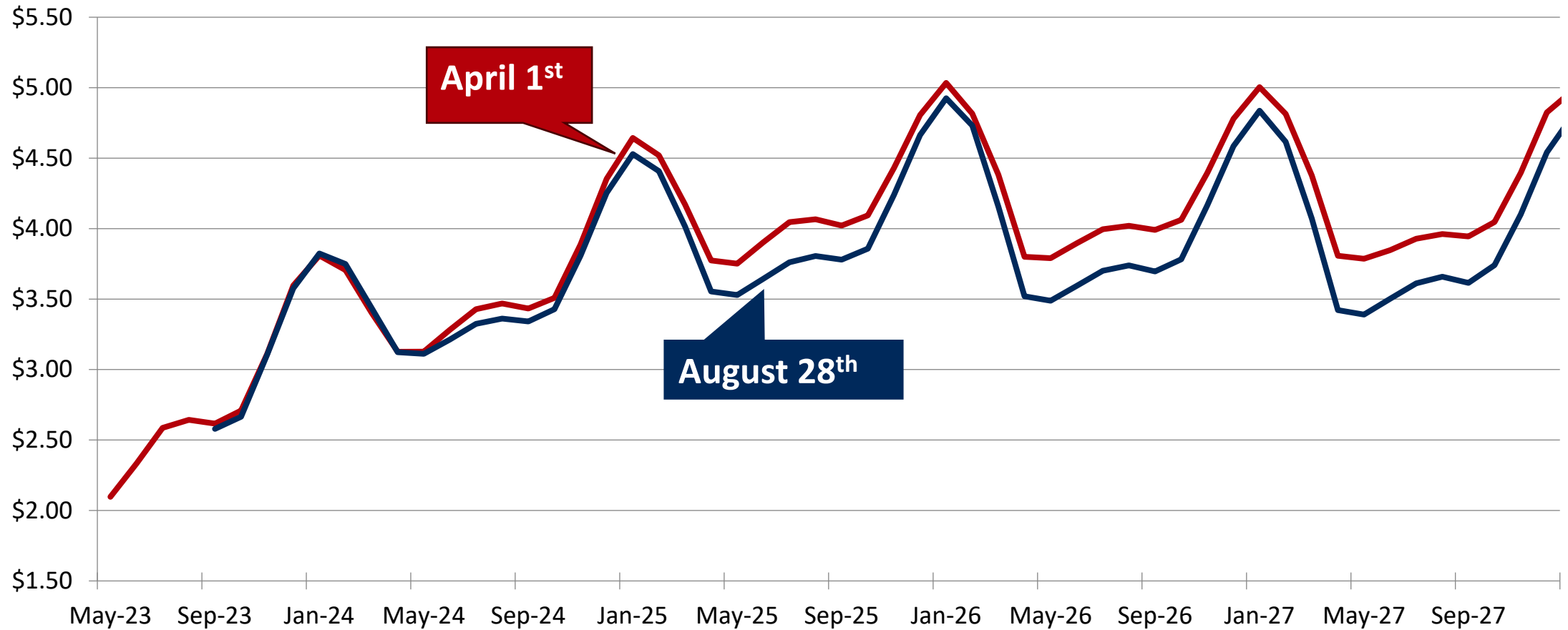
By 2027, LNG Exports would account for 30% of current production.

- Currently 7 LNG facilities are in operation.
- By 2027, that number will likely expand to 12 facilities capable of ~30 Bcf/day.



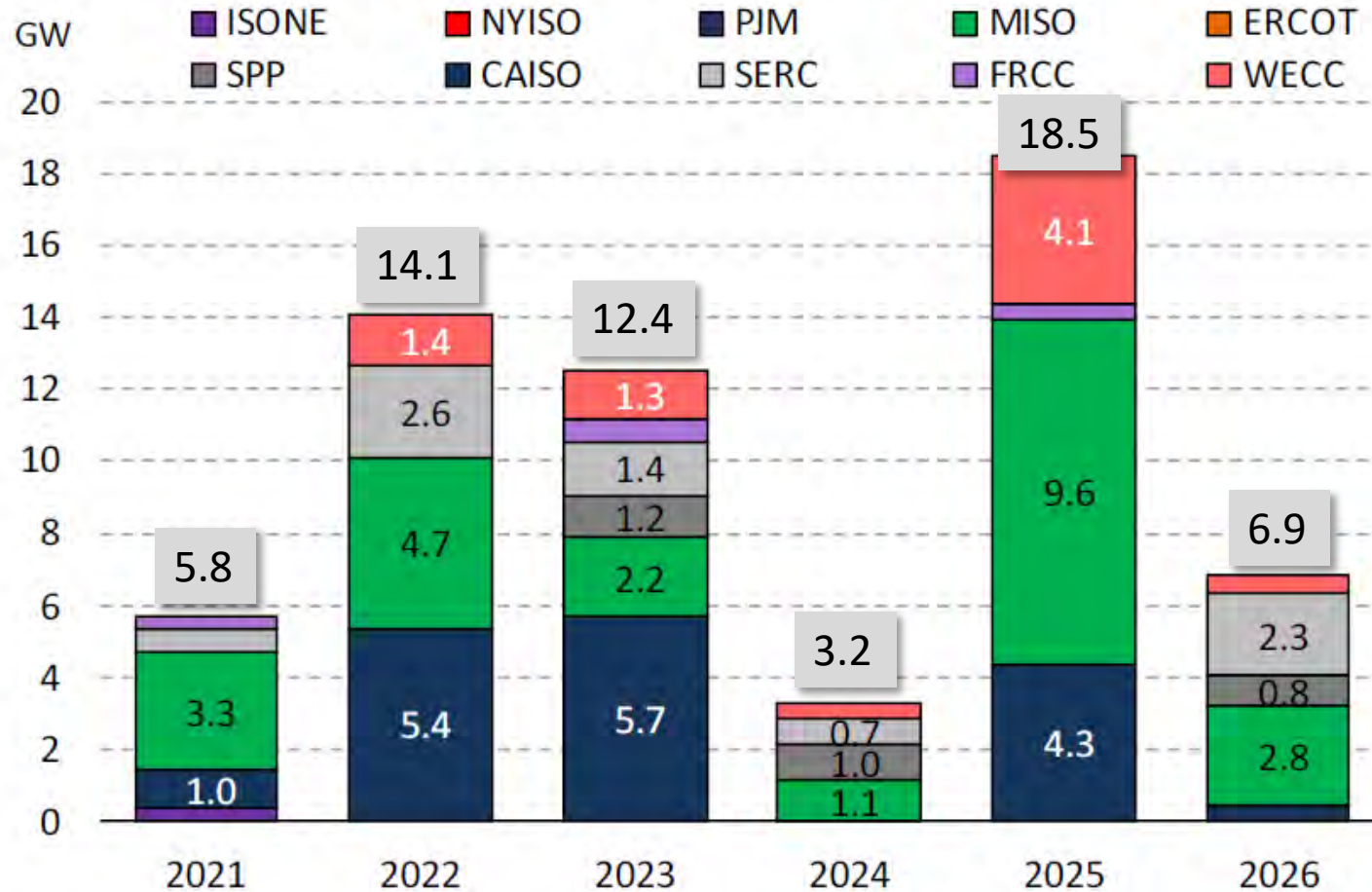
NYMEX Forward Curve

Average Down \$0.24 for 2025-2027



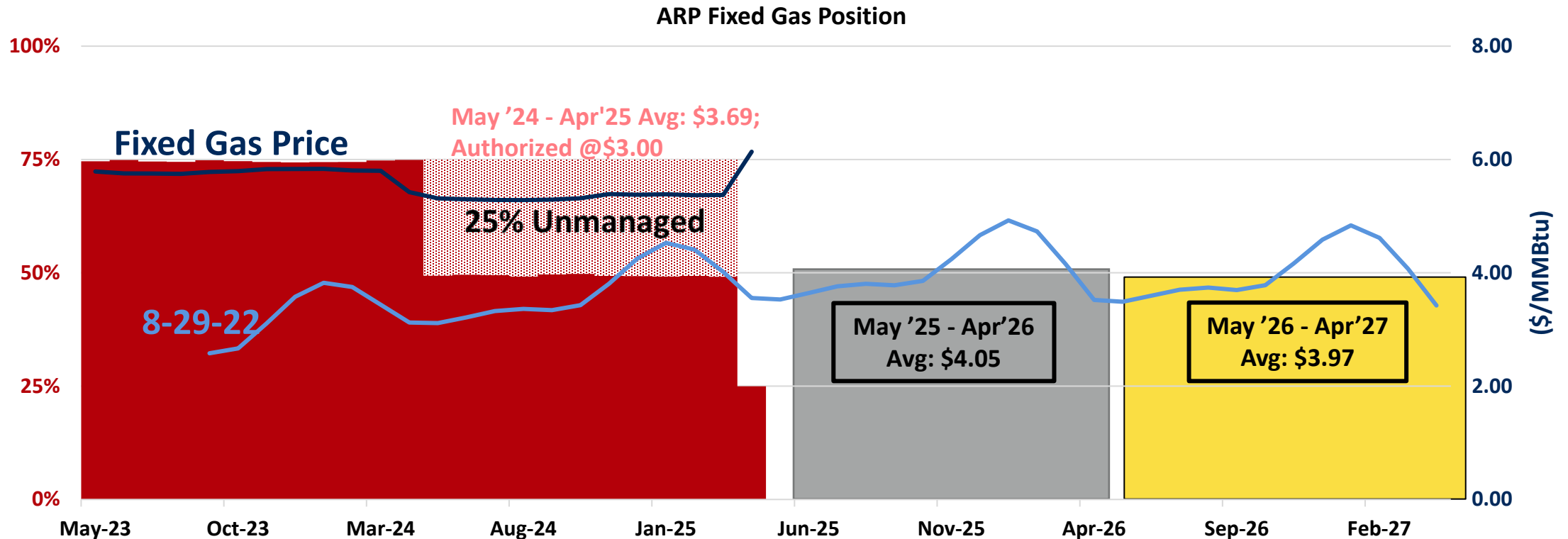
EVA Coal Plant Retirements

Coal retirements by power market



Natural Gas Henry Hub Price Risk Management

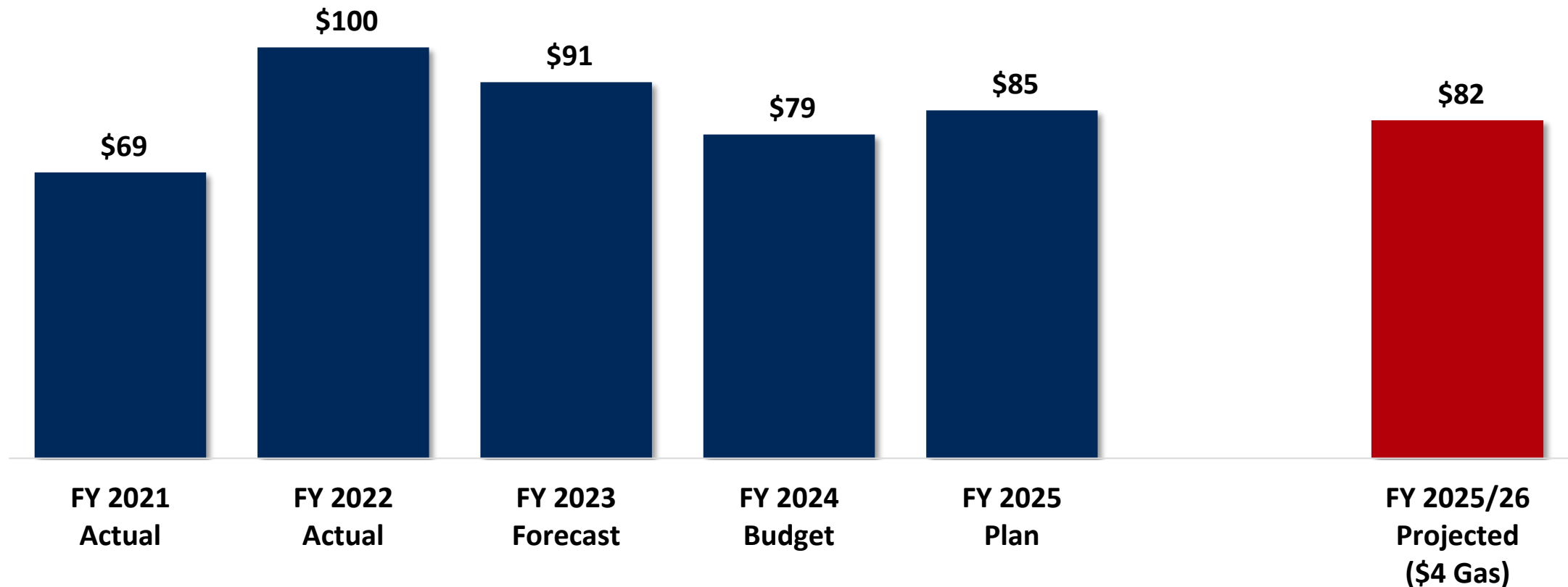
75% Managed Until Summer 2024, 50% & 25% Thereafter



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

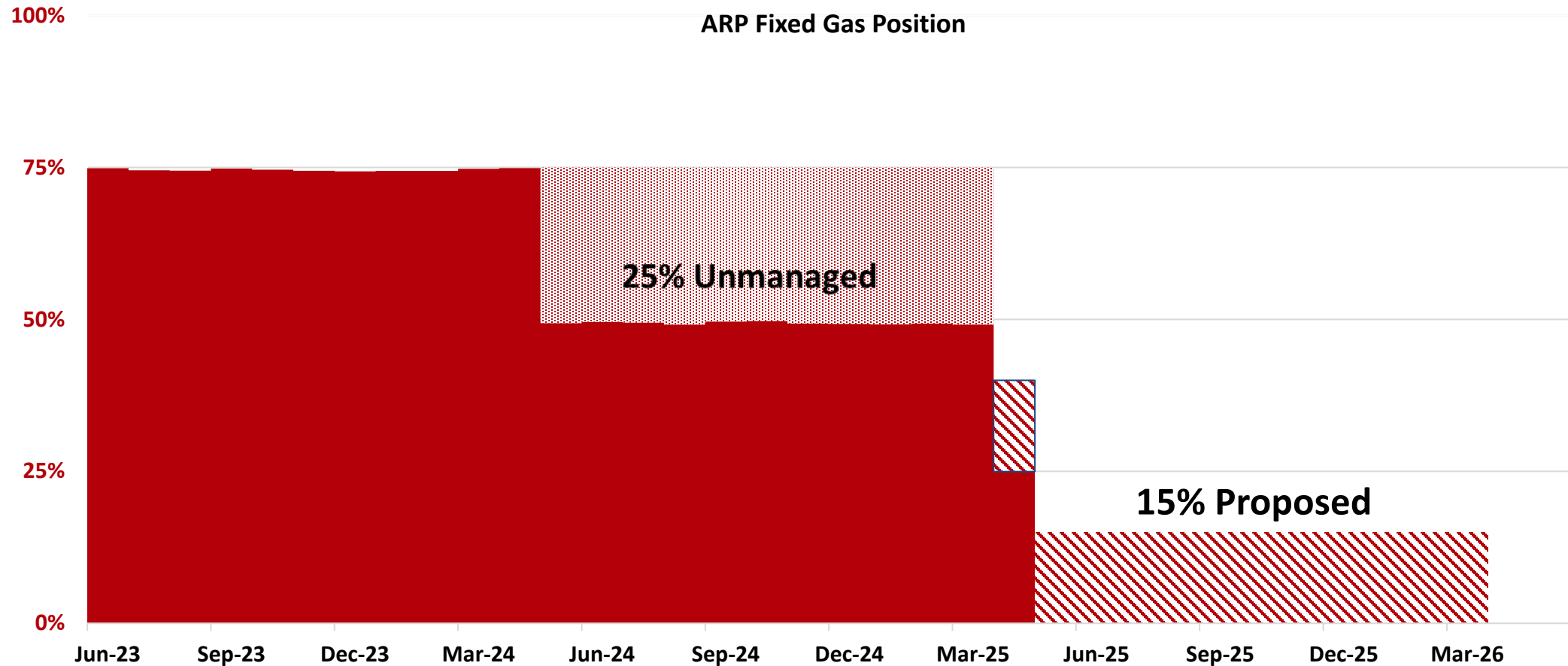
\$4 Gas Equates to ~\$82/MWh in FY 25-26

Locking In Gas Provides Price Certainty ~ FY 24 Budget & FY 25 Plan Costs



Proposed Additional Positions

15% Additional Stability Between April 25 – March 26

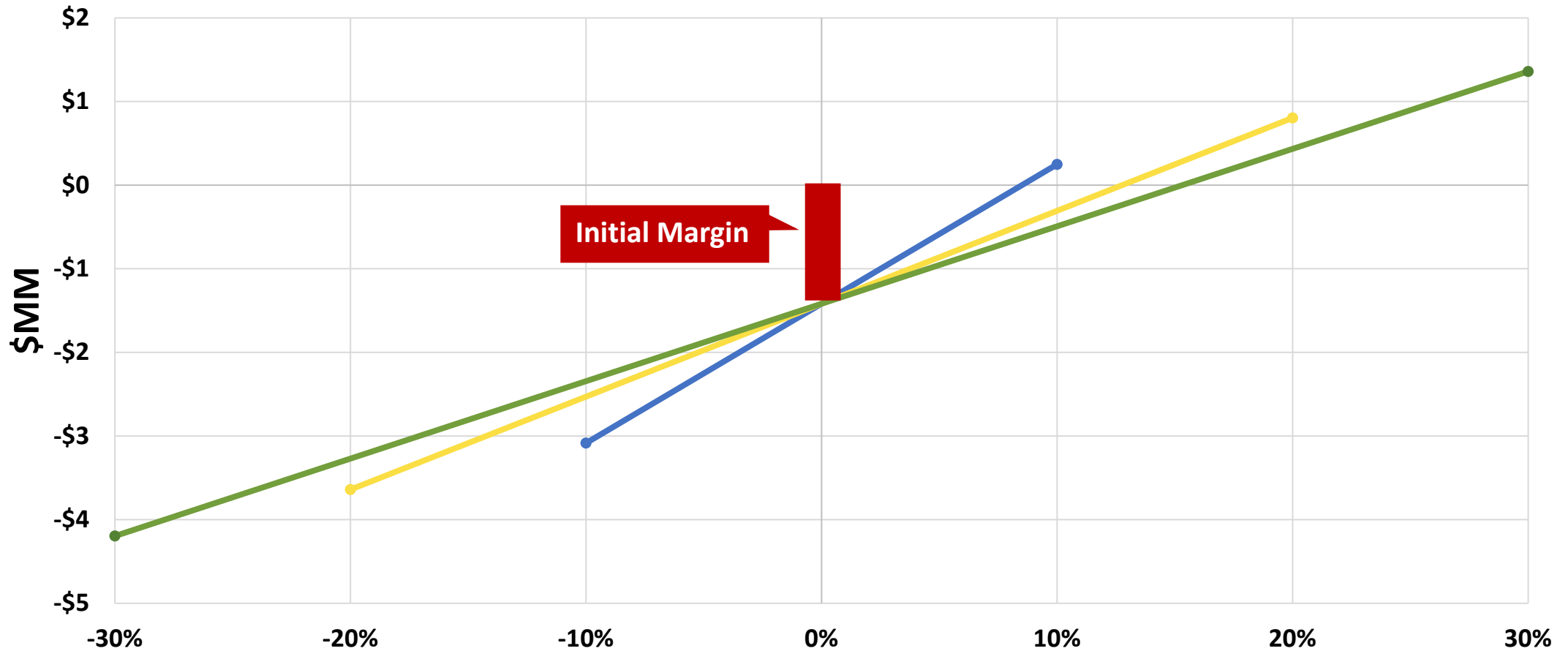


FY25/26 Market Relatively Affordable to Manage

Limited Margining Potential for Next Year

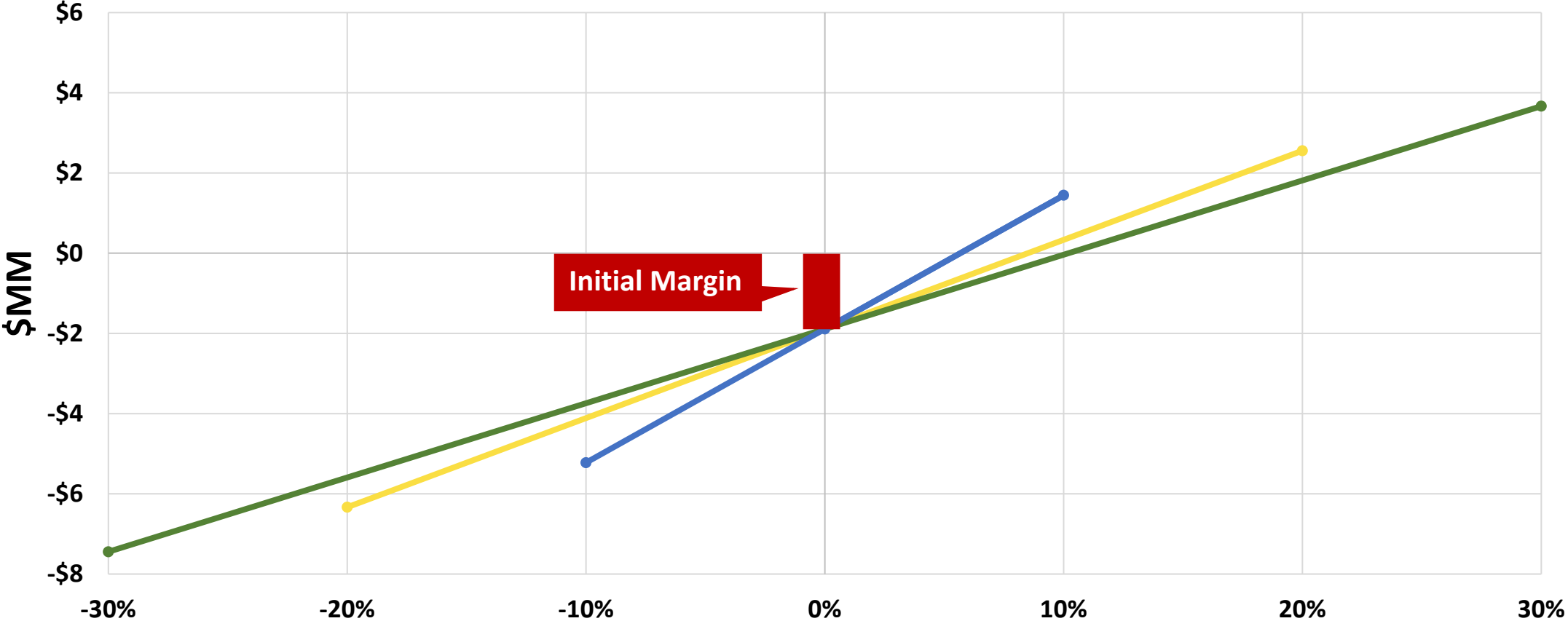
- Market volatility has settled over last 6 months
- Current gas price yield relatively affordable power prices
- Markets 2 years out and more have limited volatility
 - Can change as we get through another winter season
- Risk asymmetrical at current for FY25/26 using last 4 years of data
- Downside potential from ~\$4.00/mmbtu, down \$2.00/mmbtu
- Upside potential from ~\$4.00/mmbtu higher, up \$5.00/mmbtu

Cash Impact of Proposed 15% Managed Position



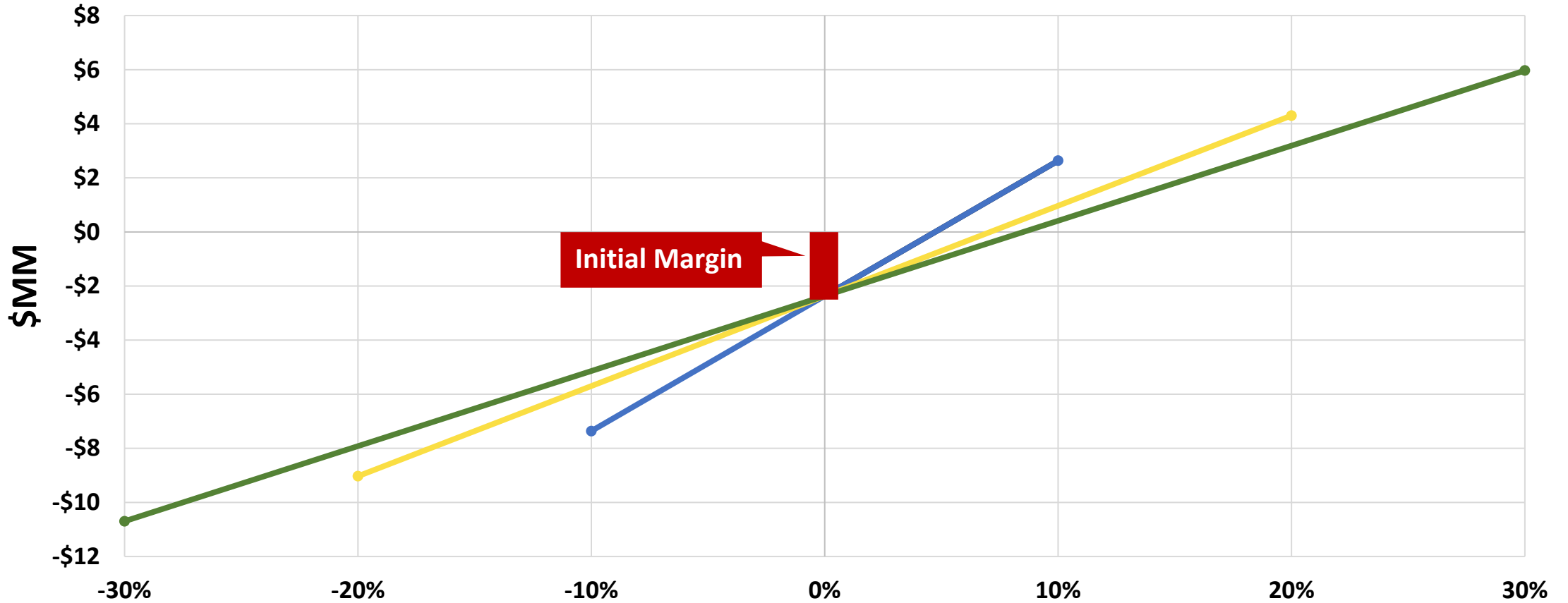
Initial Margin	10% Change in Price	20% Change in Price	30% Change in Price
\$1,418,650	\$1,666,452	\$2,221,936	\$2,777,420

Cash Impact of Proposed 20% Managed Position



Initial Margin	10% Change in Price	20% Change in Price	30% Change in Price
\$1,889,550	\$3,332,904	\$4,443,872	\$5,554,840

Cash Impact of Proposed 25% Managed Position



Initial Margin	10% Change in Price	20% Change in Price	30% Change in Price
\$2,364,700	\$4,999,356	\$6,665,808	\$8,332,260

Alternative Action Steps

- Price stability to a percentage of FY25/26 at current market
 - April 2025-March 2026
 - 15 - 25% of natural gas exposure
 - Initial margining \$1.4 - \$2.4M
 - Market margining relatively limited to \$2.8 - \$8.3M
 - Some other terms & percentages if desired
- Do nothing. Wait and see the market movements
 - Remain 100% exposed to market changes post-May 2025 and reassess after Winter 23/24

**AGENDA ITEM 9 – INFORMATION
ITEMS**

b. Pool Expansion Update

**Executive Committee
September 14, 2023**



9b – Pool Expansion Update

Executive Committee

September 14, 2023

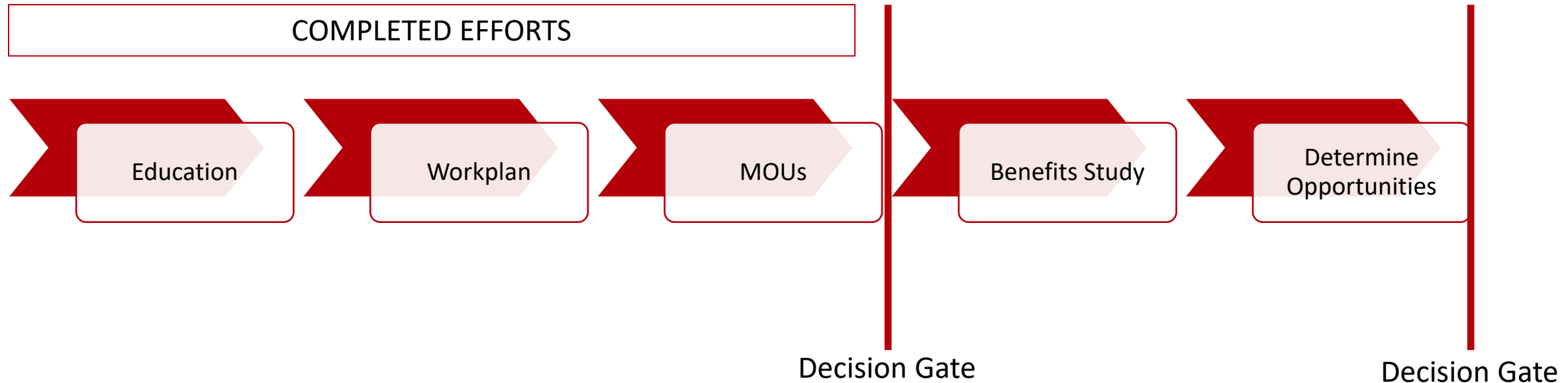
Economic Evaluation of FMPP Expansion In Progress

Energy and Reserve Cost Savings With Expanded Resource Mix

- Acceleration of solar integration key driver in potential expansion
- Economies of scale/resource diversification can manage risks
- Evaluation likely completed mid-2024
- FMPP generation portfolio going through significant transformation with added solar, new gas units for the pool and retirement/conversion of Stanton 1 & 2
- New pool products that provide revenues for ancillary services will be required to support cost recovery of key unit attributes
- ARP and FMPP adding scale could reduce contingency/spin shares

Milestone Expected after Benefits Analysis Q2 2024

Timeline Delayed Due to Coordination Requirements



- Educational sessions well received with good engagement
- Workplan and MOU development required extensive multi-party coordination
- Benefits study scoping and procurement completed, but MSAs/NDAs require further multi-party agreement and interaction – study nearly ready to launch with 1898

Will Use 2025 as the Base Year for Analysis

Consultant Leads All Transfer Limit Structure Determinations*

2025 Case	FMPP, SEC, JEA, TECO – Business As Usual	Expanded FMPP (CHP)
Existing Transfer Limits**	X	X
Limits + Buy (Firm Point-to-Point)	X	X
Fuel Sensitivity	X	X

**Transfer limits are mission-critical to the evaluation.*

*** Consultant has also proposed infinite transfer simulations for benchmarking purposes.*

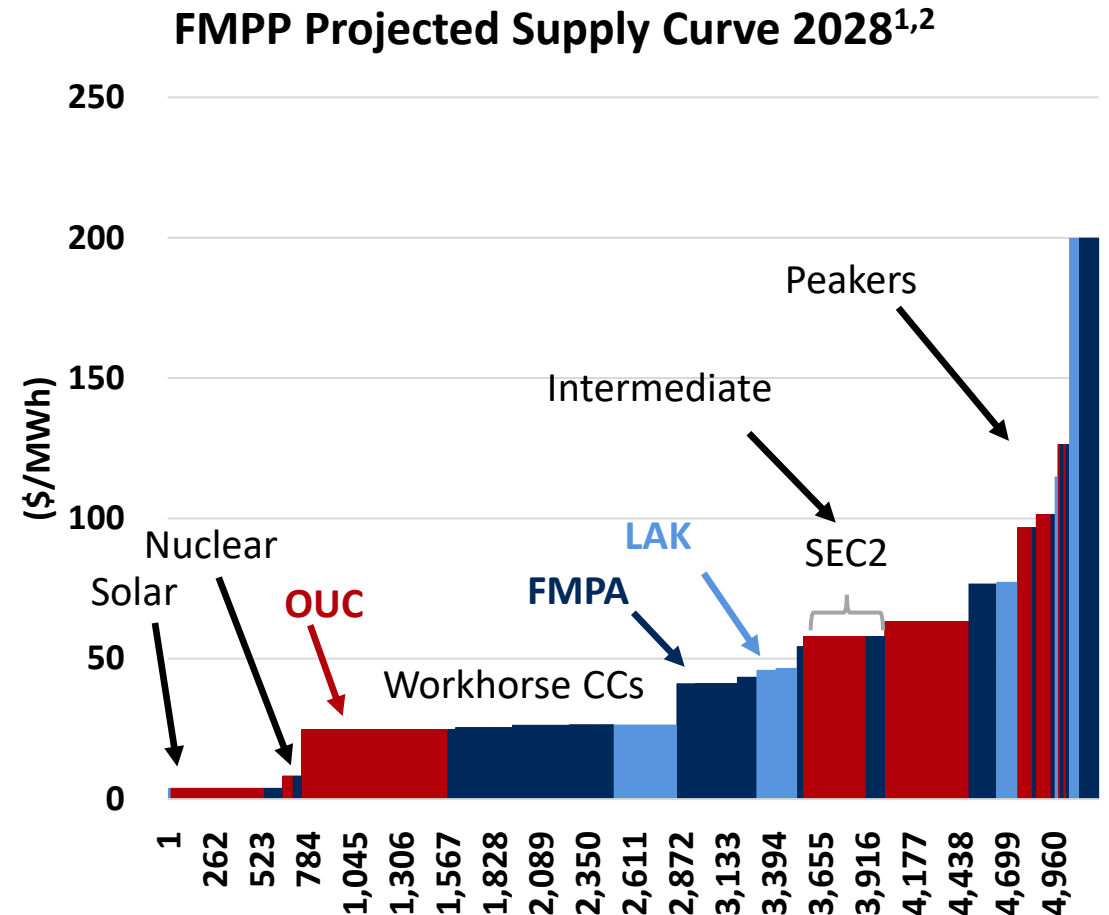
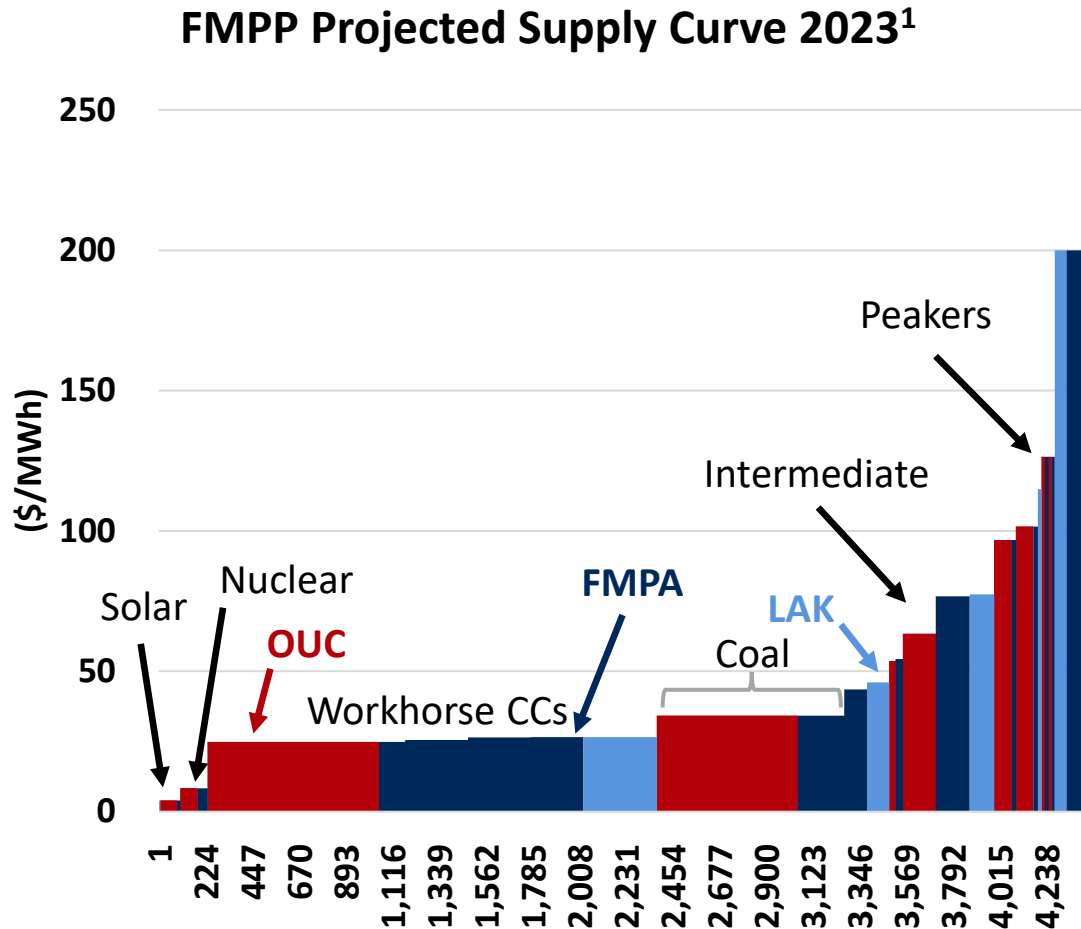
Ancillary Services and Reserve Study Completed

FMPP to Seek Changes to the Settlement Process

- Glarus Group executed extensive study on range of potential ancillary service and reserve products to meet future pool needs from solar
- FMPP has approved an effort to scope changes to daily settlement tools and processes to accommodate suggestions from Glarus study
 - PCI developed existing FMPP settlement data warehouse
 - Also software provider for GenTrader daily unit commitment/dispatch tool
- Formal changes to FMPP policies/procedures will be evaluated once technical vetting and scoping is complete
- Implementation targeted for the end of 2024

Pool Resource Mix Changing Over Next 4 Years

New Gas Resources and Solar With SEC 1 Retirement



1 – Some infrequently used peaker and diesel generation costs capped at \$200/MWh for visual.
 2 – 2028 merit order assumes 2023 fuel prices.



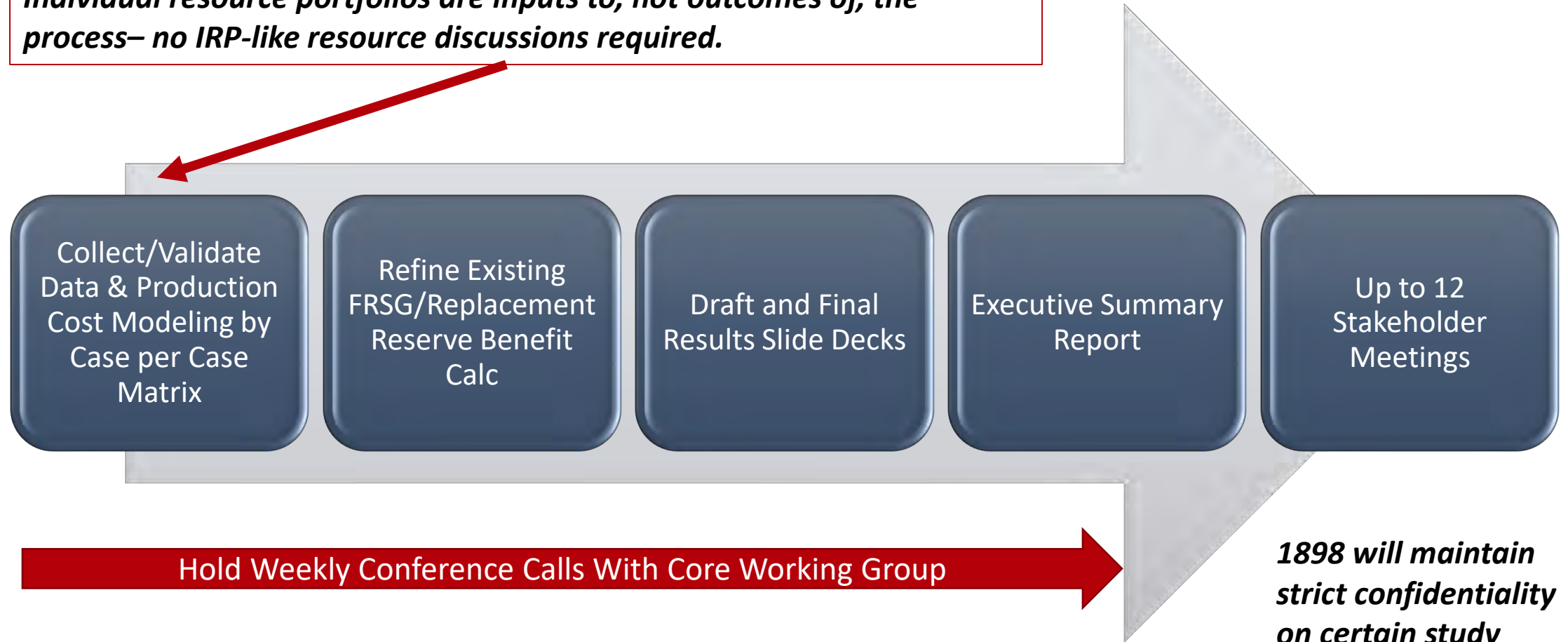
Appendix



20 Week Benefit Study Duration After Kickoff

FMPA Has Shared Existing Model For Head Start on Buildout

Individual resource portfolios are inputs to, not outcomes of, the process– no IRP-like resource discussions required.



1898 will maintain strict confidentiality on certain study results/inputs.

Spinning Reserve Service: Recommended Modifications

- ▶ Current: The Spinning Reserve Service provides compensation to Members carrying the 25% on-line spinning reserve for other Members
 - Changes
 - Add Solar Spin
 - Include Offline Reserves for Contingency Reserves
- ▶ Current: Compensation is paid based on a \$/MW hourly charge calculated by multiplying the hourly dispatch price of fuel gas by the SR factor of 1.45
 - Changes
 - Reserve Allocations inclusive of Solar / Net Load impacts
 - Offline Reserves paid readiness costs (Glarus rec.) + Lost Opportunity Costs when applicable (internal rec.)
 - Review ability of GenTrader to value reserves in lieu of factors derived from offline studies

Ancillary Service: Load Following Service

Load Following Service (LF) has three payment components:

- ▶ Lost Opportunity – pays the member the difference between the unit's \$/MWh cost and CHP for capacity needed for LF – The unit's cost must be lower than CHP. Unit backed down so a more expensive unit can run.
- ▶ VOM – pays the member that portion of the unit's VOM cost attributed to LF
- ▶ HR Degradation – pays the member for HR degradation resulting from the unit constantly moving up and down to follow load
- ▶ **Changes: Update Load movement to *Net Load* movement, Net Load Ratio allocation by Member**

New Product Recommendations

- ▶ **30–Minute Flexibility Reserves**
 - Online and Offline Reserves needed to address net load variability
 - Aligns with Control Performance Standards (CPS1 / BAAL)
 - Compatible with FRSG response time requirements
- ▶ **Downward Flexible Reserves (30–minute)**
 - Address future flexibility needs when solar output is high
 - Create transparency mechanism for needed flexibility in both directions
 - Likely combined with the design of 30–Minute Flexibility Reserves
- ▶ **Replacement Reserves (90–Minute, Internal Recommendation)**
 - Transparency on existing processes aligned with NERC requirement

**AGENDA ITEM 9 – INFORMATION
ITEMS**

**c. Stanton Impacts to ARP
Update**

**Executive Committee
September 14, 2023**



9c – Stanton Impacts to ARP

Executive Committee

September 14, 2023



OUC and FMPA in Discussions of on Future of Stanton

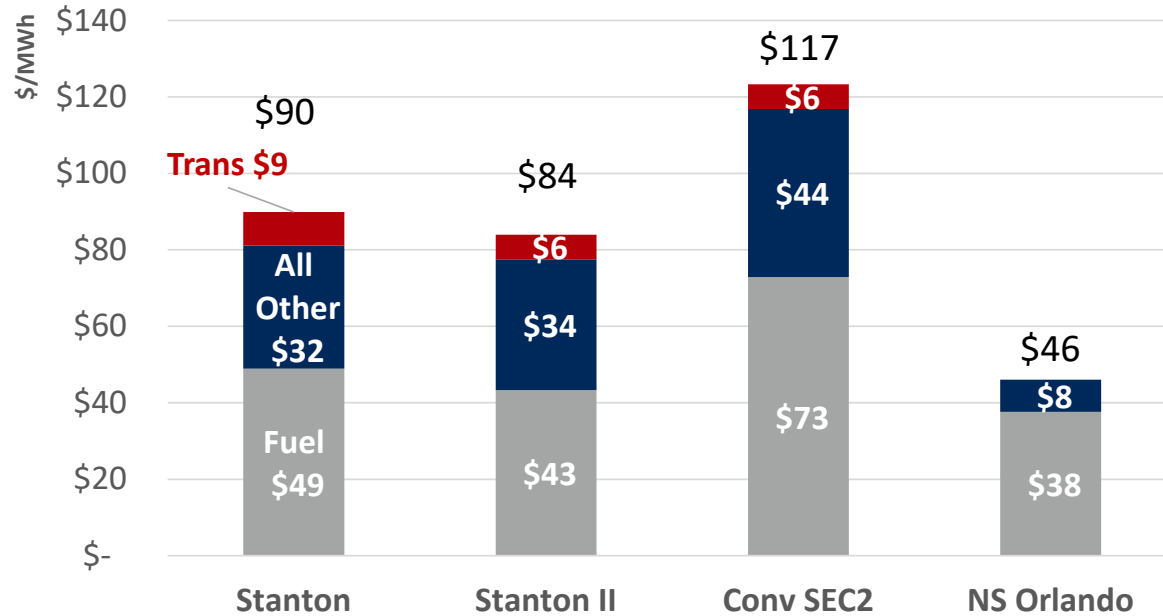
Targeting December 1 for Framework of an Agreement

- 9/8 OUC and FMPA agreed to enter discussions on future of Stanton Energy Center
- FMPA desires to end participation in the project
- OUC has concerns over long term liability of coal ash disposal site
- Teams will work to develop a viable option that meets both parties needs
- Targeting December 1 for framework of an agreement

Levelized, Stanton Costs Not Competitive To Alternatives

Adjusted to Common Capacity Factor, New Generation Lower Cost

Stanton Projects & NS Orlando Operating Costs \$/MWh at Levelized 45% Capacity Factor



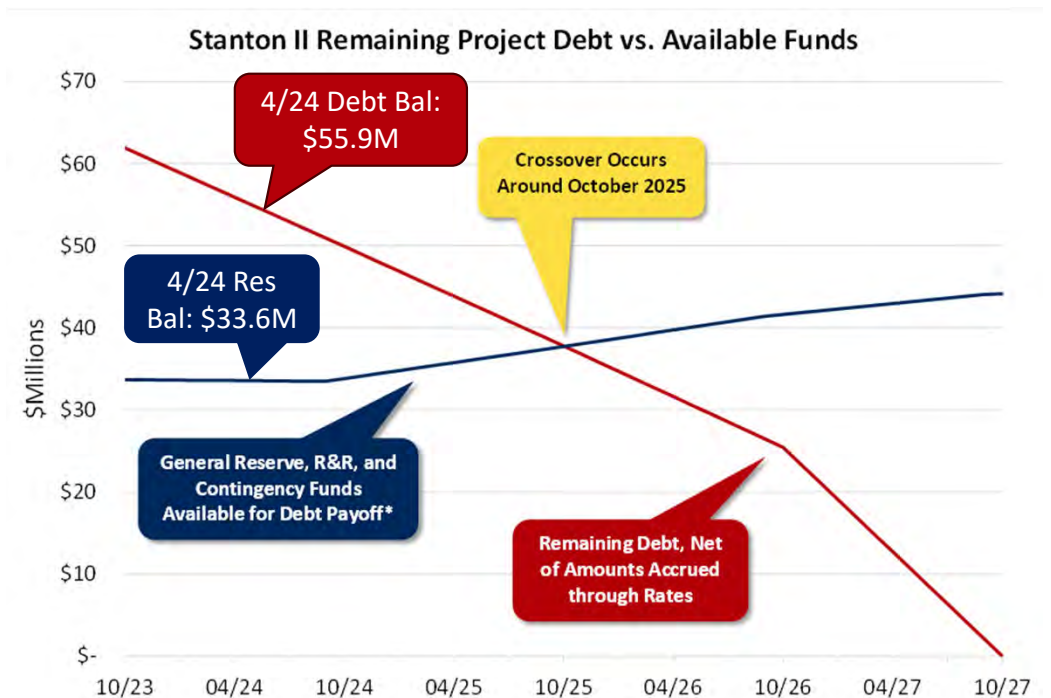
- FMPA incurs OUC Transmission Costs annually:
 - Stanton & Tri-City: \$2.3M
 - Stanton II: \$2.7M



Stanton II Debt Currently Retired By End of FY27

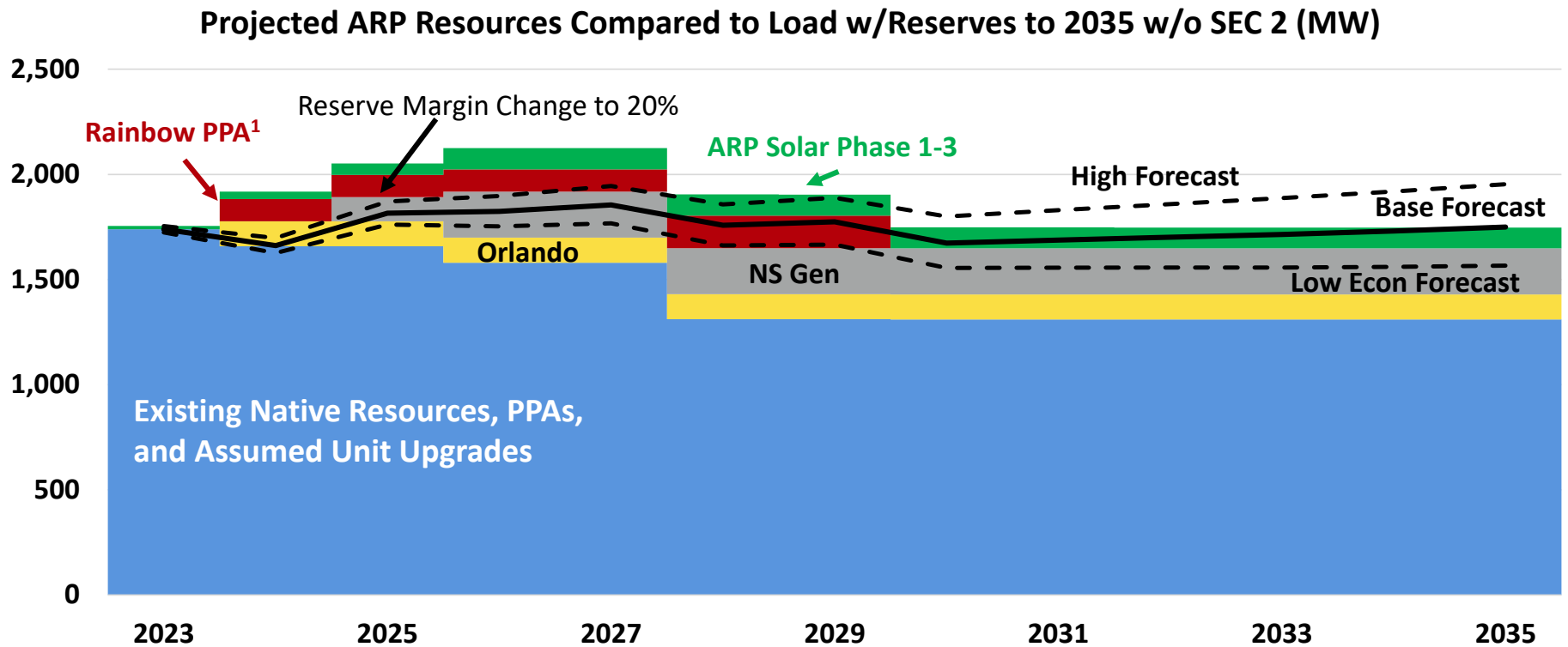
Bonds Can Be Paid Early with Minimal Financial Penalty

- All current Project bonds have early call provisions
- ~2/3 of FY27 debt already anticipated to be funded
- Could use Stanton 2 funds (\$33.6M) and ARP and Homestead use residual Stanton/Tri-City (\$13.6M) to pay off debt 4/2024
- Some funds would be needed pay OUC the anticipated decommissioning costs



ARP Has Sufficient Capacity To Replace SEC 2

Reduces Length With Options to Add More Rainbow/Others



1 – 2024 – 2027 option for additional 49 MW of Rainbow PPA not represented above.

ARP Would Retain Flexibility to Right-Size Reserves

Could Continue to Offer Excess to Stanton Participants

- Majority of SEC 2 Project capacity (~130 MW) socialized into ARP (~106 MW), with St. Cloud SEC 2 share ~(15.6 MW) effectively part of OUC's portfolio
- Homestead and Lake Worth Beach major Participants in Stanton Projects outside the ARP
 - Already planning for SEC 1 replacement in individual power supply plans
 - Homestead can leverage existing partial requirements contracts or procure replacement for SEC 2 (~8-9 MW)
- ARP well-positioned to offer economic capacity in East region using existing portfolio and/or increasing capacity from PPA option held through 2027

**AGENDA ITEM 9 – INFORMATION
ITEMS**

**d. ARP FY23 Generation Budget
Update**

**Executive Committee
September 14, 2023**



9d ARP FY23 Generation Budget Update

Executive Committee

September 14, 2023

FY23 O&M Expenditures Drive Utilization of Contingency

Unanticipated Maintenance & Cost Increases

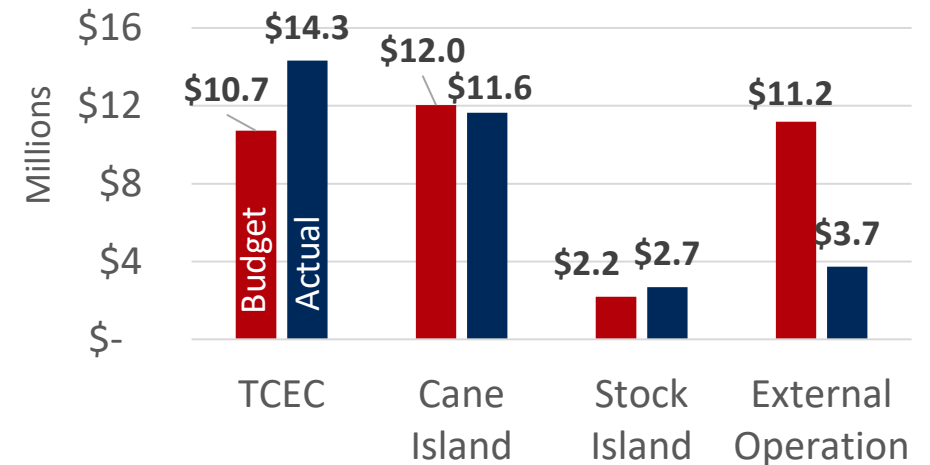
- Continued efforts in last 3 fiscal years to increase precision of plant operational budgets has avoided unwarranted higher Member rates
- Contingency now aggregated at fleet level to avoid redundancy in individual site budgets
- Overall capital expenses for fleet expected to be within budget, but multiple projects delayed until FY24 & FY25
- O&M expenses projected to be ~\$2.5M above budget but within EC approved contingency
- Unique circumstances at TCEC on lube oil system, bearings, fuel piping, diesel tank issues & corrosion mitigation primary internal drivers for O&M overages
- Non FMPA operated sites O&M overage primarily driven by reclassification of capex projects to O&M

Projecting Utilization of ~\$2.5M EC Approved O&M Contingency

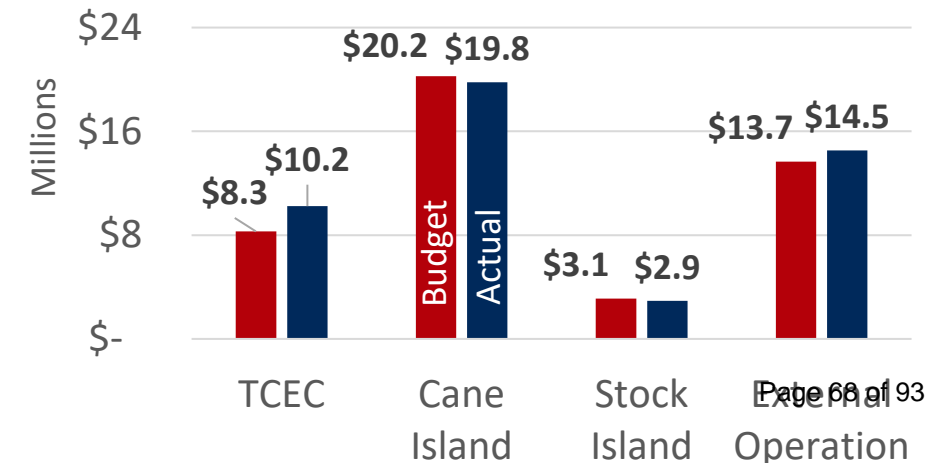
Capital Expenses Within Budgeted Levels But Projects Delayed

- Treasure Coast O&M projected to be ~\$2.0M above budget
- External sites ~\$0.8M above budget
- Capex projected to be ~\$3.7M under budget but \$3.6M of projects delayed to FY24 & FY25
- Delays include projects such as CI 4kV relays, CT exhaust stack diverter, TCEC 480v Breakers, Stock Island CT1 AVR

ARP Fleet Projected FY23 Capital Expenses



ARP Fleet Projected FY23 O&M Expenses



**AGENDA ITEM 9 – INFORMATION
ITEMS**

e. New Plant Integration Update

**Executive Committee
September 14, 2023**



9e New Plant Integration Update

Executive Committee

September 14, 2023

Integration Efforts On Schedule & Within Budget

Staff Proposing Naming & Identity Options for EC Consideration

- Orlando Cogeneration Ltd acquisition closing accelerated from March 1 to February 7, 2024
- Staff pursuing day 1 operability and readiness for dispatch
- Several milestones completed on integration plan, staff energetically working to achieve integration goals
- Good interaction between existing plant staff and integration team
- Human Resource offer and onboarding process beginning soon
- Staff recommending a “Doing business as” name change to clearly differentiate this as an FMPA plant site distinct from OUC
- Proximity of plant to Turnpike could provide low-cost means to highlight FMPA identity

Progress Being Made on Pre-Close Must Have Items

High Levels of Engagement from Existing Plant Staff & FMPA Team

Key Accomplishments Thus Far

- Transmission Service Filings Submitted to Duke Energy
- Staff updated Job Descriptions for the acquisition sites
- Human Resources evaluation of salary and benefits complete with 1:1 meetings to begin soon
- Maximo work management system asset import underway
- Inventory data capture and review underway
- Environmental permit transfer process underway, Title 5 Air Permit Transfer Submitted to DEP
- Long-lead procurements completed
- Discussions with co-gen off-taker (Air Products) underway
- Vendor list obtained and reconciled with current FMPA utilization; vendor setup underway

Distinct Plant Identity Allows More Positive FMPA Messaging

“Orlando” in name results in potential confusion with OUC

- Uneconomic and difficult for full name change with all regulatory and administrative entities such as DEP, FRCC, Reliability Coordinator
- FMPA recommends a “doing business as” alternative, similar to how Florida Power is doing business as Duke Energy Florida
- Several names were considered for site, with following top contenders:
 - Sand Lake Energy Center
 - Tollway Energy Center
 - Municipal Energy Center
 - Public Power Generation Station



Unique Opportunity To Promote FMPA Identity

Facility Layout Provides Chance to Highlight Municipal Power



**AGENDA ITEM 9 – INFORMATION
ITEMS**

f. Quarterly Compliance Update

**Executive Committee
September 14, 2023**



9f – Regulatory Compliance Update

Executive Committee

September 14, 2023

FERC Update

- **Order 2003 - Improvement to Generator Interconnection Procedures and Agreements**

- FERC finds that: (1) existing pro forma is insufficient because backlogs and delays, and the resulting timing and cost uncertainty, hinder the development of new generation...; and (2) this problem is worsening in both RTO and non-RTO regions.
- Reforms:
 - Increase pre-queue interconnection information access
 - Implement new cluster study process
 - Allocation of cluster network upgrade costs
 - Increased financial commitments (i.e. deposits) and readiness requirements
 - Additional reforms to increase speed of interconnection queue process

- **November 9 – FERC Technical Conference - discussion of EPA’s proposed rule and its impact on electric reliability**

- FMPA nominated Jacob Williams to provide the Florida perspective

- **Joint FERC/NERC Physical Security Technical Conference**

- **Upcoming TAPS FERC Meetings in D.C.**

NERC Update

- Board approved the 2024 NERC proposed business plan and budget
- The Board also approved revisions to NERC's Rules of Procedure (ROP) for Reliability Standards
- The board adopted modifications to TOP-003-6 and IRO-010-5
- The board accepted The 2023 ERO Reliability Risk Priorities Report

Roles of FMPA Regulatory Compliance Department



FMPA Compliance



Member Support



Industry Influence

Internal Compliance

- FMPA has no self-reportable compliance violations since the last quarterly update
- Upcoming PRC-005 internal audit
- Plant coordination
 - Compliance Playbook Update
 - Weekly Plant coordination meetings
- Cold Weather
 - Level III NERC Alert – Due Oct. 6
 - Upcoming winter training

Member Support

- Two Member Peer Reviews
- Member bi-weekly calls

Industry Influence

- APPA and TAPS
 - Weekly APPA calls
 - Monthly TAPS calls and committees
 - Standards Balloting

**AGENDA ITEM 9 – INFORMATION
ITEMS**

g. Annual Environmental Update

**Executive Committee
September 14, 2023**



9g FY23 Environmental Compliance Update

Executive Committee

September 14, 2023

FMPA Continues Strong Compliance Record

No Permit Violations

- FMPA on average receives 10+ onsite regulatory inspections per year
- FMPA submits more than 100 regulatory reports per year
- FMPA utilizes third-party vendors for consultation
- During FY23, FMPA self-reported one minor environmental issue to agencies without enforcement action

Environmental Requirements Completed Timely

U.S. EPA, Florida DEP, USCG

All environmental reports,
inspections and permit applications
completed on time



All Units in Compliance with Air Permits

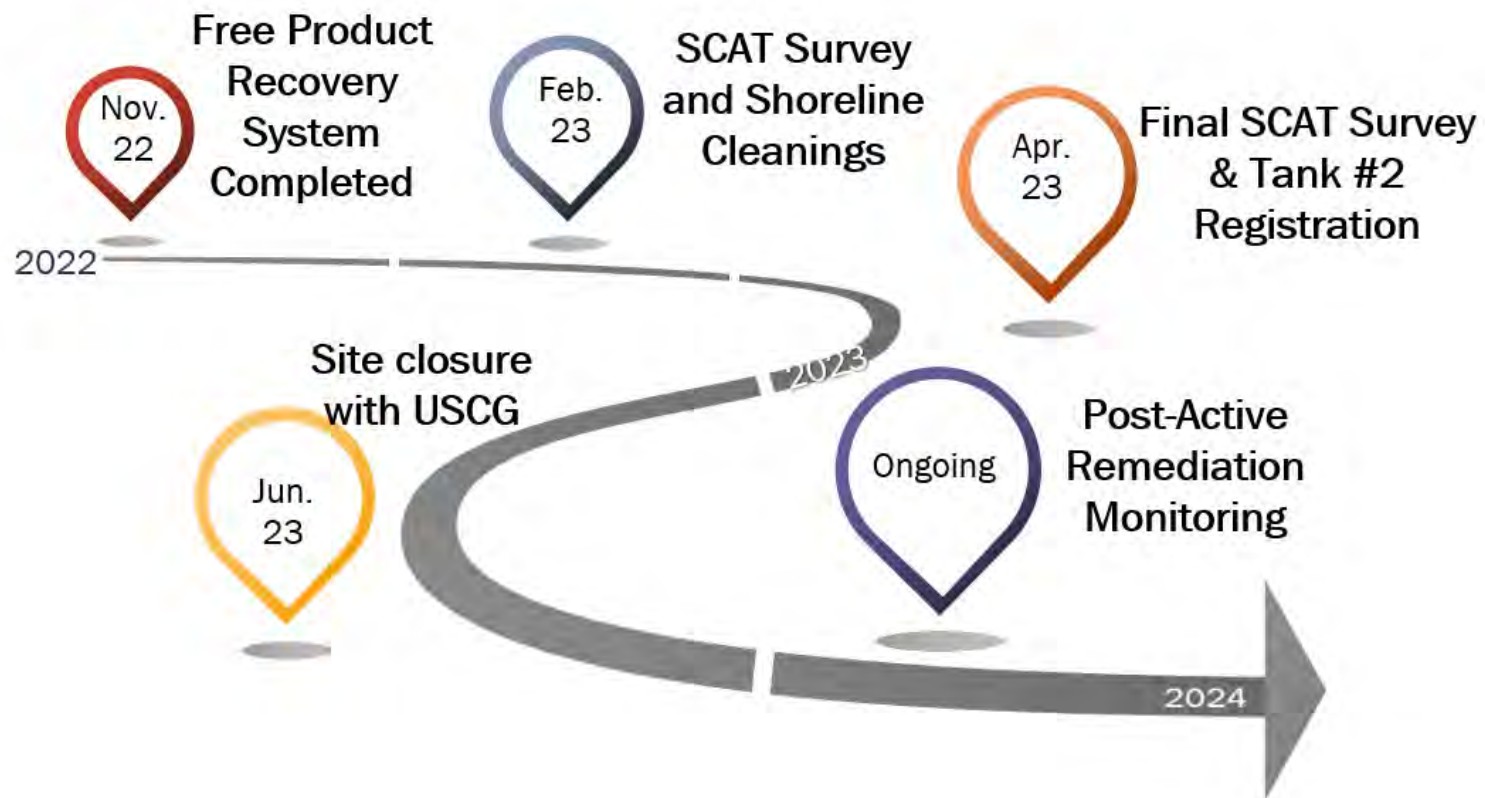
2023 Stack Testing within Emission Limits

- All units tested in 2023 to demonstrate compliance with emission limits
- All units in compliance with permit conditions, limitations and CEMS QA specifications



Stock Island Tank #2 Discharge Progress Update

Post-Remediation Phase



Regulatory Uncertainty







US EPA, Florida DEP

- Proposed GHG Emissions from New and Existing GUs
- Environmental Justice



Path Forward

Maintain strong commitment to environmental compliance

-  Zero violations
-  Strive to go beyond requirements
-  Involve, and fully engage employees
-  Communicate in a transparent manner
-  Actively evaluate and minimize risks
-  Identify and implement best practices





Thank you.



**AGENDA ITEM 10 – MEMBER
COMMENTS**

**Executive Committee
September 14, 2023**

AGENDA ITEM 11 – ADJOURNMENT

**Executive Committee
September 14, 2023**