



## **ARP EXECUTIVE COMMITTEE AGENDA PACKAGE**

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**November 16, 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: 247 559 068 28#

### **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**



# MEMORANDUM

TO: FMPA Executive Committee

FROM: Jacob A. Williams, General Manager and CEO

DATE: November 09, 2023

RE: FMPA Executive Committee Meeting  
**Thursday, November 16, 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 247 559 068 28#**

LINK: [Click here to join the meeting](#)  
**(If you have trouble connecting via phone or internet, call 407-355-7767)**

Chairman Howard McKinnon, Presiding

## AGENDA

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**\*Item also on the Board of Directors Agenda.**

**\*\* Item(s) Subject to Super Majority Vote**

NOTE: One or more participants in the above referenced public meeting may participate by telephone. At the above location there will be a speaker telephone so that any interested person can attend this public meeting and be fully informed of the discussions taking place either in person or by telephone communication. If anyone chooses to appeal any decision that may be made at this public meeting, such person will need a record of the proceedings and should accordingly ensure that a verbatim record of the proceedings is made, which includes the oral statements and evidence upon which such appeal is based. This public meeting may be continued to a date and time certain, which will be announced at the meeting. Any person requiring a special accommodation to participate in this public meeting because of a disability, should contact FMPA at (407) 355-7767 or (888) 774-7606, at least two (2) business days in advance to make appropriate arrangements.

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

**Executive Committee  
November 16, 2023**

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

**Executive Committee  
November 16, 2023**

**AGENDA ITEM 3 – RECOGNITION OF  
GUESTS**

**Executive Committee  
November 16, 2023**

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

**Executive Committee  
November 16, 2023**

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

**Executive Committee  
November 16, 2023**



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

**Executive Committee  
November 16, 2023**

**AGENDA ITEM 7 – CONSENT  
AGENDA**

- a. Approval of Meeting Minutes –  
Meetings Held October 19, 2023  
and ARP Telephonic Rate  
Workshop Held October 12, 2023**

**Executive Committee  
November 16, 2023**

**PUBLIC NOTICE SENT TO CLERKS..... October 05, 2023**  
**AGENDA PACKAGES SENT TO MEMBERS..... October 11, 2023**

**MINUTES**  
**EXECUTIVE COMMITTEE ALL-REQUIREMENTS POWER SUPPLY PROJECT**  
**TELEPHONIC RATES WORKSHOP**  
**THURSDAY, OCTOBER 12, 2023**  
**FLORIDA MUNICIPAL POWER AGENCY**  
**8553 COMMODITY CIRCLE**  
**ORLANDO, FLORIDA 32819**

**COMMITTEE MEMBERS PRESENT VIA TELEPHONE**

Christina Simmons, Bushnell  
Danny Williams, Clewiston  
Robert C. Page, Green Cove Springs  
Larry Mattern, Kissimmee  
Marie Carter, Leesburg  
Drew Mullins, Starke

**STAFF PRESENT**

Jacob Williams, General Manager and CEO  
Rich Popp, Chief Financial Officer  
Sue Utley, Executive Assistant to the CEO and Assistant Secretary to the BOD  
Lindsay Jack, Senior Administrative & Member Services Assistant  
Jason Wolfe, Financial Planning, Rates and Budget Director  
Denise Fuentes, Financial Planning, Budget and Financial Analyst II

**Item 1 – Call to Order and Roll Call**

Robert C. Page, Green Cove Springs, Chaired this meeting and called the Executive Committee All-Requirements Telephonic Rate Workshop to order at 2:01 p.m. on Tuesday, October 12, 2023. A speaker telephone for public attendance and participation was located in the 1<sup>st</sup> Floor Conference Room at Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, Florida.

**Item 2 – Review of September ARP Rate Calculation**

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

**Item 3 – Member Comments**

Jacob Williams reminded the ARP Rate Workshop Committee of the upcoming FMPP 101 workshop Wednesday at 10:30am, and the Policy Makers Liaisons Committee meeting at 12:30pm.

**Item 4 - Adjournment**

There being no further business, the meeting was adjourned at 2:10p.m.

Approved \_\_\_\_\_

BP/lj

CLERKS DULY NOTIFIED .....OCTOBER 10, 2023  
AGENDA PACKAGES POSTED .....OCTOBER 10, 2023

**MINUTES**  
**EXECUTIVE COMMITTEE MEETING**  
**THURSDAY, OCTOBER 19, 2023**  
**FLORIDA MUNICIPAL POWER AGENCY**  
**8553 COMMODITY CIRCLE**  
**ORLANDO, FL 32819**

**PARTICIPANTS PRESENT:** Lynne Mila, Clewiston  
Javier Cisneros, Fort Pierce (virtual)  
Bob Page, Green Cove Springs  
Howard McKinnon, Havana  
Lynne Tejeda, Key West  
Jason Terry, Kissimmee  
Jim Williams, Leesburg (virtual)  
Janice Mitchell, Ocala (virtual)  
Drew Mullins, Starke  
  
\*arrived after roll call

**OTHERS PRESENT** Randy Martin, Clewiston (virtual)  
Kevin Crawford, Kissimmee  
Marie Brooks, Ocala (virtual)  
Mike Mace, PFM (virtual)  
Katie Hall, FGU  
Jenni Sweat, FGU

**STAFF PRESENT** Jacob Williams, General Manager and CEO  
Jody Finklea, General Counsel and Chief Legal Officer  
Ken Rutter, Chief Operating Officer  
Rich Popp, Former 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 Utle, 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, Public Relations Specialist  
Jason Wolfe, Financial Planning Rates and Budget Director  
Jan Bagnall, Manager of Member Services  
Denise Fuentes, Budget and Financial Analyst II  
Daniela Delpino, Environmental Engineer  
Mary Kathryn Patterson, Senior Public Relations Specialist  
Wayne Koback, IT Manager  
Sena Mitchell, Treasury Manager

Lindsay Jack, Senior Administrative & Member Services Assistant

**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 October 19, 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 9 members present out of a possible 13.

**ITEM 2 – SET AGENDA (BY VOTE)**

**MOTION:** Lynne Tejeda, Key West, moved approval of the agenda as presented. Jason Terry, Kissimmee, seconded the motion. Motion carried 9-0.

**ITEM 3 – RECOGNITION OF GUESTS**

Chair, Howard McKinnon welcomed Randy Martin, Clewiston (virtual) and Mike Mace with PFM (virtual).

**ITEM 4 – PUBLIC COMMENTS**

None.

**ITEM 5 – COMMENTS FROM THE CHAIRMAN**

Howard McKinnon, Havana, appreciates Larry Mattern's historical perspective on FMPA matters.

**ITEM 6 – REPORT FROM GENERAL MANAGER**

Nothing further to report.

**ITEM 7 – CONSENT AGENDA**

- a. Approval of Meeting Minutes – Meetings Held September 14, 2023, and ARP Telephonic Rate Workshop Held September 12, 2023
- b. Approval of Treasury Reports – As of August 31, 2023
- c. Approval of the Agency and All-Requirements Project Financials as of August 31, 2023
- d. ARP 12-month Capacity Reserve Margin Report

**MOTION:** Lynne, Tejeda, Key West, moved approval of the Consent Agenda as presented. Drew Mullins, Starke, seconded the motion. Motion carried 9-0.

**ITEM 8 – ACTION ITEMS:**

**a. Approval of Natural Gas/Power Price Stability for 2025 – 2026**

Jacob Williams presented the Natural Gas/Power Price Stability for 2025-2026

**MOTION:** Jason Terry, Kissimmee, moved to approve the allocation of the approved ARP projected gas burn for April '25-March'26 with 20 percent to be procured at the market price with a price limit not exceeding an average of \$4.25 for the entire period of April '25-March'26. Bob Page, Green Cove Springs, seconded the motion. Motion carried 9-0.

**b. Approval of ARP Solar III Advisory Committee Chair**

Susan Schumann presented the Solar Project Committee Chair recommendation by the Solar III Participants that Lynne Tejeda, Key West, be the Chair.

**MOTION:** Jason Terry, Kissimmee, moved approval of the recommendation by Solar III participants for Lynne Tejeda, Key West, to be the Solar III Committee Chair. Javier Cisneros, Fort Pierce, seconded the motion. Motion carried 9-0.

**c. Approval of New Generation Name and Plant Signage**

Ken Rutter presented the New Generation Name and Plant Signage.

**MOTION:** Drew Mullins, Starke, moved approval of the General Manager and CEO to approve and execute modifications and purchase agreements for the renaming of the Orlando Cogen Ltd facility to the FMPA Sand Lake Energy Center and to pursue the development of FMPA signage on the Sand Lake Energy Center as described herein. Bob Page, Green Cove Springs, seconded the motion. Motion carried 9-0.

**d. Approval of 2024 Meeting Schedule**

Jacob Williams presented the 2024 Meeting Schedule

**MOTION:** Lynne Tejeda, Key West, moved approval of the recommended meeting schedule for calendar year 2024 but includes a meeting on August 22, 2024 as was approved by the Board of Directors. Drew Mullins, Starke, seconded the motion. Motion carried 9-0.

**e. Approval of Revised Rate Schedule B-1 to be Effective October 1, 2023**

Denise Fuentes presented the Revised Rate Schedule B-1 to be Effective October 1, 2023

**MOTION:** Bob Page, Green Cove Springs, moved approval of revised ARP Rate Schedule B-1, effective October 1, 2023. Lynne Tejeda, Key West, seconded the motion. Motion carried 9-0.

**f. Approval of FY 2024 Management Goals**

Jacob Williams presented the FY 2024 Management Goals

**MOTION:** Jason Terry, Kissimmee, moved approval of the FY 2024 Management Goals. Bob Page, Green Cove Springs, seconded the motion. Motion carried 9-0.

**ITEM 9 – INFORMATION ITEMS:**

**a. Energy Southeast Renewal Prepaid Transaction**

Rich Popp presented the Energy Southeast Renewal Prepaid Transaction

**b. Solar Addition and Simultaneous Sale**

Chris Gowder presented the Solar Addition and Simultaneous Sale

**ITEM 10 – Member Comments**

None.

**ITEM 11 – Adjournment**

There being no further business, the meeting was adjourned at 11:42 a.m.

\_\_\_\_\_  
Howard McKinnon  
Chairman, Executive Committee

\_\_\_\_\_  
Sue Utley  
Assistant Secretary

Approved: \_\_\_\_\_

Seal

**AGENDA ITEM 7 – CONSENT  
AGENDA**

- b. Approval of Treasury Reports as  
of September 30, 2023**

**Executive Committee  
November 16, 2023**





## AGENDA PACKAGE MEMORANDUM

TO: FMPA Executive Committee  
FROM: Sena Mitchell  
DATE: November 9, 2023  
ITEM: EC 7(b) – Approval of the All-Requirements Project Treasury Reports as of September 30, 2023

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

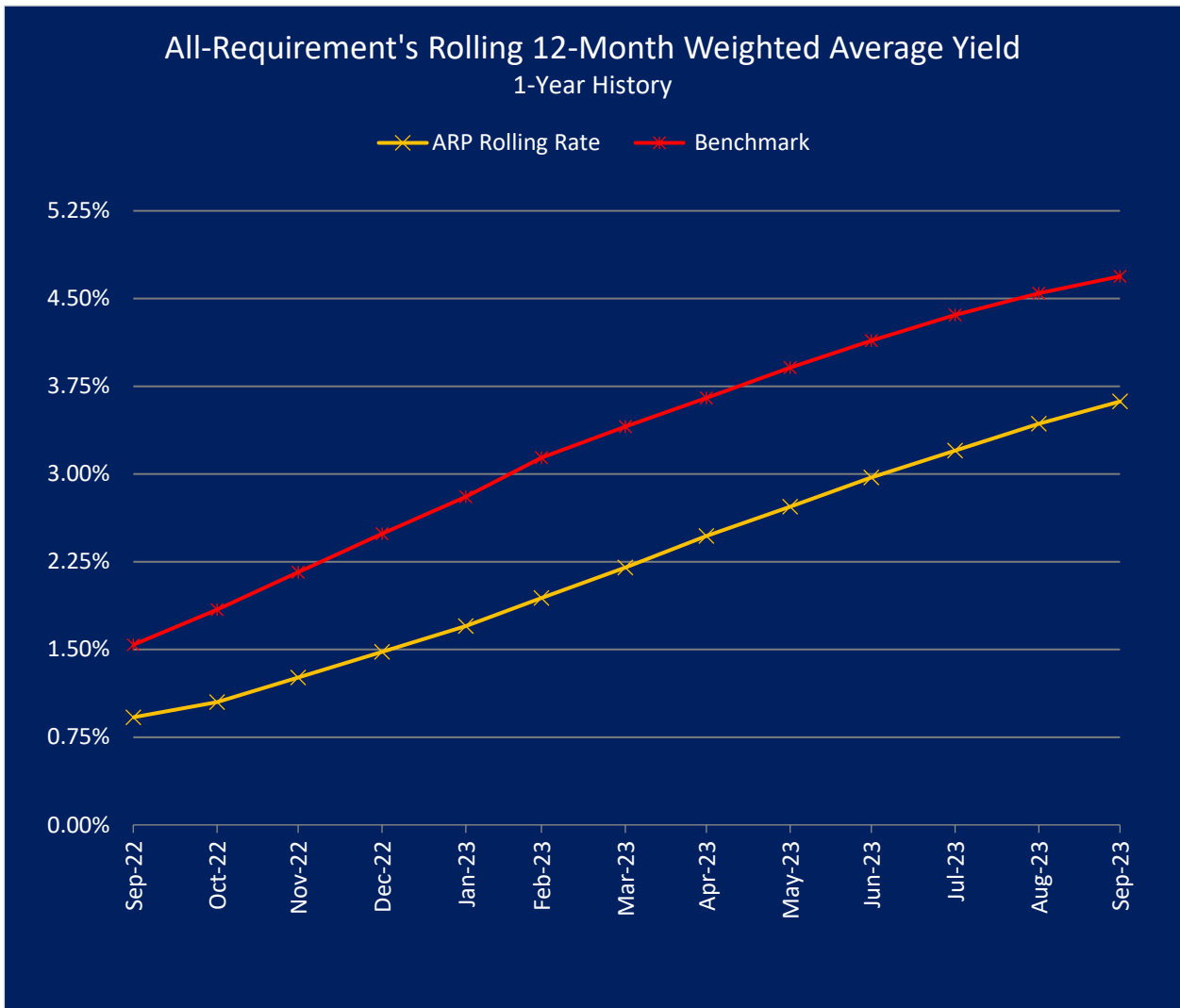
The All-Requirements Project has variable rate and fixed rate debt. The variable rate and fixed rate percentages of total debt are 1.90% and 98.10% respectively. The estimated debt interest funding for fiscal year 2023 as of September 30, 2023, is \$33,367,236. The total amount of debt outstanding is \$791,395,000.

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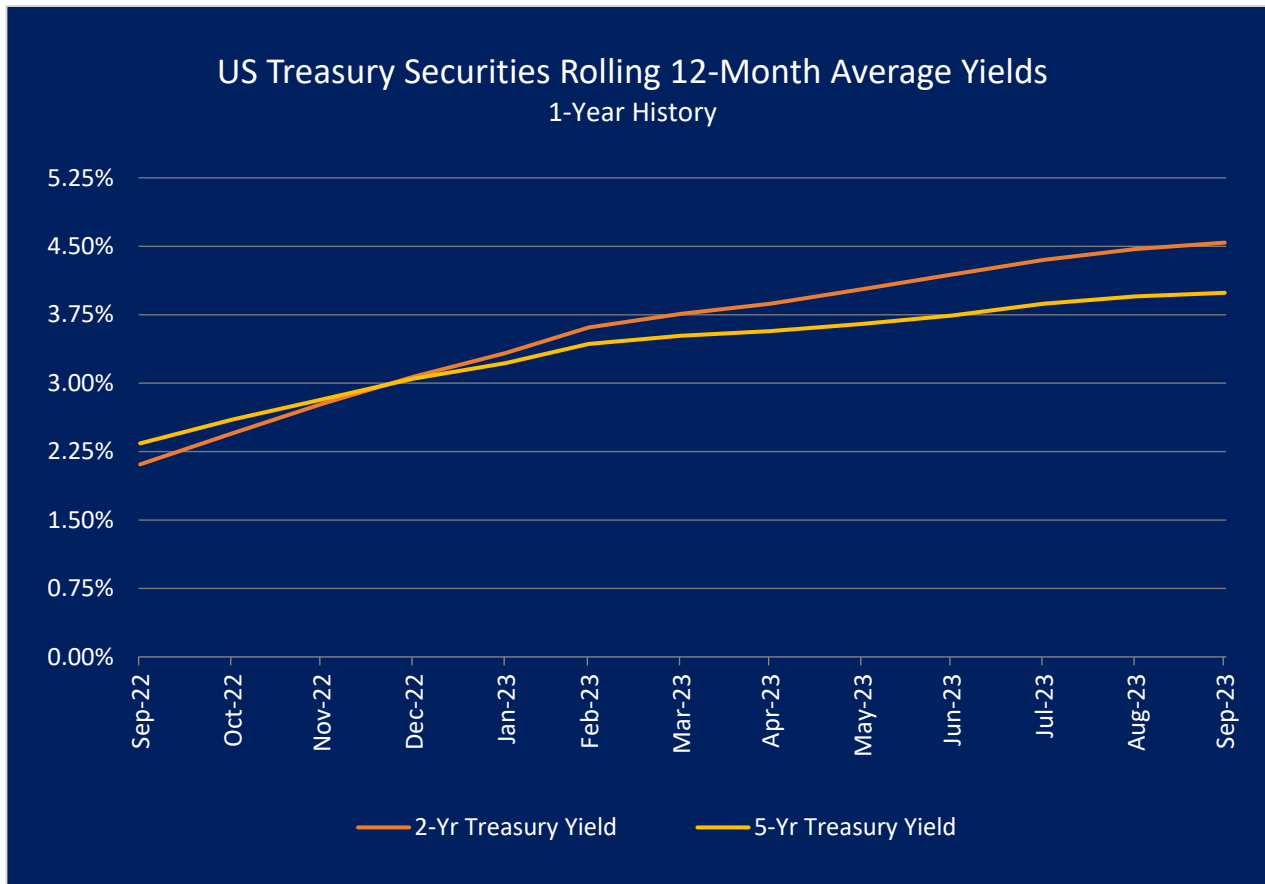
Investment Discussion

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 September 30, 2023, the All-Requirements Project investment portfolio had a rolling 12-month weighted average yield of 3.62%, 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 September 30, 2023 of 4.54%. The yellow line is the 5-year Treasury rolling 12-month average yield which was 3.99%.



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

Recommended  
Motion

Move for approval of the Treasury Reports for September 30, 2023

**AGENDA ITEM 7 – CONSENT  
AGENDA**

- c. Approval of the Agency and All-Requirements Project Financials as of September 30, 2023**

**Executive Committee  
November 16, 2023**



**Rich Popp**  
Chief Financial Officer

## AGENDA PACKAGE MEMORANDUM

**TO:** FMPA Executive Committee  
**FROM:** Rich Popp  
**DATE:** November 9, 2023  
**SUBJECT:** EC 7c– Approval of the Agency and All Requirements Project Preliminary Financials as of the period ended September 30, 2023

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**Discussion:** The summary and detailed financial statements, which include GASB #62 transactions, of the Agency and All Requirements Project for the period ended September 30, 2023, are posted on the Document Portal section of FMPA’s website.

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**Recommended:** Move approval of the Agency and All-Requirements Project Preliminary Financial Reports for the month ended September 30, 2023.

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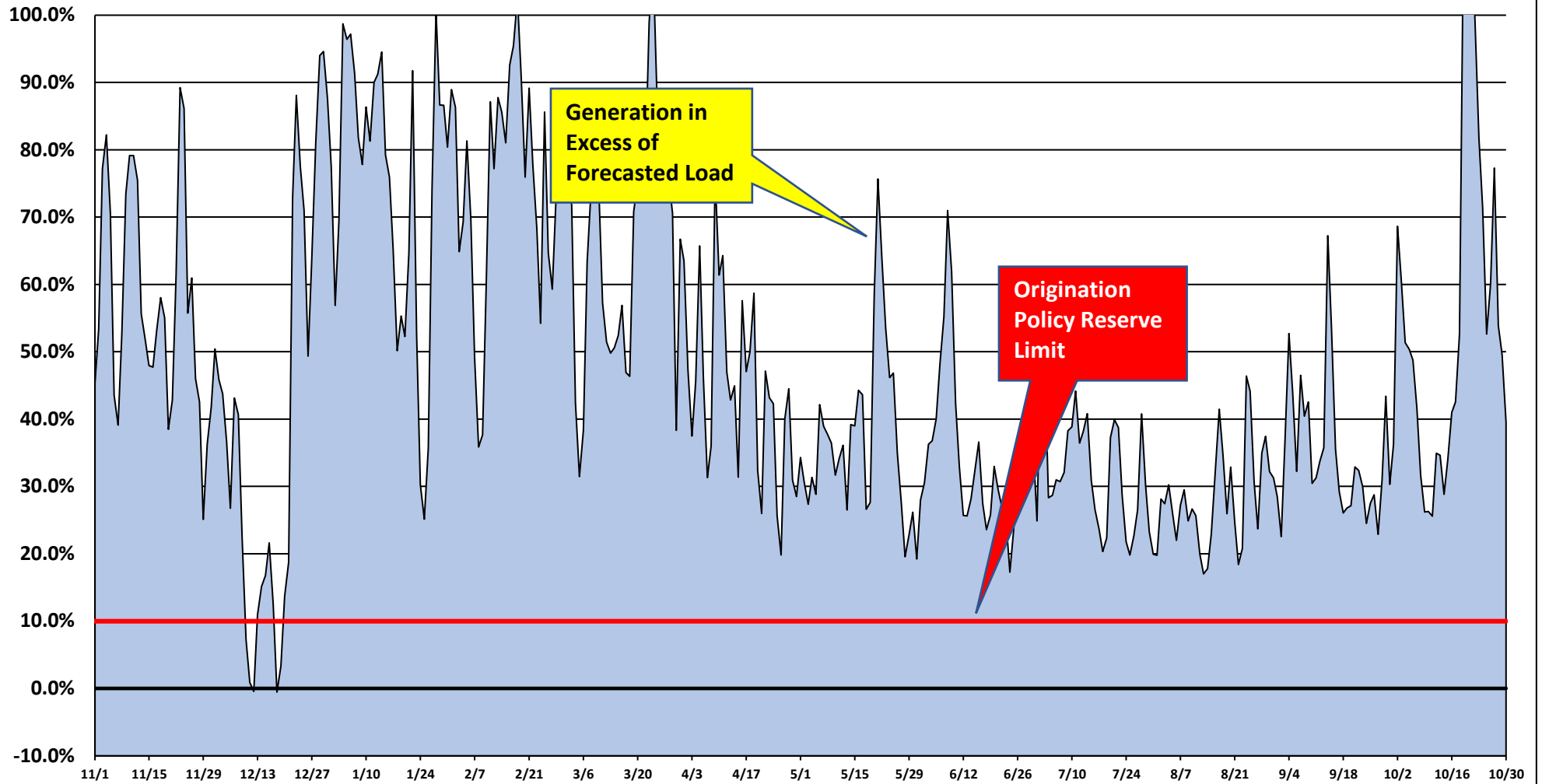
RP/GF

**AGENDA ITEM 7 – CONSENT  
AGENDA**

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

**Executive Committee  
November 16, 2023**

# ARP Daily Reserve Margins November 2023 through October 2024



**AGENDA ITEM 7 – CONSENT  
AGENDA**

- e. FMPA Financial Commitment  
Authority Levels Update**

**Executive Committee  
November 16, 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**

<b>Authority Levels</b>	<b>Agency</b>	<b>ARP (Non-Commodity)</b>	<b>ARP (Commodity) [1]</b>
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"> <li>Up to \$50 million notional value for transactions &gt; 2 years but ≤ 7 years</li> <li>Up to \$15 million notional value for transactions &gt; 1 month but ≤ 2 years</li> <li>Up to \$5 million notional value for transactions ≤ 1 month</li> </ul>
Chief Operating Officer (COO) [2]	Up to \$50,000	Up to \$100,000	<ul style="list-style-type: none"> <li>Up to \$15 million notional value for transactions &gt; 1 month but ≤ 2 years</li> <li>Up to \$5 million notional value for transactions ≤ 1 month</li> </ul>
<del>Power</del> Generation Fleet Engineering Director and Generation Fleet Operations 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"> <li>Up to \$5 million notional value for transactions ≤ 1 month</li> </ul>
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"> <li>Up to \$5 million notional value for transactions ≤ 1 month</li> </ul>
Generation Support & Environmental 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

<b>Authority Levels</b>	<b>Agency</b>	<b>ARP (Non-Commodity)</b>	<b>ARP (Commodity) [1]</b>
FMPP Executive Director	N/A	\$10,000	N/A
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 FMPPA'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 FMPPA'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 FMPPA 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 FMPPA 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.

**FMPA Financial Commitment Authority Levels**

<b>Authority Levels</b>	<b>Agency</b>	<b>ARP (Non-Commodity)</b>	<b>ARP (Commodity) [1]</b>
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"> <li>Up to \$50 million notional value for transactions &gt; 2 years but ≤ 7 years</li> <li>Up to \$15 million notional value for transactions &gt; 1 month but ≤ 2 years</li> <li>Up to \$5 million notional value for transactions ≤ 1 month</li> </ul>
Chief Operating Officer (COO) [2]	Up to \$50,000	Up to \$100,000	<ul style="list-style-type: none"> <li>Up to \$15 million notional value for transactions &gt; 1 month but ≤ 2 years</li> <li>Up to \$5 million notional value for transactions ≤ 1 month</li> </ul>
Generation Fleet Engineering Director and Generation Fleet Operations 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"> <li>Up to \$5 million notional value for transactions ≤ 1 month</li> </ul>
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"> <li>Up to \$5 million notional value for transactions ≤ 1 month</li> </ul>
Generation Support & Environmental 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

<b>Authority Levels</b>	<b>Agency</b>	<b>ARP (Non-Commodity)</b>	<b>ARP (Commodity) [1]</b>
FMPP Executive Director	N/A	\$10,000	N/A
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 FMPP'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 FMPP's Insurance Policy.

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

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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 FMPP 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.

**AGENDA ITEM 8 – ACTION ITEMS**

- a. None**

**Executive Committee  
November 16, 2023**

**AGENDA ITEM 9 – INFORMATION  
ITEMS**

**a. IRP Phase 3 Findings**

**Executive Committee  
November 16, 2023**



# 9a – 2023 IRP Phase 3 Findings

Executive Committee

November 16, 2023

# IRP Provides Robust Roadmap for ARP

*Needs for 2035 And Beyond Vary Depending on Which Future Path Taken*

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- ARP needs no capacity until 2035, Stanton 2 earlier exit slides to 2033
- Need initially peaking/intermediate with significant baseload in early 2040s
- Solar provides diversity to gas and can be added for regulatory or internal member desires
  - Solar not economic based on unconstrained fuel market view
  - EPA GHG future leads to significant solar/battery increases in next 15 years
- 3rd party sales (e.g. Winter Park, CFTOD, etc.) fall off by 2029
  - Replacement sales could provide value with opportunistic capacity purchases
- Nuclear is a long-term option, but requires cost decreases to deliver cost-effective path towards reliable power and lowering emissions



# Phase 3 Focused on Scenario Modeling w/Constraints

*Start With Unconstrained and Layer in Key Alternative Futures*

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## Phase 1 (Complete)

- Load and Resource Balance to 2050
- Preliminary Resource Competitiveness Evaluation
- Listing/Framing Future Options

## Phase 2 (Complete)

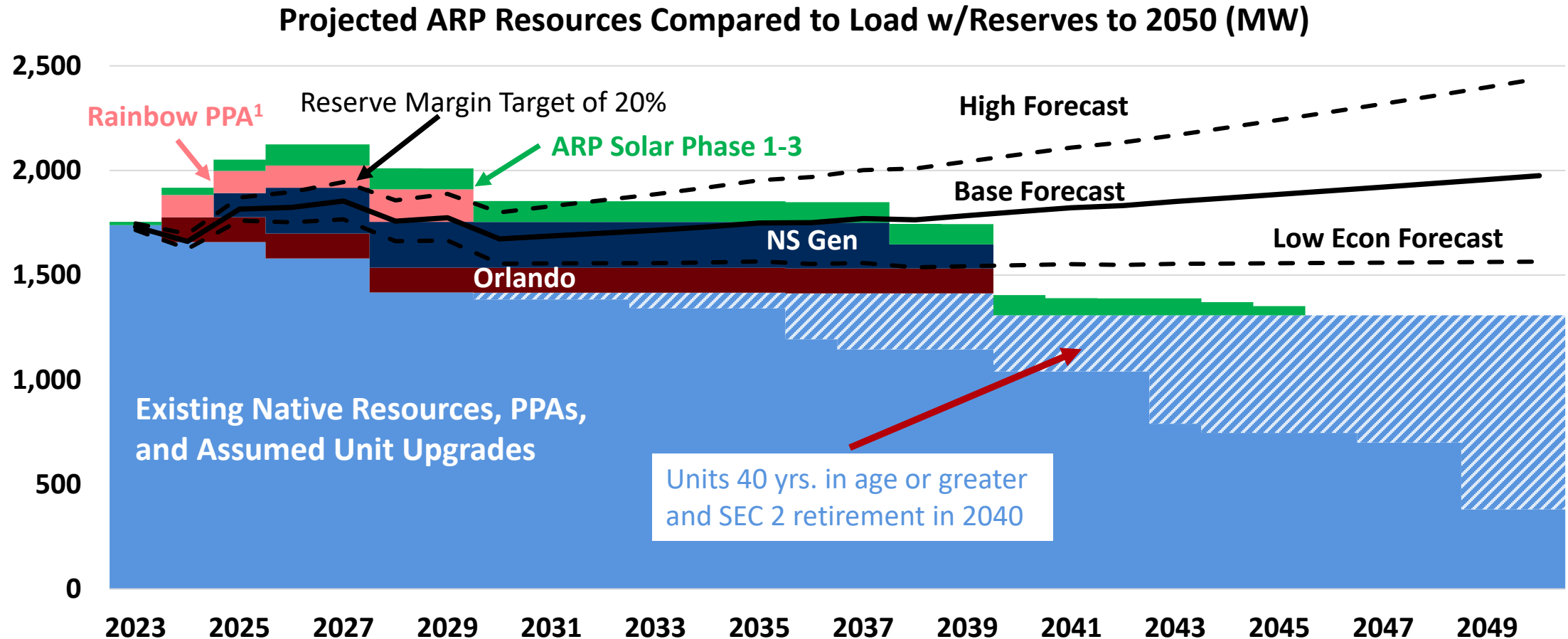
- Technology Characterization (cost and performance assumptions)
- Refine 20 Year Existing Resource Competitiveness vs. Options & Mkt

## Phase 3 (Complete)

- Scenario Modeling – Unconstrained Case
- Scenario Modeling – Emission Constrained/Alternative Cases
- NPV Cost by Scenario and Results

# Updated Phase 1 Position With New Resource Adds

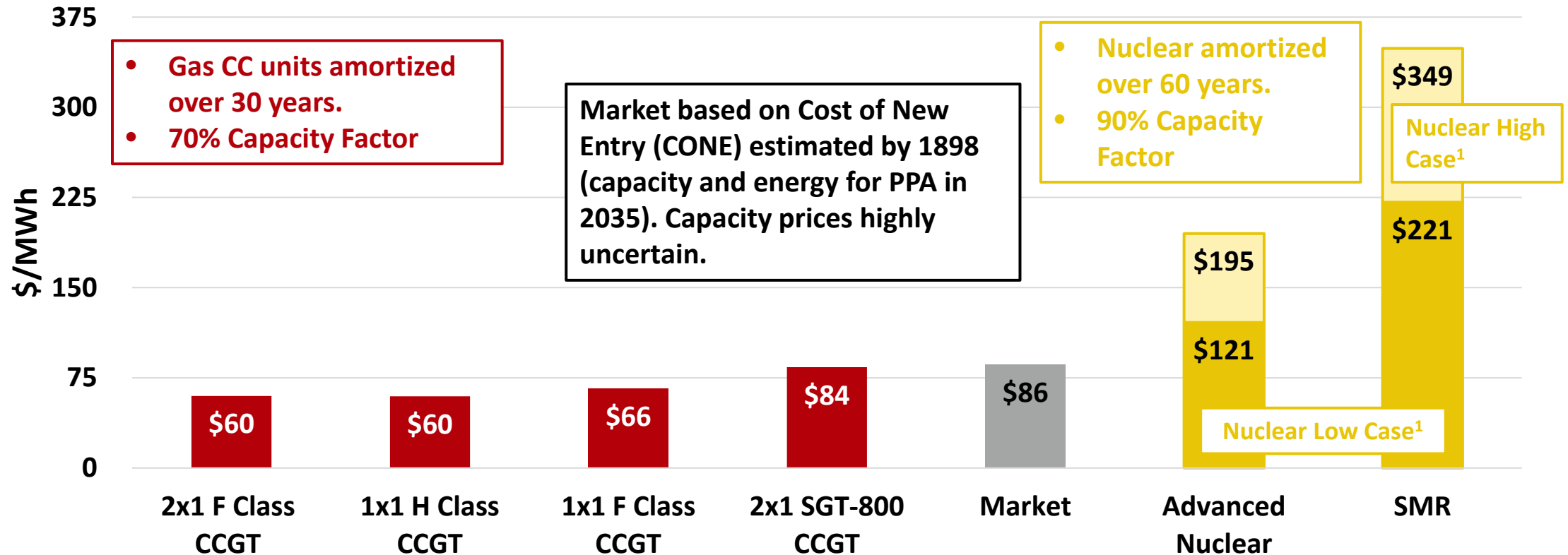
## *Asset Replacement Decisions Not Expected for 10 Years*



# Phase 2 - Gas Least Cost Unconstrained Baseload

## *Nuclear Costs Could Improve As Market Emphasis Expands*

Baseload Options 2035 Levelized Cost At Expected Capacity Factor (\$/MWh)

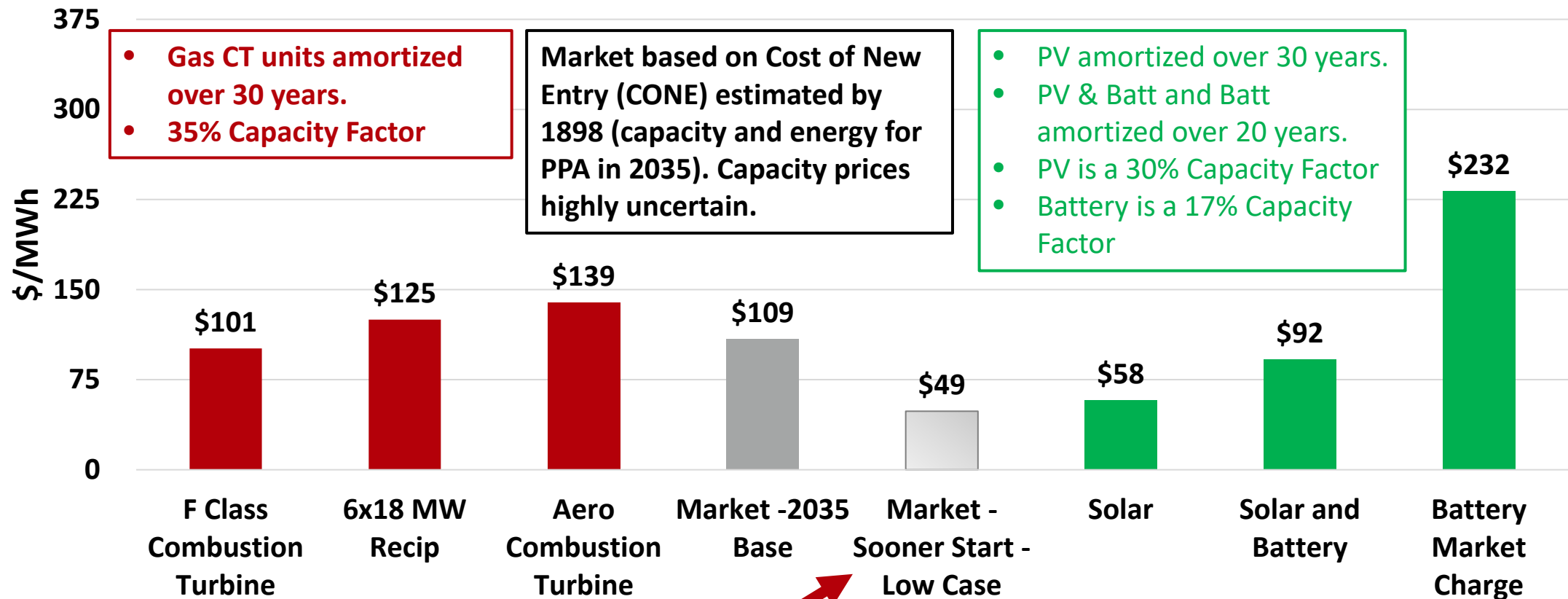


1 –Nuclear High Case based on projections that include delays and cost increases seen in recent projects. Nuclear Low Case assumes adoption of regulatory and construction efficiency gains as public support for nuclear increases.

# Large Gas Peakers - Lowest Cost Reliable Peaking

*Solar Low Cost but Not Dispatchable/Winter Capacity, Batteries only 4 Hours*

Peaking and Duration-Limited Options 2035 Average Levelized Cost (\$/MWh)



- Gas CT units amortized over 30 years.
- 35% Capacity Factor

Market based on Cost of New Entry (CONE) estimated by 1898 (capacity and energy for PPA in 2035). Capacity prices highly uncertain.

- PV amortized over 30 years.
- PV & Batt and Batt amortized over 20 years.
- PV is a 30% Capacity Factor
- Battery is a 17% Capacity Factor

FMPA estimate of lower cost sooner start peaking market amortized over 15 years.

Includes 30% ITC from IRA

# Phase 3 Case Matrix for Range of Future Conditions

## *Robust to Alternatives with Manageable Case Count*

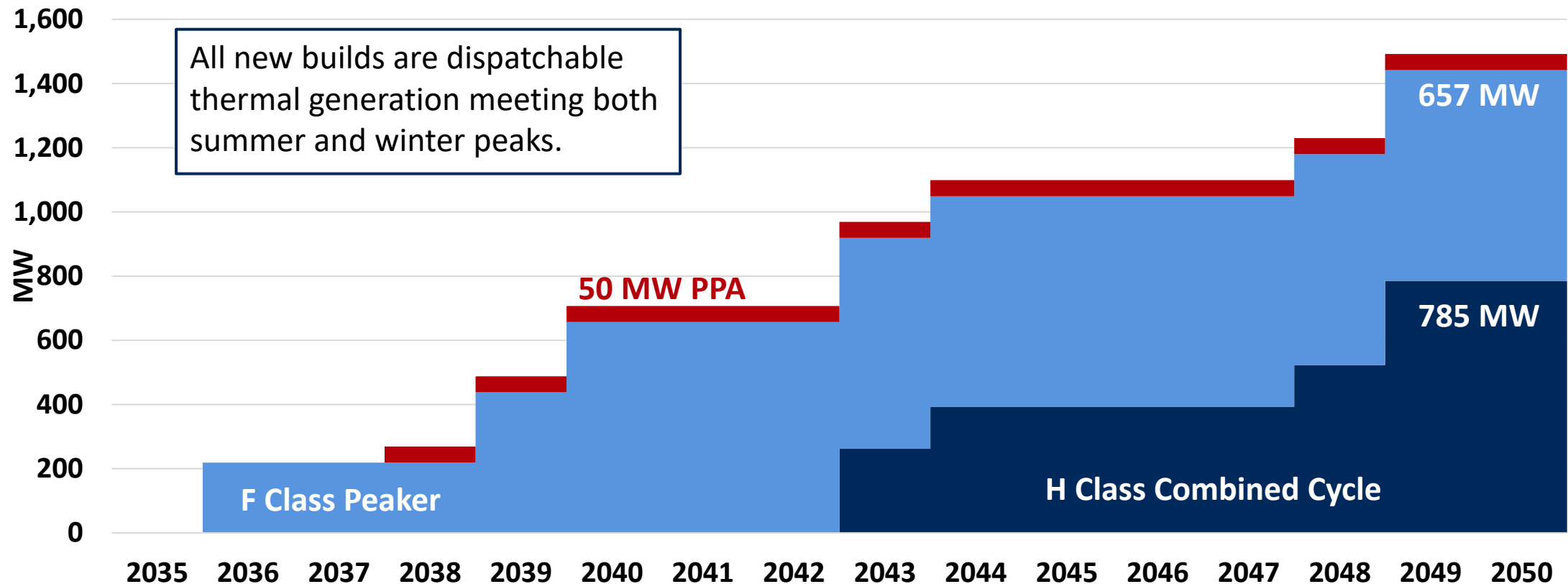
Case	Case Description (With and Without Energy Market)
Unconstrained	Lowest cost buildout given governing parameters
Emissions Constrained	75% emissions rate reduction vs. 2005 levels by 2050, with hard caps starting in 2035 and beyond
Regulatory Risk 1*	Limit utilization of all potential future gas resources to <20% capacity factor, adjust capacity value to avoid energy shortfall (Existing CC cap factor capped at 50%)
Regulatory Risk 2* (Current EPA GHG Proposal)	New gas resources blend with \$140/MMBtu hydrogen starting at 30% like current EPA GHG proposal and legacy resources limited capacity factor
Regulatory Risk 1 & 2 w/Low Nuclear Prices	Flex nuclear costs down 50%
Regulatory Risk 1 & 2 High Gas	Higher long-term gas prices

\*Modeling both approaches reflects range of alternatives to address uncertainty in future EPA proposals and/or extent to which low-utilization resources would remain able to burn traditional fuel (120-160 lbs. CO<sub>2</sub>/MMBtu) such as natural gas.

# Gas Least Cost Unconstrained Resource

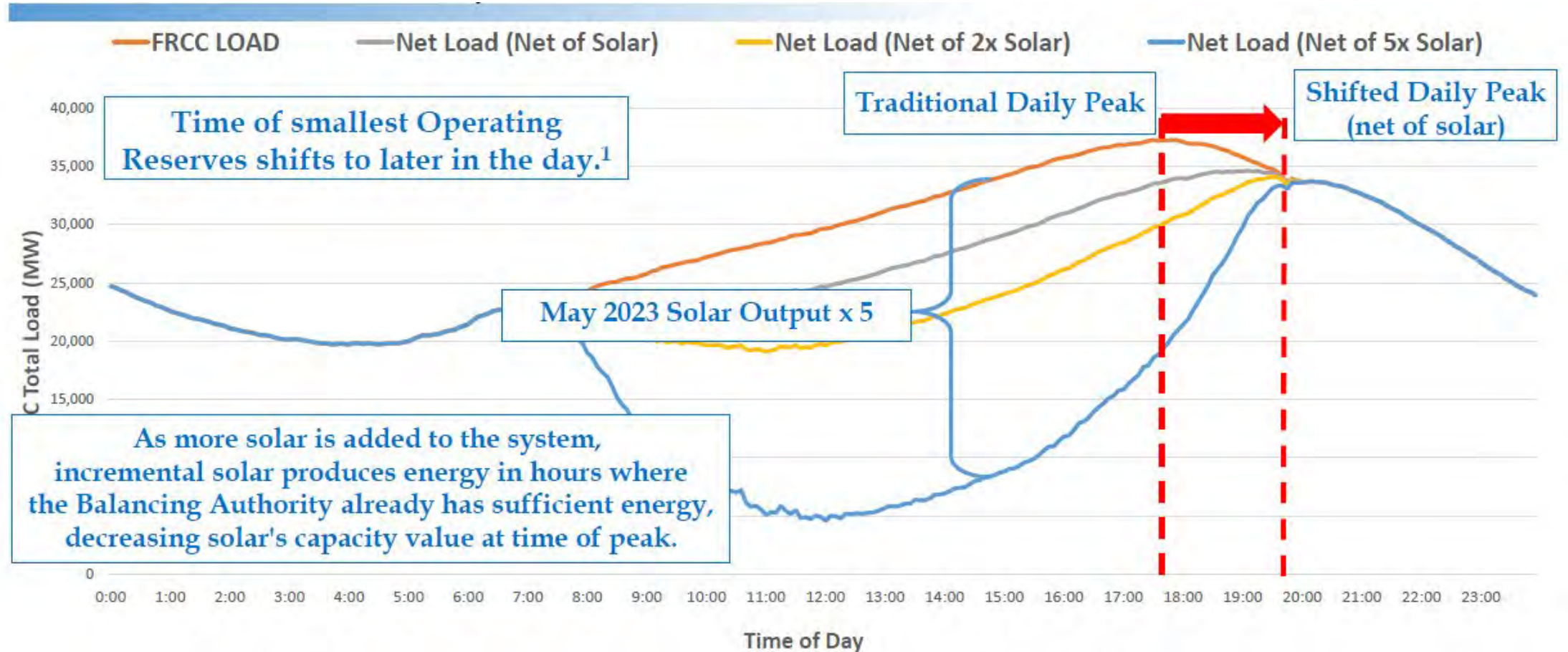
## *Case Buildout Reflects Blend of Peaking and Baseload Adds*

Unconstrained Case Projected Buildout for 20% Reserves (MW)



# FL Grid Adding PV Favors Peakers To Move With Load

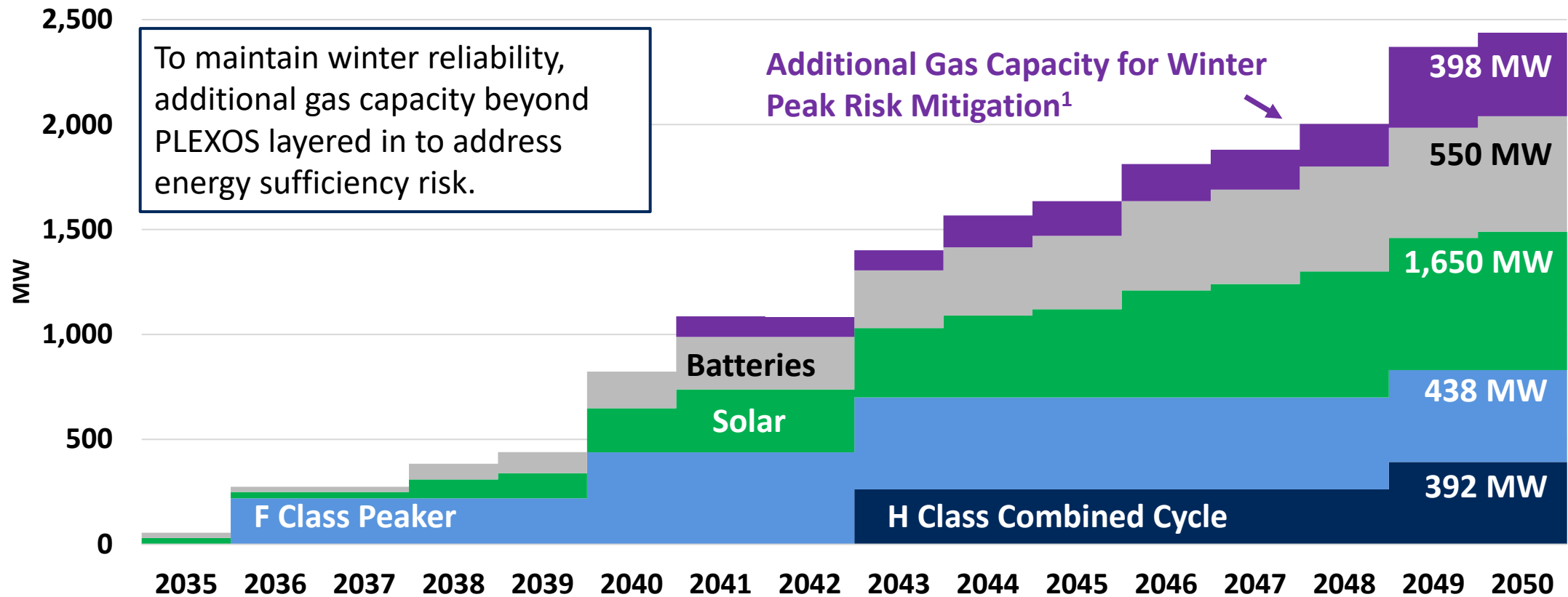
*Economy Energy Likely to Be Available When PV Output High*



# Emissions Constraint Drives PV/BESS Overbuild

## 75% Rate Reduction vs. 2005 Baseline, Caps Starting In '35

Emission Constrained Case Projected Buildout for 20% Reserves (MW)



To maintain winter reliability, additional gas capacity beyond PLEXOS layered in to address energy sufficiency risk.

Additional Gas Capacity for Winter Peak Risk Mitigation<sup>1</sup>

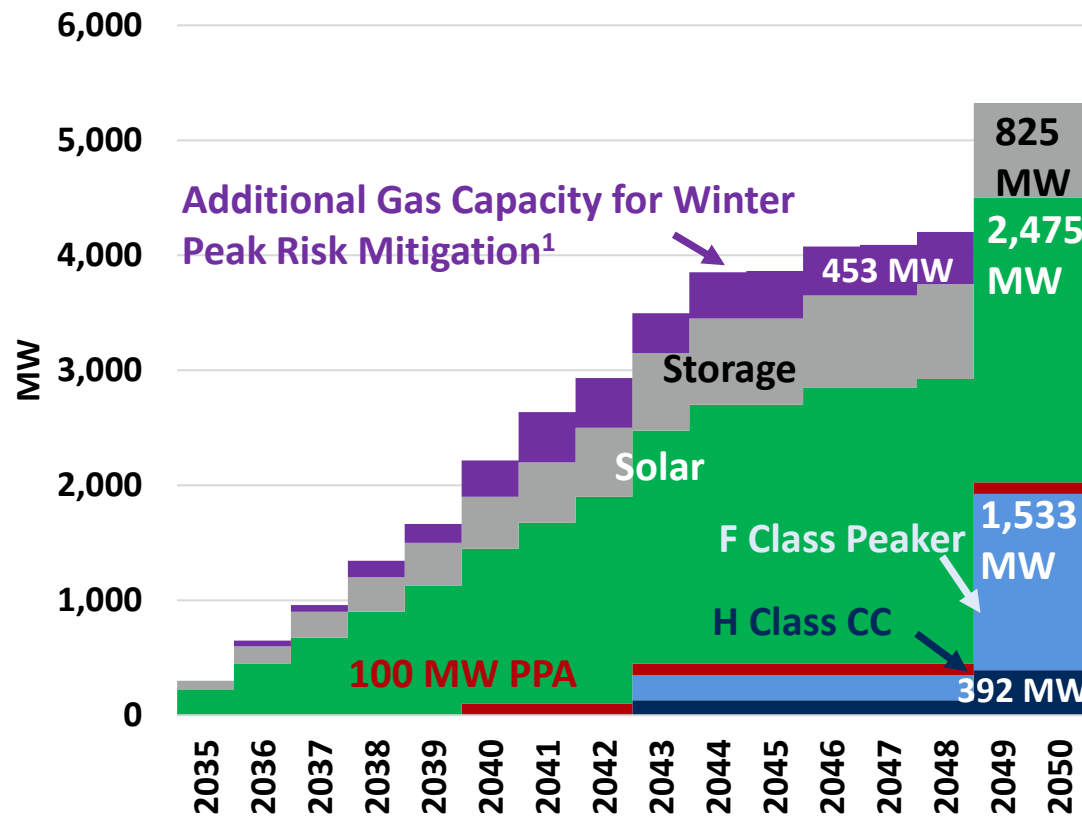
1 – PLEXOS solved to system peak assuming 40% solar at time of peak. Winter peak exceeds dispatchable solution, requiring additional capacity to mitigate risk.



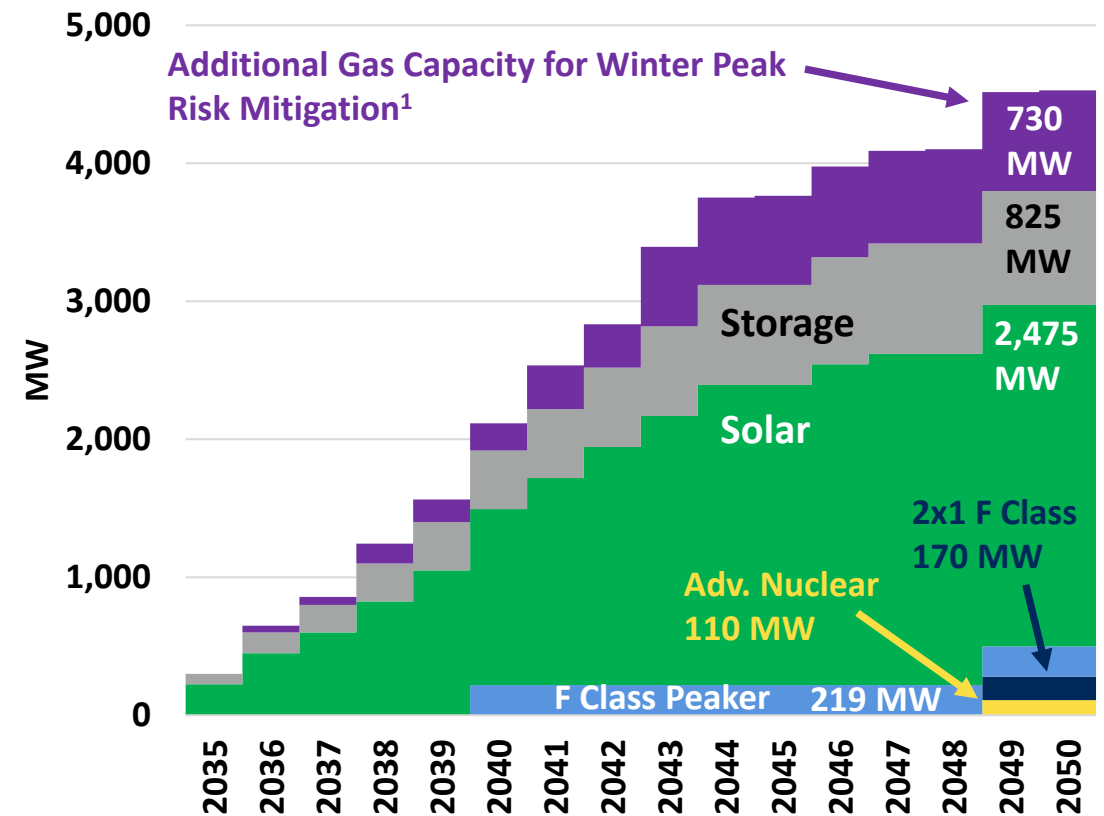
# Regulatory Case Means Low Utilization ATC Resources

## *Nuclear Price Reductions Could Evolve View Over Time*

Projected Regulatory Risk (New & Existing NG CF Limited) Buildout for 20% Reserves (MW)



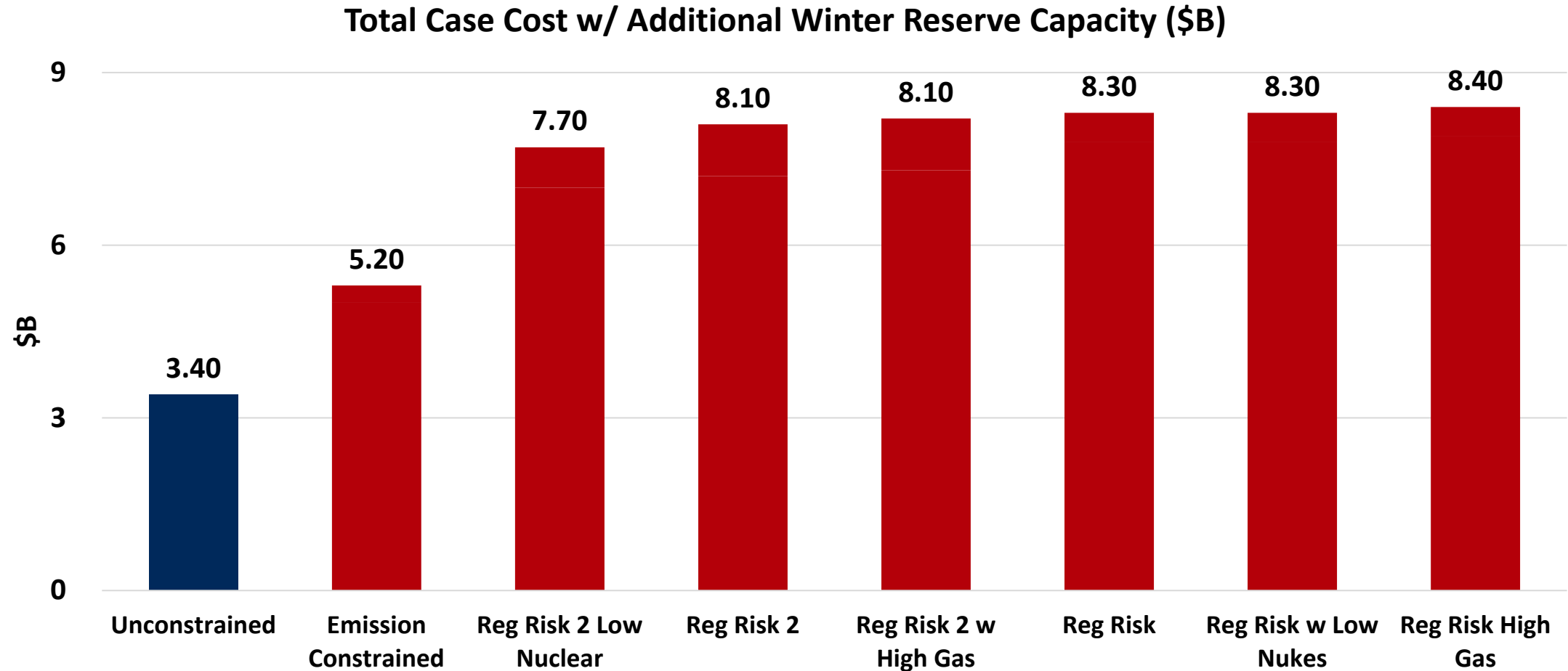
Projected Regulator Risk (Existing NG CF Limited, New NG w/ H2) Buildout for 20% Reserves (MW)



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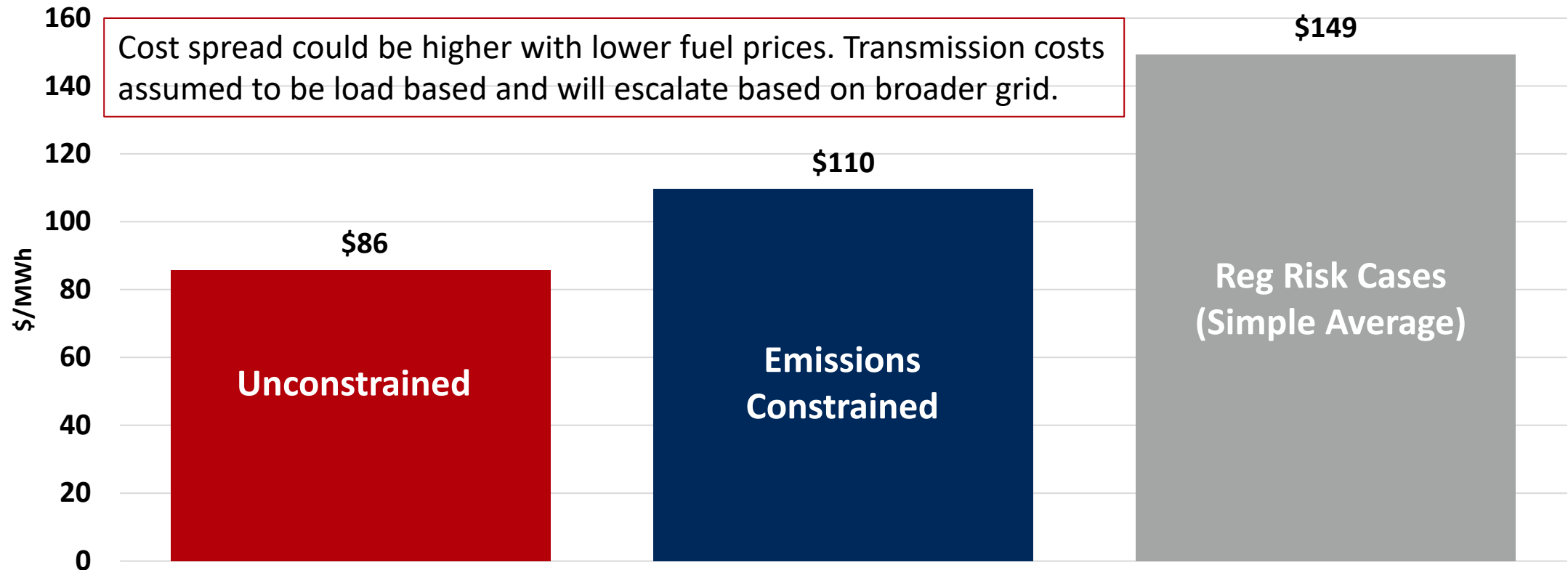
# Case Cost\* Spread ~\$1.8B - \$5B vs. Unconstrained

## *PV/BESS Overbuild and Gas Penalties Drive Added Costs*



# Costs ~30%-40% Higher For 75% Rate, 75% for Regs *Solar & Bess Overbuild, Winter Capacity Offset by Less Fuel*

Estimated Full Implementation Power Cost\* (\$/MWh)



\*Reflects capital, fixed/variable O&M, and fuel costs once all adds completed. Includes estimated go-forward costs of remaining existing generation, excluding transmission and A&G cost.

# IRP Case Findings Drive Robust, Flexible Roadmap

## *So....What's The Plan?*

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- IRP provides robust roadmap for range of futures, but is not a “set and forget” exercise
- Future unlikely to be fully unconstrained, and regulatory risks, resource costs, customer preferences, and technology will evolve over next 10 years
- Natural gas least cost option for 2035 in an unconstrained environment
- Solar provides source of price-stable energy and emissions targets drive PV/BESS overbuild
- EPA scenarios can drive either (i) low-utilization gas additions coupled with solar and BESS or (ii) alternatives that would still significantly increase cost – final status highly uncertain
- Nuclear costs could improve materially if deployment expands, good long-term reliable source in CO2 constrained world
- Serving load with only intermittent and duration limited resources significantly increases costs
- Opportunistic purchases well below new build cost could support 3rd party sales, bridge capacity needs and/or reduced exposure to future regulatory changes

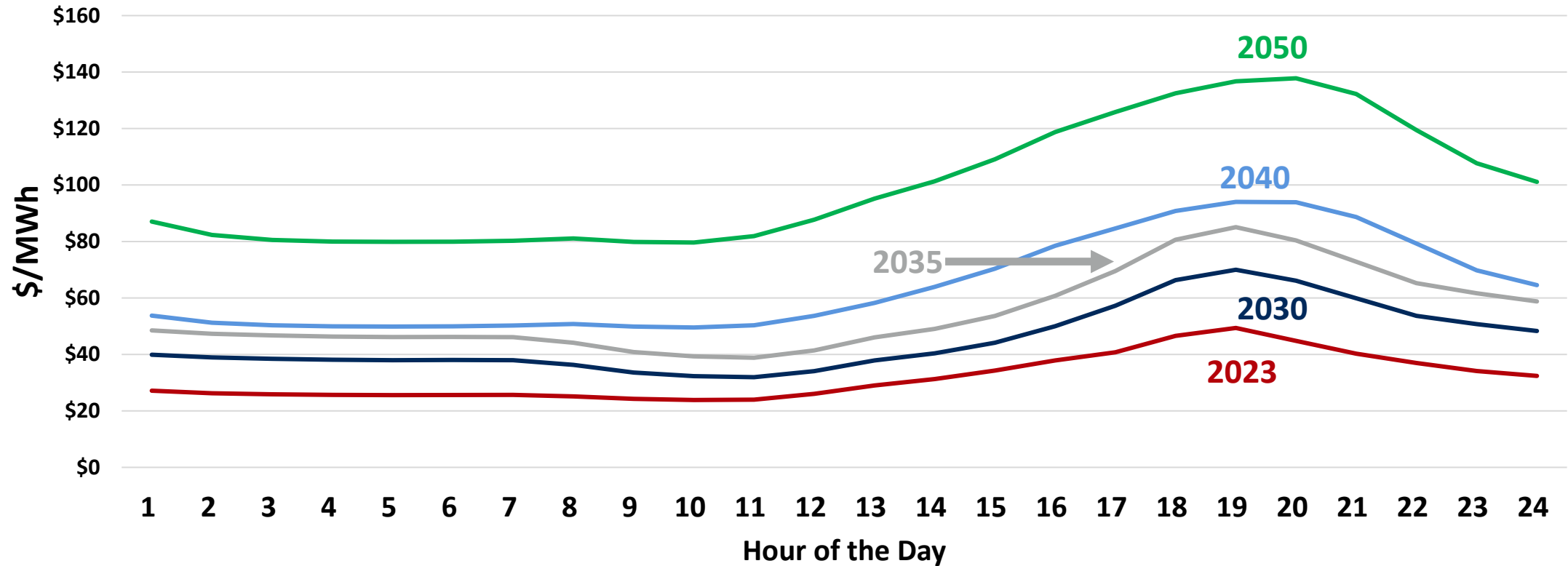


# **Appendix – TEA Market Forecast, Additional Cases, and Supplemental Information**

# TEA Energy Forecast Reflects Increased PV Build

## *Non-Firm Energy Prices for Purchase/Sale Highest in Evenings*

Average Hourly Energy Price By Year (\$/MWh)



# TEA Market Forecast Approach

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- Pricing represents incremental cost of non-firm energy on network service paths – excludes capacity cost and assumes no wheel cost
- Natural gas price projection based on Q1 2023 NYMEX through 2026 and values derived from S&P Global Platts and Wood Mackenzie fundamentals-based forecasts thereafter
- Power costs are load-weighted, and assume solar is must take and lowers incremental prices when available (i.e., solar costs modeled as sunk)
  - Shape of results consistent with premise – highest prices occur after PV is off
- Pricing reflects publicly available information on existing and planned generating units based on recent Ten-Year Site Plans and public announcements

# Retirement Date Approach for Existing Portfolio

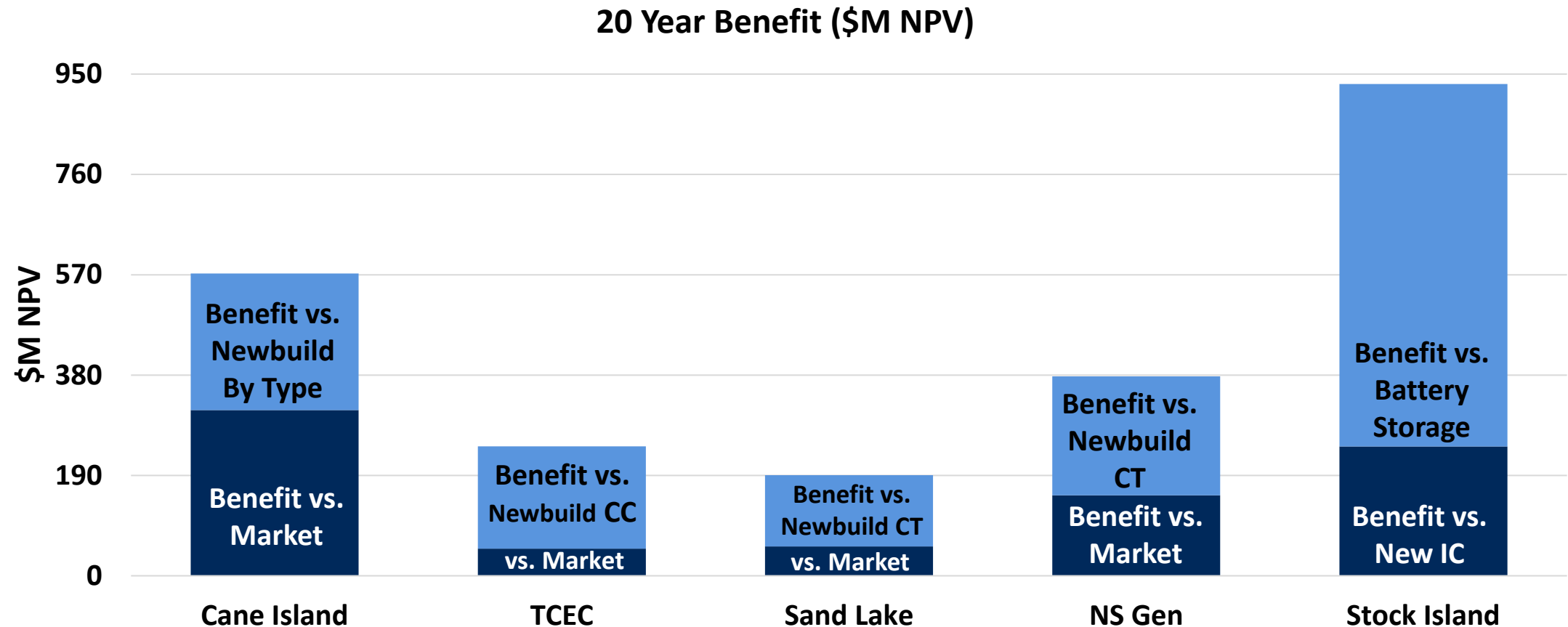
## *Consistent with Phase 1 Load and Resource Balance*

Resource	Modeled Retirement Date	Notes
Stanton 1	2025	Based on OUC plans/Phase 1 outlook
Stanton 2	2040	Based on OUC plans/Phase 1 outlook
Stock Island Fleet	N/A	Constraints and plan handled separately
Orlando	2039	Expected life post acquisition
Orange	2037	Expected life post acquisition
Mulberry	2039	Expected life post acquisition
TCEC	2048	At end of 40-year useful life
Cane Island Fleet	2035 (CI1-2), 2042 (CI3), 2051 (CI4)	At end of 40-year useful life
Indian River Peakers	2029 (A&B), 2032 (C&D)	At end of 40-year useful life; timing uncertain
St. Lucie	2063 (Unit 2)	Assumes license extension
Stanton A (Equity Share)	2043	At end of 40-year useful life; timing uncertain
Rainbow PPA	2029	Last year of PPA (note legacy Oleander ends in '27)
Solar PPAs (Phases 1-3)	At end of 20-year period	Timing uncertain as not all sites are yet operational



# 20-Year Site NPV Competitive to Alternatives

*Supports Operating Resources Generally to 40 Year Useful Life*



# PLEXOS Requires Sound User Inputs For Build-Outs

## *Key Governing Parameters Critical to Prudent Portfolio Results*

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- Portfolio models are especially at risk of GIGO (Garbage In, Garbage Out) – must be guided towards prudent resource outcomes
- Key governing parameters for Phase 3 PLEXOS simulations
  - ARP maintains 15% planning reserve, rising to 20% to ensure sufficient dispatchable capacity to integrate current PV/potential PV
  - Dependable capacity for duration limited and weather dependent resources limited
  - Resource build-out to support native load, not speculative market
    - TEA developed market forecast (energy-only) as flex on all cases, but ARP self-services capacity need
  - Replace “like for like” to avoid risk of excessive length/insufficient reserves in unconstrained environment (constrained cases limit recourse in model to PV/BESS or nuclear)
  - For gas resources, ARP can participate in “slices” equal to 1/4<sup>th</sup>, with 1/10<sup>th</sup> for large-scale nuclear – in reality, resource adds “lumpy” with ARP continuing to optimize reserve position
  - All existing/native assets competitive with market and new builds to support 40-year life, with known endpoints/retirements or alternative end-points specified to PLEXOS, with need post-2035 then filled in

# TEA Proposed 3:1 Ratio of PV to BESS for New Adds

## *Supports Operational Needs and Avoids Excess Intermittency*

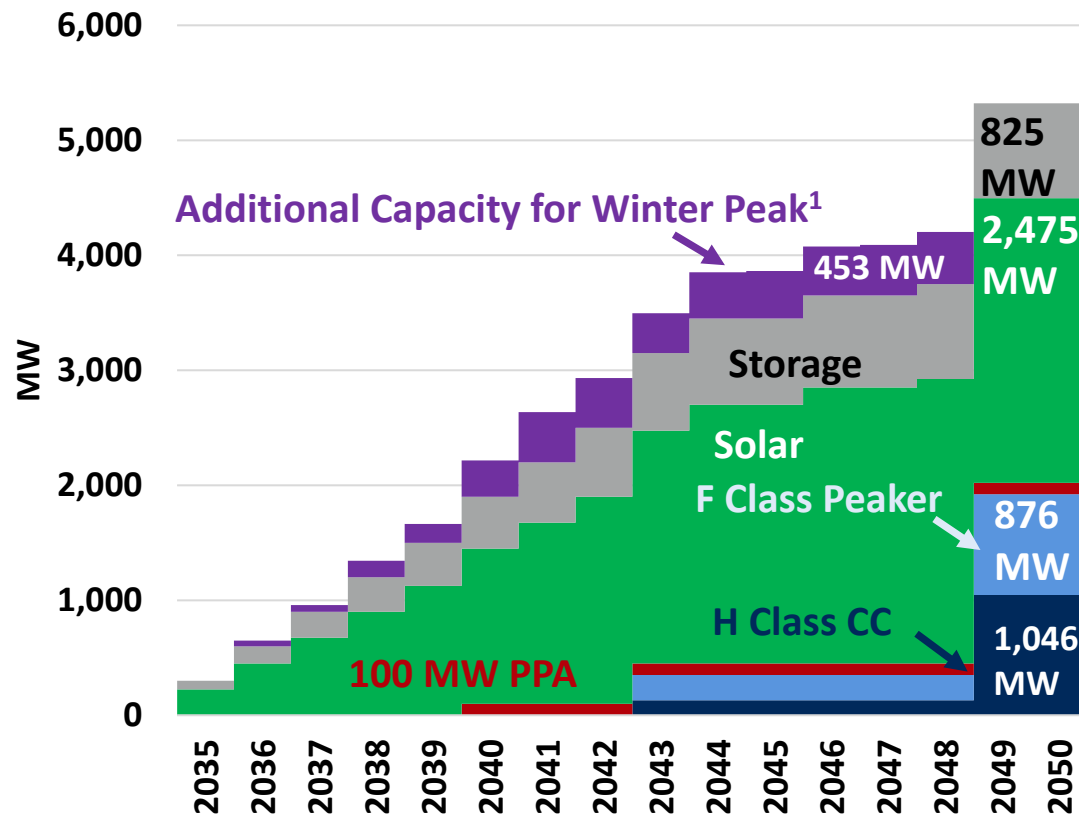
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- TEA proposed a 3:1 ratio constraint on any new 75 MW PV adds in the portfolio (25 MW BESS tethering)
- Avoids adding excess solar in unconstrained environment that is weather dependent and modeled using typical year shapes ignoring intermittency
- Since PLEXOS solves to system peak, winter reserve position may be overly reliant on duration-limited and weather dependent resources – analyst/modeler review required for sufficient winter energy
- Traditional models cannot fully resolve time domain for duration limited resource risk – “expansion path” may not meet reliability expectations

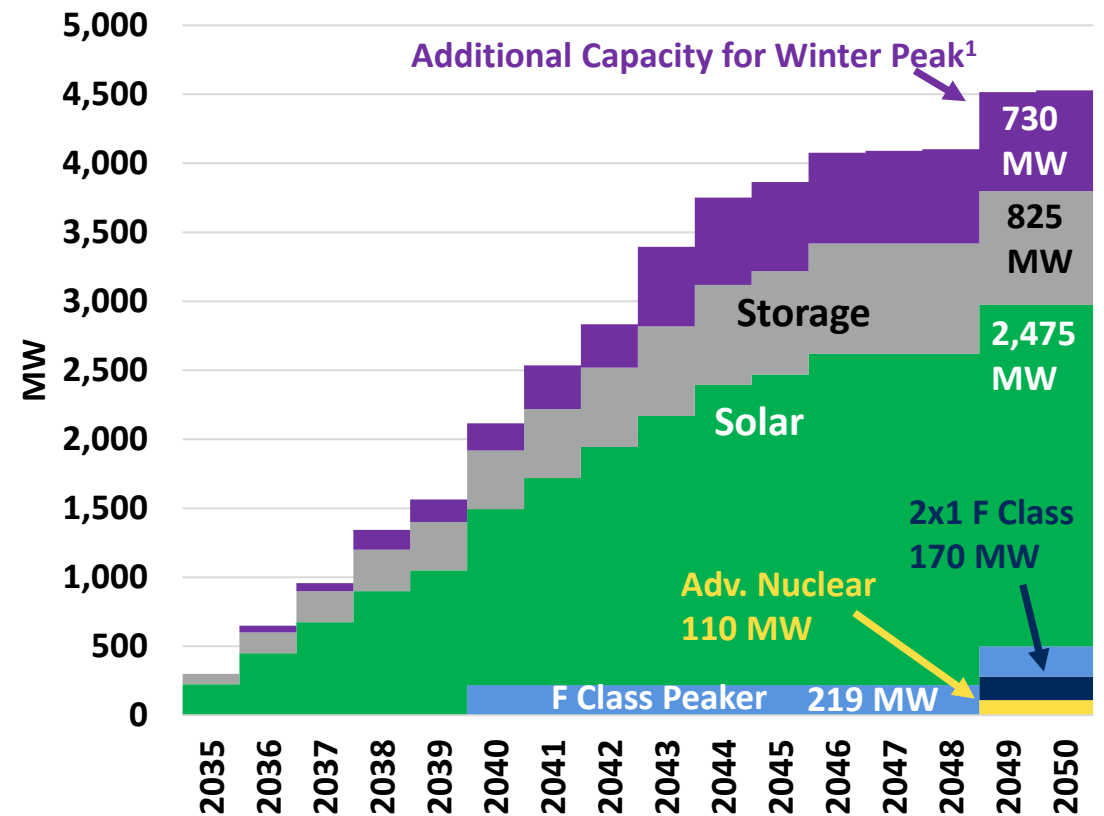
# Regulatory Case – High Gas, Similar to Regular Gas

## *Nuclear Price Reductions Could Evolve View Over Time*

Projected Regulatory Risk (New & Existing NG CF Limited) Buildout for 20% Reserves (MW)



Projected Regulatory Risk (Exist NG CF Limited, New NG w/ H2) Buildout for 20% Reserves (MW)

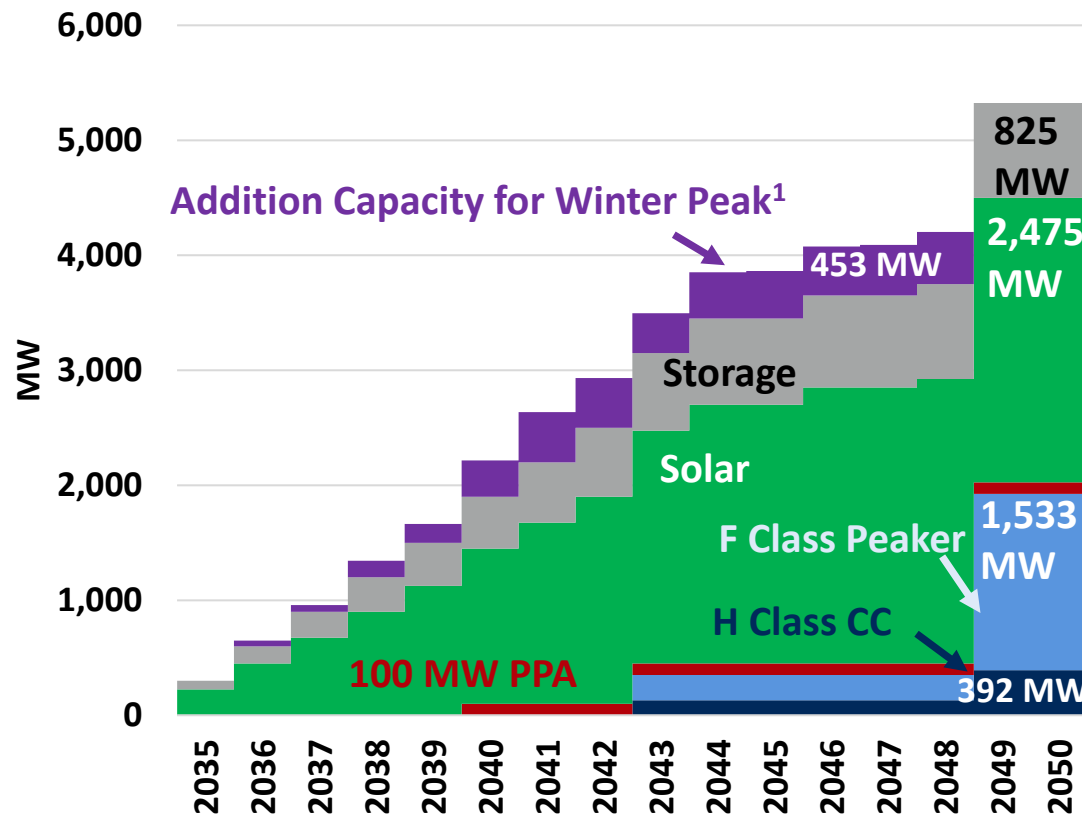


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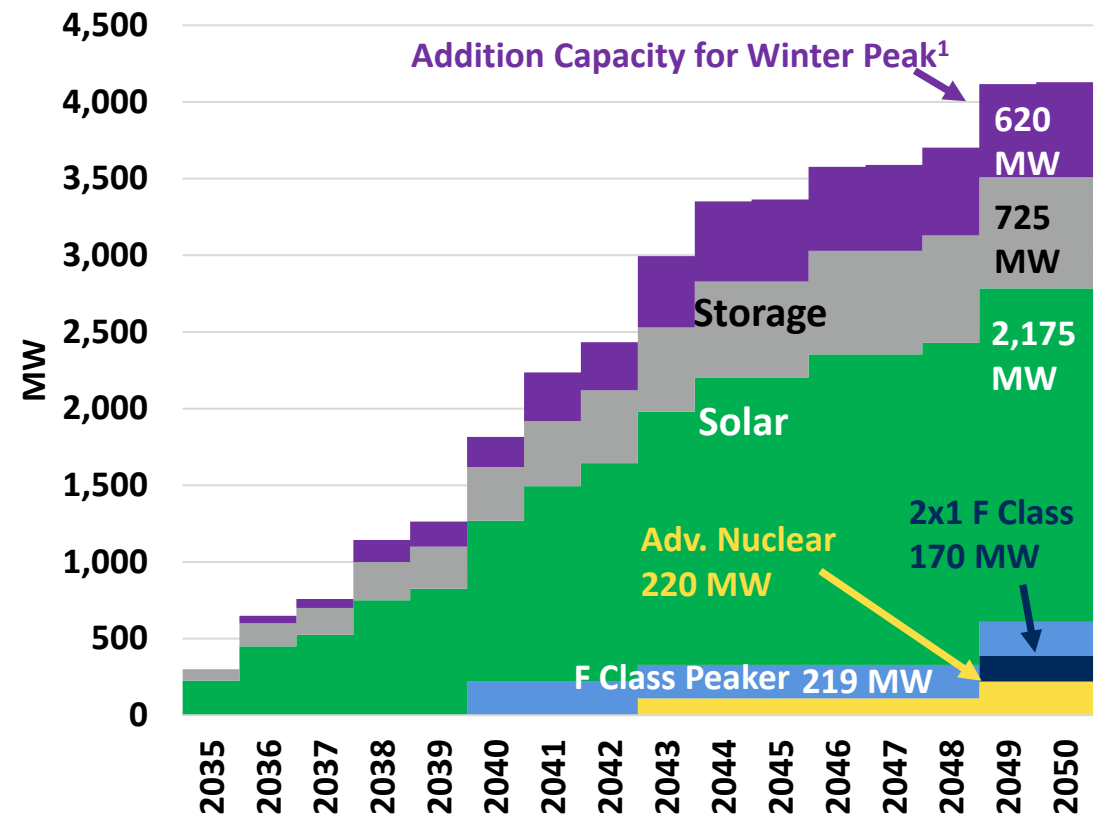
# Regulatory Case w/ Nuclear ½ Cost Adds Slice

## *Nuclear Price Reductions Could Evolve View Over Time*

Projected Regulatory Risk (New & Existing NG CF Limited) Buildout for 20% Reserves (MW)



Projected Regulatory Risk (Existing NG CF Limited, New NG w/ H2) Buildout for 20% Reserves (MW)



1 – PLEXOS solved to system peak assuming 40% solar at time of peak. Winter peak exceeds dispatchable solution, requiring additional capacity to mitigate risk.

# STN 2 Early Exit Drives Small Need (~3-10 MW) in 2033

## *Active Reserve Management Ongoing/Recurring Effort*

Year	Peak w/ 20% Reserve (MW)	Capacity w/o SEC 2 (MW)*	Excess / Need (MW)
2028	1,830	1,906	76
2029	1,847	1,906	59
2030	1,713	1,749	36
2031	1,727	1,749	22
2032	1,739	1,749	10
2033	1,751	1,748	<b>-3</b>
2034	1,763	1,748	<b>-15</b>
2035	1,775	1,748	<b>-27</b>
2036	1,768	1,746	<b>-22</b>
2037	1,777	1,745	<b>-32</b>
2038	1,763	1,641	<b>-122</b>
2039	1,773	1,641	<b>-133</b>

**AGENDA ITEM 9 – INFORMATION  
ITEMS**

**b. Capacity Contract Rollover**

**Executive Committee  
November 16, 2023**



# 9b – Capacity Contracts Rollover

Executive Committee

November 16, 2023



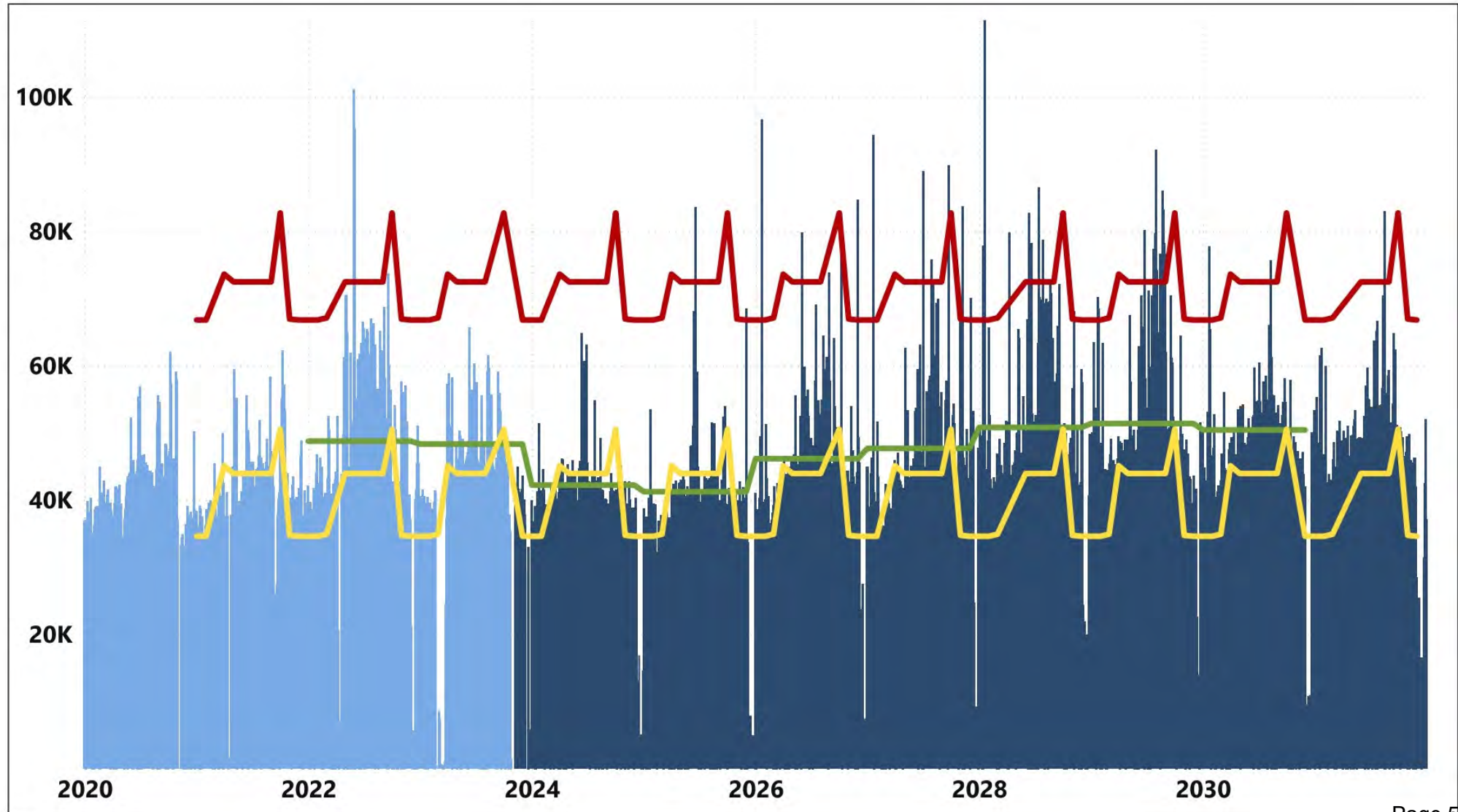
# Key Points

## *Two capacity contracts are up for renewal*

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- Strategic Renewals: Contracts 107895 & 108031
  - 107895 is 289 MMBtu per month
  - 108031 is 400 MMBtu per month
- Both are located in the high-value Eastern leg of the state pipeline.
- These contracts, though relatively modest in scale, hold crucial significance as we seek to maximize our East capacity.

# East Capacity Outlook



# Information Item

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- Our team is working closely with FGU to ensure that new agreements align with our standards.
- Anticipating a 10-year extension, commencing in February 2025 and extending through February 2035.
- With details expected to be finalized in the coming month, we are expecting to present them for a final board vote at that time.

**AGENDA ITEM 10 – MEMBER  
COMMENTS**

**Executive Committee  
November 16, 2023**

**AGENDA ITEM 11 – ADJOURNMENT**

**Executive Committee  
November 16, 2023**