ARP EXECUTIVE COMMITTEE AGENDA PACKAGE

March 21, 2024

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

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

Meeting ID Number: 253 582 821 027#

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: March 14, 2024

RE: FMPA Executive Committee Meeting
Thursday, March 21, 2024 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 253 582 821 027**

LINK: Click here to join the meeting

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

Chairman Howard McKinnon, Presiding

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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
March 21, 2024

AGENDA ITEM 2 – Set Agenda (by Vote)

Executive Committee
March 21, 2024

AGENDA ITEM 3 – RECOGNITION OF GUESTS

Executive Committee
March 21, 2024

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

Executive Committee
March 21, 2024

AGENDA ITEM 5 – COMMENTS FROM THE CHAIRMAN

Executive Committee
March 21, 2024

AGENDA ITEM 6 – REPORT FROM THE GENERAL MANAGER

Executive Committee
March 21, 2024

AGENDA ITEM 7 – CONSENT AGENDA

a. Approval of Meeting Minutes – Meetings Held February 15, 2024 and ARP Telephonic Rate Workshop held February 13, 2024

Executive Committee
March 21, 2024

CLERKS DULY NOTIFIED ..... FEBRUARY 8, 2024
AGENDA PACKAGES POSTED ..... FEBRUARY 8, 2024

MINUTES
EXECUTIVE COMMITTEE MEETING
THURSDAY, FEBRUARY 15, 2024
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
Allen Putnam, Jacksonville Beach (virtual)
Lynne Tejeda, Key West (virtual)
Brian Horton, Kissimmee (virtual)
Brad Chase, Leesburg (virtual)
Doug Peebles, Ocala
Drew Mullins, Starke

OTHERS PRESENT
Randy Martin, Clewiston (virtual)
Danny Retherford, Fort Pierce (virtual)
Dino DeLeo, Gainesville (virtual)
Barbara Quinones, Homestead
Raynetta Curry Marshall, Jacksonville (virtual)
Mike Staffopoulos, Jacksonville Beach (virtual)
Larry Mattern, Kissimmee
Brian King, Lake Worth Beach (virtual)
Jim Williams, Leesburg (virtual)
Joe Bunch, New Smyrna Beach (virtual)
Janice Mitchell, Ocala (virtual)
Marie Brooks, Ocala (virtual)
Tony Guillen, Tallahassee (virtual)
Mike Mace, PFM
Craig Dunlap, Dunlap & Associates, Inc.
Claston Sunanon (virtual)

STAFF PRESENT
Jacob Williams, General Manager and CEO
Jody Finklea, General Counsel and Chief Legal Officer
Ken Rutter, Chief Operating Officer
Rich Popp, Chief Financial Officer
Chris Gowder, Vice President, IT/OT and System Ops
David Schumann, Power Generation Fleet Director
Dan O'Hagan, Deputy 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
John Bradley, Business Development Analyst
Emily Maag, Public Relations Specialist
Jason Wolfe, Financial Planning Rates and Budget Director
LaKenya VanNorman, Senior Regulatory Compliance Specialist
Navid Nowakhtar, Resource and Strategic Planning Director
Jan Bagnall, Manager of Member Services
Mary Kathryn Patterson, Senior Public Relations Specialist
Wayne Koback, IT Manager
Sena Mitchell, Treasury Manager
Ed Nunez, Assistant Treasurer – Debt/Insurance
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 10:40 a.m., Thursday February 15, 2024, 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 10 members present out of a possible 13.

ITEM 2 – SET AGENDA (BY VOTE)

MOTION: Bob Page, Green Cove Springs, moved approval of the agenda as presented. Doug Peebles, Ocala, seconded the motion. Motion carried 10-0.

ITEM 3 – RECOGNITION OF GUESTS

Randy Martin, Clewiston

ITEM 4 – PUBLIC COMMENTS

None

ITEM 5 – COMMENTS FROM THE CHAIRMAN

Chair Howard McKinnon welcomed Sue Utley back and said Lindsay Jack did a good job in Sue's absence.

ITEM 6 – REPORT FROM GENERAL MANAGER

No additional comments.

ITEM 7 –CONSENT AGENDA

a. Approval of Meeting Minutes – Meetings Held January 18, 2024, and ARP Telephonic Rate Workshop Held January 16, 2024

b Approval of Treasury Reports – As of December 31, 2023

c Approval of the Agency and All-Requirements Project Financials as of December 31, 2023

d ARP 12-month Capacity Reserve Margin Report

MOTION: Doug Peebles, Ocala, moved approval of the Consent Agenda as presented. Bob Page, Green Cove Springs, seconded the motion. Motion Carried 10-0.

ITEM 8 – ACTION ITEMS:

a. None

ITEM 9 – INFORMATION ITEMS:

a. Annual Debt Report

Ed Nunez presented this report at the Board of Directors meeting. No further discussion.

b. Sand Lake Energy Center Update

Ken Rutter provided an update on the Sand Lake Energy Center.

Testing is complete and closing is in effect.

c. Gas Price Stability Program

Jacob Williams and Rich Popp presented options for the gas price stability program.

Javier Cisneros, Fort Pierce, said because we are three months out, if we are 12 months out we focus on the 75% of the 12 months period. Does this graph represent the plan of the future when we are 12 months away?

Rich Popp said this is more of a max position, the plan could match the max position if we like the prices, and we thought the overall satisfaction of the end rate with the project. If we thought there was a spike, and it didn't make sense, we would not necessarily go to 75%. But these are tranches or tiers.

Javier Cisneros, Fort Pierce, so that 75%, if we could get it to the $77-$82 range we would try to focus on the 75% of our gas requirements for that time frame and the same thing would apply for 36 months out if you could get 25-50% at that range.

Bob Page, Green Cove Springs, are we looking at a mirror of that chart. Today we've been buying three years out for 25%, as we roll forward for another year we are picking up another 25%. So, we are merging years together here to get to the other chart. The real world is we've made a lot of opportunities along the way here to adjust our thought process.

Jacob Williams, that's right, so the price levels will be adjusted by the Executive Committee. We are just proposing a set of target volumes and we will operate within that. But can we get to that level because prices are too high, then we will not have 25% or 50% in the next years.

Rich Popp, these are maximums not minimums. It is not mandatory

Bob Page, Green Cove Springs, we look at this chart and say we are making a decision we are going to get 75% but we are really doing it over a three-year period and adjusting on the fly as we go in any of those periods.

Jacob Williams, your three will become your one in two years from now. It is a living program which is what you want.

Howard McKinnon, Havana, is our current program showing we are locked in at 75%?

Rich Popp, its very similar to that as you can see. For the rest of this fiscal year we are at 75. We don't go out a whole year at 75, then we drop down to something slightly below 50 and then drop down again. The March contract, the highest its ever been is $5.75 and the low is below $2. This is where the contract has traded. Yes, we own March and April hedging contracts.

John Bradley, blue lines on slide 29 is an average price of 3 years.

Lynne Tejeda, Key West, slide 5, page 26. When you look at the potential savings during bad times it seems like an absolute no brainer. So the question becomes what happens in good times and how much is the difference between the green and red. Is the cost we pay during good times, is that going to be more or less then how much it balances out during the bad times? That's a crystal ball but its like do you want to pay a little extra so that we don't have huge spikes when the bad times come along. I guess that is our ultimate decision here.

Howard McKinnon, Havana, any feedback? Are we happy paying a little extra for insurance premium to avoid the crisis that we had?

Javier Cisneros, Fort Pierce, I guess there are two philosophies, right? We are looking at this curve and Lynne makes a very good point. We would have paid quite a bit, did pay quite a bit and could have saved quite a bit in that period between the red and blue where it spikes up. If our focus is to stay in the $78-$82 range, if that is our focus this is our opportunity to direct

staff to be able to do that. Let them shoot for that target and quarterly or monthly we can come back and judge how that is going for us. Maybe get us out of the price a little bit. Id love to be able to stay in that $78-$80 and if we can get it lower that is great. I definitely don't want to go in the $110 MWh range again. I think that is my point, I don't want to get there again and I'd love for staff to do their best to get us in the $80 range or less +/- $2, cost of inflation, all these variables play a major role into what the cost will be for us. While some of these are predictable, gas prices are not predictable. I hope this is helpful, this is my opinion.

Howard McKinnon, Havana, we have two things here, the percentages and the price. Do we have agreement or consensus?

Brian Horton, Kissimmee, there is a cost to which point of potential savings during bad times and an off set of good times. Thinking of the presentation earlier that Jacob gave, of where we are with debt services, my question to the group is are we comfortable with potentially being higher then our peers most of the time when you take into consideration the debt service and insurance premium that this will cost us until at least the debt service rolls off.

Jacob Williams, yes, everyone is exactly the same as in terms of price then yes, the other thing to remember is everyone doesn't have an 80+% gas exposure in the state. They have far less than us so, the spreads can blow out and gas prices blow out and we are the most exposed.

Howard McKinnon, Havana, but right now we are pretty competitive in prices.

Jacob Williams, we will be competitive this year because all the margin calls will have been paid.

Howard McKinnon, Havana, what is our exposure after this year, do you have any idea?

Jacob Williams, we are 75% taken care of for this year. We drop down to 50%-20% for next fiscal year.

Howard McKinnon, Havana, so we manage our exposure every quarter right or every meeting potentially.

Jacob Williams, if you think that it should be lower we will lower the threshold.

Doug Peebles, Ocala, we are not fixing prices for two or three years, we are saying here is the strategy, but we want to review it every month or two months or three months.

Jacob Williams, we are not trying to make money on it. You will know how much it costs every quarter as well.

Doug Peebles, Ocala, we feel comfortable with the $80 range, you are basing this off what we are comfortable with.

Jacob Williams, no need to rush out and do something. Once you put it in you have the pieces in place and you can wait a few quarters. After three or four quarters, if it's not lining up we can adjust our price.

Bob Page, Green Cove Springs, we got caught up with high rates before because we were paying up front for the margin calls. How do we protect or maneuver that so we don't pay the full as we try to slide through those periods when we are getting margin calls.

Jacob Williams, if you are buying towards the lower end of the range and locking in set prices, how much margin call is pretty low because there isn't much more it can fall. When buying at $7 you can too. But if you're buying at $2.50-$3 you can still only go up to $2. But that is how you manage that risk, this risk is much smaller.

Bob Page, Green Cove Springs, if we are going to go out to November, December, January where it's at $4 or $5, and we have back here 6-10 months we made the call we were going to do that. Now we have the supermodel winner, and we are buying gas at $1.60 there will be margin calls. How do we not penalize ourselves and pay that upfront as we did the last time. That is part of the reason why we have $120 MWh cost because we were paying for current month plus prepaying out in the future its great now because we are prepaid. How do we have that process that doesn't penalize us as much on the margin call?

Jacob Williams, if you're not meeting the threshold you're not locking in and closing the margin. At some point in time we get really competitive does the ARP set aside some reserve amount that can be used to start managing that? Up to my time here its been said FMPA does not hold any reserves for that. But if there is a rate stabilization fund that upfront $10 million or 20 million whatever, then all of a sudden you can have that money in and out to make sure you're not having that problem. I'm not suggesting it today but that is a way you could manage it if you wanted to. There is no tool we can use to price protect that isn't exposed to margin calls, there is no physical gas we can buy in the volumes that is cost effective to do this. We will have to use financial tools to do it.

Howard McKinnon, Havana, So right now it seems like we all are happy with a $80 target, anyone have a problem with that?

A target of $80 was agreed.

Jacob Williams, we will come back and answer the question of how much margin could be called upon knowing we have 75-25 for the situation we have today. We will bring that back and answer that question. We will refine this and come back next month, I would suggest if it's okay that we bring this back one more time as another information item. We are not in a hurry, and we are not chasing anything right now. The action item would be in April to go through and do that. We will bring up at some point the rate stabilization concept and that will work and the margin call because you want to stabilize that margin call.

Allen Putnam, Jacksonville Beach, if we are going to talk about rate stabilization, how does that work, does this replace the rate stabilization funds we already have in place or does it work in conjunction with those rate stabilization funds? Many of the cities have their own.

Jacob Williams, that will be part of the upcoming discussion.

Bob Page, Green Cove Springs, $5 gets us at about $80?

Jacob Williams and John Bradley, its more like $90, the target gas price is equivalent to that rate on both sides of slide 30. $5 gas gets us more into the $90s and higher.

d. FPL Transmission Rate Filing Update

Navid Nowakhtar provided an update on the FPL transmission rate filing.

Jody Finklea commented on the legal side on legal fees for these efforts is in a range of $4-$8 thousand a month for legal fees as it flows with different activities. If you think of the total duration of the rate case being 18 months. If it was the desire of the Executive Committee to get a better overall budget and handle on total outside legal and consulting fees for the rate case, we will include that in Navids numbers for inFront.

ITEM 10 – Member Comments

Doug Peebles, Ocala, appreciates all the work the FMPA team and MSAC have done to bring the Leased Employee Program to Members.

Lynne Tejeda, Key West, asked about the House Bill being heard on municipal utilities.

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

PUBLIC NOTICE SENT TO CLERKS ..... **February 05, 2024**
AGENDA PACKAGES SENT TO MEMBERS ..... **February 12, 2024**

MINUTES
EXECUTIVE COMMITTEE
ALL-REQUIREMENTS POWER SUPPLY PROJECT
TELEPHONIC RATES MEETING
TUESDAY, FEBRUARY 13, 2024
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FLORIDA 32819

COMMITTEE MEMBERS PRESENT VIA TELEPHONE

Christina Simmons, Bushnell
Barbara Mika, Fort Meade
Javier Cisneros, Fort Pierce
Robert C. Page, Green Cove Springs
Howard McKinnon, Havana
Brad Chase, Leesburg
Doug Peebles, Ocala
Drew Mullins, Starke*

STAFF PRESENT

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

Item 1 – Call to Order and Roll Call

Howard McKinnon, Havana, Chair, called the Executive Committee All-Requirements Telephonic Rate Workshop to order at 2:00 p.m. on Tuesday, February 13, 2024, 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 January ARP Rate Calculation

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

Item 3 – Member Comments

None

Item 4 - Adjournment

There being no further business, the meeting was adjourned at 2:06 p.m.

_____

Approved

LT/lj

AGENDA ITEM 7 – CONSENT AGENDA

b. Approval of Treasury Reports as of January 31, 2024

Executive Committee
March 21, 2024

AGENDA PACKAGE MEMORANDUM

TO: FMPA Executive Committee

FROM: Melissa Cain

DATE: March 21, 2024

ITEM: EC 7(b) – Approval of the All-Requirements Project Treasury Reports as of January 31, 2024

Introduction

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

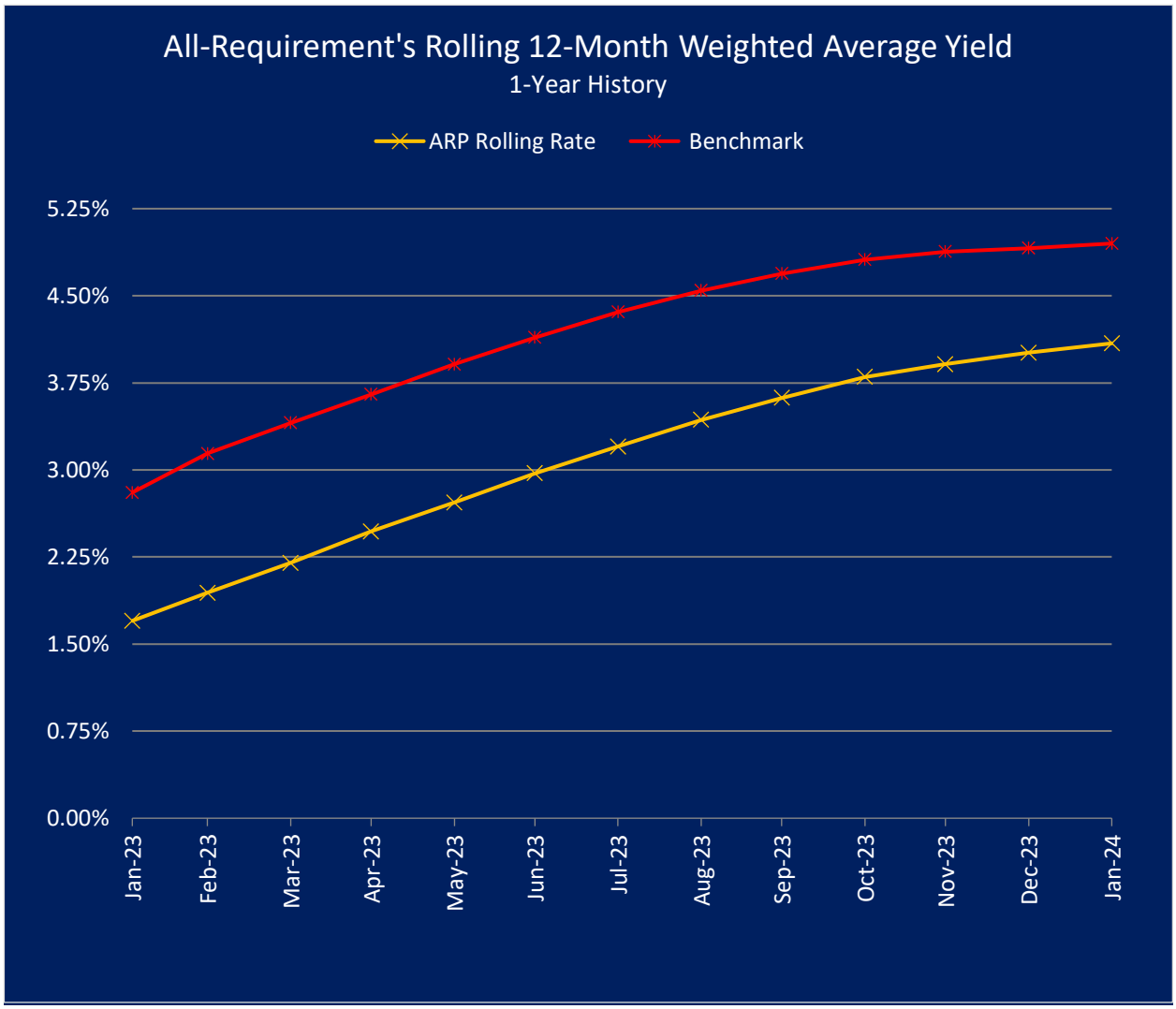
Debt Discussion

The All-Requirements Project has variable rate and fixed rate debt. The variable rate and fixed rate percentages of total debt are 2.01% and 97.99% respectively. The estimated debt interest funding for fiscal year 2024 as of January 31, 2024, is $32,204,631.59. The total amount of debt outstanding is $747,410,000.

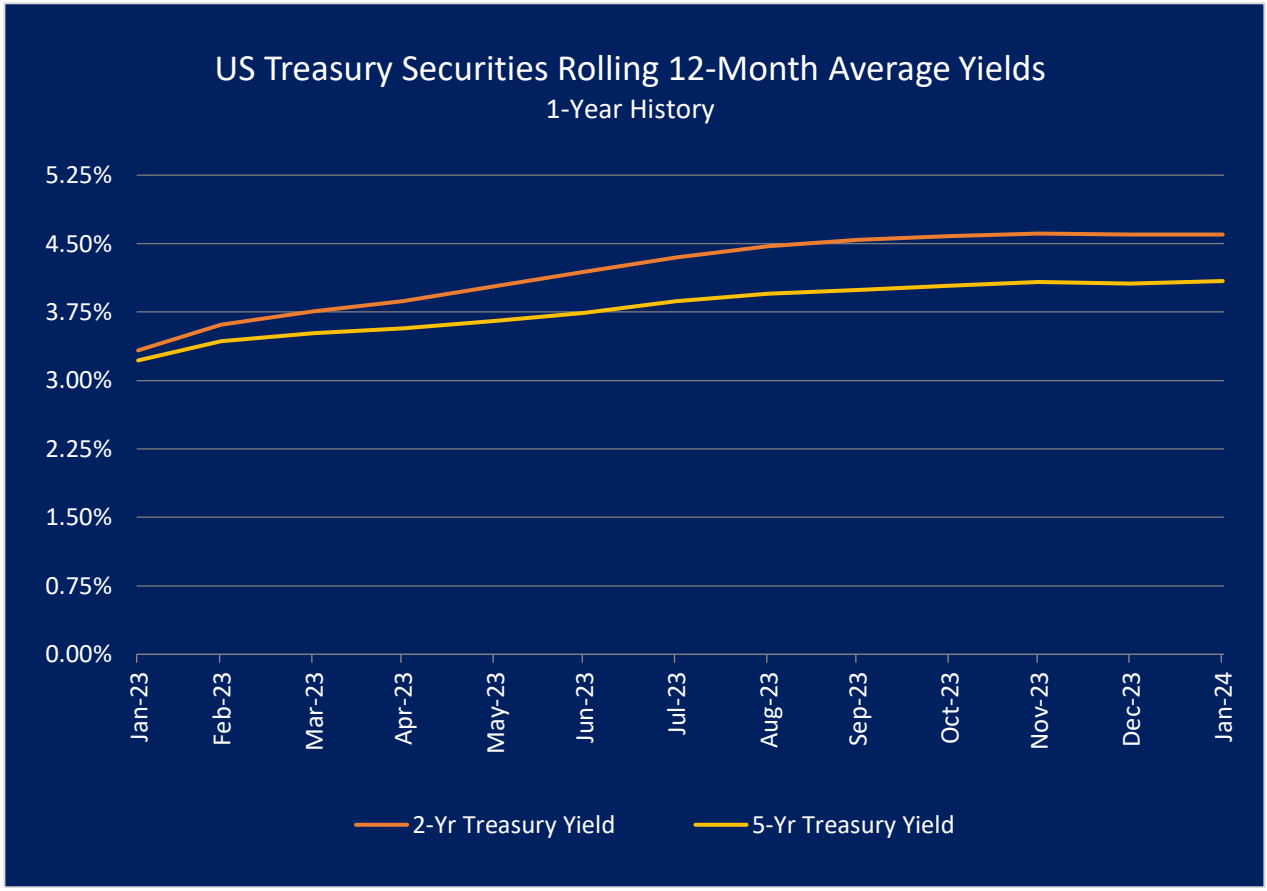
Investment Discussion

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 January 31, 2024, the All-Requirements Project investment portfolio had a rolling 12-month weighted average yield of 4.09%, 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 January 31, 2024 of 4.60%. The yellow line is the 5-year Treasury rolling 12-month average yield which was 4.09%.



The Investment Report for January is posted in the "Member Portal" section of FMPA's website.

Recommended Motion

Move for approval of the Treasury Reports for January 31, 2024

AGENDA ITEM 7 – CONSENT AGENDA

c. Approval of the Agency and All-Requirements Project Financials as of January 31, 2024

Executive Committee
March 21, 2024

Rich Popp
Chief Financial Officer

AGENDA PACKAGE MEMORANDUM

TO: **FMPA Executive Committee**

FROM: **Rich Popp**

DATE: **March 21, 2024**

SUBJECT: **EC 7c– Approval of the Agency and All Requirements Project Financials as of the period ended January 31, 2024**

Discussion: The summary and detailed financial statements, which include GASB #62 transactions, of the Agency and All Requirements Project for the period ended January 31, 2024, 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 January 31, 2024.

RP/GF

AGENDA ITEM 7 – CONSENT AGENDA

d. ARP 12-month Capacity Reserve Margin Report

Executive Committee
March 21, 2024

AGENDA ITEM 8 – ACTION ITEMS

a. Approval of Energy Southeast Renewable Prepay 2024 series A

Executive Committee
March 21, 2024

EC 8a – Approval of Energy Southeast Renewal Prepay 2024 Series A

Executive Committee

March 21, 2024

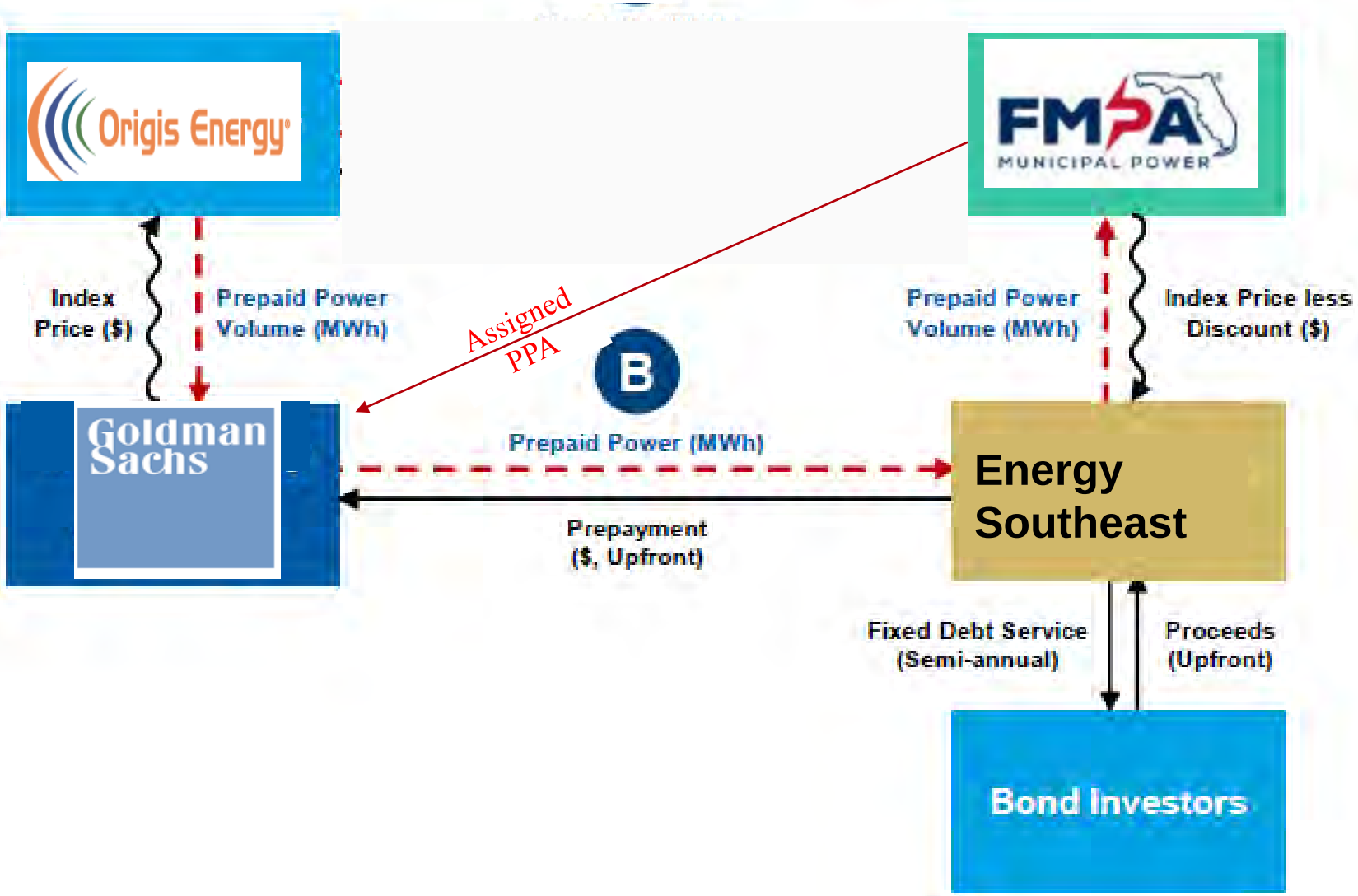
ARP's Solar PPAs Assigned To Prepay Transaction

Prior Discussion Explored Opportunity with Executive Committee

- Staff Presented Concept of Assigning ARP Solar PPAs into a Prepay Transaction
  - June 2023 presented concept and discussed partnering with other Joint Action Agencies
    - Led by Alabama Municipal Electric Agency using Energy Southeast subsidiary
  - October 2023 presented highlights on prepay mechanics and differences to natural gas prepays.
  - Update October – February 2024
    - Transaction lost two joint action participants
    - FMPA working on assignment language with Origis and NextEra Partners
    - Market conditions still support smaller transaction – 7.5% savings Min.

FMPA MUNICIPAL POWER

How Prepay Contract Structure Works



Solar/Energy Prepays Similar to Gas Prepays

MWh vs MMBtu Obligation

- IRS regulations allow Municipal Utilities to utilize tax-exempt bonds to "prepay" for long-term supplies of natural gas and electricity
  - Reasonable expectation municipal(s) will use 90% commodity
- Structured as non-recourse Energy Prepayment
  - Tax-exempt bond investors are at risk to credit of Prepaid Power Supplier (Bank)
  - Bonds are rated accordingly

Long-term Energy Commitment from Energy Southeast

PPA Energy, First Into ARP's System, Unlikely To Walk Away

- ARP accepting 30 year delivery period of energy from E/SE
  - ARP assigns agreed to 20-year PPAs
  - After 20 years:
    - ARP assigns new PPAs; ARP receives full discount
    - ARP converts the agreement to natural gas; ARP receives full discount
    - Goldman delivers energy to another qualified entity; ARP receives a discount less fee
    - Goldman permanently assigns ARP's rights to another qualified entity; ARP walks away

Minimum Expectation for Participating in Prepay

Will Not Proceed without Minimum Discount of 7.5%

Savings	• **Current savings are 7-10%** off existing and future electric supply
Staff Time / Operations	• Transaction largely handled by Issuer and Supplier • Existing scheduling/operations remain essentially unchanged outside of billing and payment aspects
Non-Recourse	• Fully non-recourse to municipal utility and does not impact municipal utility's balance sheet or credit metrics • No obligation to pay for debt issued, **only to pay for gas/power delivered**
Future Resets	• **No guarantee of savings in future reset** • If agreed upon minimum discount for future resets is not achieved, participant's option to opt-out
Transaction Termination	• In the event transaction terminates, assignments and all other contracts terminate, and municipalities return to status quo, but will forego savings.

FMPA MUNICIPAL POWER

Solar PPAs Nominated For Prepay Transaction

Only ARP PPAs Which Are Highly Likely To Go Online

- Summary MW Solar PPA Peak
  - Harmony 41 MW
  - Rice Creek: 48 MW
  - Leyland: 75 MW
  - Penholoway 22 MW
  - **Total 186 MW**

FMPA MUNICIPAL POWER

ARP Assigns Four PPAs With $248M Value

Nominating Less Than 100% of PPA Energy Mitigates Over-Subscribing

- Discount based on a percentage of total dollars
  - Nominate 85% of expected energy to avoid over-subscribing
  - The remaining 15% does not earn a discount; ARP pays the PPA agreed price
- Monthly energy received less than 85% of expected energy can be made up within two years
  - Can include the 15% not part of the transaction
  - Can include other sourced taxable entity energy
  - Can be sourced from Goldman, less a fee

As Project Participant, Few Agreements To Approve

Achieve Almost All Discounts Without All the Headaches

Documents required of FMPA

- Power Supply Agreement between FMPA & E/SE
  - Agreement for FMPA to purchase and E/SE agrees to deliver and sell floating price energy
- Limited Assignment Agreement(s)
  - Assigns NextEra Partner & Origis PPAs to Goldman subsidiary J Aron
    - Reverts to FMPA if the transaction unwinds
    - FMPA retains payment obligation if J Aron fails to pay
- Tax certificate
  - Tax counsel's opinion on FMPA ARP's ability to participate in the transaction

Motion

- Move approval of the General Manager and CEO executing on behalf of FMPA (All-Requirements Power Supply Project), the required Power Supply Agreement and other documents as necessary or requested of FMPA, subject to the review and approval of the General Counsel, to participate in the described prepay transaction if a minimum discount of 7.5% is achieved at pricing.

AGENDA ITEM 9 – INFORMATION ITEMS

a. Solar Phase II Update

Executive Committee
March 21, 2024

9a - Solar Phase II Update

Executive Committee

March 21, 2024

Rice Creek Facility Under Construction

Scheduled for August 2 Commercial Operation Date

- Interconnection Delay revised COD from December 2023 to August 2024
  - COD still within allowed Permitted Extension period in PPA
- All state and local permits received by March 2023
- Construction and mobilization started June 2023
- On-site celebration tentatively targeted for October 2024

Whistling Duck Status Less Certain

Interconnection Delay extends beyond "Permitted Extension"

- In October, Origis provided official notice of extended delay beyond Permitted Extensions allowed by PPA and requested renegotiation of Target COD
- Agreement for Amendment Two reached between FMPA and Origis results in:
  - Target COD revised to July 31, 2025
  - Shorter Permitted Extension period (180 days instead of 360)
  - Earlier Delay Damages, weighted to first 90 days
  - "Drop dead" date in July 2026; ability to terminate if not in Commercial Operation
- Solar II Committees approved Amendment Two on February 12
  - Members started approval process within their cities, expected April BOD and EC action

FMPA MUNICIPAL POWER

Additional Concerns for Whistling Duck

Amendment Two approval process temporarily halted

- Origis further evaluating the schedule and economics of the project
  - Indicated ongoing insufficient progress from Duke for interconnection
  - Indicated that Interconnection Delay is resulting in EPC price increase
  - Expected to report status to FMPA March 18
- Amendment Two approval process halted until further notice
- FMPA Team will evaluate and report options to project participants

FMPA MUNICIPAL POWER

AGENDA ITEM 9 – INFORMATION ITEMS

b. Human Resources Update

Executive Committee
March 21, 2024

9b - HR Quarterly Report

Executive Committee

March 21, 2024

Sand Lake Energy Center

Successes and Challenges

Challenges

- Offers needed to be competitive
- Average tenure is 19 years
- Opportunities to retain team
- Background checks
- Transition from private to public
- Transition to different operations

Successes

- Everyone was made an offer
- Everyone accepted
- Very experienced/cohesive team
- Growth opportunities for the team
- Open communication
- Cooperation from the SLEC team
- On time and within budget

Mulberry Plant

Process and timeline

- Not required to make everyone offers
- Expect some retirements
- Will be able to share resources easily
- May - applications, interviews, job offers
- June - background checks, notice of employment
- July - Benefit enrollments and payroll set up
- August 9 – Operational

FMPA MUNICIPAL POWER

AGENDA ITEM 9 – INFORMATION ITEMS

c. Regulatory Compliance Update

Executive Committee
March 21, 2024

9c – Regulatory Compliance Update

Executive Committee

March 21, 2024

FERC Commissioners

Current:

Chairman Phillips (D)
Dec. 3, 2021 – June 30, 2026

Commissioner Christie (R)
Jan. 4, 2021 – June 30, 2025

Commissioner Clements (D)
Dec. 8, 2020 – June 30, 2024

Nominated:

Judy Chang (D)
Energy/Economics policy expert. Fmr. Undersec. Of Energy and Climate Solutions for MA

David Rosner (D)
FERC energy industry analyst. U.S. Currently on detail to Senate Energy and Natural Resources Committee Democratic staff

Lindsay S. See (R)
Solicitor General of WV. Appellate attorney. Harvard Law graduate, magna cum laude

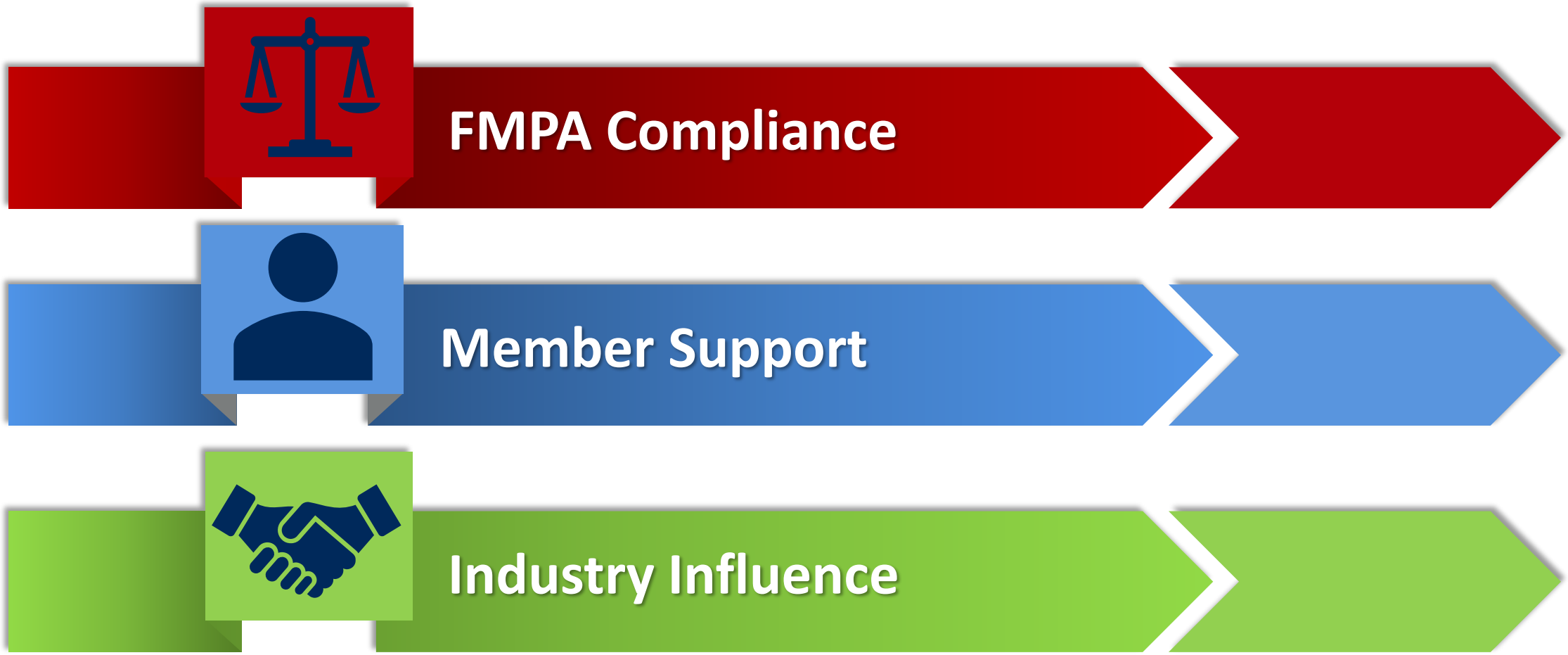
FERC Update

- TAPS Spring Conference – 4/29 – 5/1 (Wash. D.C.)
- FERC Order 2023 – Generator Interconnection Reform
  - FPL Compliance Filing
- Wait and see what a new FERC will do before November…

NERC/SERC Update

- NERC Board of Trustees Highlights
  - Cold Weather Standards
  - IBR
- SERC 2024 Reliability and Security Webinar Highlights

Roles of FMPA Regulatory Compliance Department



Compliance - 2024 1st Quarter

Compliance Workshops
For Members

Upcoming Compliance Workshop

Applicable Standards
4/1/2024

- FAC-003-5
- FAC-014-3
- PRC-002-4
- PRC-023-6
- PRC-026-2
- TOP-001-6

Data Requests

No Data Requests received this quarter

Member Peer Reviews

1 member requested peer review

FMPA MUNICIPAL POWER

Internal Compliance

- FMPA has no self-reportable compliance violations since the last quarterly update
- Plant coordination
  - Weekly Plant coordination meetings
- Quarterly compliance/SME meetings to foster collaboration

*Interest to ARP

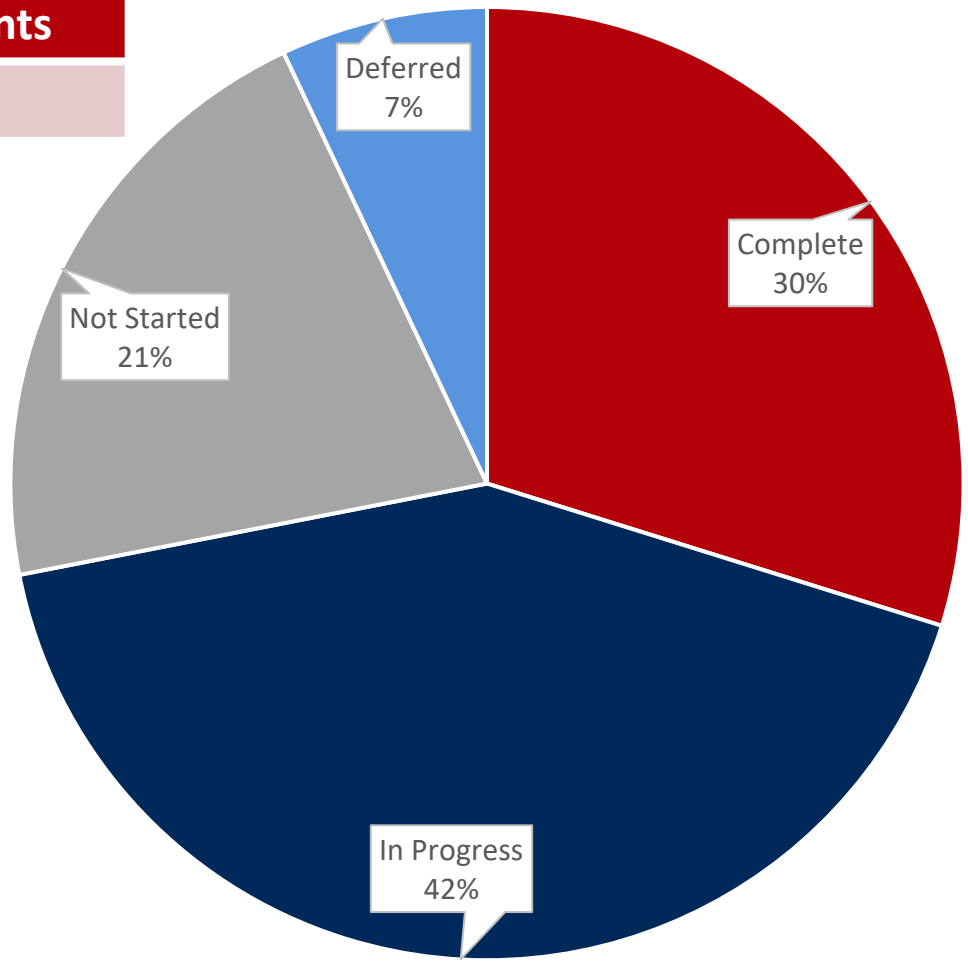
Industry Influence

- Standards balloting
- APPA
- TAPs
- NAGF

*Interest to ARP

Compliance Playbook Progress

Number of Standards	Number of Requirements
57	≈900



AGENDA ITEM 9 – INFORMATION ITEMS

d. Natural Gas Price Stability Program

Executive Committee
March 21, 2024

EC 9d – Natural Gas Price Stability Program

Executive Committee

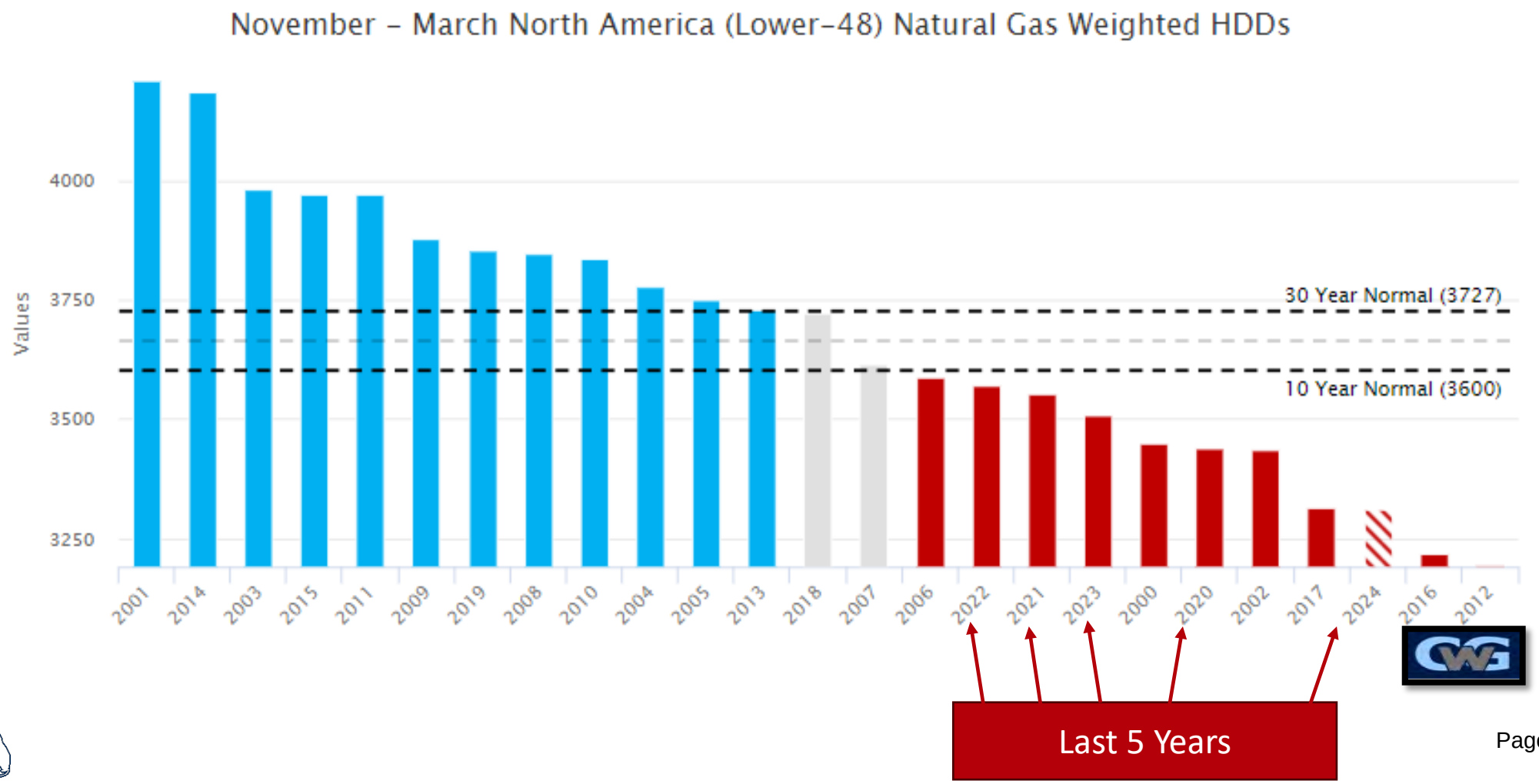
March 21, 2024

Programmatic Long Term Power Price Stability Effort

- **Goal to Manage Power Prices at or Below Acceptable Price Targets**
- **Quarterly Review and Alignment:**
  - Provide EC review of positions market dynamics on a quarterly basis
  - Review value of price stability actions taken
  - Actively align with EC's strategic rate goals
- **Target and Maximum Volume to Be Managed:**
  - Define maximum percentage to manage risk by period and avoid overexposure
  - Establish target percentage linked to market price/power rates
- **Tiered Certainty based on price mitigation:**
  - Target: Baseline of the established program
  - Over/Under Weight: Percentages of expected gas exposure fixed price

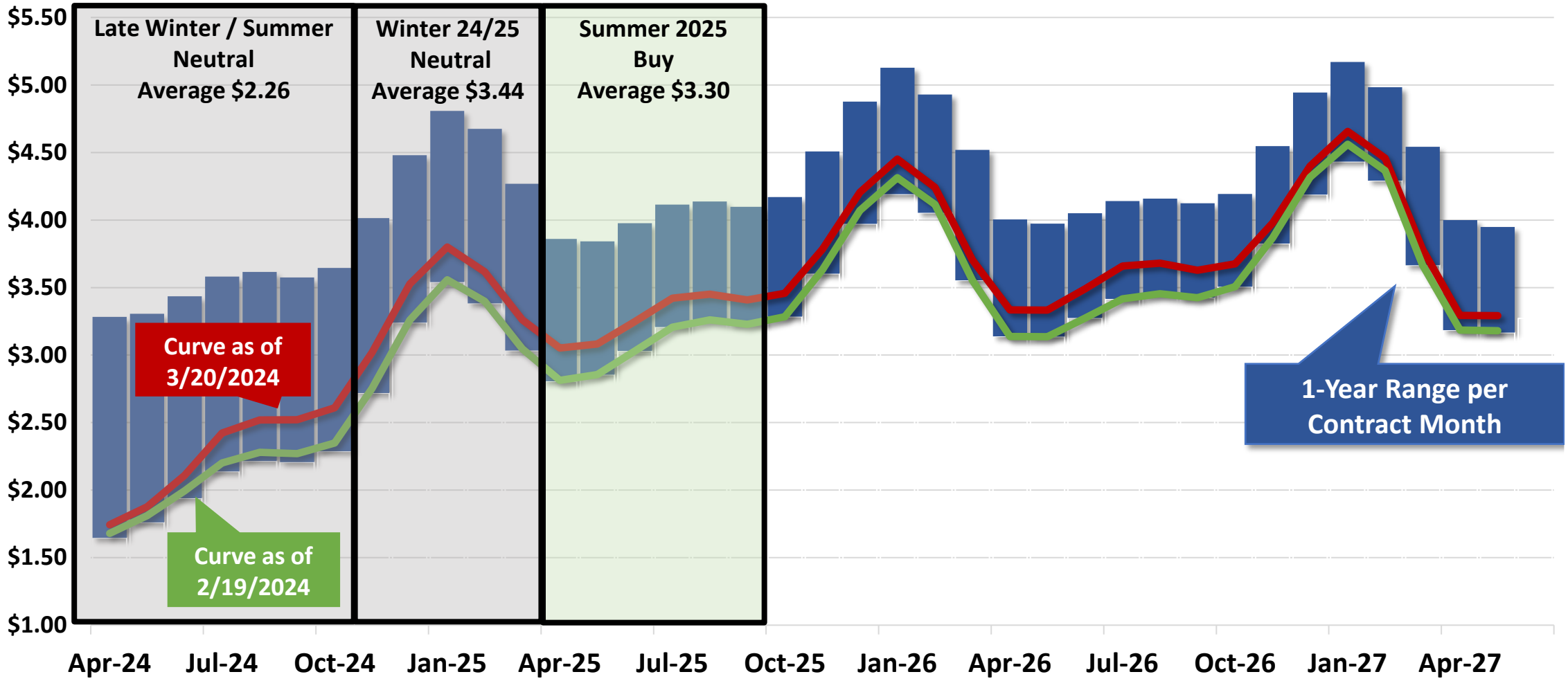
Winter Heating Degree Days Near All Time Lows

Seven of last 10 years have been below 10 year normal



Forward Curve Continuing to Come Down

Buying Opportunities are still available despite slight rise over 30 days ago

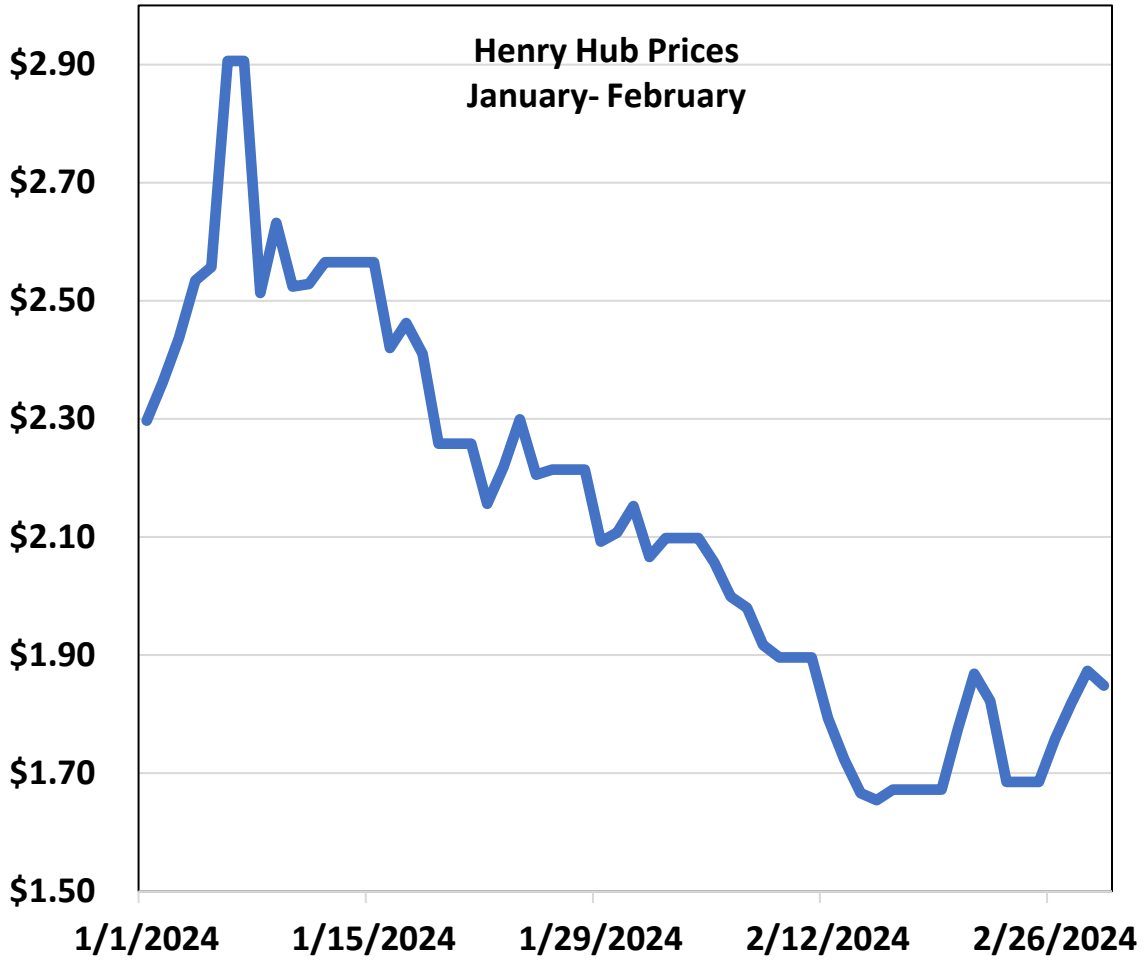


FMPA MUNICIPAL POWER

Prices Fell 43% Through First 60 Days of 2024

Lower prices resulted in lower rates, despite higher margin calls

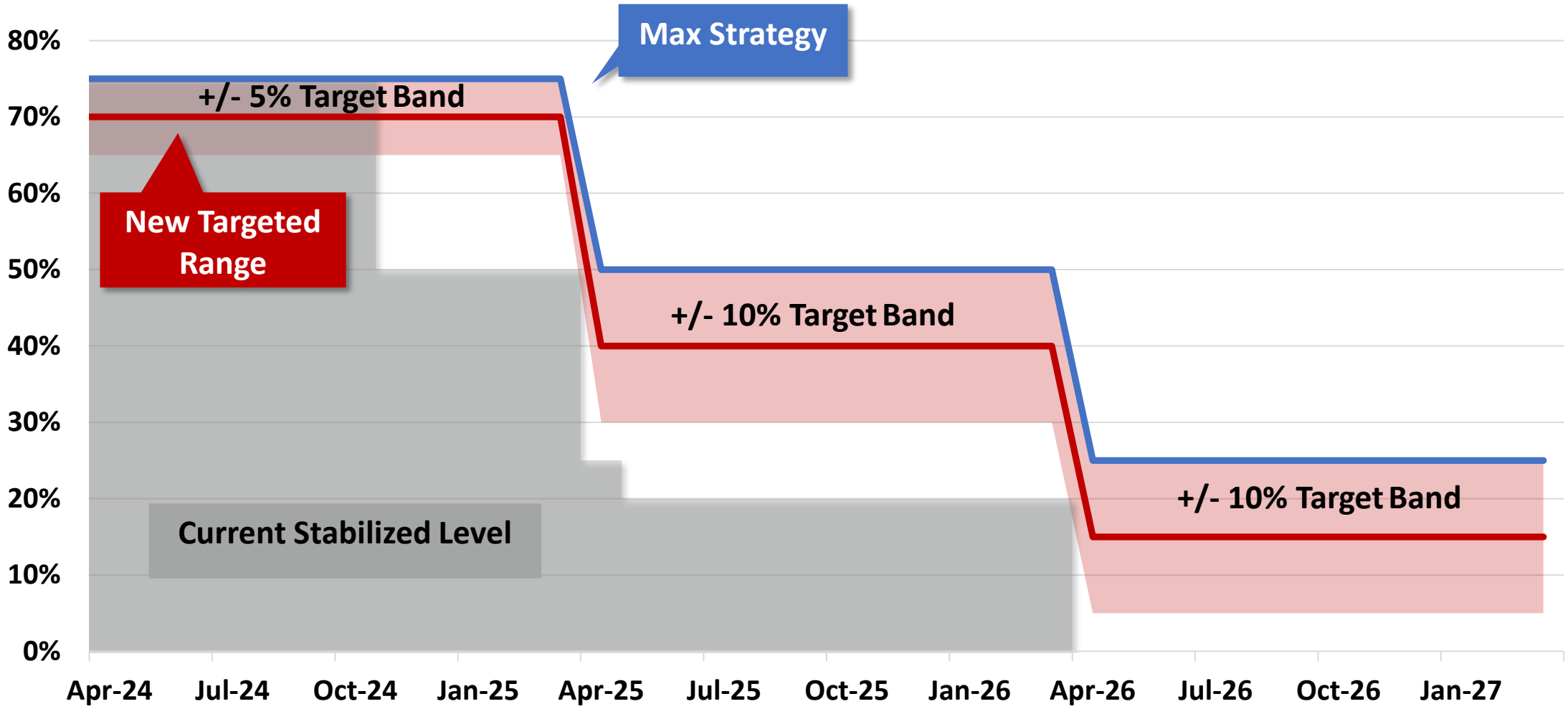
- Intra-Month Price Changes
  - January: $(0.82)
  - February: $(0.45)
- Monthly Total Margin
  - January: $3M
  - February: $2.5M



FMPA MUNICIPAL POWER

Proposed Option With +/-10% of Target For Out Years

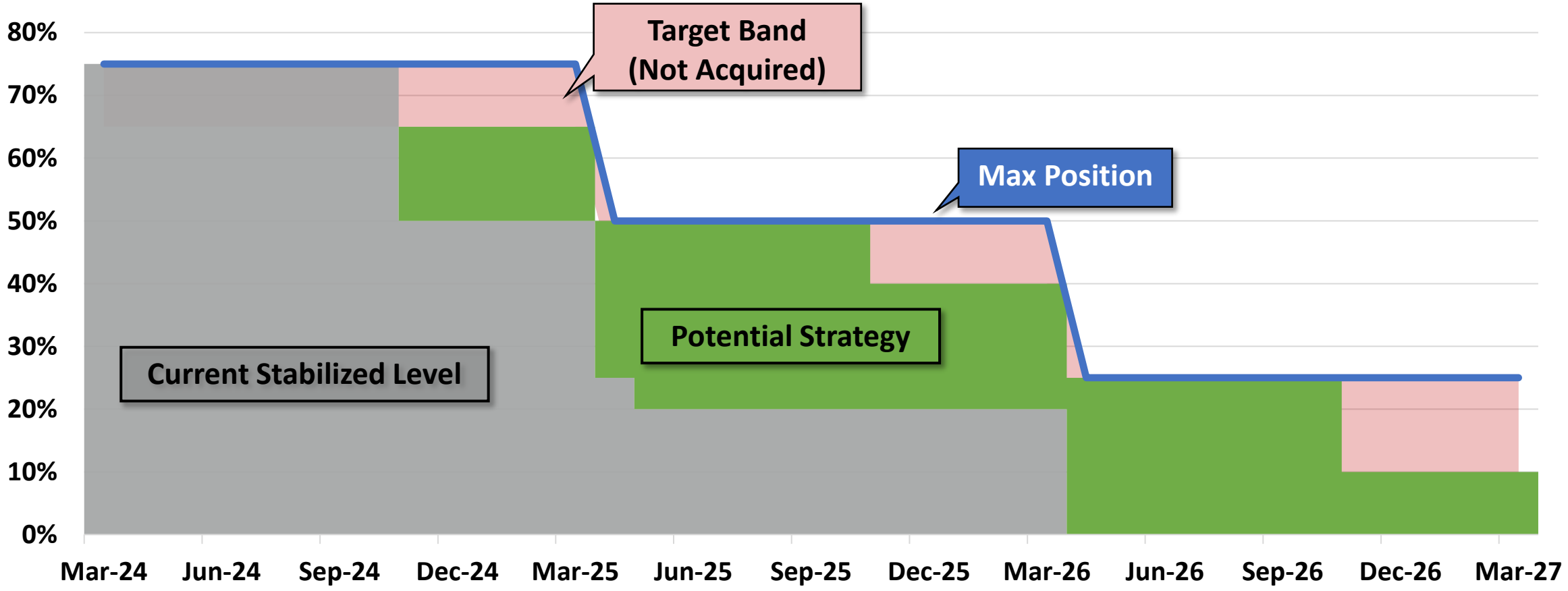
More Flexibility to Build Stability in Out Years and More Opportunistic



FMPA MUNICIPAL POWER

Potential Strategy for Program

Winter months strategy could be different



FMPA MUNICIPAL POWER

Rate Projections At Various Gas Prices for FY 24-25

$70/MWh Power Cost in 2019 Equivalent to $80/MWh Today

Gas Price ($/MMBtu)	Rate ($/MWh)
$2.00	$71
$3.00	$76
$4.00	$82
$5.00	$88

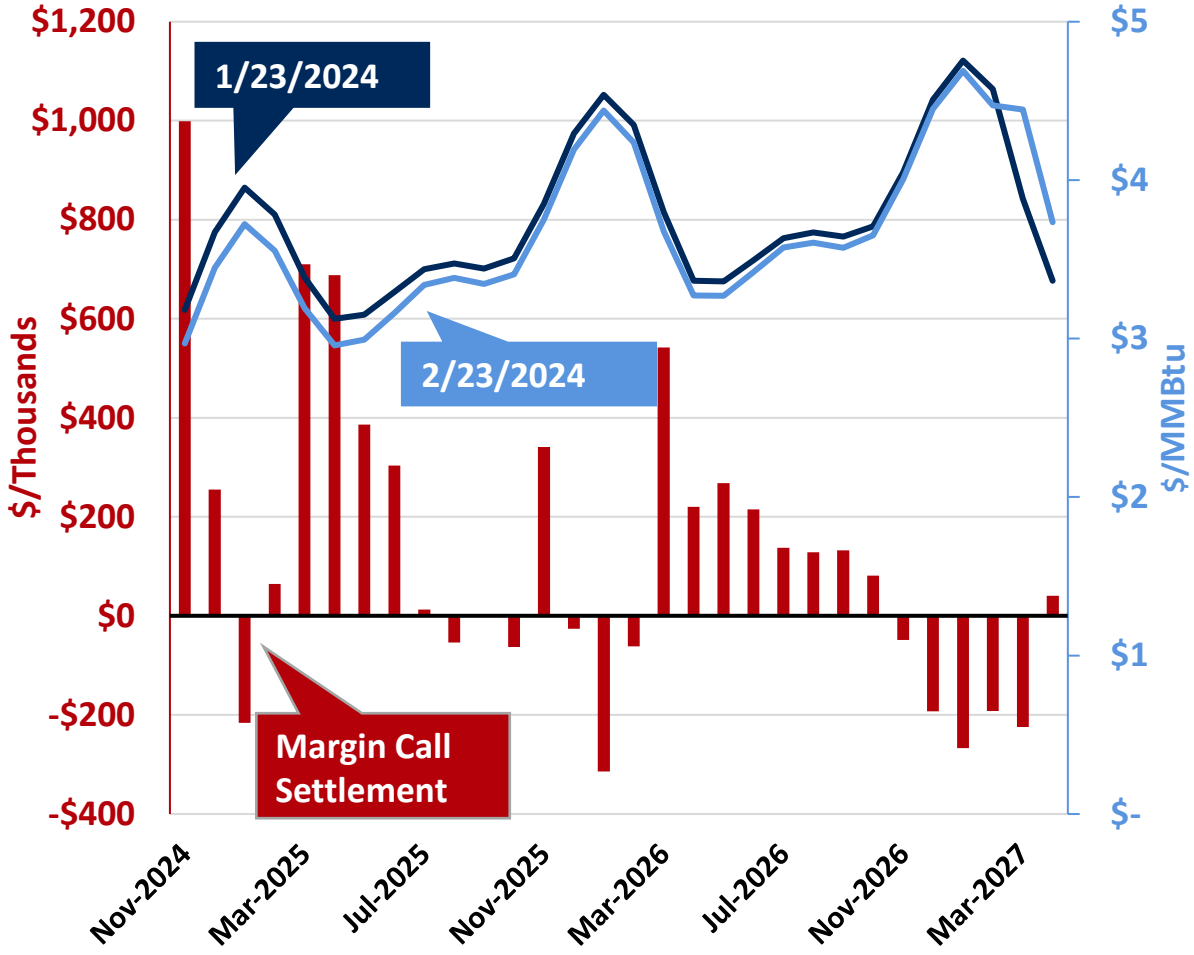
FMPA MUNICIPAL POWER

Less Than $4M Margin w/ ~18% Near Term Price Drop

Assuming Portfolio At Potential Target Percentages

	Nov 24 - Mar 24	Apr 25 - Oct 25	Nov 25 - Mar 26	Apr 26 - Mar 27
Purchase Price	$3.24	$3.17	$3.97	$3.77
30-Days ago Drop in Price	$(0.60)	$(0.25)	$(0.10)	$(0.02)
New Price (2/23/2024)	$2.64	$2.92	$3.87	$3.75
Total Margin Cost	$1,812,000	$1,277,000	$481,000	$296,000

Total Program Margin:
$3,866,000



FMPA MUNICIPAL POWER

Future Rate Projections Targets with 2% Escalation

Seasonal Pricing Targeting Rates

Summer Date Ranges	Target Gas Price ($/MMBtu)	Target Rate ($/MWh)
Apr 24 – Oct 24	N/A (75% Fixed)	
April 25 - Oct 25	$3.33	$73.30
April 26 - Oct 26	$3.50	$76.40

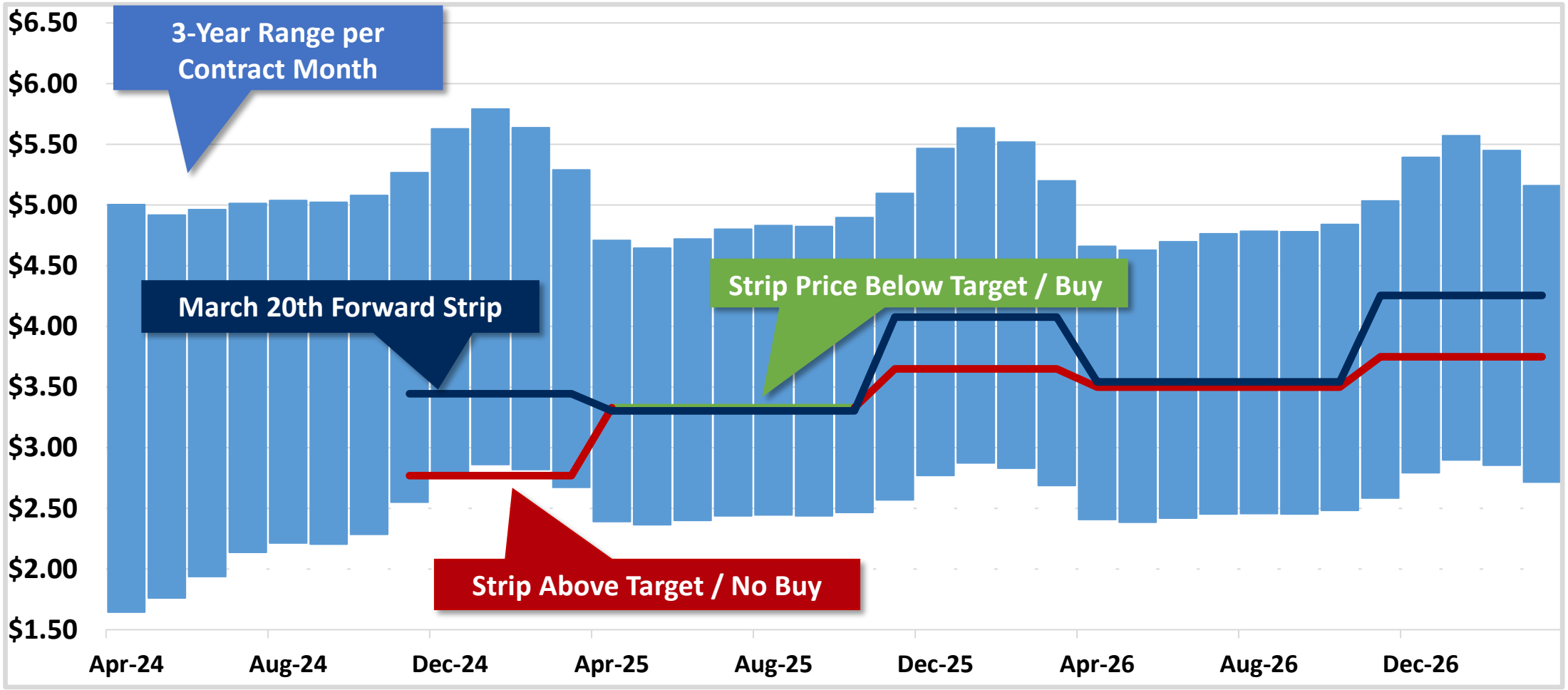
Winter Date Ranges	Target Gas Price ($/MMBtu)	Target Rate ($/MWh)
Nov 24 - Mar 25	$2.77	$82.37
Nov 25 - Mar 26	$3.65	$88.70
Nov 26 - Mar 27	$3.75	$89.60

Fiscal Year	Target Rate ($/MWh)
2024	$80.00
2025	$81.00
2026	$83.00

FMPA MUNICIPAL POWER

Setting Achievable Targets for Long-Term Rate Stability

Summer '25 Currently Beating Targets with Summer '26 Very Close



FMPA MUNICIPAL POWER

Benefits of Implementation

- **Operational Budget Certainty:**
  - A high percentage of near-term gas exposure mitigated results in more predictable and stable power costs.
- **Long-Term Planning:**
  - A proactive approach to long-term, 3-year horizon, gas planning avoids unexpected higher Energy Rates
- **Strategic Resilience:**
  - Baseline Plan set forth a process with acceptable volumes and price targets
  - Pre-set Quarterly EC discussions for adjustments based on market conditions, enhancing responsiveness

AGENDA ITEM 9 – INFORMATION ITEMS

e. Mulberry Plant – Rotor Update

Executive Committee
March 21, 2024

EC 9e – Mulberry Plant Rotor Update

Executive Committee

March 21, 2024

Mulberry Rotor Replacement Adds Value for ARP

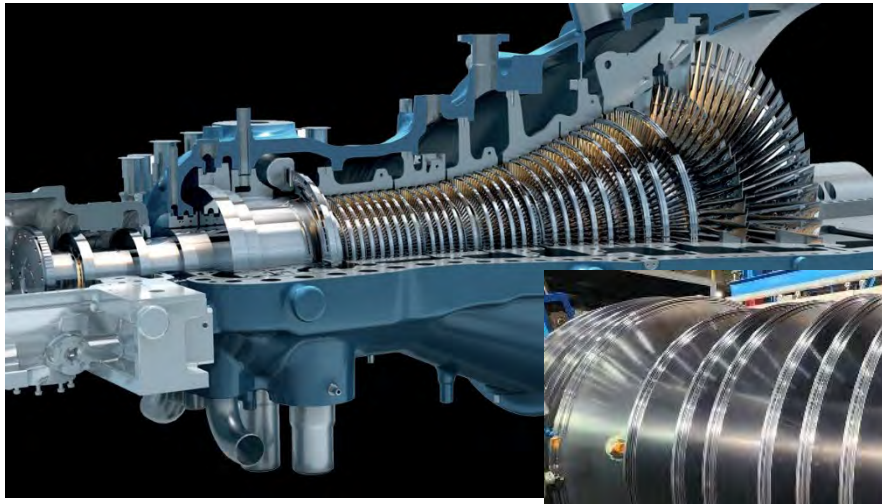
Agreement Negotiated to Replace Rotor in Spring '24 Outage

- Mulberry close set for August 7, 2024
- The Mulberry Asset Purchase Agreement (APA) provided for acquisition of a spare steam turbine rotor
  - Previous cracking resulted in machining and repair of existing rotor
  - GE assessed lifespan to 2026
  - NS & FMPA Insurer FM Global disagrees with GE assessment, limiting coverage for NS
- NS approached FMPA regarding partnering on utilization of the spare rotor for replacement during spring 2024 outage
- Agreement reached for FMPA to adjust purchase price by $450k as cost split on rotor replacement
- All warranties related to rotor and replacement will be transferred to FMPA at close
- The July 2022 Executive Committee Approval of Mulberry acquisition provided Jacob approval authority up to $700k for this type of contingency

Partnering on Rotor Replacement Saves ARP $850k

FMPA Budgeted for Rotor Replacement in Next 3 Years

- Rotor installation will occur in April
- Power Services Group (PSG) and GE performing installation
- APA Amendment requires pre/post steam turbine efficiency and heat rate testing to assess quality of installation
- If performance testing not sufficient, NS must submit warranty claim to GE and PSG or FMPA will not pay the increased purchase price
- NS must operate with Rotor under existing PPA for 3 months



AGENDA ITEM 10 – MEMBER COMMENTS

Executive Committee
March 21, 2024

AGENDA ITEM 11 – ADJOURNMENT

Executive Committee
March 21, 2024