FINANCE COMMITTEE AGENDA PACKAGE

August 20, 2025
2:00 p.m.
Dial-in Info: 1-321-299-0575
Meeting ID: 220 815 837 242#

Committee Members

Jim Williams, Leesburg – Chair
Vacant-Vice Chair
Javier Cisneros, Fort Pierce
Barbara Quiñones, Homestead
Karen Nelson, Jacksonville Beach
Jesse Perloff, Key West
Kevin Crawford, Kissimmee
Steve Langley, Mount Dora
Dallas Lee, Newberry
Efren Chavez, New Smyrna Beach
Marie Brooks, Ocala
James Braddock, Wauchula

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

Rich Popp
Chief Financial Officer

MEMORANDUM

TO: FMPA Finance Committee

FROM: Rich Popp

DATE: Wednesday, August 13, 2025

RE: **FMPA Finance Committee Meeting – 2:00pm., August 20, 2025**

PLACE: Florida Municipal Power Agency Board Room
8553 Commodity Circle,
Orlando, FL 32819

DIAL-IN: **DIAL-IN INFO 321-299-0575, Meeting # 220 815 837 242**
(If you have trouble connecting via phone or internet, please call 407-355-7767)

LINK: **Join the meeting now**

Chairperson Jim Williams, Presiding

AGENDA

1. Call to Order, Roll Call, Declaration of Quorum 4

2. Recognition of Guests 5

3. Public Comment (Individual public comments limited to 3 minutes) 6

4. Set Agenda (by vote) 7

5. Consent Agenda
a. Approval of Minutes – Finance Committee Minutes – Meeting Held June 25, 2025 9

6.. Chairperson's Remarks 13

7. CFO Report 14

8. Action Items

a. Proposed Revisions to Fuel Portfolio Management Policy (John Bradley) 16

9. Information Items

a. Natural Gas Price Stability Program Quarterly Update (John Bradley) 74

b. Interim Audit Update (Danyel Sullivan-Marrero & Tim Westgate) 82

c. Results of ARP Series 2025A Bonds (Sena Mitchell) 85

d. FY25 Capital Reallocation (Ken Rutter) 93

10. Reports

a. Review Form Appendix A FUEL PORTFOLIO MANAGEMENT POLICY 2025. 98

b. Review Form Appendix B DEBT POLICY 106

c. Review Form Appendix C INVESTMENT POLICY.. 113

d. Review Form Appendix E CREDIT POLICY.. 119

e. Review Form Appendix H POWER SUPPLY AND RESOURCE PLANNING . 127

f. Review Form Appendix N HUMAN RESOURCES POLICY 133

11. Comments 138

12. Adjournment 139

RP/lj

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 1-(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

Finance Committee Meeting
August 20, 2025

AGENDA ITEM 2 – RECOGNITION OF GUESTS

Finance Committee Meeting
August 20, 2025

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

Finance Committee Meeting
August 20, 2025

AGENDA ITEM 4 – SET AGENDA (By Vote)

Finance Committee Meeting
August 20, 2025

AGENDA ITEM 5 – CONSENT AGENDA

a. Approval of Minutes – Finance Committee Meeting Held June 25, 2025

Finance Committee Meeting
August 20, 2025

CLERKS DULY NOTIFIED .... June 18, 2025
AGENDA PACKAGE SENT TO MEMBERS .... June 18, 2025

MINUTES
FINANCE COMMITTEE MEETING
WEDNESDAY, JUNE 25, 2025
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL

PARTICIPANTS PRESENT	Javier Cisneros, Fort Pierce (virtual) Howard McKinnon, Havana Karen Nelson, Jacksonville Beach (virtual) Jesse Perloff, Key West (virtual) Kevin Crawford, Kissimmee (virtual) Jim Williams, Leesburg Efren Chavez, New Smyrna Beach (virtual) Marie Brooks, Ocala (virtual) James Braddock, Wauchula (virtual)
PARTICIPANTS ABSENT	Barbara Quiñones, Homestead Steve Langley, Mount Dora Dallas Lee, Newberry
OTHERS PRESENT	Michele Harris, Fort Pierce (virtual) Jason Terry, Kissimmee (virtual) Michael Mace, PFM (virtual)
STAFF PRESENT	Jacob Williams, Chief Executive Officer Jody Finklea, General Counsel and Chief Legal Officer Ken Rutter, Chief Operating Officer Rich Popp, Chief Financial Officer Sharon Adams, Chief People and Member Services Officer Jason Wolfe, Financial Planning, Rates, and Budget Director Denise Fuentes, Budget and Financial Analyst III Chris Gowder, Chief System and Operations Technology Officer Mary Kathryn Patterson, Senior Public Relations Specialist Emily Maag, Public Relations Specialist Lindsay Jack, Administrative Services Supervisor Sena Mitchell, Treasurer Manager Louis DeSimone, Financial Planning and Rates Analyst II John Bradley, Business Development Analyst Sue Utley, Executive Assistant to CEO/Ass Sec to the Board of Directors Andrei Benjamin, Cloud Systems Administrator

ITEM 1 – Call to Order, Roll Call and Declaration of Quorum

Chair Jim Williams, Leesburg, called the FMPA Finance Committee Meeting to order at 2:00 p.m. on Wednesday, June 25, 2025. A video and audio connection for public attendance and participation was broadcast in the Frederick M. Bryant Board Room, FMPA, 8553 Commodity Circle, Orlando, Florida. The roll was taken, and a quorum was declared, with 9 of 12 members present.

ITEM 2 – RECOGNITION OF GUESTS

Michael Mace, PFM

ITEM 3 – PUBLIC COMMENTS (INDIVIDUAL PUBLIC COMMENTS LIMITED TO 3 MINUTES)

None.

ITEM 4 – SET AGENDA (BY VOTE)

MOTION: Howard McKinnon, Havana, moved approval to set the agenda as presented. Kevin Crawford, Kissimmee, seconded the motion. Motion carried 9-0.

ITEM 5 –CONSENT AGENDA

a. Approval of Meeting Minutes, Meeting held June 12, 2025

MOTION: Howard McKinnon, Havana, moved approval of the Consent Agenda. Javier Cisneros, Fort Pierce, seconded the motion. Motion carried 9-0.

ITEM 6 – CHAIRPERSONS REMARKS

None.

ITEM 7 – CFO REPORT

- Rich Popp reported on Item 8a, which is included in the Executive Committee package for tomorrow, June 26. He reviewed the revised numbers that were previously approved by the Finance Committee.
- The next FC meeting is scheduled for August 20, 2025.

ITEM 8 – ACTION ITEMS

a. Approval of FY 2025 Budget Amendment for All-Requirements Power Supply Project

Denise Fuentes presented the FY 2025 Budget Amendment for the All-Requirements Power Supply Project.

MOTION: Howard McKinnon, Havana, moved approval of recommendation of Resolution 2025-EC5 to the Executive Committee for approval to increase the Fiscal Year 2025 All-Requirements Project budget spending authority by $42,314,000. Javier Cisneros, Fort

Pierce, seconded the motion. Motion carried 9-0.

b. Approval of FY 2025 Budget Amendment for Stanton I, Tri-City, and Stanton II Projects

Louis DeSimone presented the FY 2025 Budget Amendment for Stanton I, Tri-City, and Stanton II Projects.

MOTION: Javier Cisneros, Fort Pierce, moved approval of recommendation of Resolution 2025-B3 to the Board of Directors for approval to increase the Fiscal Year 2025 Stanton Project budget spending authority by $4,258,000, Stanton II Project budget spending. authority.by $7,870,000, and Tri-City Project spending authority by $1,765,000. Howard McKinnon, Havana, seconded the motion. Motion carried 9-0.

c. Approval of All-Requirements Project Revenue Bonds Series 2025A

Sena Mitchell and Rich Popp presented the All-Requirements Project Revenue Bonds Series 2025A.

Howard McKinnon, Havana, commented that he supports the tender offer as well as not playing the market.

MOTION: Javier Cisneros, Fort Pierce, moved approval of recommendation of Resolution 2025-EC6 to the Executive Committee for approval of the All-Requirements Project Revenue Bonds Series 2025A. Howard McKinnon, Havana, seconded the motion. Motion carried 9-0.

<u>ITEM 9 – INFORMATION ITEMS</u>

a. Natural Gas Price Stability Program Quarterly Update

John Bradley presented the Natural Gas Stability Program Quarterly Update

b. Update on FY25 Capital Roll Status

Ken Rutter presented the update on FY25 Capital Rollover Status.

<u>ITEM 10 – REPORTS</u>

a. Risk Management Policy

<u>ITEM 11 – COMMENTS</u>

None.

<u>ITEM 12 – ADJOURNMENT</u>

There being no further business, the meeting was adjourned at 3:02 p.m.

Approved Date___________________________

RP/lj

AGENDA ITEM 6 – CHAIRPERSON’S REMARKS

Finance Committee Meeting
August 20, 2025

AGENDA ITEM 7 – CFO REPORT

Finance Committee Meeting
August 20, 2025

AGENDA ITEM 8 – ACTION ITEMS

a. **Proposed Revisions to Fuel Portfolio Management Policy**

Finance Committee Meeting
August 20, 2025

8a – Proposed Revisions to Portfolio Risk Management Policy

Finance Committee

August 20, 2025

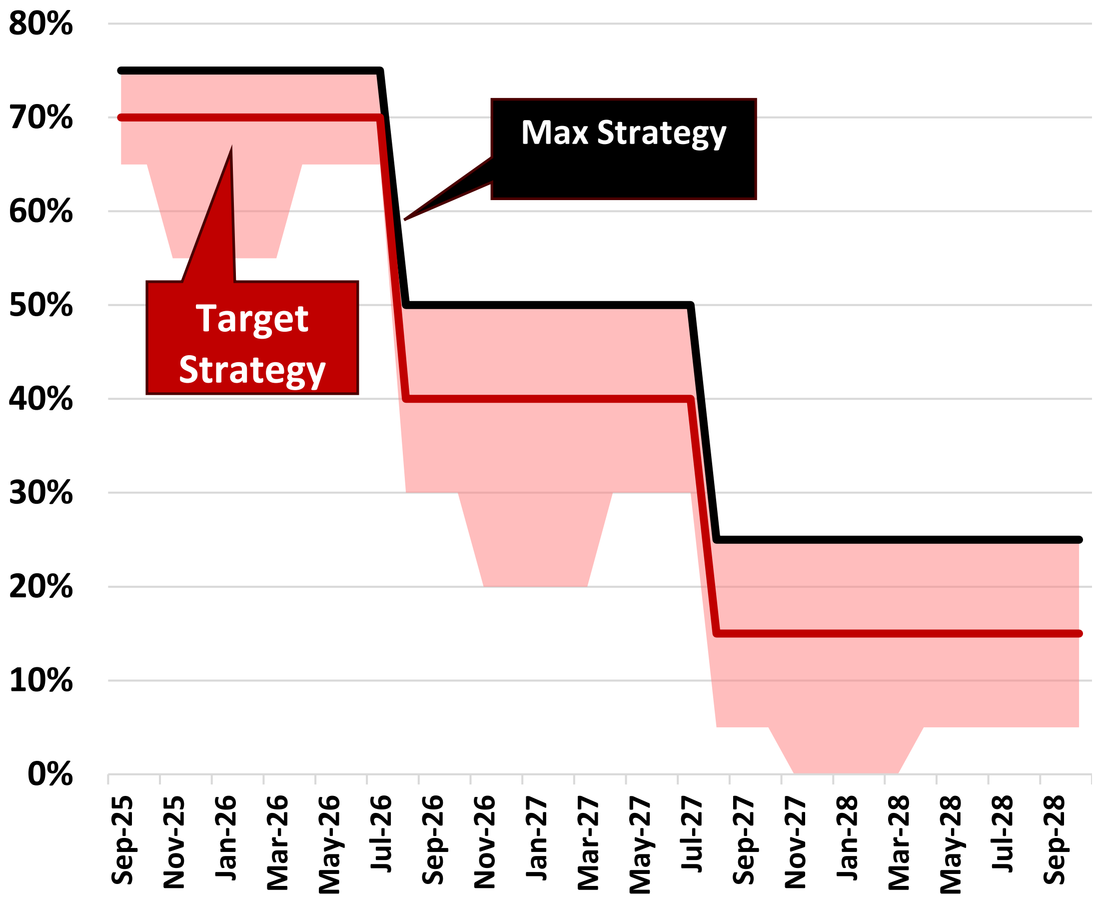
Summary of Policy Updates

- **Purpose:**
  - Review and approve updates to FMPA's Fuel Portfolio Risk Management Policy
- **Key Discussion Points:**
  - Clearly defined natural gas procurement and hedging ranges
  - Updated roles and responsibilities for CFO and Executive Committee
  - Improved risk definitions and administrative controls
  - Enhanced reporting and compliance measures

Key Updates to Procurement & Hedging

- Clearly Defined Hedging Ranges:
  - Year 1 (0-12 months): 60–75% Secured
  - Year 2 (13-24 months): 25–50% Secured
  - Year 3 (25-36 months): 0–25% Secured

- Seasonal Hedging Ranges - Flexibility for market conditions.
- CFO Discretionary Authority - Clearly defined limits set by EC.



FMPA MUNICIPAL POWER

Administrative Roles & Responsibilities

- Risk Definitions Clarified - Market, liquidity, volumetric, credit, administrative
- Reporting Enhancements - Monthly forecasts and explicit deviation reporting
- Chief Financial Officer (CFO) - Executes transactions within approved limits and quarterly reporting to Executive Committee
- Executive Committee (EC) - Approves target strategies to balance cost efficiency and price stability

MUNICIPAL POWER

Motion slide to recommend to the EC

- Move to approve the Appendix A Fuel Management Policy and recommend it to the Executive Committee.

FLORIDA MUNICIPAL POWER AGENCY

RISK MANAGEMENT POLICY - APPENDIX A

FUEL PORTFOLIO MANAGEMENT POLICY

TABLE OF CONTENTS

Contents

1.0 Policy Statement 3
2.0 Scope 4
3.0 Objectives 4
Manage Generation Fuel Requirement Projections: 5
Manage Volumetric Exposure: 5
Maintaining Balance between Cost and Reliability: 5
4.0 Types of Risk 6
4.1 Market Risk: 6
4.1.1 Price Risk: 6
4.1.2 Liquidity Risk: 7
4.1.3 Margin Risk: 7
4.1.4 Volumetric Risk: 7
4.1.5 Calendar Risk: 8
4.2 Credit Risk: 8
4.3 Administrative Risk: 8
5.0 Fuel Portfolio Risk Management and Price Stability Program 9
5.1 Authorized Strategies: 9
5.2 Price Stability Program: 9
5.2.1 Year 1 (0 - 12 Months) 10
5.2.2 Year 2 (13 - 24 Months) 10
5.2.3 Year 3 (25 - 36 Months) 11
5.3 Discretionary Buying 11
5.3.1 Authority and Responsibilities 11
5.3.2 Decision-Making Criteria 12
5.3.3 Oversight and Separation of Duty 12
5.3.4 Reporting and Transparency 12
5.3.5 Training and Competency 12

5.4 Enabling Agreements: 13
5.5 Authorized Transactions: 13
5.5.1 Exchange Based Futures: 14
5.5.2 Over-the-Counter Transactions (OTC): 14
5.5.3 Forward Physical Purchases: 14
5.5.4 Physical Natural Gas Purchases: 15
5.5.5 Fixed Price Physical Natural Gas Purchases: 15
5.5.6 Natural Gas Storage: 15
5.5.7 Fuel Oil Storage: 15
5.5.8Natural Gas Entitlement Capacity: 16
6.0 Risk Limits and Measurement 16
6.1 Natural Gas Storage Limits: 17
6.1.1 Outsourcing: 17
6.1.2 Annual Storage Plan: 17
6.1.3 Storage Optimization Restrictions: 18
6.1.4 Optimization Trade Period: 18
6.1.5 Inventory Limit Deviations: 18
6.1.6 Storage Management Reports: 18
6.1.7 Cash Flow Report: 19
6.2 Fuel Oil Storage Limits: 19
6.3 Natural Gas Entitlement Capacity 20
7.0 Internal Controls 20
7.1 Segregation of Duties: 20
7.2 Policy Compliance: 20
7.3 Conflicts of Interest: 21
7.4 Policy Questions: 21
7.5 Training: 21
8.0 Reporting 21
9.0 Oversight Structure 22

FUEL PORTFOLIO RISK MANAGEMENT POLICY FOR FLORIDA MUNICIPAL POWER AGENCY

This Fuel Portfolio Risk Management Policy (the "Policy") and any effective subordinate procedures establish the governance, framework and controls under which Florida Municipal Power Agency ("FMPA" or "Agency") may engage in activities to identify, measure and minimize future business risk impacting the All Requirements Power Supply Project ("ARP") resulting from price and/or supply uncertainty in the natural gas and fuel oil markets. This Policy is Appendix A of the FMPA Risk Management Policy.

1.0 Policy Statement

The Executive Committee ("EC") of FMPA recognizes that FMPA is exposed to various risks specific to generation fuel as an integral aspect of the normal course of business activities. There may be times when FMPA will determine that certain risks are above the risk tolerance levels expressed by FMPA's members. As such, FMPA staff is hereby authorized to implement various mechanisms, such as those more fully described throughout Sections 5 and 6 of this Policy, which will control, transfer, or mitigate these risks to help safeguard the Agency's ability to provide reliable power.

The design standards of this Policy ensure that the risk control oversight functions are independent from any asset management or daily operational activities. Further, any and all actions taken by FMPA are strictly to provide reliable power to the ARP members and manage any associated risks deemed appropriate by the ARP members and will not be speculative in nature to achieve additional monetary gain using the commodity market.

The following summarizes the Policy of the EC:

- ❖ FMPA is granted authority to enter into natural gas transportation contracts, storage agreements, physical purchase and sales contract commitments, or financial purchase and sales contracts, subject to the details on authorized products which are contained in Section 5.0 of this policy.
- ❖ FMPA is authorized to enter into "Enabling Agreements" that define the terms and conditions of any subsequent transaction agreements related to generation fuel commodity purchases, sales, storage, transportation or risk mitigation transactions. Details of these authorized Enabling Agreements are contained in Section 5.4 of this policy.

- ❖ FMPA may undertake natural gas or fuel oil risk mitigation transactions with the specific prior approval of the EC.
- ❖ Section 5.4.4 of this Policy sets defined limits for purchased physical natural gas volumes.
- ❖ Section 6.2 of this Policy sets defined limits for purchased fuel oil quantities.
- ❖ Section 6.1 of this Policy sets defined limits for natural gas storage quantities.
- ❖ Section 6.3 of this Policy sets defined limits for natural gas entitlement capacity.
- ❖ All individuals authorized to execute trades shall be approved by the CEO and reported to the and Finance Committee ("FC").
- ❖ Authority is delegated to the Chief Financial Officer (CFO) (or designee) to cause the creation of and subsequent administration of any underlying procedures defined by this Policy and deemed appropriate and/or necessary.
- ❖ Deviations from this Policy shall be reported to the FC as prescribed in Section 4.1 of the FMPA Risk Management Policy.

2.0 Scope

FMPA is exposed to risk by its participation in the physical natural gas and fuel oil commodity market and the corresponding financial derivative market for each respective underlying commodity. FMPA participates in various mitigation efforts in order to manage exposure to these risks. Without risk management, FMPA's ARP is subject to potentially significant energy rate volatility and operational reliability limitations that result from generation fuel cost changes, fuel receipt/delivery constraints, and cash flow requirements to meet operational cost liabilities and obligations.

Mitigation efforts would consist of executing physical and financial transactions designed to reduce the ARP's exposure to energy rate volatility and operating risks associated with its need to participate in the physical commodity market to ensure delivery of generator fuel, as required, for generating power to meets its obligations and commitments.

3.0 Objectives

The objective of the risk management program described in this Policy is to identify risk exposures; to understand their potential impact on the ARP's financial statements and continued economic well-being; to measure and report these impacts; and to take appropriate steps to manage or mitigate any adverse effect to an acceptable level as specified by the EC. This will be accomplished through the use of operational techniques and trading instruments which are consistent with this policy.

3.1 Manage Generation Fuel Requirement Projections:

FMPA shall strive to effectively manage its natural gas and fuel oil programs. It is expressly understood that risk management is intended to mitigate exposure to adverse outcomes and is not intended to result in increased financial profitability or result in the lowest cost for natural gas and fuel oil. The purpose of this Policy is to ensure that planning and control methods are in place and utilized to manage generation fuel supply reliability with consideration to a reasonable outage of FGT Zone 3 pipeline or seasonal weather event.

3.2 Manage Volumetric Exposure:

FMPA shall only manage its physical natural gas and fuel oil volumetric requirements related to serving the needs of the ARP or other firm obligations. Fuel volume requirements are based on dynamically changing variables such as load forecasts, weather forecasts, generation resource availability, and projections of optimal generation unit dispatch. Changes in any of these variables will impact the ARP's required quantities of natural gas and/or fuel oil and inhibit the intended effectiveness of this Policy. To mitigate these impacts, this Policy defines review and update parameters to revise volumetric exposure projections in Section 0.

3.3 Maintaining Balance between Cost and Reliability:

FMPA's efforts strive to control costs and ensure reliable delivery of electric power to its members and other commitments, if any. Ensuring the highest level of reliability is in opposition to achieving the lowest possible cost. Equilibrium between cost and reliability to achieve the desired balance is defined and established by the EC. Staff will bring forward long-term strategic decisions of fuel consideration to EC.

4.0 Types of Risk

This Policy establishes minimum standards to support an Agency-wide atmosphere of risk control measures to provide reliable power at market prices. The CFO will ensure that procedures, as needed, are created and followed specific to the areas of risk noted below and define ways for measuring and controlling these risks to within defined levels of exposure as established by the EC. The FMPA Risk Management Policy identifies ten areas comprising FMPA's key risk areas. While not intended to be a comprehensive listing of all risks encountered in its normal business cycle by FMPA, the framework provides insight into the major areas of exposure. The following identified areas are the risks most typically faced when managing any commodity intensive business like the power generation industry.

4.1 Market Risk:

The risk of potential change in the value of an asset caused by adverse changes in market factors. An example is the commodity price risk that occurs when FMPA purchases fuel, usually natural gas, for its generating facilities. The timing and unit price of these fuel purchases expose FMPA to potential adverse or beneficial cost impacts with changing market conditions.

4.1.1 Price Risk:

The uncertainty associated with changes in the unit price of an underlying commodity. For example:

> A fixed price fuel purchase can create market risk. The fixed purchase price set for a future delivery period may not reflect the then current market price when delivery is made. If the market price is less than the pre-established purchase price, the purchase cost would be higher than market. Conversely, if the market price was higher, then the purchase cost would be less than market.

Price risk can be caused by any one or a combination of the following:

1) Changes in the value of wholesale energy transactions (i.e. $/MWh),
2) Commodity fuel costs (i.e. $/MMBtu),
3) Basis exposure due to the value difference of a commodity at different geographic locations (i.e. gas price at a pipeline receipt point versus the pipeline delivery point),

4) Index Price Risk is the exposure created by the process to establish a unit index value of an underlying commodity at a given location. This generally entails surveys of buyers and sellers at that location and weighing the results to determine the "Index" value,
5) Intra-Month Price Risk is the daily changes in the unit price of a commodity at a given geographic location during a given month of flow (the monthly index price vs the daily index price, etc.).

4.1.2 Liquidity Risk:

The risk associated with a constrained or limited ability for transacting trades, causing a potential inability to acquire a commodity when needed or to liquidate a previously acquired commodity that is no longer needed. For example:

> In the fixed price fuel purchase example above, finding a buyer of the fuel purchase might prove difficult to find if, prior to the delivery period, it was desired to eliminate the purchase obligation. In general, a physical trade has greater liquidity risk than a financial trade.

4.1.3 Margin Risk:

The risk that a portfolio's overall net value might decrease to certain predetermined credit exposure thresholds that requires the portfolio holder to post collateral. This can be measured by margin-at-risk metrics which gauge 1) the probability that a portfolio's value will adversely change sufficiently to initiate a margin call and 2) the magnitude of any resulting required collateral posting.

4.1.4 Volumetric Risk:

The risk that the quantity of fuel supply projected to be required during a future period is either over or underestimated from actual requirements during the period. For example:

> Volume risk occurs when a sudden change in the daily fuel needs, resulting from a forced outage of a generation facility, causes a fuel quantity surplus. Volume risk can also include circumstances where supply was acquired using a previous longer-term forecast that later exceeds the defined limits of this Policy as a result of reductions of fuel needs in subsequent forecasts.

4.1.5 Calendar Risk:

The risk associated with differences of unit commodity value resulting from the time disparity between the settlement date of a financial instrument (contract index posting, swap, option, etc.) and the actual market price of the underlying physical commodity at time of delivery.

4.2 Credit Risk:

The potential for financial loss due to adverse changes to the credit rating of a counterparty that increases the potential of their inability to fulfill the terms of a contract or financial commitment. An example of this type of risk would be the exposure of a counterparty failing to pay the financial gains due that resulted from the settlement of a financial transaction. FMPA would be exposed to the current market price for the corresponding quantity defined by the transaction in addition to the costs related to establishing the transaction's position(s), if any (i.e. broker fees, transport commitments, etc.).

Credit risk exposure is significantly lower when transacting on the New York Mercantile Exchange (NYMEX) versus transacting via the Over the Counter (OTC) market, though there are exceptions. The credit risk associated with exchange traded instruments is mitigated since the government regulated institutional exchanges guarantee financial performance through margin posting and are further backed up by the actual exchange members, if necessary.

Credit risk exposure does exist for OTC traded transactions because the financial integrity of the trade is totally dependent upon the counterparty's ability or willingness to perform. Credit risk primarily applies to physical commodity transactions. The failure to deliver or receive purchased natural gas or fuel oil under a long-term commitment could expose FMPA to purchasing/selling quantities above or below cost, especially during periods of fuel shortages and/or surplus.

4.3 Administrative Risk:

The potential of financial loss arising from deficiencies of internal control structures and/or management reporting resulting from human error, fraud and/or system failures. An example would be failing to implement the necessary accounting system modifications required by changes in generally accepted accounting practices (GAAP) and any associated reporting requirements. The Agency must ensure that proper accounting treatment is being used for booking transactions and that processes comply with changes in applicable financial accounting standards that impact the timing of financial recognition and/or rate determination.

5.0 Fuel Portfolio Risk Management and Price Stability Program

The natural gas and fuel oil risk management program will be based on the following components:

The stability program uses a tiered strategy for natural gas procurement based on the time horizon, with a recommended distinct maximum, target, and minimum hedging levels specified for each year over a three-year period. Procurement activities shall be data-driven, considering current market trends, natural gas price forecasts, and the ARP's operational needs and financial objectives.

5.1 Authorized Strategies:

FMPA as authorized by the Executive Committee ("EC"), adopts a tiered natural gas procurement strategy over a rolling three-year horizon. Distinct hedging ranges and target levels are established for each season within each year.

Procurement activities shall be data-driven and shall consider prevailing market conditions, natural gas price forecasts, and the All-Requirements Project's operational requirements and financial objectives. All transactions shall be executed at a weighted-average cost less than or equal to EC-approved price target thresholds.

Trade sizing for each transaction shall be at the discretion of an authorized trader, subject to the hedging ranges and target levels referenced above and all applicable internal controls and approvals.

5.2 Price Stability Program:

FMPA's approach to long-term natural gas procurement for the ARP is intended to balance the need for price stability with the flexibility to reflect on market conditions. This is accomplished through a structured, tiered strategy that sets out specific hedging ranges for each year, allowing for adjustments based on market conditions and the FMPA's rate expectations.

5.2.1Year 1 (0 - 12 Months)

The intent is to ensure a recommended minimum, 60% (sixty percent) of the estimated All Requirements Project (ARP) usage of natural gas to serve native load is procured, with a maximum limit not to exceed 75% (seventy-five percent).

To accommodate seasonal variations in natural gas usage and market conditions, the following seasonal procurement ranges are established:

Summer Range: During the summer months, defined as April 1st through October 31st, the Agents intent should not be less than 65% (sixty-five percent) and not more than 75% (seventy-five percent) of the estimated ARP usage for the period.

Winter Range: During the winter months, defined as November 1st through March 31st, the Agents shall consider and restricted to not more than 75% (seventy-five percent) of the estimated ARP usage for the period.

5.2.2 Year 2 (13 - 24 Months)

The intent for year two, natural gas procurement shall target a recommended minimum of 25% (twenty-five percent) and a maximum of 50% (fifty percent) of the estimated ARP usage. This adjustment aims to provide more mid-term flexibility in response to anticipated market volatility and to optimize cost efficiency over time.

To accommodate seasonal variations in natural gas usage and market conditions, the following seasonal procurement ranges are established:

Summer Range: During the summer months, defined as April 1st through October 31st, the Agents intent should not be less than 40% (forty percent) and restricted to not more than 50% (fifty percent) of the estimated ARP usage for the period.

Winter Range: During the winter months, defined as November 1st through March 31st, the Agents intent should not be less than not more than 50% (fifty percent) of the estimated ARP usage for the period.

5.2.3 Year 3 (25 - 36 Months)

The intent for year three, the authorized agent for natural gas procurement shall target a recommended minimum of 0% (zero percent) and a maximum of 25% (twenty-five percent) of the estimated ARP usage. This adjustment aims to provide more long-term flexibility in response to anticipated market volatility and to optimize cost efficiency over time.

To accommodate seasonal variations in natural gas usage and market conditions, the following seasonal procurement ranges are established:

Summer Range: During the summer months, defined as April 1st through October 31st, the Agents intent should not be less than 5% (five percent) and not more than 25% (twenty-five percent) of the estimated ARP usage for the period.

Winter Range: During the winter months, defined as November 1st through March 31st, the Agents intent should not be less than 0% (zero percent) and restricted to not more than 25% (twenty-five percent) of the estimated ARP usage for the period.

5.3 Discretionary Buying

The discretionary buying authority vested in the CFO or a duly designated representative is critical to the ARP's flexible approach to natural gas procurement. This authority enables the execution of futures, International Swaps and Derivatives Association (ISDA) agreements, swaps, and firm fixed physical natural gas transactions.

5.3.1 Authority and Responsibilities

The CFO, or designated representative, is empowered to execute natural gas transactions within the established hedging ranges and currently approved price targets without requiring additional approvals.

5.3.2 Decision-Making Criteria

Prior to executing any transaction, the authorized individual must perform an analysis of current market conditions. This includes assessing supply and demand forecasts, geopolitical factors influencing the natural gas markets, and any other information offered by authorized traders.

5.3.3 Oversight and Separation of Duty

The Strategic Planning department, through the development and maintenance of production simulation models, will provide guidance on the volume of ARP gas forecasted to be burned to supply native load for each month over the stability program's time horizon. These models will be updated not less than semi-annually to reflect the most current forecasts of loads, generation operations, fuel costs, and other factors that could impact forecasted gas burns.

An audit will review the number of contracts hedged and any other relevant market activities to ensure compliance with the policy guidelines.

5.3.4 Reporting and Transparency

The CFO is required to submit a comprehensive report to the Executive Committee on a quarterly basis. This report must detail all transactions conducted under this discretionary authority, analyze the outcomes, assess the effectiveness of the strategies employed, and, if necessary, recommend adjustments to the previously approved volumes or prices.

5.3.5 Training and Competency

FMPA will provide ongoing training and resources to the CFO and any designated representatives to ensure they are well-versed in the latest market insights, risk management strategies, and ethical considerations relevant to the exercise of discretionary buying power.

The training will include, but is not limited to, advanced market analysis techniques, ethical procurement practices, utilization of market trading software, and updates on regulatory changes affecting the natural gas market. Training entities may include, for example, the Florida Gas Utility (FGU) and The Energy Authority (TEA).

5.4 Enabling Agreements:

Master Agreements or enabling agreements establish the general terms and conditions that govern any subsequent commodity or derivative product transaction with a counterparty. These Master Agreements are a prerequisite for doing business in today's commodity marketplace. They, by their very nature, only define general terms and conditions and do not commit FMPA to any form of financial or physical obligation. As such, FMPA is authorized to execute these types of enabling agreements without individual EC approval and their execution is governed pursuant to the Contract Management Risk Policy. All other aspects of any subsequent transaction are governed by the Origination Risk Policy. Types of these enabling agreements include utility interchange agreements, NAESB form contracts, EEI form contracts, and ISDA form contracts.

5.5 Authorized Transactions:

The following types of risk mitigation instrument transactions are authorized by the EC but are limited to only the purchase or sale of these instruments solely for near term price risk mitigation of projected physical fuel requirements and/or financial exposure to the fuel purchase requirements of others for serving FMPA generation assets (Stanton A would be an example of this exposure where OUC manages the fuel supply) and/or long-term energy supply purchase commitments.

5.5.1 Exchange Based Futures:

FMPA is authorized to set up accounts with one or more licensed brokerage firms in order to purchase or sell futures contracts or other exchange offered products through a recognized exchange such as the NYMEX. Alternatively, FMPA is authorized to designate an agent through which to transact exchange traded products.

5.5.2 Over-the-Counter Transactions (OTC):

FMPA is authorized to negotiate and execute ISDA agreements (refer to Section 0) and subsequently, pursuant to an approved risk mitigation program (refer to Section 0), transact with counterparties in order to purchase and/or sell derivative products such as forwards, swaps, and options on forwards or any combination of the same.

A comparison is included in Exhibit B of the characteristic features of Exchange versus OTC transactions.

New and existing transactions using the OTC market are subject to the Credit Risk Policy, Appendix E of the FMPA Risk Management Policy.

5.5.3 Forward Physical Purchases:

FMPA is authorized to negotiate, contract with, and purchase physical quantities of natural gas and fuel oil pursuant to the Credit Risk Policy and the Origination Risk Policy.

All physical purchases of natural gas shall be coordinated through an FMPA designated fuel agent to schedule, receive, transport and deliver such purchased gas volumes. Any forward purchases of natural gas or fuel oil must be limited to the physical volume requirements forecast for only serving the energy requirements of the ARP and its obligations, if any.

Any natural gas purchases or sales greater than a one-month (thirty-one days) duration shall be pursuant to the approval process defined by the Origination Policy prior to any commitment, i.e. the defined approval authority of the FMPA staff member making such commitment.

5.5.4 Physical Natural Gas Purchases:

Physical natural gas purchases with a term of one month (thirty-one days) or greater will not exceed 75% of the respective native ARP and firm obligations monthly fuel needs based upon the most recent load forecast and generation dispatch projection at the time of the commitment of such purchases.

To ensure monthly fuel needs are as current as possible, each month an updated load forecast/dispatch projection will be generated no later than five (5) business days prior to the beginning of the following month. This forecast projection will be the basis for determining the 75% fuel need maximum described above. Pre-paid gas transactions are exempt from this cap and shall comply with EC-approved pre-pay limits and approvals.

5.5.5 Fixed Price Physical Natural Gas Purchases:

Any fixed price purchase with a duration of greater than one month is viewed as a near term price risk mitigation transaction and requires the approval of the EC prior to commitment unless such fixed price purchase is pursuant to an approved price risk mitigation strategy as described in Section 0 above.

5.5.6 Natural Gas Storage:

Upon approval of both the FC and the EC, FMPA may enter into natural gas storage agreements. Counterparties are subject to the Credit Risk Policy. The primary purpose of any natural gas storage agreement shall be to ensure the reliability of natural gas supplies. Secondarily, natural gas storage may be used as an operational pipeline balancing tool or in conjunction with other authorized energy management transactions when financially advantageous for the ARP, as determined by a storage management agent if no such agent is authorized.

5.5.7 Fuel Oil Storage:

The primary purpose for maintaining a minimum amount of fuel oil shall be to ensure that a reasonable level of alternate fuel is available for dual fuel fired generating units in the event, natural gas deliveries are reduced or interrupted due to supply and/or pipeline constraints. Recognizing that the Stock Island generating units operate solely with fuel oil, the minimum inventory criteria apply to the Island's fuel oil storage inventory as well.

5.5.8 Natural Gas Entitlement Capacity:

Natural Gas Entitlement Capacity is needed to secure firm delivery of natural gas to generation assets. Natural gas pipeline companies generally offer two basic forms of service for the transportation of gas from receipt point(s) to the desired delivery locations. The first type is referred to as “interruptible”, where a shipper’s scheduled volumes submitted are subject to being curtailed anytime the pipeline becomes capacity constrained even if gas has been delivered at the receipt points. The shipper is only charged for this service based upon the quantity of gas that was successfully delivered. The pipeline has no obligation to ensure delivery of gas volumes when using this form of transportation service.

The second form of service is referred to as “firm”, where the shipper pays the pipeline a reservation fee (commonly referred to as a capacity or demand charge) each month based upon the daily delivery obligation of the pipeline. When a shipper contracts for this form of “firm” service, the pipeline has committed to the obligation to deliver whatever quantity that has been scheduled up to the contracted capacity quantity. If the pipeline becomes capacity constrained, then each firm shipper would have their scheduled volume curtailed on a pro-rata basis.

6.0 Risk Limits and Measurement

FMPA may only enter into transactions to manage risks associated with the physical and financial exposure related to meeting the ARP’s forecast fuel requirements of natural gas and/or fuel oil related only to fulfilling all applicable native ARP and firm obligations.

Proactive monitoring of current market performance, existing and potential risk exposure, risk management alternatives (acquiring or liquidating positions), and evaluation of prior strategic results are necessary to ensure the goals and expectations defined by this Policy are achieved.

shall use the following limits and measurements, as calculated using applicable reference pricing, to monitor the performance of and compliance with current approved risk management strategies and procedures.

Before any transaction is executed, the individual executing the transaction is required to ensure that it is compliant with the parameters of this Policy, any approved price risk mitigation program, if any, and respective periodic reviews by the CFO . This requirement will be fulfilled by analyzing the natural gas portfolio and any associated risk mitigation transactions to ensure that the resulting incremental credit and market exposures do not exceed any defined limits set forth in this Policy.

6.1 Natural Gas Storage Limits:

The requirement for storage limits should be applied only if there is more than 500,000 MMBtu of capacity available to ARP. If storage capacity is below 500,000 MMBtu, there will not be any minimum requirements as outlined in section 6.0.

The minimum inventory volume of natural gas in storage during the primary hurricane season (June through November) shall be 50% of FMPA's contracted storage capacity. During all other months the minimum level of storage inventory shall be 10% of contracted storage capacity.

6.1.1 Outsourcing:

FMPA may outsource the management of its natural gas storage capacity for optimizing this asset by issuing a Request for Proposal ("RFP"). Final selection of the qualified storage management agent ("Agent") must be approved by the FC and EC.

The Agent must comply with FMPA Directives and the terms and conditions of FMPA's managed natural gas storage contracts and all applicable tariffs and other legal requirements. The agent will be granted access to trading platforms or other needed counterparty information required to execute transactions within FMPA's contractual relationships. The Agent must agree to the obligations of this Policy and FMPA's respective counterparty trading account(s) requirements.

6.1.2 Annual Storage Plan:

The Agent must provide an Annual Storage Plan for the upcoming fiscal year to FMPA by August 1 of each year for approval by the EC.

6.1.3 Storage Optimization Restrictions:

Storage management activities shall strive to generally maintain a net zero optimization position. Net zero optimization is when all physical gas stored in the ground (Storage) and/or financial long/short positions (i.e. purchased/sold NYMEX natural gas contracts or their equivalent) representing volumes to be injected/withdrawn in a forward period has an off-setting financial long/short position (i.e. purchased/sold NYMEX natural gas contracts or their equivalent) representing volumes to be withdrawn/injected in a forward period (Transaction)).

1) Any "net zero" tolerance deviation greater than 10,000 MMBtu and less than 50,001 MMBtu ("Minor Tolerance Deviation") must be corrected by the end of the fifth (5^{th}) business day following the day on which it occurred and must be reported by the Agent on a monthly basis, with sufficient details to explain why the Minor Tolerance Deviation occurred.
2) Any "net zero" tolerance deviation greater than 50,000 MMBtu ("Major Tolerance Deviation"), must be reported by the Agent. Such Major Tolerance Deviation report will be in writing detailing the circumstances of the deviation within three business days of the occurrence.

FMPA's CEO must authorize any net zero imbalance outside of approved limits.

6.1.4 Optimization Trade Period:

Storage management transactions are restricted for the settlement date to be no more than 24 months into the future from the transaction date of the trade.

6.1.5 Inventory Limit Deviations:

Storage inventory levels may deviate outside of the above stated limits only when required to meet FMPA's operational requirements ("Reliability Event"). The Agent shall inform FMPA's CFO immediately after any such Reliability Event. Within 3 business days after such Reliability Event, the Agent shall provide FMPA's CFO with a written action plan to reestablish the pre-Reliability Event inventory level unless such level has already been achieved.

6.1.6 Storage Management Reports:

The Agent shall provide storage management reports for each FC meeting. These reports shall include physical gas inventory and any optimization transactions.

6.1.7 Cash Flow Report:

The Agent shall provide, by the fifth of each month, a cash flow report detailing the impacts of existing and projected storage management activities for review by the. If directed, the Agent must contractually agree to adjust storage inventory to meet FMPA's liquidity requirements.

6.2 Fuel Oil Storage Limits:

The Agency shall maintain, as conditions warrant, a fuel oil inventory of no less than 50% and no more than 100% of available storage tank capacity located at Cane Island Power Park and Treasure Coast Energy Center. In the event that the fuel oil inventory falls below 50% at a generation site, the Power Generation Fleet Director will implement an action plan to achieve the minimum 50% inventory level within a reasonable period of time or provide justification for a reduced inventory level. This plan or justification will be provided to FMPA's COO for review and approval.
Agency shall maintain, as conditions warrant, fuel oil inventory at Stock Island Generating Facility, which will support the 17-day historical hurricane restoration operations load curve developed by staff or approximately 2,800,000 gallons. Staff will ensure this required minimum volume is in place before hurricane season, June 1st. In the event that the fuel oil inventory falls below 50% of the 17-day benchmark, the Power Generation Fleet Director will implement an action plan to achieve the minimum 50% inventory level within a reasonable period of time or provide justification for a reduced inventory level. This plan or justification will be provided to and the COO for review and approval.

Processes will be implemented and maintained to minimize the environmental risk at all the generating sites. These procedures, at a minimum, will consist of:

- Fuel inventory management
- Thorough tank inspections
- Timely and accurate fuel inventory accounting records
- Dynamic fuel oil measurement
- Delivery of fuel oil by tanker truck only

6.3 Natural Gas Entitlement Capacity

Long-term NGEC shall be reviewed for adequacy as part of the planning process for major changes to the generation portfolio. To ensure a high level of reliability, staff shall target acquiring and maintaining NGEC for at least 70% of the monthly system demand projected. Monthly system demand may be derived from the average of the daily demand projections for each month.

Short-term NGEC management, up to one year, will allow for daily or monthly NGEC sales to be in excess of the expected daily or monthly maximum system demand.

7.0 Internal Controls

The, CFO and shall be responsible for the establishment of appropriate internal controls and segregation of duties to facilitate proper execution of the natural gas and fuel oil risk mitigation program, consistent with this Policy and in accordance with all policies and procedures established by the FMPA Risk Management Policy, or by NERC and FERC regulations.

7.1 Segregation of Duties:

Individuals responsible for legally binding the organization to a transaction will not also perform confirmation, clearing and/or accounting functions related to those transactions. The official book of record of FMPA shall also be maintained by a person(s) other than those executing such transactions. This maintenance responsibility includes the valuation of mark-to-market positions (when applicable) and the calculation of applicable risk metric(s). Clear separation of duties shall be maintained between the front office (marketing functions and transaction execution), the middle office (confirmation, valuation, and reporting functions), and the back office (processing, accounting, invoicing and reconciliation activities).

7.2 Policy Compliance:

The Internal Audit Manager shall ensure that compliance with this Policy and associated Procedures are monitored on an ongoing basis. Any unresolved compliance issues will be presented to the FC by at the next regularly scheduled meeting.

7.3 Conflicts of Interest:

Personnel responsible for executing and managing the Agency's trading activity shall not engage in any activity that could pose a conflict of interest and interfere with the proper execution of Agency risk mitigation activities or which could impair their ability to make impartial and objective trading decisions. Such personnel shall disclose to the any personal financial interests in any financial institutions, firms, or other entities that conduct business with FMPA.

7.4 Policy Questions:

The is authorized to provide clarification and explanation on any questions regarding this Policy. All legal matters stemming from this Policy will be referred to the Agency's Office of the General Counsel.

7.5 Training:

Appropriate training on the risks associated with different market conditions, financial products and physical products shall be provided as needed to educate appropriate FMPA staff and governing body members.

8.0 Reporting

Current market conditions affecting FMPA's natural gas and fuel oil costs, risk management programs, or FMPA's current financial and physical risk management strategies shall be reported during each meeting of the FC and/or EC.

The following information shall be reported at each meeting of the FC and/or EC: The volume of all natural gas portfolios.

Margin Risk.

Monthly financial natural gas portfolio gains or losses.

Any additional relevant information about FMPA's natural gas and fuel oil risk management program and activities.

Acceptance of the reported information by the FC and/or the EC is required

The shall report any deviations from this Policy according to the guidelines set forth in the FMPA Risk Management Policy, Section 4.1. The shall cause an annual report to be completed on the operation and effectiveness of this Fuel Portfolio Risk Management Policy as described in the FMPA Risk Management Policy, Section 7.0.

9.0 Oversight Structure

Any material deviations from this Policy to be reported according to the guidelines set forth in Section 4.1 of the FMPA Risk Management Policy. An annual report on the operation and effectiveness of this Policy shall be presented to the Finance Committee as described in Section 7.0 of the FMPA Risk Management Policy.

Appendix A

Reporting Item	Frequency Of Report	Responsible Party	Policy Reference	Policy Reference
Florida Municipal Power Agency Risk Management Reporting Calendar Natural Gas and Fuel Oil Risk Management Planning Reporting Requirements				
Volumetric Projection Update	Monthly	Business Development and System Operations Director	Section 0	5.5.4 Physical Natural Gas Purchases:
Annual Storage Plan and Update*	Annually	Agent	Section 0	6.1.2 Annual Storage Plan:
Storage Balance Restriction Deviations*	As Needed	Agent	Section 0	6.1.3 Storage Optimization Restrictions:
Reliability Event*	As Needed	Agent	Section 0	6.1.5 Inventory Limit Deviations:
Storage Report*	Each FC Meeting	Agent	Section 0	6.1.6 Storage Management Reports:
Storage Cash Flow*	Monthly	Agent	Section 0	6.1.7 Cash Flow Report:
External Review	Every five years	Agency Risk Director	Section 7.2	7.2 Policy Compliance:
Fuel Oil Action Plan	As Needed	Power Generation Fleet Director	Section 6.2	6.2 Fuel Oil Storage Limits:
Market Conditions	Each FC Meeting	Agency Risk Director	Section 8.0	Reporting
Fuel Portfolio Update	Each FC and EC Meeting	Agency Risk Director	Section 8.0	Reporting
Policy Operation & Effectiveness	Annually	Agency Risk Director	Section 8.0	Reporting
Policy Compliance Deviations	As Needed	Internal Audit Manager	Section 7.2	7.2 Policy Compliance:
*these reports are required only if there is more than 500,000 MMBtu of capacity available to ARP.				

Appendix B

Features of Exchange Traded vs. Over-The-Counter Traded Products

FEATURES	Exchange Traded	Over-The-Counter
Examples	Futures and Options	Swaps, Caps, Floors, Collars, etc.
Market	Organized exchanges in Chicago, New York, Kansas City, and other commodity markets around the world.	Networks consisting of market makers who exchange information, provide bids/offers, and negotiate transactions.
Agreements	Standardized contracts.	Custom-tailored to meet any specific needs of the counterparties within accepted guidelines (NAESB, EEI, ISDA).
Risk	Guaranteed contract performance.	Performance, default and/or credit risk to the counterparties.
Regulation	U.S. exchanges regulated by Commodity Futures Trading Commission CFTC).	Not formally regulated.
Ability to Value	Market transparency resulting from the electronic posting of daily settlement and intra-day prices. All prices are generally based upon a single geographic location.	- Varies by market and location. No standardized or consistent methodology. - Some have electronic posting or periodic publications, - Some require individual inquiry and valuation.

FLORIDA MUNICIPAL POWER AGENCY

RISK MANAGEMENT POLICY - APPENDIX A

FUEL PORTFOLIO MANAGEMENT POLICY

TABLE OF CONTENTS

~~1.0 Policy Statement .... 3~~
~~2.0 Scope .... 4~~
~~3.0 Objectives .... 5~~
~~3.1 Manage Generation Fuel Requirement Projections: .... 5~~
~~3.2 Manage Volumetric Exposure: .... 5~~
~~3.3 Maintaining Balance between Cost and Reliability: .... 5~~
~~4.0 Types of Risk .... 6~~
~~4.1 Market Risk: .... 6~~
~~4.1.1 Price Risk: .... 6~~
~~4.1.2 Liquidity Risk: .... 7~~
~~4.1.3 Margin Risk: .... 7~~
~~4.1.4 Volumetric Risk: .... 7~~
~~4.1.5 Calendar Risk: .... 8~~
~~4.2 Credit Risk: .... 8~~
~~4.3 Administrative Risk: .... 9~~
~~5.0 Fuel Portfolio Risk Management Program .... 9~~
~~5.1 Generation Review & Assessment Group: .... 9~~
~~5.2 Authorized Strategies: .... 10~~
~~5.3 Enabling Agreements: .... 11~~
~~5.4 Authorized Transactions: .... 11~~
~~5.4.1 Exchange Based Futures: .... 11~~
~~5.4.2 Over-the-Counter Transactions (OTC): .... 12~~
~~5.4.3 Forward Physical Purchases: .... 12~~
~~5.4.4 Physical Natural Gas Purchases: .... 12~~
~~5.4.5 Fixed Price Physical Natural Gas Purchases: .... 13~~
~~5.4.6 Natural Gas Storage: .... 13~~
~~5.4.7 Fuel Oil Storage: .... 13~~
~~5.4.8 Natural Gas Entitlement Capacity: .... 13~~
~~6.0 Risk Limits and Measurement .... 14~~

TABLE OF CONTENTS

(Continued)

~~6.1 Natural Gas Storage Limits: ..... 15~~

~~6.1.1 Outsourcing: ..... 15~~

~~6.1.2 Annual Storage Plan: ..... 15~~

~~6.1.3 Storage Optimization Restrictions: ..... 16~~

~~6.1.4 Optimization Trade Period: ..... 16~~

~~6.1.5 Inventory Limit Deviations: ..... 16~~

~~6.1.6 Storage Management Reports: ..... 16~~

~~6.1.7 Cash Flow Report: ..... 17~~

~~6.2 Fuel Oil Storage Limits: ..... 17~~

~~7.0 Internal Controls ..... 17~~

~~7.1 Segregation of Duties: ..... 17~~

~~7.2 Policy Compliance: ..... 17~~

~~7.3 Conflicts of Interest: ..... 18~~

~~7.4 Policy Questions: ..... 18~~

~~7.5 Training: ..... 18~~

~~8.0 Reporting ..... 18~~

~~9.0 Oversight Structure ..... 19~~

Contents

1.0 Policy Statement 5
2.0 Scope 6
3.0 Objectives 7
Manage Generation Fuel Requirement Projections: 7
Manage Volumetric Exposure: 7
Maintaining Balance between Cost and Reliability: 7
4.0 Types of Risk 8
4.1 Market Risk: 8
4.1.1 Price Risk: 8
4.1.2 Liquidity Risk: 9
4.1.3 Margin Risk: 9
4.1.4 Volumetric Risk: 9
4.1.5 Calendar Risk: 10
4.2 Credit Risk: 10
4.3 Administrative Risk: 11
5.0 Fuel Portfolio Risk Management and Price Stability Program 11
5.1 Authorized Strategies: 13
5.2 Price Stability Program: 13
5.2.1 Year 1 (0 - 12 Months) 13
5.2.2 Year 2 (13 - 24 Months) 14
5.2.3 Year 3 (25 - 36 Months) 14
5.3 Discretionary Buying 15
5.3.1 Authority and Responsibilities 15
5.3.2 Decision-Making Criteria 15
5.3.3 Oversight and Separation of Duty 16
5.3.4 Reporting and Transparency 16
5.3.5 Training and Competency 16
5.4 Enabling Agreements: 16
5.5 Authorized Transactions: 17
5.5.1 Exchange Based Futures: 17
5.5.2 Over-the-Counter Transactions (OTC): 18
5.5.3 Forward Physical Purchases: 18
5.5.4 Physical Natural Gas Purchases: 18
5.5.5 Fixed Price Physical Natural Gas Purchases: 19

5.5.6 Natural Gas Storage: ... 19
5.5.7 Fuel Oil Storage: ... 19
5.5.8Natural Gas Entitlement Capacity: ... 19
6.0 Risk Limits and Measurement ... 20
6.1 Natural Gas Storage Limits: ... 21
6.1.1 Outsourcing: ... 21
6.1.2 Annual Storage Plan: ... 21
6.1.3 Storage Optimization Restrictions: ... 22
6.1.4 Optimization Trade Period: ... 22
6.1.5 Inventory Limit Deviations: ... 22
6.1.6 Storage Management Reports: ... 22
6.1.7 Cash Flow Report: ... 23
6.2 Fuel Oil Storage Limits: ... 23
6.3 Natural Gas Entitlement Capacity ... 24
7.0 Internal Controls ... 24
7.1 Segregation of Duties: ... 24
7.2 Policy Compliance: ... 24
7.3 Conflicts of Interest: ... 25
7.4 Policy Questions: ... 25
7.5 Training: ... 25
8.0 Reporting ... 25
9.0 Oversight Structure ... 26

FUEL PORTFOLIO RISK MANAGEMENT POLICY
FOR FLORIDA MUNICIPAL POWER AGENCY

This Fuel Portfolio Risk Management Policy (the "Policy") and any effective subordinate procedures establish the governance, framework and controls under which Florida Municipal Power Agency ("FMPA" or "Agency") may engage in activities to identify, measure and minimize future business risk impacting the All Requirements Power Supply Project ("ARP") resulting from price and/or supply uncertainty in the natural gas and fuel oil markets. This Policy is Appendix A of the FMPA Risk Management Policy.

1.0 Policy Statement

The Executive Committee ("EC") of FMPA recognizes that FMPA is exposed to various risks specific to generation fuel as an integral aspect of the normal course of business activities. There may be times when FMPA will determine that certain risks are above the risk tolerance levels expressed by FMPA's members. As such, FMPA staff is hereby authorized to implement various mechanisms, such as those more fully described throughout Sections 5 and 6 of this Policy, which will control, transfer, or mitigate these risks to help safeguard the Agency's ability to provide reliable power.

The design standards of this Policy ensure that the risk control oversight functions are independent from any asset management or daily operational activities. Further, any and all actions taken by FMPA are strictly to provide reliable power to the ARP members and manage any associated risks deemed appropriate by the ARP members and will not be speculative in nature to achieve additional monetary gain using the commodity market.

The following summarizes the Policy of the EC:

- ❖ FMPA is granted authority to enter into natural gas transportation contracts, storage agreements, ~~or~~ physical purchase and sales contract commitments, or financial purchase and sales contracts, subject to the details on authorized products which are contained in Section 5.0 of this policy.
- ❖ FMPA is authorized to enter into "Enabling Agreements" that define the terms and conditions of any subsequent transaction agreements related to generation fuel commodity purchases, sales, storage, transportation or risk mitigation transactions. Details of these authorized Enabling Agreements are contained in Section 5.~~3~~4 of this policy.
- ❖ FMPA may undertake natural gas or fuel oil risk mitigation transactions with the specific prior approval of the EC.
- ~~❖ FMPA shall maintain a Generation Review & Assessment Management ("GR&A") Group as detailed in Section 5.1.~~
- ❖ Section 5.4.4 of this Policy sets defined limits for purchased physical natural gas volumes.
- ❖ Section 6.2 of this Policy sets defined limits for purchased fuel oil quantities.
- ❖ Section 6.1 of this Policy sets defined limits for natural gas storage quantities.

- Section 6.3 of this Policy sets defined limits for natural gas entitlement capacity.
- All individuals authorized to execute trades shall be approved by the CEO and reported to the ~~GR&A Group~~ and Finance Committee ("FC").
- Authority is delegated to the Chief ~~Operating~~Financial Officer (~~COO~~CFO) (or designee) to cause the creation of and subsequent administration of any underlying procedures defined by this Policy and deemed appropriate and/or necessary.
- Deviations from this Policy shall be reported to the FC as prescribed in Section 4.1 of the FMPA Risk Management Policy.
- ~~FMPA may not enter into transactions to mitigate natural gas price fluctuation exposure related to (i) energy sales by FMPA when the contract sales price is not concurrently based upon a corresponding (fixed or floating) natural gas purchase price or (ii) the volume of gas related to net energy sales to the Florida Municipal Power Pool ("FMPP") as detailed in Section 5.4.~~

2.0 Scope

FMPA is exposed to risk by its participation in the physical natural gas and fuel oil commodity market and the corresponding financial derivative market for each respective underlying commodity. FMPA participates in various mitigation efforts in order to manage exposure to these risks. Without risk management, FMPA's ARP is subject to potentially significant energy rate volatility and operational reliability limitations that result from generation fuel cost changes, fuel receipt/delivery constraints, and cash flow requirements to meet operational cost liabilities and obligations.

Mitigation efforts would consist of executing physical and financial transactions designed to reduce the ARP's exposure to energy rate volatility and operating risks associated with its need to participate in the physical commodity market to ensure delivery of generator fuel, as required, for generating power to meets its obligations and commitments. ~~Currently, the EC has not authorized any program designed to mitigate near term price risk associated with spikes in natural gas fuel costs, as detailed in Section 0. As such, no near-term price hedging type transactions will be entered into without obtaining specific EC guidelines, goals and the subsequent approval for such transactions related to natural gas fuel.~~

3.0 Objectives

The objective of the risk management program described in this Policy is to identify risk exposures; to understand their potential impact on the ARP's financial statements and continued economic well-being; to measure and report these impacts; and to take appropriate steps to manage or mitigate any adverse effect to an acceptable level as specified by the EC. This will be accomplished through the use of operational techniques and trading instruments which are consistent with this policy.

3.1 Manage Generation Fuel Requirement Projections:

FMPA shall strive to effectively manage its natural gas and fuel oil programs. It is expressly understood that risk management is intended to mitigate exposure to adverse outcomes and is not intended to result in increased financial profitability or result in the lowest cost for natural gas and fuel oil. The purpose of this Policy is to ensure that planning and control methods are in place and utilized to manage generation fuel supply reliability with consideration to a reasonable outage of FGT Zone 3 pipeline or seasonal weather event.

3.2 Manage Volumetric Exposure:

FMPA shall only manage its physical natural gas and fuel oil volumetric requirements related to serving the needs of the ARP~~.~~ or other firm obligations. Fuel volume requirements are based on dynamically changing variables such as load forecasts, weather forecasts, generation resource availability, and projections of optimal generation unit dispatch. Changes in any of these variables will impact the ARP's required quantities of natural gas and/or fuel oil and inhibit the intended effectiveness of this Policy. To mitigate these impacts, this Policy defines review and update parameters to revise volumetric exposure projections in Section 0.

3.3 Maintaining Balance between Cost and Reliability:

FMPA's efforts strive to control costs and ensure reliable delivery of electric power to its members and other commitments, if any. Ensuring the highest level of reliability is in opposition to achieving the lowest possible cost. ~~The less focus placed upon reliability to control costs increases the risk that energy delivery and regulatory obligation~~

~~failures may occur. Balancing between these opposing objectives is always a primary focus of staff. The equilibrium point~~Equilibrium between cost and reliability to achieve the desired balance is defined and established by the EC. Staff will bring forward long-term strategic decisions of fuel consideration to EC.

4.0 Types of Risk

This Policy establishes minimum standards to support an Agency-wide atmosphere of risk control measures to provide reliable power at market prices. The ~~COO~~CFO will ensure that procedures, as needed, are created and followed specific to the areas of risk noted below and define ways for measuring and controlling these risks to within defined levels of exposure as established by the EC. The FMPA Risk Management Policy identifies ten areas comprising FMPA's key risk areas. While not intended to be a comprehensive listing of all risks encountered in its normal business cycle by FMPA, the framework provides insight into the major areas of exposure. The following identified areas are the risks most typically faced when managing any commodity intensive business like the power generation industry.

4.1 Market Risk:

The risk of potential change in the value of an asset caused by adverse changes in market factors. An example is the commodity price risk that occurs when FMPA purchases fuel, usually natural gas, for its generating facilities. The timing and unit price of these fuel purchases expose FMPA to potential adverse or beneficial cost impacts with changing market conditions.

4.1.1 Price Risk:

The uncertainty associated with changes in the unit price of an underlying commodity. For example:

> A fixed price fuel purchase can create market risk. The fixed purchase price set for a future delivery period may not reflect the then current market price when delivery is made. If the market price is less than the pre-established purchase price, the purchase cost would be higher than market. Conversely, if the market price was higher, then the purchase cost would be less than market.

Price risk can be caused by any one or a combination of the following:

1) Changes in the value of wholesale energy transactions (i.e. $/MWh),
2) Commodity fuel costs (i.e. $/MMBtu),
3) Basis exposure due to the value difference of a commodity at different geographic locations (i.e. gas price at a pipeline receipt point versus the pipeline delivery point),
4) Index Price Risk is the exposure created by the process to establish a unit index value of an underlying commodity at a given location. This generally entails surveys of buyers and sellers at that location and weighing the results to determine the “Index” value,
5) Intra-Month Price Risk is the daily changes in the unit price of a commodity at a given geographic location during a given month of flow (the monthly index price vs the daily index price, etc.).

4.1.2 Liquidity Risk:

The risk associated with a constrained or limited ability for transacting trades, causing a potential inability to acquire a commodity when needed or to liquidate a previously acquired commodity that is no longer needed. For example:

> In the fixed price fuel purchase example above, finding a buyer of the fuel purchase might prove difficult to find if, prior to the delivery period, it was desired to eliminate the purchase obligation. In general, a physical trade has greater liquidity risk ~~that~~than a financial trade.

4.1.3 Margin Risk:

The risk that a portfolio’s overall net value might decrease to certain predetermined credit exposure thresholds that requires the portfolio holder to post collateral. This can be measured by margin-at-risk metrics which gauge 1) the probability that a portfolio’s value will adversely change sufficiently to initiate a margin call and 2) the magnitude of any resulting required collateral posting.

4.1.4 Volumetric Risk:

The risk that the quantity of fuel supply projected to be required during a future period is either over or underestimated from actual requirements during the period. For example:

Volume risk occurs when a sudden change in the daily fuel needs, resulting from a forced outage of a generation facility, causes a fuel quantity surplus. Volume risk can also include circumstances where supply was acquired using a previous longer-term forecast that later exceeds the defined limits of this Policy as a result of reductions of fuel needs in subsequent forecasts.

4.1.5 Calendar Risk:

The risk associated with differences of unit commodity value resulting from the time disparity between the settlement date of a financial instrument (contract index posting, swap, option, etc.) and the actual market price of the underlying physical commodity at time of delivery.

4.2 Credit Risk:

The potential for financial loss due to adverse changes to the credit rating of a counterparty that increases the potential of their inability to fulfill the terms of a contract or financial commitment. An example of this type of risk would be the exposure of a counterparty failing to pay the financial gains due that resulted from the settlement of a financial transaction. FMPA would be exposed to the current market price for the corresponding quantity defined by the transaction in addition to the costs related to establishing the transaction's position(s), if any (i.e. broker fees, transport commitments, etc.).

Credit risk exposure is significantly lower when transacting on the New York Mercantile Exchange (NYMEX) versus transacting via the Over-~~-~~ the-~~-~~ Counter (OTC) market, though there are exceptions. The credit risk associated with exchange traded instruments is mitigated since the government regulated institutional exchanges guarantee financial performance through margin posting and are further backed up by the actual exchange members, if necessary.

Credit risk exposure does exist for OTC traded transactions because the financial integrity of the trade is totally dependent upon the counterparty's ability or willingness to perform. Credit risk primarily applies to physical commodity transactions. The failure to deliver or receive purchased natural gas or fuel oil under a long-term commitment could expose FMPA to purchasing/selling ~~quantizes~~quantities above or below cost, especially during periods of fuel shortages and/or surplus.

4.3 Administrative Risk:

The potential of financial loss arising from deficiencies of internal control structures and/or management reporting resulting from human error, fraud and/or system failures. An example would be failing to implement the necessary accounting system modifications required by changes in generally accepted accounting practices (GAAP) and any associated reporting requirements. The Agency must ensure that proper accounting treatment is being used for booking transactions and that processes comply with changes in applicable financial accounting standards that impact the timing of financial recognition and/or rate determination.

5.0 Fuel Portfolio Risk Management and Price Stability Program

The natural gas and fuel oil risk management program will be based on the following components:

~~5.1 Generation Review & Assessment Group:~~

~~The CEO shall maintain a Generation Review & Assessment ("GR&A") Group. The GR&A Group shall, at a minimum, be composed of the Agency Risk Director, COO, Business Development and System Operations Director, Power Generation Fleet Director, and Resource and Strategic Planning Manager, or a fuel agent representative. Other participant participation will depend upon the subject matter and relevance for their respective areas of responsibility and expertise. The Agency Risk Director shall serve as the chairman with no actual voting responsibilities. Other delegates may be assigned/removed as deemed appropriate by the CEO.~~

~~In addition to the duties listed below, the GR&A Group shall review and approve (by consensus of its voting members) any new natural gas and fuel oil purchase, sale, storage, or transportation strategy(s) and/or risk mitigation transaction instrument(s) under consideration by Agency staff/management. If, upon review, majority consensus cannot be obtained by the GR&A, the CEO will be requested to review and resolve any non-consensus items. In the event that a new strategy, transaction or risk mitigation instrument requires governing body approval, the new strategy, transaction or risk mitigation instrument will be presented to and approved by the appropriate governing body prior to being implemented in any manner.~~

~~The GR&A Group responsibilities for oversight of other natural gas and fuel oil functions shall include:~~

- ~~Review third party performance in managing contracted natural gas storage capacity.~~
- ~~Evaluate proposed risk mitigation strategies, asset optimization opportunities or other applicable transactions including, but not limited to:~~
  1. ~~Purpose of proposed strategy or applicable transactions.~~
  2. ~~Type of pricing instruments, market(s) and counterparties to be used~~
  3. ~~Expected results and associated probabilities of their achievement.~~
  4. ~~Potential adverse outcomes associated with the strategy and/or applicable transaction(s).~~
  5. ~~Margin Risk for each counterparty, total Margin Risk, and other analytical metrics that may be used to assist the GR&A Group in the performance of their duties.~~
- ~~Review any trading/origination transaction being negotiated pursuant to the Annual Reporting requirements of Section 6.2 of the Origination Transaction Policy, Appendix K of this FMPA Risk Management Policy.~~
- ~~Review any generation capital/maintenance expenditure item being contemplated during the annual budget process pursuant to Section 4.2 of the Asset Management and Operations Policy, Appendix I of this FMPA Risk Management Policy.~~

~~5.2 Authorized Strategies:~~

~~FMPA currently has no fuel price risk mitigation strategy approved by the EC. Until such time that a fuel price risk mitigation goal and corresponding strategy is defined and approved by the EC, no fuel price risk mitigation transactions will be entered into by FMPA staff. FMPA or its assigned storage management provider shall have authority to use authorized transactions as outlined in Section 5.4 to manage the storage capacity to the extent of capacity under contract.~~

~~5.3~~The stability program uses a tiered strategy for natural gas procurement based on the time horizon, with a recommended distinct maximum, target, and minimum hedging levels specified for each year over a three-year period. Procurement activities shall be data-driven, considering current market trends, natural gas price forecasts, and the ARP's operational needs and financial objectives.

5.1 Authorized Strategies:

FMPA as authorized by the Executive Committee ("EC"), adopts a tiered natural gas procurement strategy over a rolling three-year horizon. Distinct hedging ranges and target levels are established for each season within each year.
Procurement activities shall be data-driven and shall consider prevailing market conditions, natural gas price forecasts, and the All-Requirements Project's operational requirements and financial objectives. All transactions shall be executed at a weighted-average cost less than or equal to EC-approved price target thresholds.
Trade sizing for each transaction shall be at the discretion of an authorized trader, subject to the hedging ranges and target levels referenced above and all applicable internal controls and approvals.

5.2 Price Stability Program:

FMPA's approach to long-term natural gas procurement for the ARP is intended to balance the need for price stability with the flexibility to reflect on market conditions. This is accomplished through a structured, tiered strategy that sets out specific hedging ranges for each year, allowing for adjustments based on market conditions and the FMPA's rate expectations.

5.2.1 Year 1 (0 - 12 Months)

The intent is to ensure a recommended minimum, 60% (sixty percent) of the estimated All Requirements Project (ARP) usage of natural gas to serve native load is procured, with a maximum limit not to exceed 75% (seventy-five percent).

To accommodate seasonal variations in natural gas usage and market conditions, the following seasonal procurement ranges are established:

Summer Range: During the summer months, defined as April 1st through October 31st, the Agents intent should not be less than 65% (sixty-five percent) and not more than 75% (seventy-five percent) of the estimated ARP usage for the period.

Winter Range: During the winter months, defined as November 1st through March 31st, the Agents shall consider and restricted to not more than 75% (seventy-five percent) of the estimated ARP usage for the period.

5.2.2 Year 2 (13 - 24 Months)

The intent for year two, natural gas procurement shall target a recommended minimum of 25% (twenty-five percent) and a maximum of 50% (fifty percent) of the estimated ARP usage. This adjustment aims to provide more mid-term flexibility in response to anticipated market volatility and to optimize cost efficiency over time.

To accommodate seasonal variations in natural gas usage and market conditions, the following seasonal procurement ranges are established:

Summer Range: During the summer months, defined as April 1st through October 31st, the Agents intent should not be less than 40% (forty percent) and restricted to not more than 50% (fifty percent) of the estimated ARP usage for the period.

Winter Range: During the winter months, defined as November 1st through March 31st, the Agents intent should not be less than not more than 50% (fifty percent) of the estimated ARP usage for the period.

5.2.3 Year 3 (25 - 36 Months)

The intent for year three, the authorized agent for natural gas procurement shall target a recommended minimum of 0% (zero percent) and a maximum of 25% (twenty-five percent) of the estimated ARP usage. This adjustment aims to provide more long-term flexibility in response to anticipated market volatility and to optimize cost efficiency over time.

To accommodate seasonal variations in natural gas usage and market conditions, the following seasonal procurement ranges are established:

Summer Range: During the summer months, defined as April 1st through October 31st, the Agents intent should not be less than 5% (five percent) and not more than 25% (twenty-five percent) of the estimated ARP usage for the period.

Winter Range: During the winter months, defined as November 1st through March 31st, the Agents intent should not be less than 0% (zero percent) and restricted to not more than 25% (twenty-five percent) of the estimated ARP usage for the period.

5.3 Discretionary Buying

The discretionary buying authority vested in the CFO or a duly designated representative is critical to the ARP's flexible approach to natural gas procurement. This authority enables the execution of futures, International Swaps and Derivatives Association (ISDA) agreements, swaps, and firm fixed physical natural gas transactions.

5.3.1 Authority and Responsibilities

The CFO, or designated representative, is empowered to execute natural gas transactions within the established hedging ranges and currently approved price targets without requiring additional approvals.

5.3.2 Decision-Making Criteria

Prior to executing any transaction, the authorized individual must perform an analysis of current market conditions. This includes assessing supply and demand forecasts, geopolitical factors influencing the natural gas markets, and any other information offered by authorized traders.

5.3.3 Oversight and Separation of Duty

The Strategic Planning department, through the development and maintenance of production simulation models, will provide guidance on the volume of ARP gas forecasted to be burned to supply native load for each month over the stability program's time horizon. These models will be updated not less than semi-annually to reflect the most current forecasts of loads, generation operations, fuel costs, and other factors that could impact forecasted gas burns.

An audit will review the number of contracts hedged and any other relevant market activities to ensure compliance with the policy guidelines.

5.3.4 Reporting and Transparency

The CFO is required to submit a comprehensive report to the Executive Committee on a quarterly basis. This report must detail all transactions conducted under this discretionary authority, analyze the outcomes, assess the effectiveness of the strategies employed, and, if necessary, recommend adjustments to the previously approved volumes or prices.

5.3.5 Training and Competency

FMPA will provide ongoing training and resources to the CFO and any designated representatives to ensure they are well-versed in the latest market insights, risk management strategies, and ethical considerations relevant to the exercise of discretionary buying power.

The training will include, but is not limited to, advanced market analysis techniques, ethical procurement practices, utilization of market trading software, and updates on regulatory changes affecting the natural gas market. Training entities may include, for example, the Florida Gas Utility (FGU) and The Energy Authority (TEA).

5.4 Enabling Agreements:

Master Agreements or enabling agreements establish the general terms and conditions that govern any subsequent commodity or derivative product transaction with a counterparty. These Master Agreements are a prerequisite for doing business in today's commodity marketplace. They, by their very nature, only define general terms and conditions and do not commit FMPA to any form of financial or physical obligation. As such, FMPA is authorized to execute these types of enabling agreements without individual EC approval and their execution is governed pursuant to the Contract Management Risk Policy. All other aspects of any subsequent transaction are governed by the Origination Risk Policy. Types of these enabling agreements include utility interchange agreements, NAESB form contracts, EEI form contracts, and ISDA form contracts.

5.~~4~~5 Authorized Transactions:

The following types of risk mitigation instrument transactions are authorized by the EC but are limited to only the purchase or sale of these instruments solely for near term price risk mitigation of projected physical fuel requirements and/or financial exposure to the fuel purchase requirements of others for serving FMPA generation assets (Stanton A would be an example of this exposure where OUC manages the fuel supply) and/or long-term energy supply purchase commitments.

~~It should be noted that the EC has not approved any near-term price hedging risk mitigation program as discussed in Section 2.0. Until such a program is authorized, these instruments can only be used for managing natural gas storage inventory valuations.~~

5.5.1 Exchange Based Futures:

FMPA is authorized to set up accounts with one or more licensed brokerage firms in order to purchase or sell futures contracts or other exchange offered products through a recognized exchange such as the NYMEX. Alternatively, FMPA is authorized to designate an agent through which to transact exchange traded products.

5.5.2 Over-the-Counter Transactions (OTC):

FMPA is authorized to negotiate and execute ISDA agreements (refer to Section 0) and subsequently, pursuant to an approved risk mitigation program (refer to Section 0), transact with counterparties in order to purchase and/or sell derivative products such as forwards, swaps, and options on forwards or any combination of the same.

A comparison is included in Exhibit B of the characteristic features of Exchange versus OTC transactions.

New and existing transactions using the OTC market are subject to the Credit Risk Policy, Appendix E of the FMPA Risk Management Policy.

5.5.3 Forward Physical Purchases:

FMPA is authorized to negotiate, contract with, and purchase physical quantities of natural gas and fuel oil pursuant to the Credit Risk Policy and the Origination Risk Policy.

All physical purchases of natural gas shall be coordinated through an FMPA designated fuel agent ~~in order~~ to schedule, receive, transport and deliver such purchased gas volumes. Any forward purchases of natural gas or fuel oil must be limited to the physical volume requirements forecast for only serving the energy requirements of the ARP and its obligations, if any.

Any natural gas purchases or sales greater than a one-month (thirty-one days) duration shall be pursuant to the approval process defined by the Origination Policy prior to any commitment, i.e. the defined approval authority of the FMPA staff member making such commitment.

5.5.4 Physical Natural Gas Purchases:

Physical natural gas purchases with a term of one month (thirty-one days) or greater will not exceed 75% of the respective native ARP and firm obligations monthly fuel needs based upon the most recent load forecast and generation dispatch projection at the time of the commitment of such purchases.

To ensure monthly fuel needs are as current as possible, each month an updated load forecast/dispatch projection will be generated no later than five (5) business days prior to the beginning of the following month. This forecast projection will be the basis for determining the 75% fuel need maximum described above. Pre-paid gas transactions are exempt from this cap and shall comply with EC-approved pre-pay limits and approvals.

5.5.5 Fixed Price Physical Natural Gas Purchases:

Any fixed price purchase with a duration of greater than one month is viewed as a near term price risk mitigation transaction and requires the approval of the EC prior to commitment unless such fixed price purchase is pursuant to an approved price risk mitigation strategy as described in Section 0 above.

5.5.6 Natural Gas Storage:

Upon approval of both the FC and the EC, FMPA may enter into natural gas storage agreements. Counterparties are subject to the Credit Risk Policy. The primary purpose of any natural gas storage agreement shall be to ensure the reliability of natural gas supplies. Secondarily, natural gas storage may be used as an operational pipeline balancing tool or in conjunction with other authorized energy management transactions when financially advantageous for the ARP, as determined by a storage management agent ~~and/or the GR&A Group~~ if no such agent is authorized.

5.5.7 Fuel Oil Storage:

The primary purpose for maintaining a minimum amount of fuel oil shall be to ensure that a reasonable level of alternate fuel is available for dual fuel fired generating units in the event ~~that~~, natural gas deliveries are reduced or interrupted due to supply and/or pipeline constraints. Recognizing that the Stock Island generating units operate solely with fuel oil, the minimum inventory criteria ~~applies~~apply to the Island's fuel oil storage inventory as well.

5.5.8 Natural Gas Entitlement Capacity:

Natural Gas Entitlement Capacity is needed to secure firm delivery of natural gas to generation assets. Natural gas pipeline companies generally offer two basic forms of service for the transportation of gas from receipt point(s) to the desired delivery locations. The first type is referred to as "interruptible", where a shipper's scheduled volumes submitted are subject to being curtailed anytime the pipeline becomes capacity constrained even if gas has been delivered at the receipt points. The shipper is only charged for this service based upon the quantity of gas that was successfully delivered. The pipeline has no obligation to ensure delivery of gas volumes when using this form of transportation service.

The second form of service is referred to as “firm”, where the shipper pays the pipeline a reservation fee (commonly referred to as a capacity or demand charge) each month based upon the daily delivery obligation of the pipeline. When a shipper contracts for this form of “firm” service, the pipeline has committed to the obligation to deliver whatever quantity that has been scheduled up to the contracted capacity quantity. ~~In the event that~~If the pipeline becomes capacity constrained, then each firm shipper would have their scheduled volume curtailed on a pro-rata basis.

~~FMPA has contracted firm service primarily upon Florida Gas Transmission (FGT) for the delivery of natural gas fuel to its generating assets to ensure that each gas fired unit is able to operate when needed. FMPA also has the ability to receive gas volumes from Gulf Stream Natural Gas System at the Cane Island Power Park. The combination of these two arrangements ensures that FMPA can ensure delivery of natural gas as required to generate power in a reliable manner as needed to meet its load serving obligations to its members.~~

6.0 Risk Limits and Measurement

FMPA may only enter into transactions to manage risks associated with the physical and financial exposure related to meeting the ARP’s forecast fuel requirements of natural gas and/or fuel oil related only to fulfilling all applicable native ARP ~~energy~~ and firm obligations.

Proactive monitoring of current market performance, existing and potential risk exposure, risk management alternatives (acquiring or liquidating positions), and evaluation of prior strategic results are necessary to ensure the goals and expectations defined by this Policy are achieved.

~~The GR&A Group~~ shall use the following limits and measurements, as calculated using applicable reference pricing, to monitor the performance of and compliance with current approved risk management strategies and procedures.

Before any transaction is executed, the individual executing the transaction is required to ensure that it is compliant with the parameters of this Policy, any approved price risk mitigation program, if any, and respective periodic reviews by the ~~GR&A Group~~CFO . This requirement will be fulfilled by analyzing the natural gas portfolio and any associated risk mitigation transactions to ensure that the resulting incremental credit and market exposures do not exceed any defined limits set forth in this Policy.

6.1 Natural Gas Storage Limits:

The requirement for storage limits should be applied only if there is more than 500,000 MMBtu of capacity available to ARP. If storage capacity is below 500,000 MMBtu, there will not be any minimum requirements as outlined in section 6.0.

The minimum inventory volume of natural gas in storage during the primary hurricane season (June through November) shall be 50% of FMPA's contracted storage capacity. During all other months the minimum level of storage inventory shall be 10% of contracted storage capacity.

6.1.1 Outsourcing:

FMPA may outsource the management of its natural gas storage capacity for optimizing this asset by issuing a Request for Proposal ("RFP"). Final selection of the qualified storage management agent ("Agent") must be approved by the FC and EC.

~~Agency Risk Director for review and discussion during monthly GR&A Group meetings.~~ The Agent must comply with FMPA Directives and the terms and conditions of FMPA's managed natural gas storage contracts and all applicable tariffs and other legal requirements. The agent will be granted access to trading platforms or other needed counterparty information required to execute transactions within FMPA's contractual relationships. The Agent must agree to the obligations of this Policy and FMPA's respective counterparty trading account(s) requirements.

6.1.2 Annual Storage Plan:

The Agent must provide an Annual Storage Plan for the upcoming fiscal year to FMPA by August 1 of each year for approval by~~the GR&A Group.~~ the EC.

6.1.3 Storage Optimization Restrictions:

Storage management activities shall strive to generally maintain a net zero optimization position. Net zero optimization is when all physical gas stored in the ground (Storage) and/or financial long/short positions (i.e. purchased/sold NYMEX natural gas contracts or their equivalent) representing volumes to be injected/withdrawn in a forward period has an off-setting financial long/short position (i.e. purchased/sold NYMEX natural gas contracts or their equivalent) representing volumes to be withdrawn/injected in a forward period (Transaction)).

1) Any "net zero" tolerance deviation greater than 10,000 MMBtu and less than 50,001 MMBtu ("Minor Tolerance Deviation") must be corrected by the end of the fifth (5th) business day following the day on which it occurred and must be reported by the Agent ~~to GR&A~~ on a monthly basis, with sufficient details to explain why the Minor Tolerance Deviation occurred.

2) Any "net zero" tolerance deviation greater than 50,000 MMBtu ("Major Tolerance Deviation"), must be reported by the Agent~~ to GR&A~~. Such Major Tolerance Deviation report will be in writing detailing the circumstances of the deviation within three business days of the occurrence.

FMPA's CEO must authorize any net zero imbalance outside of approved limits.

6.1.4 Optimization Trade Period:

Storage management transactions are restricted for the settlement date to be no more than 24 months into the future from the transaction date of the trade.

6.1.5 Inventory Limit Deviations:

Storage inventory levels may deviate outside of the above stated limits only when required to meet FMPA's operational requirements ("Reliability Event"). The Agent shall inform FMPA's ~~Risk Director~~CFO immediately after any such Reliability Event. Within 3 business days after such Reliability Event, the Agent shall provide FMPA's ~~Risk Director~~CFO with a written action plan to reestablish the pre~~-~~-Reliability Event inventory level unless such level has already been achieved.

6.1.6 Storage Management Reports:

The Agent shall provide storage management reports for each FC meeting. These reports shall include physical gas inventory and any optimization transactions.

6.1.7 Cash Flow Report:

The Agent shall provide, by the fifth of each month, a cash flow report detailing the impacts of existing and projected storage management activities for review by the ~~GR&A Group~~. If directed, the Agent must contractually agree to adjust storage inventory to meet FMPA's liquidity requirements.

6.2 Fuel Oil Storage Limits:

The Agency shall maintain, as conditions warrant, a fuel oil inventory of no less than 50% and no more than 100% of available storage tank capacity located at Cane Island Power Park and Treasure Coast Energy Center. In the event that the fuel oil inventory falls below 50% at a generation site, the Power Generation Fleet Director will implement an action plan to achieve the minimum 50% inventory level within a reasonable period of time or provide justification for a reduced inventory level. This plan or justification will be provided to FMPA's ~~Risk Director and the COO~~ COO for review and approval.~~ The GR&A Group will discuss the resulting action plan at its next meeting.~~

Agency shall maintain, as conditions warrant, fuel oil inventory at Stock Island Generating Facility, which will support the 17-day historical hurricane restoration operations load curve developed by staff or approximately 2,800,000 gallons. Staff will ensure this required minimum volume is in place before hurricane season, June 1st. In the event that the fuel oil inventory falls below 50% of the 17-day benchmark, the Power Generation Fleet Director will implement an action plan to achieve the minimum 50% inventory level within a reasonable period of time or provide justification for a reduced inventory level. This plan or justification will be provided to ~~FMPA's Risk Director~~ and the ~~COO~~COO for review and approval.

Processes will be implemented and maintained to minimize the environmental risk at all the generating sites. These procedures, at a minimum, will consist of:

- Fuel inventory management
- Thorough tank inspections
- Timely and accurate fuel inventory accounting records
- Dynamic fuel oil measurement
- Delivery of fuel oil by tanker truck only

6.3 Natural Gas Entitlement Capacity

Long-term NGEC shall be reviewed for adequacy as part of the planning process for major changes to the generation portfolio. To ensure a high level of reliability, staff shall target acquiring and maintaining NGEC for at least 70% of the monthly system demand projected. Monthly system demand may be derived from the average of the daily demand projections for each month.

Short-term NGEC management, up to one year, will allow for daily or monthly NGEC sales to be in excess of the expected daily or monthly maximum system demand.

7.0 Internal Controls

The ~~COO~~, CFO and ~~Agency Risk Director~~ shall be responsible for the establishment of appropriate internal controls and segregation of duties to facilitate proper execution of the natural gas and fuel oil risk mitigation program, consistent with this Policy and in accordance with all policies and procedures established by the FMPA Risk Management Policy, or by NERC and FERC regulations.

7.1 Segregation of Duties:

Individuals responsible for legally binding the organization to a transaction will not also perform confirmation, clearing and/or accounting functions related to those transactions. The official book of record of FMPA shall also be maintained by a person(s) other than those executing such transactions. This maintenance responsibility includes the valuation of mark-to-market positions (when applicable) and the calculation of applicable risk metric(s). Clear separation of duties shall be maintained between the front office (marketing functions and transaction execution), the middle office (confirmation, valuation, and reporting functions), and the back office (processing, accounting, invoicing and reconciliation activities).

7.2 Policy Compliance:

The Internal Audit Manager shall ensure that compliance with this Policy and associated Procedures are monitored on an ongoing basis. Any unresolved compliance issues will be presented to the FC by ~~the Agency Risk Director~~ at the next regularly scheduled meeting.

7.3 Conflicts of Interest:

Personnel responsible for executing and managing the Agency's trading activity shall not engage in any activity that could pose a conflict of interest and interfere with the proper execution of Agency risk mitigation activities or which could impair their ability to make impartial and objective trading decisions. Such personnel shall disclose to the ~~Agency Risk Director~~ any personal financial interests in any financial institutions, firms, or other entities that conduct business with FMPA.

7.4 Policy Questions:

The ~~Agency Risk Director~~ is authorized to provide clarification and explanation on any questions regarding this Policy. All legal matters stemming from this Policy will be referred to the Agency's Office of the General Counsel.

7.5 Training:

Appropriate training on the risks associated with different market conditions, financial products and physical products shall be provided as needed to educate appropriate FMPA staff and governing body members.

8.0 Reporting

- Current market conditions affecting FMPA's natural gas and fuel oil costs, risk management programs, or FMPA's current financial and physical risk management strategies shall be reported during each meeting of the FC and/or EC.
- The following information shall be reported at each meeting of the FC and/or EC:

~~1)~~ The volume of all natural gas portfolios.

~~2)~~ Margin Risk.

~~3)~~ Monthly financial natural gas portfolio gains or losses.

~~4)~~ Any additional relevant information about FMPA's natural gas and fuel oil risk management program and activities.

- Acceptance of the reported information by the FC and/or the EC is required

The ~~Agency Risk Director~~ shall report any deviations from this Policy according to the guidelines set forth in the FMPA Risk Management Policy, Section 4.1. The ~~Agency Risk Director~~ shall cause an annual report to be completed on the operation and effectiveness of this Fuel Portfolio Risk Management Policy as described in the FMPA Risk Management Policy, Section 7.0.

9.0 Oversight Structure

~~The Agency Risk Director shall cause any~~Any material deviations from this Policy to be reported according to the guidelines set forth in Section 4.1 of the FMPA Risk Management Policy. An annual report on the operation and effectiveness of this Policy shall be presented to the Finance Committee as described in Section 7.0 of the FMPA Risk Management Policy.

Appendix A

Florida Municipal Power Agency Risk Management Reporting Calendar Natural Gas and Fuel Oil Risk Management Planning Reporting Requirements				
Reporting Item	**Frequency Of Report**	**Responsible Party**	**Policy Reference**	**Policy Reference**
Volumetric Projection Update	Monthly	Business Development and System Operations Director	Section 0	5.5.4 Physical Natural Gas Purchases:
Annual Storage Plan and Update*	Annually	Agent	Section 0	6.1.2 Annual Storage Plan:
Storage Balance Restriction Deviations*	As Needed	Agent	Section 0	6.1.3 Storage Optimization Restrictions:
Reliability Event*	As Needed	Agent	Section 0	6.1.5 Inventory Limit Deviations:
Storage Report*	Each FC Meeting	Agent	Section 0	6.1.6 Storage Management Reports:
Storage Cash Flow*	Monthly	Agent	Section 0	6.1.7 Cash Flow Report:
External Review	Every five years	Agency Risk Director	Section 7.2	7.2 Policy Compliance:
Fuel Oil Action Plan	As Needed	Power Generation Fleet Director	Section 6.2	6.2 Fuel Oil Storage Limits:
Market Conditions	Each FC Meeting	Agency Risk Director	Section 8.0	Reporting
Fuel Portfolio Update	Each FC and EC Meeting	Agency Risk Director	Section 8.0	Reporting
Policy Operation & Effectiveness	Annually	Agency Risk Director	Section 8.0	Reporting
Policy Compliance Deviations	As Needed	Internal Audit Manager	Section 7.2	7.2 Policy Compliance:
*these reports are required only if there is more than 500,000 MMBtu of capacity available to ARP.				

Appendix B

Features of Exchange Traded vs. Over-The-Counter Traded Products

FEATURES	Exchange Traded	Over-The-Counter
Examples	Futures and Options	Swaps, Caps, Floors, Collars, etc.
Market	Organized exchanges in Chicago, New York, Kansas City, and other commodity markets around the world.	Networks consisting of market makers who exchange information, provide bids/offers, and negotiate transactions.
Agreements	Standardized contracts.	Custom-tailored to meet any specific needs of the counterparties within accepted guidelines (NAESB, EEI, ISDA).
Risk	Guaranteed contract performance.	Performance, default and/or credit risk to the counterparties.
Regulation	U.S. exchanges regulated by Commodity Futures Trading Commission CFTC).	Not formally regulated.
Ability to Value	Market transparency resulting from the electronic posting of daily settlement and intra-day prices. All prices are generally based upon a single geographic location.	- Varies by market and location. No standardized or consistent methodology. - Some have electronic posting or periodic publications, - Some require individual inquiry and valuation.

AGENDA ITEM 9 – INFORMATION ITEMS

a. Natural Gas Price Stability Program Quarterly Update

Finance Committee Meeting
August 20, 2025

9a – Natural Gas Price Stability Program Quarterly Update

Finance Committee

August 20, 2025

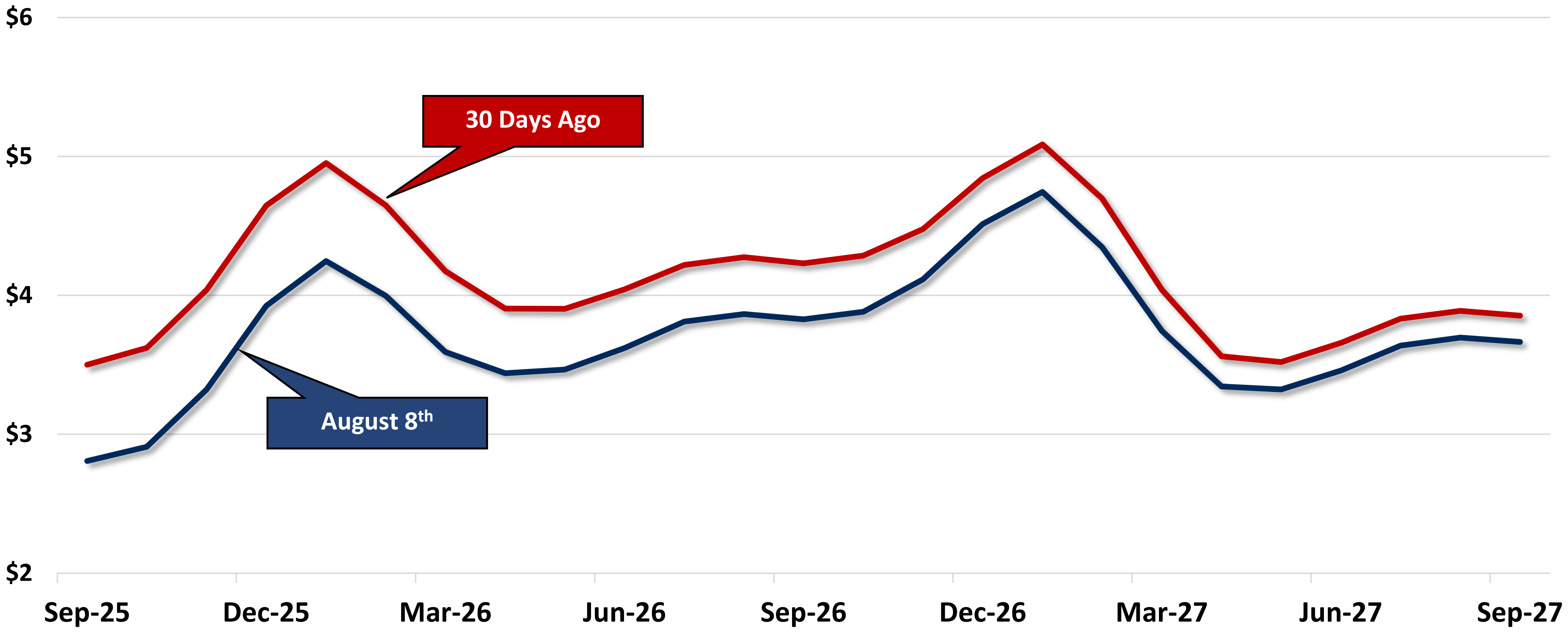
Stability Program Updates Since June

Updated Targets Results in Additional Stability

- **For FY 26:**
  - Program Added 17%, increasing total secured to 41%
  - These additions averaged $0.14 below target prices
- **For FY 27:**
  - Program Added 6%, increasing total secured to 11%
  - These additions averaged $0.10 below target prices
- **For FY 28:**
  - Small add, only 4%; However, achieved $0.20 below target prices

September Gas prices down 25% in 30 days

24 Month Strip, Down 11% in 30 days



Current Market Highlights

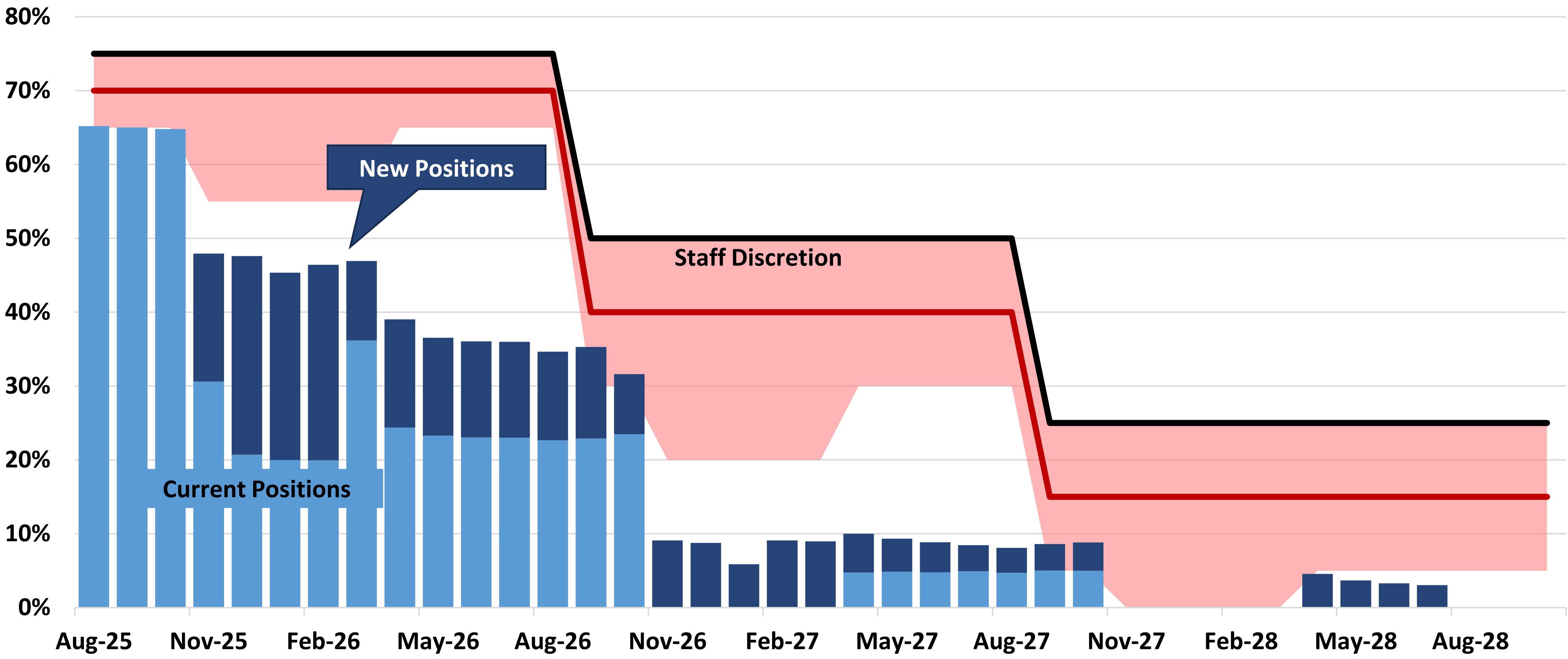
Updated Targets Results in Additional Stability

- **Supply Exceeds Demand 20 out of last 30 days**
  - Average daily balance +0.50 Bcf/d
  - LNG at 15.72 Bcf/d is equal to 14.7% of production
- **Storage Above Normal**
  - Average +179.7 Bcf vs 5-yr
- **Weather milder than normal**
  - Average 14-day Gas Demand -6 days vs normal

FMPA MUNICIPAL POWER

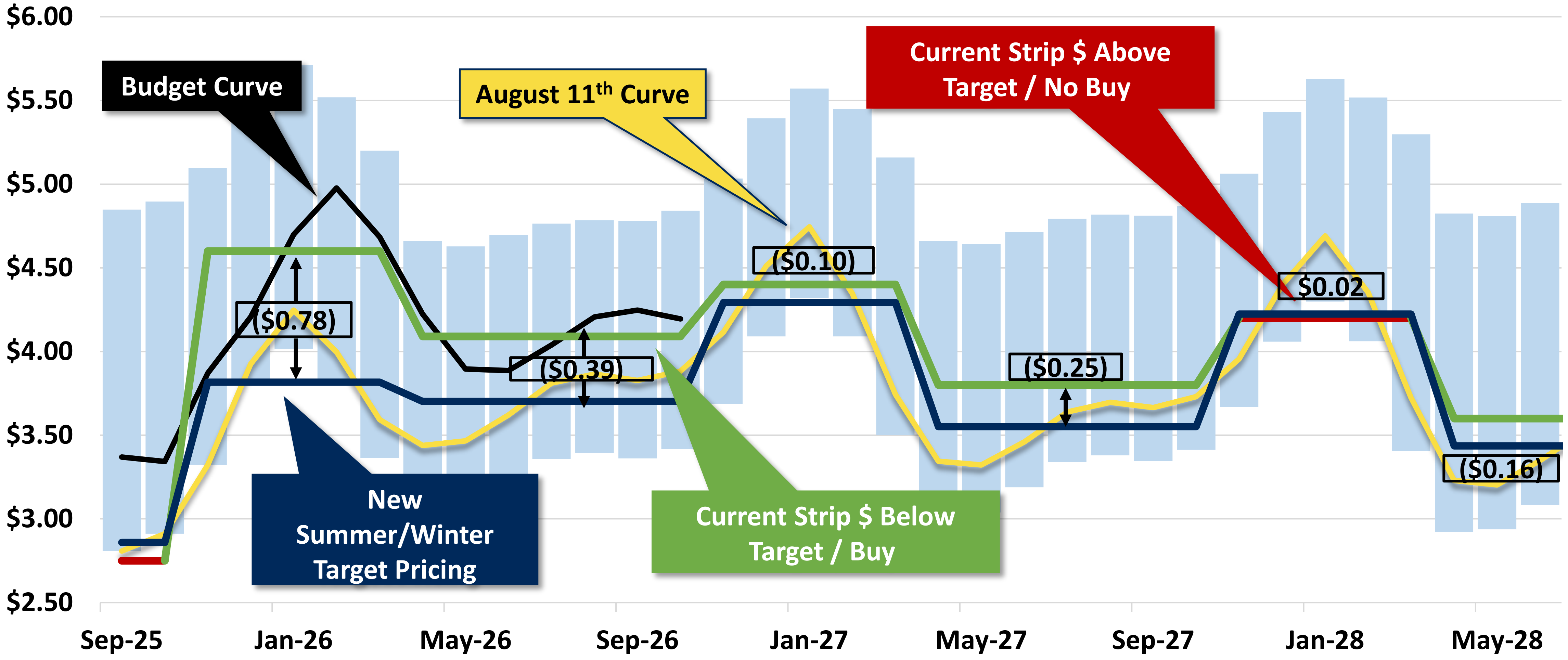
Stability Programs Current Positions

Looking for Summer ’26 and Winter ’26 – ‘27



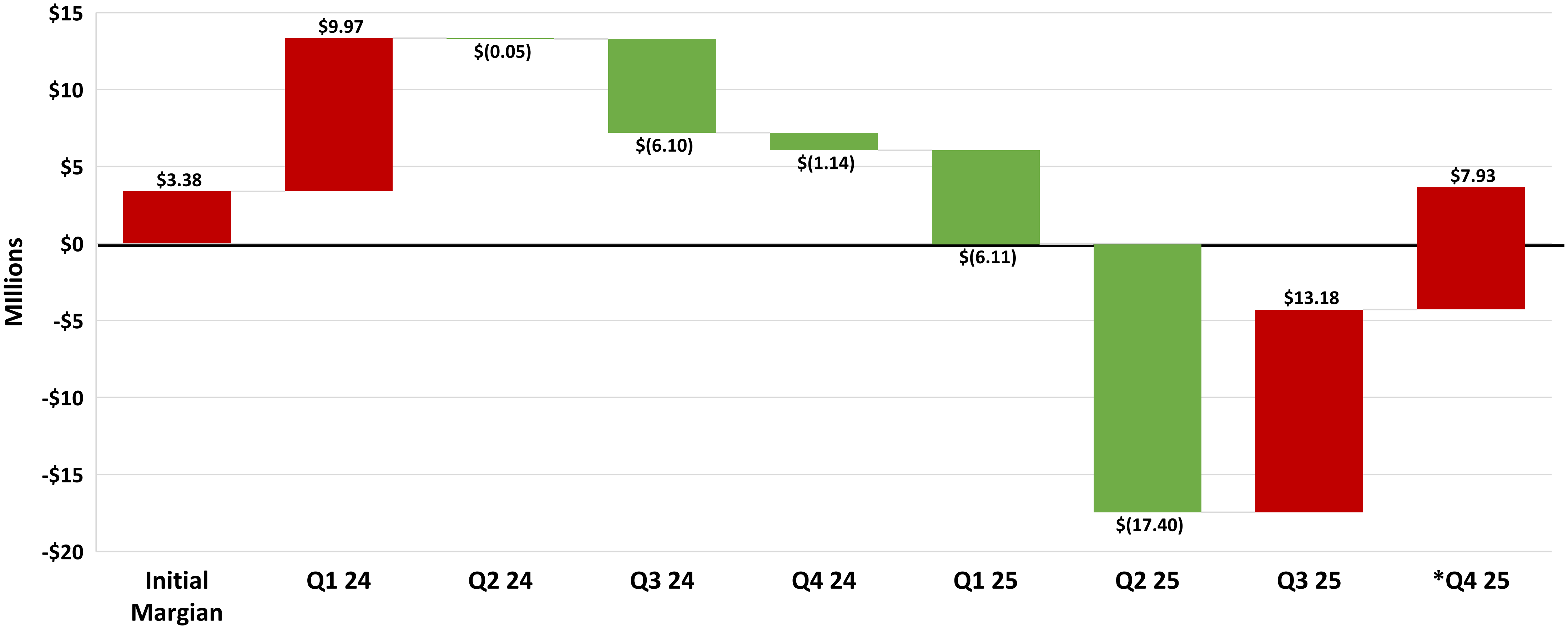
Current Markets in Free Fall

Ability to Layer New Positions Creates Stability



Change of Margin Required

Price Decreases Have Increased Margin in Recent Months



*As of August 11th

AGENDA ITEM 9 – INFORMATION ITEMS

b. Interim Audit Update

Finance Committee Meeting
August 20, 2025

9b – Interim Audit Update Fiscal Year 2025

Finance Committee

August 20, 2025

Fiscal 2025 Interim Audit

Completed by Purvis, Gray and Company July 28th- August 1st

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

Timothy Westgate
Partner

Matthew Ganoe
Director

FMPA MUNICIPAL POWER

AGENDA ITEM 9 – INFORMATION ITEMS

c. Results of ARP Series 2025A Bonds

Finance Committee Meeting
August 20, 2025

9c – Results of ARP Series 2025A Bonds

Finance Committee

August 20, 2025

ARP Series 2025A Bonds Exceeded Expectations

Financing Team Delivered Seamless Execution across all Parties

2025A Bonds were 2.5x oversubscribed

**Received over $730 million in investor orders*

Pricing tightened by 2-8 basis points, a savings of $760k

Total savings of $13.1 million

Tender participation ~ 78%

**well above expected 30-50%*

Ratings
Fitch: AA- (affirmed)
Moody's: A2 (affirmed)

Fixed Rate Debt Transaction

FMPA MUNICIPAL POWER

Within Allowable Internal Targets

Final Numbers Compared to Resolution & Debt Policy

Parameter	Requirement Per Resolution or Debt Policy	Actual
Gross New Money Proceeds	$60 million (not to exceed)	$55.3 million
Gross Refunding Proceeds	$207 million (not to exceed)	$174.1 million
Gross Bond Proceeds	$267 million (not to exceed)	$229.4 million
Present Value Savings	4.00% (minimum)	6.48%
All-In True Interest Cost	5.00% (maximum)	3.24%

FMPA MUNICIPAL POWER

Within Allowable Internal Targets

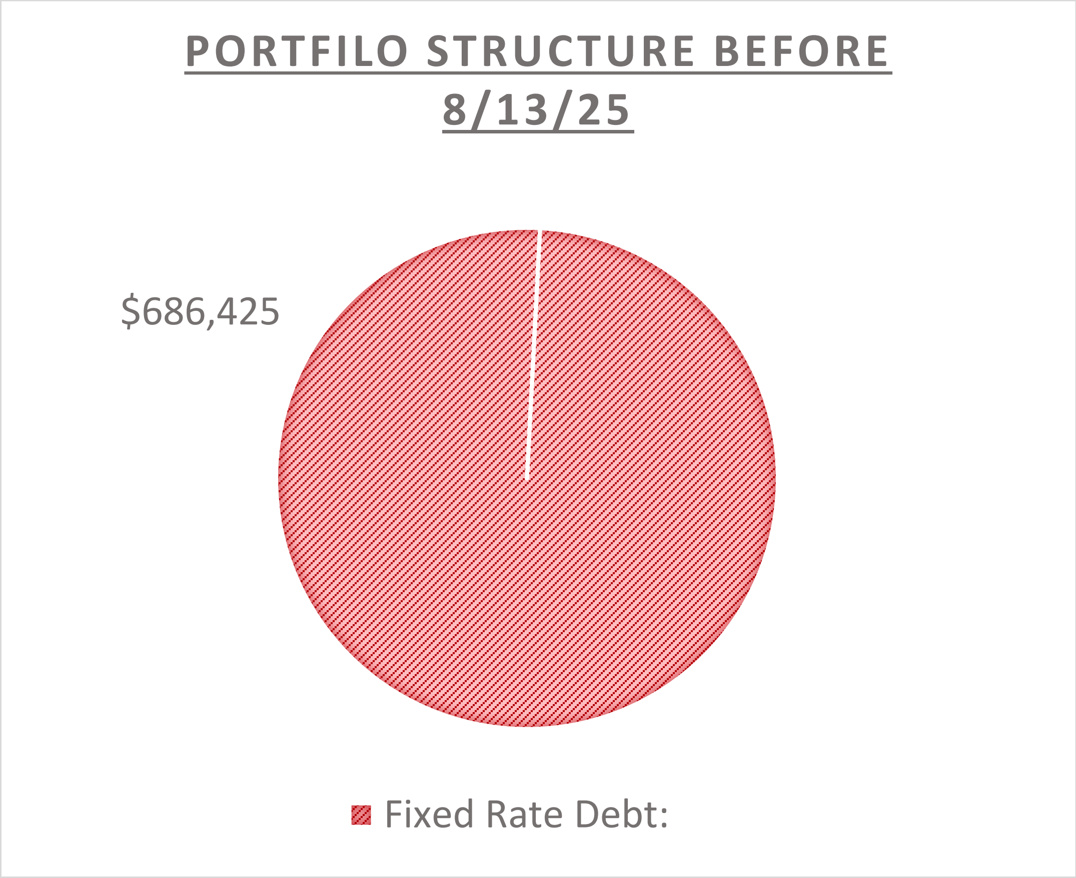
Final Numbers Compared to Resolution & Debt Policy

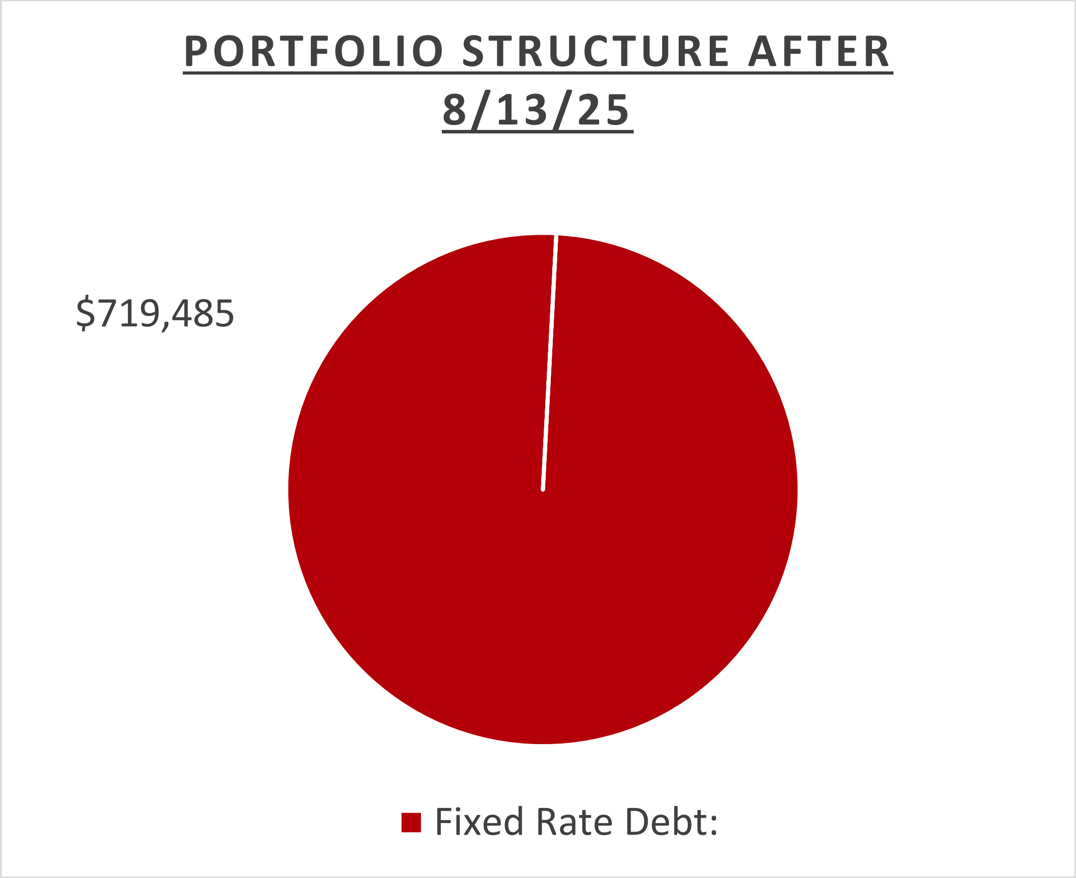
Parameter	Requirement	Actual
Final Maturity Date	10/1/2035 (maximum)	10/1/2035
Underwriter's Discount	$4.00 per $1,000 (maximum)	$2.84 per $1,000
Issue Costs	N.A.	$690,000
Closing Date	12/31/2025	8/13/2025
Underwriters	<u>Lead Underwriter:</u> JPM <u>Co-Managers:</u> BOA, GS, Ramirez & Truist	JPM, BOA, Ramirez & Truist secured orders

FMPA MUNICIPAL POWER

ARP Debt Portfolio Structure

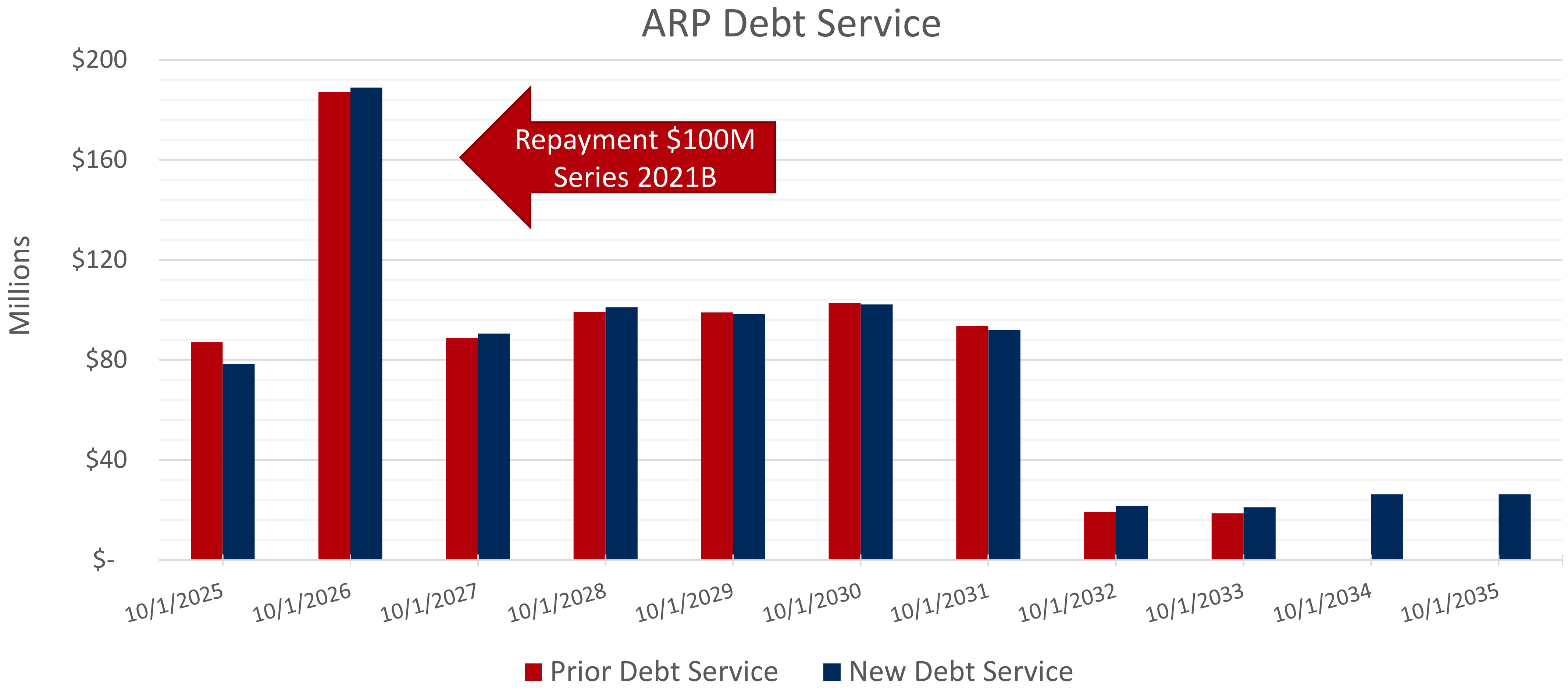
Still 100% Fixed-Rate Debt





Debt Service with New Financing

Debt Runs Through October 1, 2035



Informational Item

- No further action is needed

AGENDA ITEM 9 – INFORMATION ITEMS

d. FY25 Capital REallocation

Finance Committee Meeting
August 20, 2025

9d – FY25 Capital Budget Reallocation

Finance Committee

August 20, 2025

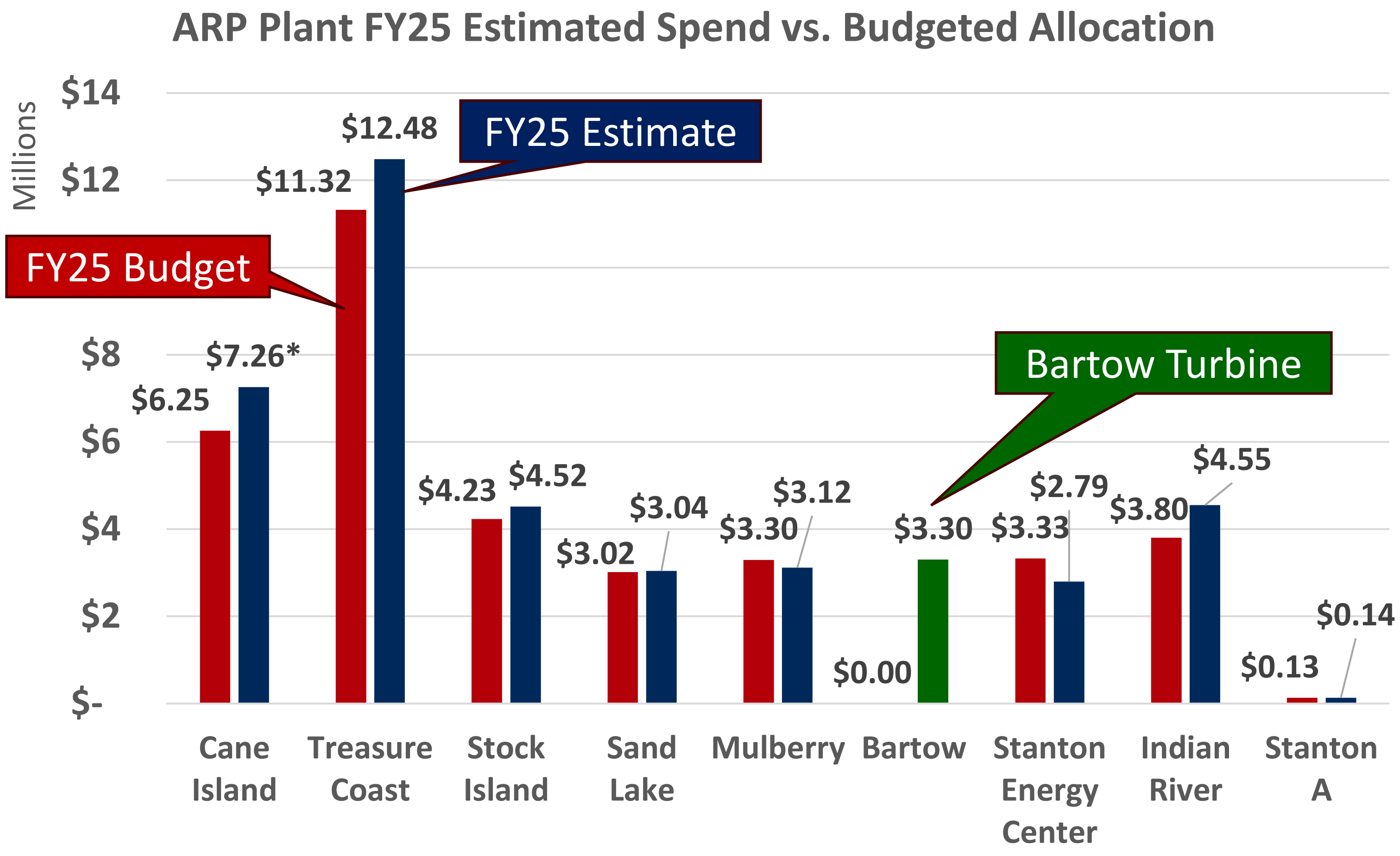
ARP Capital Budget Reallocation Requested

Expenses Expected to Exceed Budgeted Capital Plan

- Based on current projections, ARP generation expected to be $3M over capital plan in FY25 budget, with expenses near limit in August
- FMPA operated facilities expected to be $2M over, external operated $1M over
- Late 2024 capital invoices, unplanned work during the TCEC Spring outage and the Cane Island lateral pipeline relocation project primary contributors to overage
- Two distinctly approved items (Bartow spare turbine & Mulberry steam turbine rotor) totaling $5.7M not included in estimates
- Staff requesting capital allocation increase from $35.4M to $38.4M for FY 2025
    - FMPA has sufficient funds in R&R to pay FY 2025 capital project expenses
- No impact to Participant billings because no change in planned funding

Individual Plant Variations <$1M or Distinctly Approved

Some Uncertainty on Non-FMPA Operated Plant Estimates



Examples of Increased Expenses:

- TCEC fast purge
- TCEC HRSG & stack coating
- TCEC LCI transformer
- CI Equix Energy pipeline work
- SI CT2 Exhaust plenum
- SI CT1 AVR

*Actual expenditures inclusive of distinct authorized FY24 roll over

Recommended Motion for Executive Committee

- Move approval to increase the Fiscal Year 2025 All-Requirements Project capital budget allocation by $3,000,000.

AGENDA ITEM 10 – REPORTS

a. **Review Form Appendix A Fuel Portfolio Management Policy 2025**

Finance Committee Meeting
August 20, 2025

This Policy compliance review is conducted by the Internal Audit Department (IAD) to assess the status of risk management practices for the time period noted below. The Internal Audit Department completes this form and submits to responsible manager(s) for additional information and comment. Documentation or attestation of compliance may be required during this review. The final form is submitted to the appropriate Executive and the CEO prior to being presented to the Finance Committee (FC) as an information item.

Review period: **March 2023** **to** **February 2024**
Responsible Manager(s): **Rich Popp, CFO**

Policy Compliance: Indicate whether the following items required in the Natural Gas & Fuel Oil Risk Management Policy were completed during the review period.

REQUIREMENT	YES	NO	EXPLANATION
COO will ensure that procedures are created and followed in the area of risk, as needed.	N/A		The policy is outdated and will be updated. Awaiting approval from FC and EC
The Generation Review & Assessment ("GR&A") Group reviewed and approved new natural gas and fuel oil purchase, sale, storage, or transportation strategy(s) and/or risk mitigation transaction instrument(s) under consideration by Agency staff/management (Section 5.1)	N/A		The policy is outdated and will be updated. GR&A no longer exists. Awaiting approval from FC and EC
New and existing transactions using the OTC market were subject to the Credit Risk Policy. (Section 5.4.2)	X		
All Forward physical natural gas purchases were coordinated through an approved fuel agent. (Section 5.4.3)	X		All physical natural gas fuel purchases were made through FGU.
Physical natural gas purchases with a term of one month (thirty-one days) or greater did not exceed 75% of the respective monthly fuel needs. (Sections 5.4.4)	N/A		All-natural gas exceeding 75% are identified and transactionally sold.
Monthly fuel needs projections were generated no later than five (5) business days prior to the beginning of the following month. (Section 5.4.4)	X		Provided by Energy Business Strategist

All fixed price physical natural gas purchases with durations greater than one month were approved by the Executive Committee prior to commitment. (Section 5.4.5)	X		No purchase occurred in current report period.
The minimum inventory volume of natural gas in storage during the primary hurricane season (June through November) were 50% of FMPA's contracted storage capacity. During all other months the minimum level of storage inventory were 10% of contracted storage capacity. (Section 6.1)	N/A		Not applicable, storage capacity less than 500k MMBtu.

Policy Compliance continued:			
REQUIREMENT	**YES**	**NO**	**EXPLANATION**
The Agent provided an Annual Storage Plan for the upcoming fiscal year to FMPA by August 1 of each year for approval by the GR&A Group. (Section 6.1.2)	N/A		Not applicable, storage capacity less than 500k MMBtu.
Any "net zero" tolerance deviation greater than 10,000 MMBtu and less than 50,001 MMBtu ("Minor Tolerance Deviation") were corrected by the end of the fifth (5^{th}) business day following the day on which it occurred and were reported by the Agent to GR&A on a monthly basis, with sufficient details to explain why the Minor Tolerance Deviation occurred. (Section 6.1.3 (1))	N/A		Not applicable, storage capacity less than 500k MMBtu.
Any "net zero" tolerance deviation greater than 50,000 MMBtu ("Major Tolerance Deviation"), were reported by the Agent to GR&A within three business days of the occurrence. (Section 6.1.3 (2))	N/A		Not applicable, storage capacity less than 500k MMBtu.
Storage management transactions were restricted for the settlement date to be no more than 24 months into the future from the transaction date of the trade. (Section 6.1.4)	N/A		Not applicable, storage capacity less than 500k MMBtu.
The Agent provided storage management reports for each FC meeting (Section 6.1.6)	N/A		Not applicable, storage capacity less than 500k MMBtu.
The Agency maintained a fuel oil inventory of no less than 50% and no more than 100% of available storage tank capacity located Cane Island Power Park and Treasure Coast Energy Center. In the event that the fuel oil inventory fell below 50% at a generation site, the Power Generation Fleet Director implemented an action plan to achieve the minimum 50% inventory level within a reasonable period of time or provided justification for a reduced inventory level. (Section 6.2)	N/A		The policy is outdated and will be updated. Awaiting approval from FC and EC

The official book of record of FMPA shall be maintained by a person(s) other than those executing such transactions. (Section 7.1)		N/A	The policy is outdated and will be updated. Awaiting approval from FC and EC
Current market conditions affecting FMPA's natural gas and fuel oil costs, risk management programs, or FMPA's current financial and physical risk management strategies were reported during each meeting of the FC and/or EC. (Section 8.0)	X		CEO reports market conditions monthly.
The volume of all natural gas portfolios, margin risk, monthly financial natural gas portfolio gains or losses and any additional relevant information about FMPA's natural gas and fuel oil risk management program and activities shall be reported at each meeting of the FC and/or EC. (Section 8.0)	X		A recommendation of an acceptance process

Internal Control Assessment: Evaluate the effectiveness of the current process in achieving the following control objectives. Use a scale of 1 to 4 as defined on attached page.

OBJECTIVE	**1**	**2**	**3**	**4**	**EXPLANATION**
Controls are in place to identify and assess price and supply risks related to natural gas and fuel oil.			X		
Transactions are entered into only as hedges against physical and financial requirements of natural gas or fuel oil for load serving generation or long-term electrical contracts.			X		
Hedge instruments purchased or sold have at least an 80% price correlation to the product it is intended to hedge.			X		
Current hedge positions are monitored and compared to hedge position limits on a regular basis.			X		
Storage management agent complies with terms of gas storage contract and applicable tariffs and limits.			X		
The use of additional metrics to measure risk is considered in the regular course of business.			X		

Are there any concerns related to natural gas and fuel oil risk management which should be brought to the attention of the General Manager as part of this review? Yes ☐ No ☒ If yes, describe below.

Are there internal control concerns related to natural gas and fuel oil risk management which require immediate attention?
Yes ☐ No ☒ If yes, describe below including any change to risk inventory controls score.

___

___

___

Fuel Portfolio Management Policy (Appendix A)

Rate the overall functioning of natural gas and fuel oil risk management practices using a scale of 1 to 4 as defined on attached page.

1	2	3	4	EXPLANATION
☐	☐	☒	☐	

Additional comments from responsible Manager(s):

Are there any emerging risks or environmental changes which impact natural gas and fuel oil risk management?

Yes ☐ No ☒ If yes, describe below including any proposed changes to risk inventory.

Other comments:

The policy is outdated and will be updated and is expected to be approved by the EC around Sept 2025.

Liyuan Woerner
44E87DB4176AB1D6637A461E1078F68E readysign

08/07/2025

Internal Audit Reviewer **Date**

Jason Wolfe
FCE8EBCD4831F0CD48FD224C84253474 readysign

08/07/2025

Responsible Director Signature **Date**

Richard M. Popp
8F3C20F5CA44E0B613D0640B6D5585E8 readysign

08/07/2025

Responsible Executive Officer Signature **Date**

Rating scale for Policy compliance reviews:

1 = Risk management practices not in place.

2 = Risk management practices in place are not effective in meeting Policy requirements.

3 = Risk management practices in place meet Policy requirements.

4 = Risk management practices in place exceed Policy requirements.

AGENDA ITEM 10 – REPORTS

b. Review Form Appendix B Debt Policy

Finance Committee Meeting
August 20, 2025

Debt Risk Management Policy (Appendix B)

This Policy compliance review is conducted by the Internal Audit Department (IAD) to assess the status of risk management practices for the time period noted below. The Internal Audit Department completes this form and submits to responsible manager(s) for additional information and comment. Documentation or attestation of compliance may be required during this review. The final form is submitted to the appropriate Executives and the CEO prior to being presented to the Finance Committee (FC) as an information item.

Review period: **December 2023 to November 2024**

Responsible Manager(s): Rich Popp, CFO, Sena Mitchell, Treasury Manager

Policy Compliance: Indicate whether the following items required in the Debt Risk Management Policy were completed during the review period.			
REQUIREMENT	**YES**	**NO**	**EXPLANATION**
The Financial Advisor provided written recommendations to the appropriate governing bodies prior to execution of debt. (Section 2.0)	X		N/A, no debt issuance during this period.
The CFO caused Debt Management Procedures to be created that identify risks in the areas noted below and provide ways to measure, control and mitigate FMPA's exposure to those risks. (Section 3.0)	X		Debt Financing team identifies risk. There are no standard procedures due to the market situation.
CFO, as Chairperson of the DFT, presented all Debt Financing Team (DFT) recommendations to CEO. (Section 4.1)	X		All DFT recommendations become formal Agenda items which are set and approved by the CEO.
The DFT fully explained the risks associated with any given structure and the financial instruments used to those who must decide and approve any such structure. (Section 4.3)			N/A, no debt issuance during this period.
The debt mix for each of FMPA's projects were measured at the time of each debt issuance and complied with the limits defined in Appendix B of this Policy. (Section 4.3)	X		Paid off variable debt in Sept 2024. Currently 100% fixed rate structure.
The life of the refunding bonds did not exceed the remaining life of the assets financed. (Section 4.9.1)			N/A
The CFO, in consultation with the DFT, ensured active oversight of the interest rate hedging program according to these standards. (Section 5.0)			N/A
The DFT reviewed any interest rate hedging transaction before it was presented to the appropriate governing body for consideration. (Section 5.2)			N/A
Where possible, counterparties were required to collateralize their obligations if their ratings were downgraded below the counterparty's rating at the time the interest rate swap was entered into, dependent upon			N/A

the specific terms of the approved ISDA agreement. (Section 5.3)			
The Treasury Manager notified the DFT of any collateral calls and/or collateral returns within 1 business day of such call/return. (Section 5.3)			N/A – None occurred during review period.

Policy Compliance continued:

REQUIREMENT	YES	NO	EXPLANATION
Interest rate swap counterparties had long-term bond ratings of A1/A+ or higher when the interest rate swap transaction was entered into. (Section 5.3)			N/A
The CFO reported any default of an interest rate swap transaction by or with a counterparty to the DFT, CEO and FC, EC, and BOD chairs within 1 business day of such default. (Section 5.3)			N/A
In the event that a single debt provider exceeds the 35% maximum, the CFO caused such condition to be reported to the FC and submit for approval a strategy for addressing that condition, including an appropriate timeline for implementation. (Section 5.5)			N/A
The appropriate governing body approved the initiation of optional termination by FMPA. (Section 5.6)			N/A
The CFO caused any amounts posted for interest rate hedging collateral to be reported to the FC at each regular meeting along with a strategy for handling the collateral at risk level. (Section 5.7)			N/A
The Treasury Manager caused all post-issuance reporting and compliance requirements to be met. (Section 6.2)	X		CDR completed June 2024. Arbitrage calculation updates presented to external auditors by September 30th.
The Treasury Manager reported on the current risk environment affecting FMPA's debt outstanding to the DFT, as needed. (Section 7.1)	X		Report presented during February 15, 2024 EC and BOD meeting.
The CFO, as chairperson of the DFT, completed post-closing debt reports. (Section 7.2)			N/A, no debt closings during period

Internal Control Assessment: Evaluate the effectiveness of the current process in achieving the following control objectives. Use a scale of 1 to 4 as defined on attached page.

OBJECTIVE	1	2	3	4	EXPLANATION
Controls are in place to identify and assess risks related to issuance of debt.			X		

Debt portfolio contributes to at least an A- or A3 credit rating.			X		
The cost and benefit of all aspects of proposed debt structures are fully considered.			X		
Debt service coverage remains at levels to comply with bond covenants.			X		

Internal Control Assessment: continued					
OBJECTIVE	**1**	**2**	**3**	**4**	**EXPLANATION**
Controls are in place to identify and assess risks related to interest rate swap transactions.					N/A
Hedging transactions have authorized business purposes and measured risk.					N/A
Sufficient segregation of duties is maintained.			X		
Off-balance sheet obligations are reported to the FC or higher governing body.					N/A

Are there any concerns related to debt risk management which should be brought to the attention of the CEO as part of this review? Yes ☐ No ☒ If yes, describe below.

Are there internal control concerns related to debt risk management which require immediate attention? Yes ☐ No ☒ If yes, describe below including any change to risk inventory controls score.

Debt Risk Management Policy (Appendix B)

Rate the overall functioning of debt risk management practices using a scale of 1 to 4 as defined on attached page.

1	2	3	4	EXPLANATION
☐	☐	☒	☐	

Additional comments from responsible Manager(s):
Are there any emerging risks or environmental changes which impact debt risk management?
Yes ☐ No ☒ If yes, describe below including any proposed changes to risk inventory.

Three debt financings planned for 2025.

Other comments:

Rating scale for Policy compliance reviews:

1 = Risk management practices not in place.

2 = Risk management practices in place are not effective in meeting Policy requirements.

3 = Risk management practices in place meet Policy requirements.

4 = Risk management practices in place exceed Policy requirements.

Debt Risk Management Policy (Appendix B)

Standard of compliance:

Completion of this review indicates that the Risk Management Reviewer has verified existence of applicable procedures or process documentation and believes them to be reasonably sufficient and up-to-date.

Liyuan Woerner 44E87DB4176AB1D6637A461E1078F68E readysign	12/11/2024
Internal Audit Reviewer	**Date**
Sena Mitchell 34E2A61EAB2B0EA8AFEAA55E3ECBA1EE readysign	12/11/2024
Responsible Manager Signature	**Date**
Richard M. Popp 8F3C20F5CA44E0B613D0C40B6D5585E8 readysign	12/18/2024
Responsible Executive Officer Signature	**Date**

AGENDA ITEM 10 – REPORTS

c. **Review Form Appendix C Investment Policy**

Finance Committee Meeting
August 20, 2025

Investment Risk Management Policy (Appendix C)

This Policy compliance review is conducted by the Internal Audit Department (IAD) to assess the status of risk management practices for the time period noted below. The Internal Audit Department completes this form and submits to responsible manager(s) for additional information and comment. Documentation or attestation of compliance may be required during this review. The final form is submitted to the appropriate Executive Officer and the CEO prior to being presented to the Finance Committee (FC) as an information item.

Review period: July, 2024 to June, 2025
Responsible Manager(s): Rich Popp, CFO, Sena Mitchell, Treasury Manager

Policy Compliance: Indicate whether the following items required in the Investment Risk Management Policy were completed during the review period.

REQUIREMENT	YES	NO	EXPLANATION
Investments conformed to all federal, state, and local legal requirements governing the investment of Public Funds, including all bond resolutions and ordinances adopted by the EC or BOD. (Section 2.0)	X		
The CFO/Treasurer caused Investment Procedures to be written. (Section 3.0)	X		
FMPA invested in the types of securities listed in Appendix A for the Agency and its Projects. (Section 5.0)	X		
FMPA did not allow leveraging (the borrowing of funds for the expressed purpose of reinvesting those funds) or investing in securities with a rating below that required in Appendix A at the time of purchase. (Section 5.0)	X		
The Treasury Department reported on a monthly basis any security whose rating had fallen below the rating level identified in Appendix A after purchase and submitted a rationale for maintaining such security if it has not been sold. (Section 5.0)		N/A	
The Treasury Manager caused a list of qualified and authorized financial institutions and depositories to be maintained and annually reviewed in accordance with the Investment Procedures. (Section 5.1)	X		
Selection of securities were made using either competitive offers, wherein FMPA solicits proposals from at least three firms; or comparison to the current market price as indicated by one of the market pricing resources available, including but not limited to Bloomberg. (Section 5.2)	X		

FMPA matched investment maturities with known cash needs and anticipated cash flow requirements, not exceeding maximum maturity requirements. (Section 5.3)	X		
FMPA were diversified to avoid incurring unreasonable risks associated with over-investing in specific investments, individual financial institutions, maturities and by geographic area or by any other reasonably determinable characteristic.. (Section 5.5)	X		
Diversification percentages which were exceeded were approved by the EC / BOD. (Section 5.5.1)		N/A	No Diversification percentages were exceeded that needed approval

Policy Compliance continued:			
REQUIREMENT	**YES**	**NO**	**EXPLANATION**
All investment security transactions, including collateral for repurchase agreements, entered into by FMPA were settled on a delivery versus payment (DVP) basis. (Section 6.0)	X		
The Custodial or Trustee institution (each fiscal year) provided a copy of their most recent report on internal controls (Statement on Standards for Attestation Engagements No. 16 (SSAE 16) annually. (Section 6.0)	X		
CFO caused appropriate benchmarks for portfolio performance to be established. (Section 7.0)	X		
CFO caused a system of written internal controls to be established. (Section 8.0)	X		
Internal Audit staff ensured compliance with this Policy and the Investment Procedures were monitored on an ongoing basis. (Section 8.1)	X		
All dealers, financial institutions, investment managers, or individuals, collectively referred to as the parties, investing on behalf of FMPA were sent a copy of the Investment Policy by the Treasury Department along with a list of employees who are authorized to transact investment trades on behalf of FMPA. (Section 8.2)	X		Sent in January 2025. Verfiied bt audit department

Treasury Manager produced investment reports for no less than each meeting of the Board of Directors and Executive Committee. (Section 9.0)	X		
Investment staff completed 8 hours of CPE. (Section 8.3)	X		CPE's certificates reviewed by Internal Audit July 2025

Internal Control Assessment: Evaluate the effectiveness of the current process in achieving the following control objectives. Use a scale of 1 to 4 as defined on attached page.					
OBJECTIVE	**1**	**2**	**3**	**4**	**EXPLANATION**
Controls are in place to identify and assess risks related to investments and the management of financial assets.			X		
Safety of investments is given highest consideration in investment selection decisions.			X		
Investments/purchases limited to authorized staff.			X		
Controls are in place within Treasury software to ensure security of information and separation of duties.			X		
The "prudent person" rule guides investment staff as the standard of prudence for investment decisions.			X		

Are there any concerns related to investment risk management which should be brought to the attention of the CEO as part of this review? Yes ☐ No ☒ If yes, describe below.

Are there internal control concerns related to investment risk management which require immediate attention? Yes ☐ No ☒ If yes, describe below including any change to risk inventory controls score.

Rate the overall functioning of investment risk management practices using a scale of 1 to 4 as defined on attached page.

1	2	3	4	EXPLANATION
☐	☐	☒	☐	

Additional comments from responsible Manager(s):
Are there any emerging risks or environmental changes which impact investment risk management?
Yes ☐ No ☒ If yes, describe below including any proposed changes to risk inventory.

Other comments:

Chandler Asset Management, a 3rd party Investment Advisory Firm, conducted a review of
FMPA's Investment Program in December 2024 and found that the program is well-managed,
conservative, and consistent with the Agency's Objectives.

Rating scale for Policy compliance reviews:

1 = Risk management practices not in place.

2 = Risk management practices in place are not effective in meeting Policy requirements.

3 = Risk management practices in place meet Policy requirements.

4 = Risk management practices in place exceed Policy requirements.

Standard of compliance:

Completion of this review indicates that the Risk Management Reviewer has verified existence of applicable procedures or process documentation and believes them to be reasonably sufficient and up-to-date.

Liyuan Woerner
44E87DB4176AB1D6637A461E1078F68E readysign 08/04/2025
Internal Aduit Manager Signature **Date**

Sena Mitchell
34E2A61EAB2B0EA8AFEAA55E3ECBA1EE readysign 08/04/2025
Responsible Manager Signature **Date**

Richard M. Popp
8F3C20F5CA44E0B613D0640B6D5585E8 readysign 08/04/2025
Responsible Executive Officer Signature **Date**

AGENDA ITEM 10 – REPORTS

d. **Review Form Appendix E Credit Policy**

Finance Committee Meeting
August 20, 2025

Credit Policy (Appendix E)

This Policy compliance review is conducted by the Internal Audit Department (IAD) to assess the status of risk management practices for the time period noted below. The Internal Audit Department completes this form and submits to responsible manager(s) for additional information and comment. Documentation or attestation of compliance may be required during this review. The final form is submitted to the appropriate Chief Officer and the CEO prior to being presented to the Finance Committee (FC) as an information item.

Review period: **March, 2024** to **April, 2025**
Responsible Manager(s): Rich Popp, CFO

Policy Compliance: Indicate whether the following items required in the Credit Policy were completed during the review period.			
REQUIREMENT	**YES**	**NO**	**EXPLANATION**
Deviations from Policy were reported to the FC within 5 working days. (Section 2.1)	X		None during Period
Upon nomination, TD calculated the present value of financial loss potential. (Section 4.0)	X		None during Period
T&RD conducted a counterparty credit evaluation and reported the results to the nominating manager. (Section 4.0)	X		None during Period
Nominating managers submitted formal written plan for managing credit risks identified in credit evaluation to the Treasury Manager. (Section 4.0)	X		No vendors nominated by management.
The Treasury Manager caused the Credit Risk Procedures to be established in order to facilitate the completion of the financial loss potential calculation and the credit evaluation. (Section 4.0)	X		Audit verified the procedures in May 2025
Credit risk management plans for material transactions of $5 to $10 million were approved by the Treasury Manager and nominating manager. (Section 4.1)	X		None during Period (Check with Chris)
Credit risk management plans for material transactions of $10 - $50 million were approved by the FC. (Section 4.1)	X		None during Period
Credit risk management plans for material transactions greater than $50 million were approved by the governing body (BOD/EC). (Section 4.1)	X		None during Period

The Treasury Manager caused a list of counterparty transactions to be maintained that have been approved. (Section 4.2)	X		Audit verified the Counterparty reviews maintained in the Risk
			Management folder in June 2023

Policy Compliance continued:			
REQUIREMENT	**YES**	**NO**	**EXPLANATION**
The Treasury Manager caused a credit file to be maintained for each approved counterparty transaction. (Section 5.0)	X		Audit verified the Counterparty reviews maintained in the Risk Management folder.
Credit files were continuously monitored, and formal reviews conducted annually. (Section 5.0)	X		No transaction noted during the year under review.
Credit limit overages were documented in the credit file and reported to the FC within 5 business days. (Section 5.0)	X		None during Period
Managers reported as needed on the current risk environment affecting a proposed or current counterparty to the Treasury Manager, and engaged any necessary discussion before moving related items to the FC. (Section 5.0)	X		None during Period

Internal Control Assessment: Evaluate the effectiveness of the current process in achieving the following control objectives. Use a scale of 1 to 4 as defined on attached page.					
OBJECTIVE	**1**	**2**	**3**	**4**	**EXPLANATION**
Controls are in place to identify and assess risks related to credit risk management.			X		NA – No transaction noted
Asset Managers nominate counterparty transaction to the TD to initiate credit review process.			X		NA – No transaction noted
All material transactions are subject to the credit review process.			X		NA – No transaction noted

The TD considers the credit risk of transactions less than the materiality threshold and recommends credit reviews for those transactions with significant risk to the Agency.			X		NA – No transaction noted

FMPA Risk Management
Policy Compliance Review Form
Credit Policy (Appendix E)

Are there any concerns related to credit risk management which should be brought to the attention of the CEO as part of this review?

Yes ☐ No ☒ If yes, describe below.

____

____

____

Are there internal control concerns related to credit risk management which require immediate attention?
Yes ☐ No ☒ If yes, describe below including any change to risk inventory controls score.

Rate the overall functioning of credit risk management practices using a scale of 1 to 4 as defined on attached page.

1	2	3	4	EXPLANATION
☐	☐	☒	☐	

Additional comments from responsible Manager(s):

Are there any emerging risks or environmental changes which impact credit risk management?
Yes ☐ No ☒ If yes, describe below including any proposed changes to risk inventory.
.

Other comments:

Credit Policy (Appendix E)

Liyuan Woerner
44E87DB4176AB1D6637A461E1078F68E readysign

Internal Audit Manager 06/06/2025 **Date**

Sena Mitchell
34E2A61EAB2B0EA8AFEAA55E3ECBA1EE readysign

Responsible Manager Signature 06/06/2025 **Date**

Richard M. Popp
8F8C20F5CA4450B613D0640B6D5585E8 readysign

Responsible Executive Officer Signature 06/09/2025 **Date**

Rating scale for Policy compliance reviews:

1 = Risk management practices not in place.

2 = Risk management practices in place are not effective in meeting Policy requirements.

3 = Risk management practices in place meet Policy requirements.

4 = Risk management practices in place exceed Policy requirements.

Standard of compliance:

Completion of this review indicates that the Risk Management Reviewer has verified existence of applicable procedures or process documentation and believes them to be reasonably sufficient and up-to-date.

***Reviewers and approvers tracked via SharePoint**

AGENDA ITEM 10 – REPORTS

e. Review Form Appendix H Power Supply and Resource Planning

Finance Committee Meeting
August 20, 2025

Power Supply & Resource Planning Policy (Appendix H)

This Policy compliance review is conducted by the Internal Audit Department (IAD) to assess the status of risk management practices for the time period noted below. The Internal Audit Department completes this form and submits to responsible manager(s) for additional information and comment. Documentation or attestation of compliance may be required during this review. The final form is submitted to the appropriate Executive and the CEO prior to being presented to the Finance Committee (FC) as an information item.

Review period: February 2024 to January 2025

Responsible Manager(s): Navid Nowakhtar, Member Services, Strategic Planning & Analytics Director; Ken Rutter, Chief Operating Officer

Policy Compliance: Indicate whether the following items required in the Power Supply & Resource Planning Policy were completed during the review period.			
REQUIREMENT	**YES**	**NO**	**EXPLANATION**
COO, will cause procedures to be written that identify risks. (Section 3.0)	X		
Resource planning maintained reserve margins at a minimum of 15%. (Section 4.1)	X		Ten-year site plan (TYSP).
Major assumption changes were presented to the EC prior to submission of a completed IRP. (Section 4.2)	X		Final report for 2023 IRP completed in early 2024. 2025 IRP option presented to the EC with focus on existing assets by senior resource planning staff as approved approach for 2025 IRP. Framing assumptions for 2025 IRP presented during February 2025 Strategic Planning Session.
Resource addition options contained in the IRP were presented to the EC for review and approval. (Section 4.2)	X		Final report for 2023 IRP completed in early 2024. Resource needs, options, and focus for 2025 IRP presented during February 2025 Strategic Planning Session.
10-Year Site Plan was filed with the Florida PSC annually by April 1st. (Section 4.3)	X		TYSP was submitted to the Florida PSC by April 1, 2024.

The filed 10-Year Site Plan was presented to EC at the May meeting. (Section 6.1.2)	X		TYSP was presented at the May 16, 2024 EC meeting.
COO of Power Resources ensured appropriate staff maintained current knowledge regarding long-term planning of power resources. (Section 5.1)	X		Staff continually maintains awareness of resource planning issues. Examples include asset due diligence efforts with 1898, the TEA Energy and Gas market recurring meetings, reading and extraction of data from the SNL platform, and support of the Executive Team with various thought leadership/policy study efforts on an as-needed basis.

Internal Control Assessment: Evaluate the effectiveness of the current process in achieving the following control objectives. Use a scale of 1 to 4 as defined on attached page.

OBJECTIVE	1	2	3	4	EXPLANATION
Controls are in place to identify and assess risks related to long-term power supply resource planning.			X		
Long-term resource planning follows all applicable laws.			X		

Internal Control Assessment - (continued)

Operations and planning staff coordinate to fulfill mid-term resource needs.			X		
Long-term resource planning is conducted in accordance with prudent utility practice.			X		
IRP considers mix of needed resources, size of needed resources, rate impact of resource alternatives, and current and potential legal requirements.			X		

Are there any concerns related to resource planning risk management which should be brought to the attention of the General Manager as part of this review?
Yes ☐ No ☒ If yes, describe below.

Are there internal control concerns related to resource planning risk management which require immediate attention?

Yes ☐ No ☒ If yes, describe below including any change to risk inventory controls score.

Rate the overall functioning of resource planning risk management practices using a scale of 1 to 4 as defined on attached page.

1	2	3	4	EXPLANATION
☐	☐	☒	☐	

Additional comments from responsible Manager(s):

Are there any emerging risks or environmental changes which impact resource planning risk management?

Yes ☐ No ☒ If yes, describe below including any proposed changes to risk inventory.

Other comments:

The policy has had no content-related or process-related changes, but we have adjusted titles and roles in the text to reflect the appropriate individuals within the organization given the organizational changes that have taken effect since the policy was last reviewed.

Liyuan Woerner
44E87DB4176AB1D6637A461E1078F68E readysign

02/27/2025

Internal Audit Manager **Date**

Navid Nowakhtar
1D5F5710E3CE1B425A2E80BB7197467A readysign

02/27/2025

Responsible Manager Signature **Date**

Ken Rutter
6ADE9A4F7D3E3EAB477DD0D27733F949 readysign

03/10/2025

Responsible Executive Officer Signature **Date**

Rating scale for Policy compliance reviews:

1 = Risk management practices not in place.

2 = Risk management practices in place are not effective in meeting Policy requirements.

3 = Risk management practices in place meet Policy requirements.

4 = Risk management practices in place exceed Policy requirements.

AGENDA ITEM 10 – REPORTS

f. Review Form Appendix N Human Resources Policy

Finance Committee Meeting
August 20, 2025

Human Resources Policy (Appendix N)

This Policy compliance review is conducted by the Internal Audit Department (IAD) to assess the status of risk management practices for the time period noted below. The Internal Audit Department completes this form and submits to responsible manager(s) for additional information and comment. Documentation or attestation of compliance may be required during this review. The final form is submitted to the CEO prior to being presented to the Finance Committee (FC) as an information item.

Review period: **December 2023 to November 2024**

Responsible Manager(s): Sharon Adams, Chief People and Member Services Officer

Policy Compliance: Indicate whether the following items required in the Human Resources Policy were completed during the review period.

REQUIREMENT	YES	NO	EXPLANATION
The Chief People and Member Services Officer caused procedures to be created that identify risks in the areas noted below and provide ways to measure, control and mitigate FMPA's exposure to those risks. (Section 3.0)	X		
The HR Department maintained adequate backup documentation to support time worked by employees, to record employee absences due to vacation, sick leave or other leave, and to document payments for overtime worked or other pay types (such as retroactive pay or bonuses). (Section 4.1)	X		
HR Department cooperated with reviews of payroll controls by internal or external auditors. (Section 4.1)	X		
All employee health and wellness records were maintained per Health Insurance Portability and Accountability Act ("HIPAA") regulations. (Section 4.2)	X		
The HR Department ensured that benefit eligibility records are properly maintained for all employees. (Section 4.2)	X		
The Chief People and Member Services Officer caused an annual review of FMPA's healthcare plan to be conducted to assess competitiveness and cost effectiveness of the healthcare program. (Section 4.2)	X		The health and wellness plan went out for competitive bid through Bennett Insurance Service in August 2024.
HR Department enforced consistent application of the Compensation Policy across the Agency. (Section 4.3)	X		
The Chief People and Member Services Officer caused to be completed as deemed necessary but at least within a 5-year period by a professional third-party review of salary ranges. (Section 4.3)	X		We do internal benchmark reviews against national salary surveys which is scheduled to be reviewed in 2024.

HR Department ensured employment laws and regulations were followed consistently and fairly. (Section 4.4)	X		
The HR Department provided support to management in the recruitment and development of employees, so that employees are prepared for advancement within the organization. The HR Department assisted management in identifying and preparing suitable employees for succession opportunities. (Section 4.5)	X		
The Chief People and Member Services Officer caused a system of written internal controls to be established to safeguard the Agency's personnel and financial assets, consistent with this Policy and Human Resources Procedures, and in accordance with all policies and procedural guidelines established in the FMPA Risk Management Policy. (Section 5.0)	X		
The Chief People and Member Services Officer ensured that all employees received any training as required by law or regulation. (Section 5.2)	X		
The Chief People and Member Services Officer and other appropriate human resource staff completed 4 hours of continuing professional education in subject courses of study related to personnel management annually (each fiscal year) . (Section 5.2)	X		Chief People and Member Services Officer staff attended training in May 2024.
Internal Audit Manager monitored compliance with this Policy, to include recommendations to the Finance Committee (FC) for external legal compliance reviews when determined necessary. (Section 5.3)	X		
The Chief People and Member Services Officer caused any deviations from this Policy to be reported according to the guidelines set forth in the FMPA Risk Management Policy, Section 4.1. (Section 6.0)	N/A		There were none for this period.

Internal Control Assessment: Evaluate the effectiveness of the current process in achieving the following control objectives. Use a scale of 1 to 4 as defined on attached page.

OBJECTIVE	1	2	3	4	EXPLANATION
Controls are in place to identify and assess risks related to personnel management activities.			X		
Employee benefits and compensation are competitive and cost-effective.			X		
Appropriate segregation of duties is maintained related to the payroll function.				X	
Employees are enrolled in eligible benefits and eligibility records are maintained.			X		ADP Electronic Benefit Management System.

Personnel are correctly classified and all payroll laws and regulations are followed.			X		On-going
Succession planning is sufficiently supported and implemented across the Agency.			X		This is completed through the performance evaluation process. And through discussion by senior leadership team
External legal compliance reviews are conducted as deemed necessary by the CEO and/or General Counsel.			X		

Are there any concerns related to human resources risk management which should be brought to the attention of the CEO as part of this review?
Yes ☐ No ☒ If yes, describe below.

Are there internal control concerns related to human resources risk management which require immediate attention?
Yes ☐ No ☒ If yes, describe below including any change to risk inventory controls score.

Human Resources Policy (Appendix N)

Rate the overall functioning of human resources risk management practices using a scale of 1 to 4 as defined on attached page.

1	2	3	4	EXPLANATION
☐	☐	☒	☐	

Additional comments from responsible Manager(s):
Are there any emerging risks or environmental changes which impact human resources risk management?
Yes ☐ No ☒ If yes, describe below including any proposed changes to risk inventory.

Other comments:

Rating scale for Policy compliance reviews:

1 = Risk management practices not in place.

2 = Risk management practices in place are not effective in meeting Policy requirements.

3 = Risk management practices in place meet Policy requirements.

4 = Risk management practices in place exceed Policy requirements.

Standard of compliance:

Completion of this review indicates that the Risk Management Reviewer has verified existence of applicable procedures or process documentation and believes them to be reasonably sufficient and up-to-date.

Liyuan Woerner 44E87DB4176AB1D6637A461E1078F68E readysign	12/18/2024
Internal Audit Manager Signature	**Date**
Sharon Adams 833E3FDA1A8879386675C4C27844DA03 readysign	12/18/2024
Responsible Manager Signature	**Date**
Jacob Williams 60AEFF8DE3386768F20FB8257465EE9B readysign	12/18/2024
Responsible Executive Officer Signature	**Date**

AGENDA ITEM 11 – COMMENTS

Finance Committee Meeting
August 20, 2025

AGENDA ITEM 12 – ADJOURNMENT

Finance Committee Meeting
August 20, 2025