ARP EXECUTIVE COMMITTEE AGENDA PACKAGE

SEPTEMBER 18, 2025

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

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

Meeting ID Number: 257 273 066 598#

Committee Members

Javier Cisneros, Fort Pierce – Chair
Robert Page, Green Cove Springs – Vice Chair

Christina Simmons, Bushnell
Lynne Mila, Clewiston
Steve Doyle, Fort Meade
Kendrah Wilkerson, Havana
Allen Putnam, Jacksonville Beach
Lynne Tejeda, Key West
Brian Horton, Kissimmee
Brad Chase, Leesburg
Rance Green, Newberry
Doug Peebles, Ocala
Drew Mullins, Starke

Meeting Location

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

MEMORANDUM

TO: FMPA Executive Committee

FROM: Jacob A. Williams, General Manager and CEO

DATE: September 10, 2025

RE: FMPA Executive Committee Meeting - **Thursday, September 18, 2025 at 9:15 a.m. [NOTE TIME]**
(or immediately following the Board of Directors meeting)

PLACE: Florida Municipal Power Agency
8553 Commodity Circle, Orlando, FL 32819
Fredrick M. Bryant Board Room

DIAL-IN: **DIAL-IN INFO 321-299-0575, Meeting Number 257 273 066 598#**
(If you have trouble connecting via phone or internet, call 407-355-7767)

LINK: **Join the meeting now**

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

Chairman Javier Cisneros, Presiding

AGENDA

8. Action Items

9. Information Items

Item also on the Board of Directors Agenda.

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

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

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

Executive Committee
September 18, 2025

AGENDA ITEM 2 – Set Agenda (by Vote)

Executive Committee
September 18, 2025

AGENDA ITEM 3 – RECOGNITION OF GUESTS

Executive Committee
September 18, 2025

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

Executive Committee
September 18, 2025

AGENDA ITEM 5 – COMMENTS FROM THE CHAIR

Executive Committee
September 18, 2025

AGENDA ITEM 6 – REPORT FROM THE GENERAL MANAGER

Executive Committee
September 18, 2025

AGENDA ITEM 7 – CONSENT AGENDA

a. **Approval of Meeting Minutes – Meetings Held August 21, 2025 and ARP Telephonic Rate Workshop Held August 13, 2025**

Executive Committee
September 18, 2025

CLERKS DULY NOTIFIED .... August 13, 2025
AGENDA PACKAGES POSTED .... August 14, 2025

MINUTES
EXECUTIVE COMMITTEE MEETING
THURSDAY, AUGUST 21, 2025
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL 32819

PARTICIPANTS PRESENT:

Lynne Mila, Clewiston
Javier Cisneros, Fort Pierce
Bob Page, Green Cove Springs
Kendrah Wilkerson, Havana
Allen Putnam, Jacksonville Beach
Brian Horton, Kissimmee
Brad Chase, Leesburg (virtual)
Doug Peebles, Ocala (virtual)
Drew Mullins, Starke

OTHERS PRESENT

Michael Poucher, Bartow
Danny Retherford, Fort Pierce
Thomas Brown, Gainesville
Mark Flury, Kissimmee
Jason Terry, Kissimmee
Justin Buckman, Kissimmee
Michael Beckham, Lakeland (virtual)
Jim Williams, Leesburg (virtual)
Wade Gillingham, OUC (virtual)
James Hughes, Starke
Eric Walters, Tallahassee
Mike Mace, PFM
Barry Rothchild, Nixon Peabody
Elizabeth Columbo, Nixon Peabody
Rob Taylor, GDS Associates Inc.
John Murphy

STAFF PRESENT

Jacob Williams, General Manager and CEO
Jody Finklea, General Counsel and Chief Legal Officer
Ken Rutter, Chief Operating Officer
Rich Popp, Chief Financial Officer
Chris Gowder, Chief System Operations and Technology Officer
Dan O'Hagan, Deputy General Counsel and Manager of Regulatory Compliance
Sue Utley, Executive Asst. /Asst. Secy. to the Board
Sharon Adams, Chief People and Member Services Officer
Susan Schumann, Public Relations and External Affairs Manager
Emily Maag, Public Relations Specialist

Jason Wolfe, Financial Planning Rates and Budget Director
Navid Nowakhtar, Member Services Strategic Planning & Analytics Director
Mary Kathryn Patterson, Senior Public Relations Specialist
Sena Mitchell, Treasury Manager
Justin Harris, EHS Manager
Lindsay Jack, Executive Assistant Support Coordinator
Andrei Benjamin, Cloud Systems Administrator

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

Chair Javier Cisneros, Fort Pierce, called the FMPA Executive Committee meeting to order at 11:05 a.m., Thursday, August 21, 2025. A video and audio connection for public attendance and participation was broadcast in the Frederick M. Bryant Board Room at Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, Florida. The roll was taken, and a quorum was declared with 9 members present out of a possible 13.

ITEM 2 – SET AGENDA (BY VOTE)

MOTION: Allen Putnam, Jacksonville Beach, moved approval of the agenda as presented. Bob Page, Green Cove Springs, seconded the motion. Motion carried 9-0.

ITEM 3 – RECOGNITION OF GUESTS

Kendrah Wilkerson, Havana was welcomed to the Executive Committee.

ITEM 4 – PUBLIC COMMENTS

None.

ITEM 5 – COMMENTS FROM THE CHAIRMAN

Chair Javier Cisneros thanked the committee for the confidence and trust they have in him for electing him Chair of the Executive Committee.

ITEM 6 – REPORT FROM GENERAL MANAGER

Jacob Williams added that the capital budget item was pulled from the agenda because no amendment is needed for this year as previously thought. In addition, the General Fund Transfer survey went out and is due back September 4. Results will not be posted on FMPA’s website going forward.

ITEM 7 –CONSENT AGENDA

a. Approval of Meeting Minutes – Meetings Held July 23, 2025, and ARP Telephonic Rate Workshop Held July 15, 2025

b Approval of Treasury Reports – As of June 30, 2025

c Approval of the Agency and All-Requirements Project Financials as of June 30, 2025

d ARP 12-month Capacity Reserve Margin Report

MOTION: Allen Putnam, Jacksonville Beach, moved approval of the Consent Agenda as presented. Doug Peebles, Ocala, seconded the motion. Motion carried 9-0.

ITEM 8 – ACTION ITEMS:

a. Approval of KUA TARP Third Amendment

Jacob Williams presented the KUA TARP Amendment.

MOTION: Allen Putnam, Jacksonville Beach, moved approval of KUA TARP Third Amendment as presented. Bob Page, Green Cove Springs, seconded the motion. Motion carried 9-0.

b. FY25 Capital Reallocation *This item was removed from the agenda during the set agenda portion of the meeting

c. Approval of Change to ARP Cash Target for Rate Setting

Jason Wolfe presented the change to ARP cash target for rate setting

MOTION: Drew Mullins, Starke, moved approval of Change to ARP Cash Target for Rating Setting as presented. Allen Putnam, Jacksonville Beach, seconded the motion. Motion carried 9-0.

ITEM 9 – INFORMATION ITEMS:

a. Notice of Annual Continuing Disclosure Report of the Fiscal Year Ended September 30, 2024

Sena Mitchell presented the Notice of Annual Continuing Disclosure report.

b. Annual Safety Report

Justin Harris provided an update on the safety report at the Board of Directors meeting. No further discussion.

c. Generation Reliability Upgrades & Bartow Integration

Ken Rutter presented the Generation Reliability Upgrades & Bartow Integration.

d. Results of ARP Series 2025A Bonds

Sena Mitchell provided an update on ARP Series 2025A Bonds results.

e. Energy Southeast Prepay Transaction Market Update

Rich Popp provided an update on Energy Southeast prepay transaction market update.

Javier Cisneros, Fort Pierce, asked if staff are making a recommendation on adjusting the minimum discount number. Rich Popp clarified that historically we have not agreed to anything below 30 cents an MMBtu.

Bob Page, Green Cove Springs commented that it is logical if we historically have been around the 35-cents mark. Why wouldn't we be happy with it now? Five percent, as a minimum discount, would look like a reasonable target.

Allen Putnam, Jacksonville Beach feels no pressure at 5%

The Executive Committee members chose to take action on this item.

MOTION: Allen Putnam, Jacksonville Beach, moved approval of 5% as a new minimum discount requirement for the prepay transaction, as discussed. Doug Peebles, Ocala, seconded the motion. Motion carried 9-0.

f. FY 2026 Draft Goals

Jacob Williams provided an update on FY 2026 draft goals at the Board of Directors meeting. No additional comments.

ITEM 10 – Member Comments

Chair Javier Cisneros, Fort Pierce, said he believes there is a need for advocacy at the national level.

ITEM 11 – Adjournment

There being no further business, the meeting was adjourned at 11:55 a.m.

Javier Cisneros Chairman, Executive Committee	Sue Utley Assistant Secretary
Approved: ______________________	Seal

PUBLIC NOTICE SENT TO CLERKS... August 06, 2025
AGENDA PACKAGES SENT TO MEMBERS .... August 12, 2025

MINUTES
EXECUTIVE COMMITTEE
ALL-REQUIREMENTS POWER SUPPLY PROJECT
TELEPHONIC RATES MEETING
WEDNESDAY AUGUST 13, 2025
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FLORIDA 32819

COMMITTEE MEMBERS PRESENT VIA TELEPHONE

Christina Simmons, Bushnell
Andrea Trasferini-Slown, Fort Pierce
Daniel Retherford, Fort Pierce
Javier Cisneros, Fort Pierce
Michelle Harris, Fort Pierce
Robert C. Page, Green Cove Springs
Allen Putnam, Jacksonville Beach
Jesse Perloff, Key West
Lynne Tejeda, Key West
Aaron Haderle, Kissimmee
Jason Terry, Kissimmee
Justin Buckman, Kissimmee
Marie Carter, Leesburg
Marie Brooks, Ocala

STAFF PRESENT

Jacob Williams, General Manager and CEO
Rich Popp, Chief Financial Officer
Sue Utley, Executive Assistant to General Manager and CEO / Asst. Secy. to the Board
Lindsay Jack, Administrative Services Supervisor
Jason Wolfe, Financial Planning, Rates and Budget Director
Denise Fuentes, Budget and Financial Analyst III

<u>Item 1 – Call to Order and Roll Call</u>

Javier Cisneros, Fort Pierce, Chair, called the Executive Committee All-Requirements Telephonic Rate Workshop to order at 2 p.m. on Wednesday, August 13, 2025, via telephone. A speaker telephone for public attendance and participation was located at Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, Florida.

Item 2 – Review of July ARP Rate Calculation

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

Item 3 – Member Comments

No Member Comments

Item 4 - Adjournment

There being no further business, the meeting was adjourned at 2:09 p.m.

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Approved

JC/lj

AGENDA ITEM 7 – CONSENT AGENDA

b. Approval of Treasury Reports as of July 31, 2025

Executive Committee
September 18, 2025

AGENDA PACKAGE MEMORANDUM

TO: FMPA Executive Committee

FROM: Melissa Cain

DATE: September 10, 2025

ITEM: EC 7(b) – Approval of the All-Requirements Project Treasury Reports as of July 31, 2025

Introduction

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

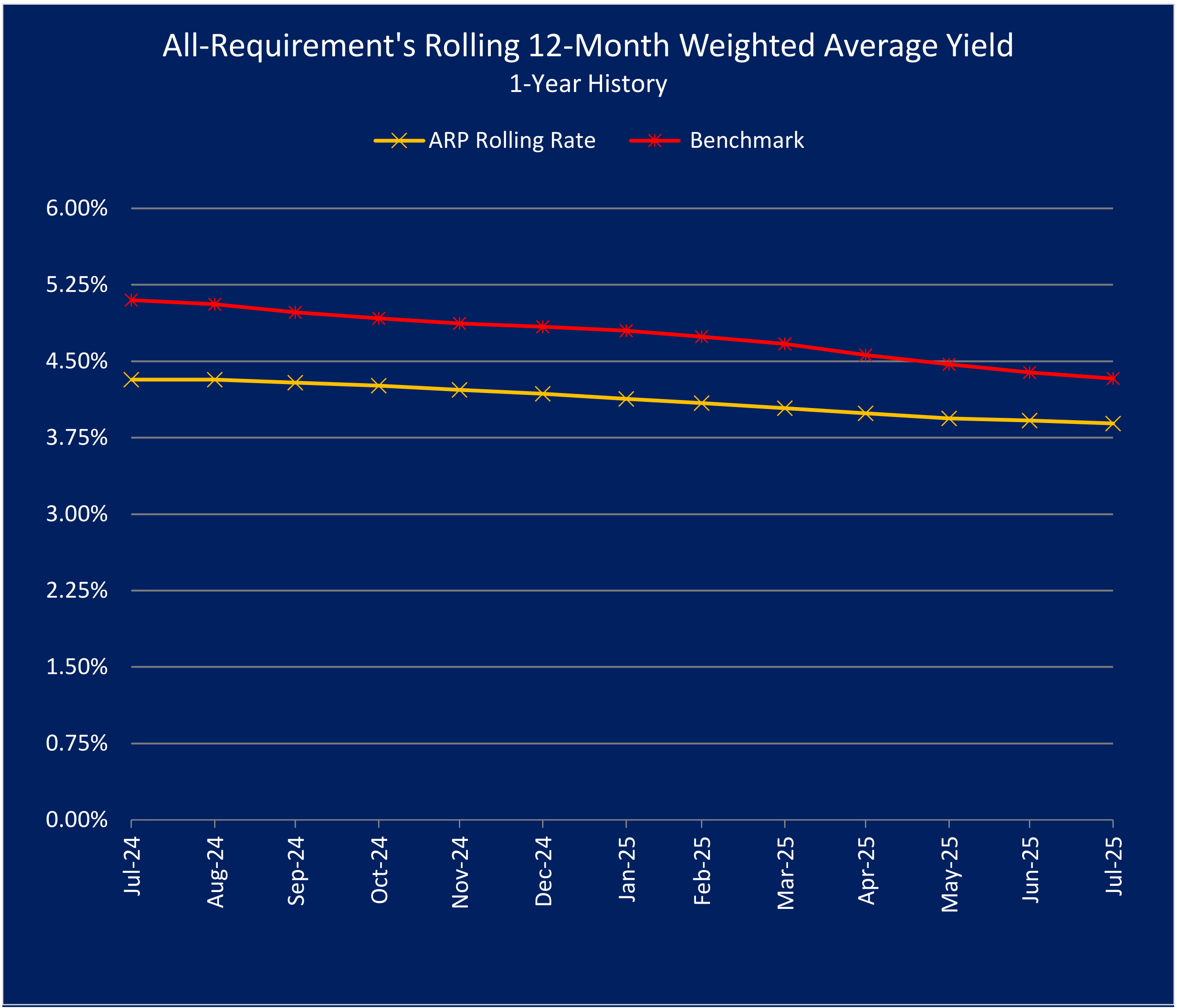
Debt Discussion

The All-Requirements Project's debt is entirely fixed-rate, accounting for 100% of the total debt. The estimated debt interest funding for fiscal year 2025 as of July 31, 2025, is $30,255,005.29. The total amount of debt outstanding is $686,425,000.

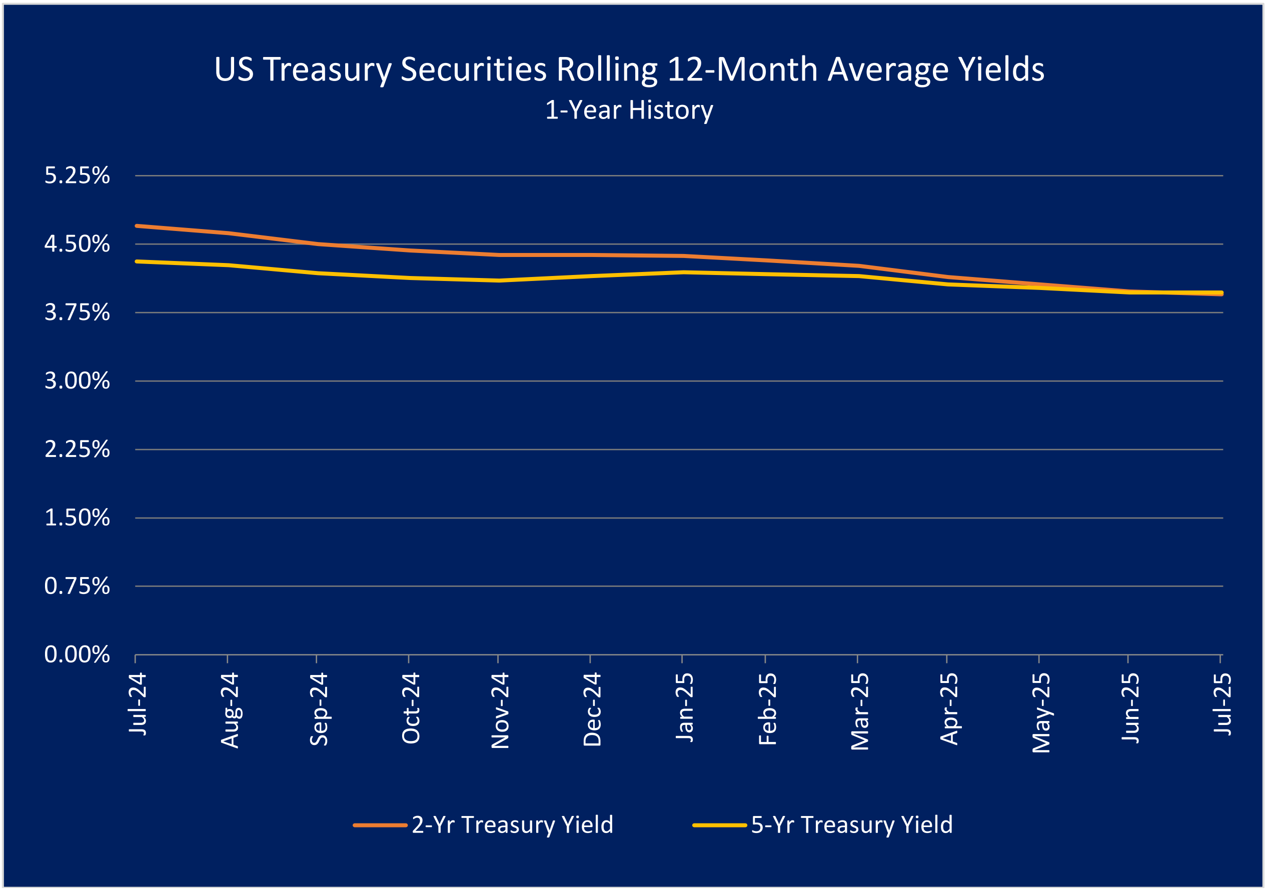
Investment Discussion

The investments in the Project are comprised of debt from the government-sponsored enterprises such as the Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae), as well as investments in U.S. Treasuries, Municipal Bonds, Certificates of Deposits, Corporate Notes, Commercial Paper, Local Government Investment Pools, and Money Market Mutual Funds.

As of July 31, 2025, the All-Requirements Project investment portfolio had a rolling 12-month weighted average yield of 3.89%. This reflects slower reinvestment into higher-yielding securities as longer-term bonds mature. The benchmarks (SBA's Florida Prime Fund and the 2-year US Treasury Note) and the Project's rolling 12-month weighted average yields are graphed below:



Below is a graph of the rolling 12-month average US Treasury yields for the past year. The orange line is the 2-year Treasury which had a rolling 12-month average yield on July 31, 2025, of 3.95%. The yellow line is the 5-year Treasury rolling 12-month average yield which was 3.97%.



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

Recommended Motion

Move for approval of the Treasury Reports for July 31, 2025

AGENDA ITEM 7 – CONSENT AGENDA

c. Approval of the Agency and All-Requirements Project Financials as of July 31, 2025

Executive Committee
September 18, 2025

Rich Popp
Chief Financial Officer

AGENDA PACKAGE MEMORANDUM

TO: FMPA Executive Committee

FROM: Rich Popp

DATE: September 10, 2025

SUBJECT: EC 7c– Approval of the Agency and All Requirements Project Financials as of the period ended July 31, 2025

Discussion: The summary and detailed financial statements, which include GASB #62 transactions, of the Agency and All Requirements Project for the period ended July 31, 2025, are posted on the Document Portal section of FMPA's website.

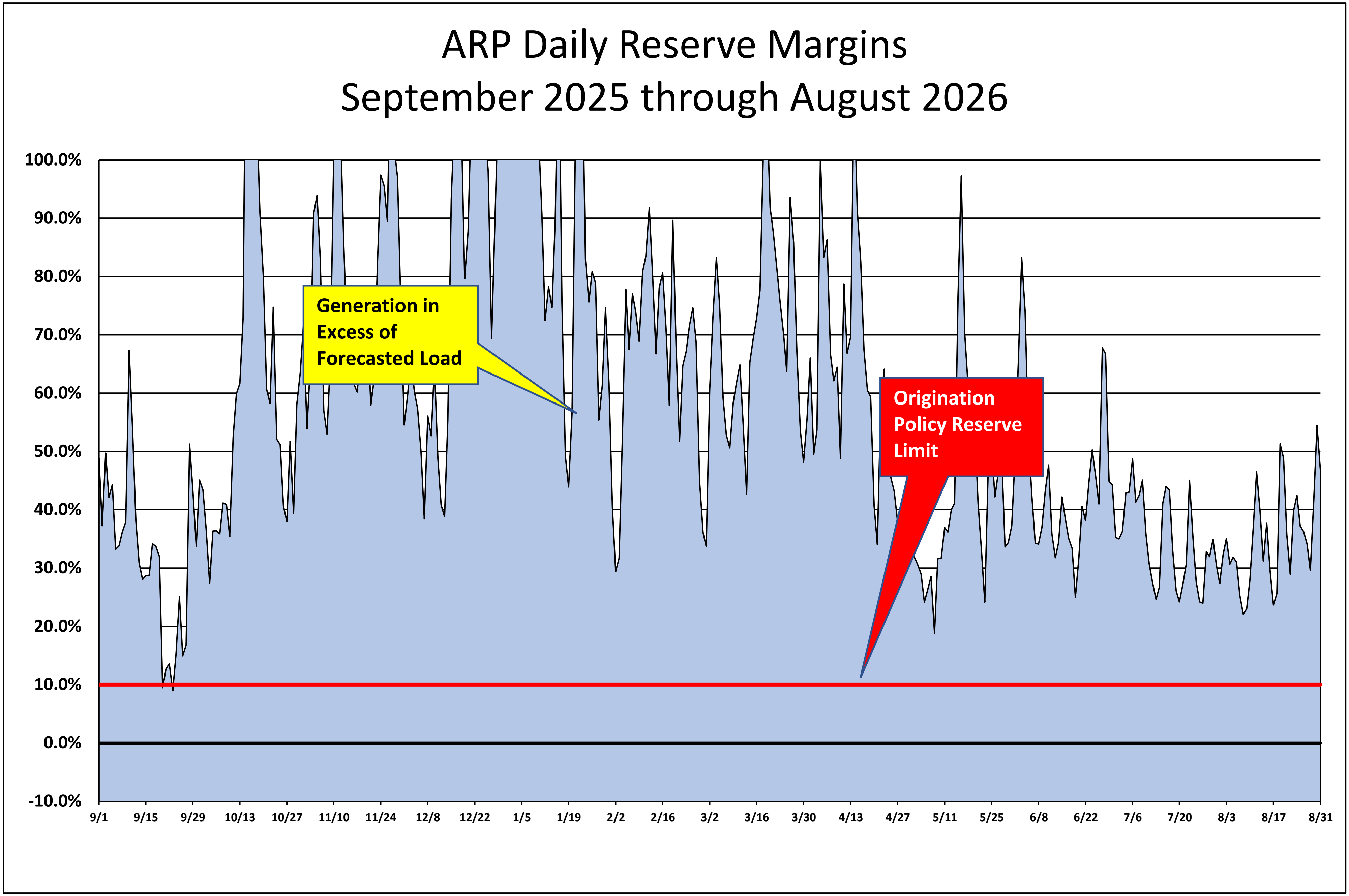
Recommended: Move approval of the Agency and All-Requirements Project Financial Reports for the month ended July 31, 2025.

RP/GF

AGENDA ITEM 7 – CONSENT AGENDA

d. ARP 12-month Capacity Reserve Margin Report

Executive Committee
September 18, 2025


ARP Daily Reserve Margins
September 2025 through August 2026
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
-10.0%
9/1
9/15
9/29
10/13
10/27
11/10
11/24
12/8
12/22
1/5
1/19
2/2
2/16
3/2
3/16
3/30
4/13
4/27
5/11
5/25
6/8
6/22
7/6
7/20
8/3
8/17
8/31
Generation in Excess of Forecasted Load
Origination Policy Reserve Limit

AGENDA ITEM 8 – ACTION ITEMS

a. Approval of FY 2026 Goals

Executive Committee
September 18, 2025

Fiscal Year 2026 Management Goals

Goal		FY 2026 Target	Comment
1. Safety	Lost-time Accidents	0	
	OSHA Recordables	0	
2. Compliance	Environmental	0	
	Financial	0	
	Regulatory Successful Audit	0	No audit findings that result in a NERC violation.
3. Low Cost ($/MWh)	FY26 Rate Objective	$81.00	Proposed target is $3.63/MWh (4%) < budget Goal FY25 $78.00 Should be Combine to single $81 goal?
	Fuel	$29.87	
	Non-Fuel	$51.13	
4. Establish Florida New Nuclear Effort			As Rate Cases End and IRA issues resolve work toward Florida New Nuclear Effort with Executive Involvement

Goal		FY 2026 Target	Comment
5.Cyber-security	Breaches	0	
	Phishing Tests	<5%	Tighten goal by 1%
	Real Phishes Reported	120	Average 10 reports per month
6. Reliability	Base Generation EAF	89%	TCEC Major This Year - Goal FY25 90%
	Intermediate Gen EAF	90%	Goal FY25 89%
	Peaking Generation EAF	92%	Same as FY25
	Successful SI Starts	100%	
7. Member Reliability	Reliability Major	12	Same as FY25
	Reliability Minor	18	
8. Member Services	Leadership Member Visits	75	Same as FY25
	Member Roundtable & Training Attendance	400	Goal FY25 275
	Stakeholder Presentations	25	Modified goal

Goal		FY 2026 Target	Comment
9. Long-Term Capacity & Reliability	Plant Capacity Uprates	15 MW	Add capacity to existing units through capital projects
	Keys Battery Decision	Go/No Go	
	CI Sable Trail Connection	Begin Construction	
10. Financing & Long-Term Rate Reductions	Pre-pay Gas/Solar	1	Up from $12M goal FY25 and actual of $20M
	External Sales – Margins	$22M	
	Complete Bond Financings	1	
11. People	Plant Onboarding/Training		Bartow Energy Center
	Agency & Plant Engagement	80%	Hold Score w/ Another New Plant/Team
12. Other	Low-Cost & Reliable Advocate		Continue being market knowledgeable "Honest Broker" to advocate for low-cost & reliable energy/environment policy

Low-Cost and Reliable Priorities

Specific to Strategic Plan Priorities and Other Board Goals

- **Pausing retirement of reliable coal and natural gas** - till DOE/Region verifies no reliability harm – Good for reliability and prevent sudden shift to more natural gas
- **Existing Natural Gas Unit Expansion** - Expedite transmission studies for expansion of natural gas units for immediate capacity – Lowest cost capacity increases
- **Provide pipeline permitting reform** to increase the supply and deliverability of natural gas to the markets – abundant, affordable and reliable natural gas
- **Battery Storage** - where appropriate, add battery storage to reliably store excess natural gas generation for peaking needs
- **Next Generation Nuclear** - Streamline next generation nuclear permitting process for more reliable and diverse generation
- **Repeal Clean Power Plan 2** – enable new natural gas combined cycles operating over 40% utilization& allow existing solid fuel continued operations

AGENDA ITEM 8 – ACTION ITEMS

b. Approval of Proposed Revisions to Fuel Portfolio Management Policy

Executive Committee
September 18, 2025

8b – Proposed Revisions to Portfolio Risk Management Policy

Executive Committee

September 18, 2025

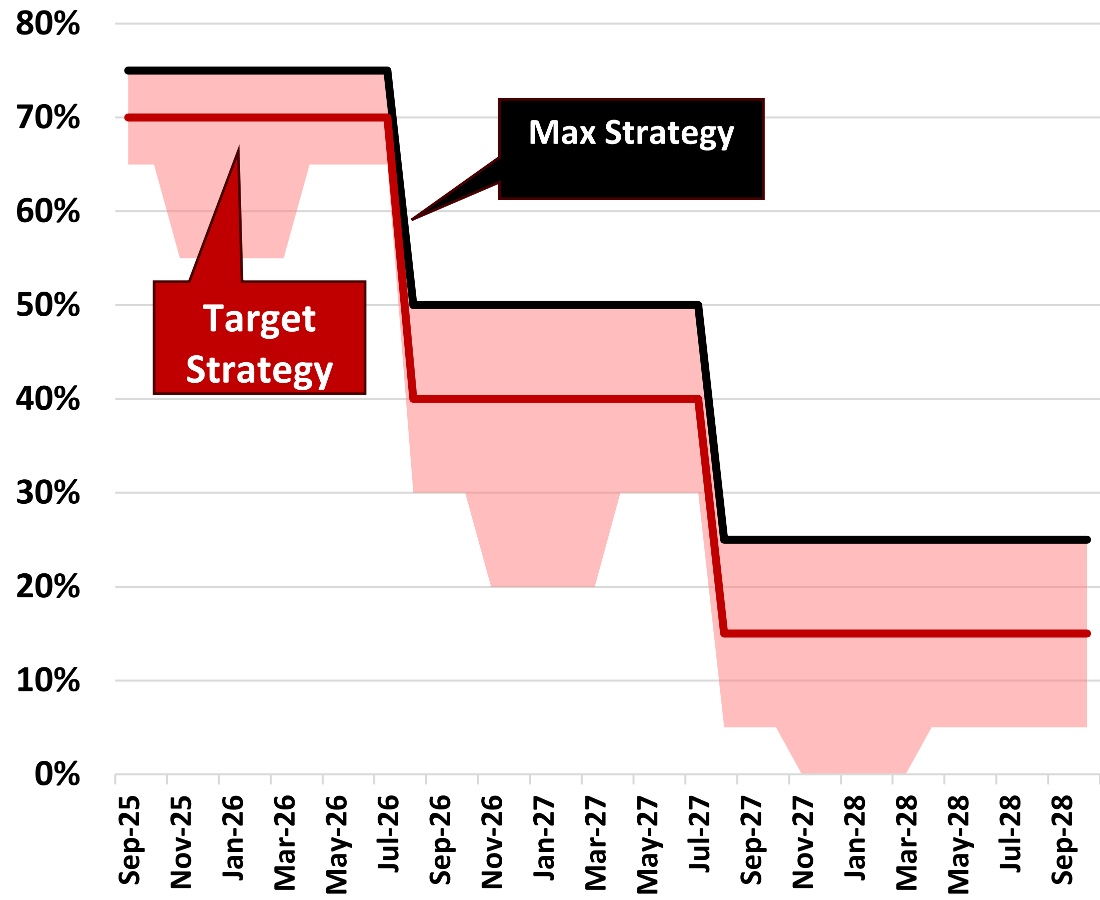
Summary of Policy Updates

- **Purpose:**
  - Review and approve updates to FMPA's Fuel Portfolio Risk Management Policy
  - Brings Policy into compliance with prior EC Approvals
- **Key Discussion Points:**
  - Clearly defined natural gas procurement and Price Stability Program ranges
  - Updated roles and responsibilities for CFO and Executive Committee
  - Provides clear minimum thresholds for pre-paid natural gas renewals
  - Improved risk definitions and administrative controls
  - Enhanced reporting and compliance measures

Documentation of Process for Price Stability Program
Language Update: Strategy Approved April 2024 EC Meeting

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



Pre-pay Physical Natural Gas Renewals

Language Update Approved at August 2024 EC Meeting

- **Authority granted:** Staff can extend existing pre-pay natural gas agreements one time, up to the original 30-year term.

- **Condition:** Extension only allowed if monthly discount is $0.08 or greater than renewal periods minimum price threshold for the agreement

- **Duration:** This authority is valid through **September 30, 2029**.

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

Motion to Approve

- Move to approve the Risk Management Policy - Appendix A Fuel Portfolio Management Policy.

FLORIDA MUNICIPAL POWER AGENCY

RISK MANAGEMENT POLICY - APPENDIX A

FUEL PORTFOLIO MANAGEMENT POLICY

TABLE OF CONTENTS

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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 5.4.4.

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.

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.

5.5.9 Pre-pay Physical Natural Gas Renewals:

For any existing pre-pay physical natural gas agreements where the “Put” period renews and/or resets, staff shall have the authority to extend the agreement once up to the original term (30 years) if the expected monthly discount exceeds $0.08 MMBtu as compared to the remaining term of the original renewal period. This authorization shall remain in effect until September 30, 2029.

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 shall provide information to the 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 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 CFO 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 CFO 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

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 5.4.4	Physical Natural Gas Purchases:
Annual Storage Plan and Update*	Annually	Agent	Section 6.1.2	Annual Storage Plan:
Storage Balance Restriction Deviations*	As Needed	Agent	Section 6.1.3	Storage Optimization Restrictions:
Reliability Event*	As Needed	Agent	Section 6.1.5	Inventory Limit Deviations:
Storage Report*	Each FC Meeting	Agent	Section 6.1.6	Storage Management Reports:
Storage Cash Flow*	Monthly	Agent	Section 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

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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:

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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:

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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:

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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~~

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~~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.

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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.

5.2.1Year 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.

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5.45 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~~.

5.5.9 Pre-pay Physical Natural Gas Renewals:

For any existing pre-pay physical natural gas agreements where the "Put" period renews and/or resets, staff shall have the authority to extend the agreement once up to the original term (30 years) if the expected monthly discount exceeds $0.08

MMBtu as compared to the remaining term of the original renewal period. This authorization shall remain in effect until September 30, 2029.

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.

The Agent shall provide information to the ~~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.~~ 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~~ CFO 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~~CFO 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.

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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 8 – ACTION ITEMS

c. **Approval of Quarterly Natural Gas Price Stability Program Update**

Executive Committee
September 18, 2025

8c – Approval of Natural Gas Price Stability Program Quarterly Update

Executive Committee

September 18, 2025

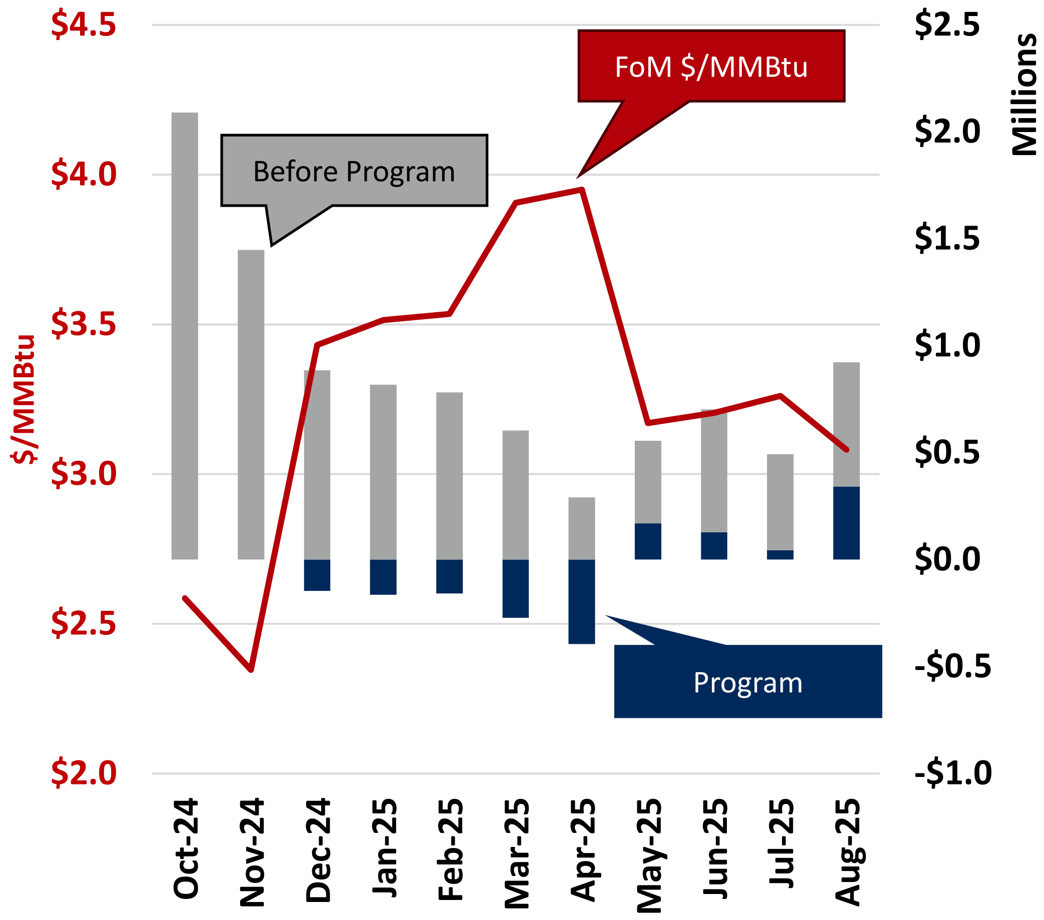
Summary of Today's Discussion

Program’s Performance, Where We Are & Future Targets

- Highlighting Program's FY25 outcomes
  - Price stability plan for FY25 rate impact of $9.6 M or ~2% but still below $78/MWh Target – Actual expected at $77/MWh due to other savings
- Reviewing mitigation buying strategy as targets become active
  - Implementing "stop orders" once prices fall below targets to ensure targets
  - Mitigated 57% of FY 26
- Proposing revising Targets downward for FY 26
  - Prices have fallen significantly in the last 90 days

Reviewing Programs Rate Outcome (Realized)

FY 25 All Positions Added $1.55/MWh to Rate or ~2% Premium



Monthly Dollar Billed to O&M

Month	Before Program	Program	All Positions
10/1/2024	$2,090	$ -	$ 2,090
11/1/2024	$1,448	$ -	$1,448
12/1/2024	$ 885	$ (147)	$ 738
1/1/2025	$ 818	$ (164)	$ 654
2/1/2025	$ 783	$ (158)	$ 625
3/1/2025	$ 604	$ (272)	$ 332
4/1/2025	$ 290	$ (394)	$ (104)
5/1/2025	$ 386	$ 169	$ 555
6/1/2025	$ 574	$ 128	$ 702
7/1/2025	$ 449	$ 44	$ 493
8/1/2025	$ 580	$ 342	$ 922
9/1/2025	$ 603	$ 609	$ 1,212
FY 2025 Total	**$ 9,510**	**$ 157**	**$ 9,667**

Reviewing Programs Cost Outcome (Cashflow)

FY 25 All Positions Added $1.42/MWh "Cost" or ~1.9% Premium

Date	Cash Used	Cost impact ($/MWh)	Cost Premium
Oct-24	**($3,657,837)**	**$0.59**	**0.74%**
Nov-24	**($1,231,768)**	**$0.20**	**0.28%**
Dec-24	**$374,621**	**($0.06)**	**-0.07%**
Jan-25	**$269,071**	**($0.04)**	**-0.05%**
Feb-25	**$167,687**	**($0.03)**	**-0.03%**
Mar-25	**($332,337)**	**$0.05**	**0.06%**
Apr-25	**$104,185**	**($0.02)**	**-0.02%**
May-25	**($555,345)**	**$0.09**	**0.12%**
Jun-25	**($701,997)**	**$0.11**	**0.16%**
Jul-25	**($565,926)**	**$0.09**	**0.13%**
Aug-25	**($1,171,709)**	**$0.19**	**0.26%**
*Sep-25	**($1,520,720)**	**$0.25**	**0.32%**
Total	**($8,822,075)**	**$1.42/MWh**	**1.90%**

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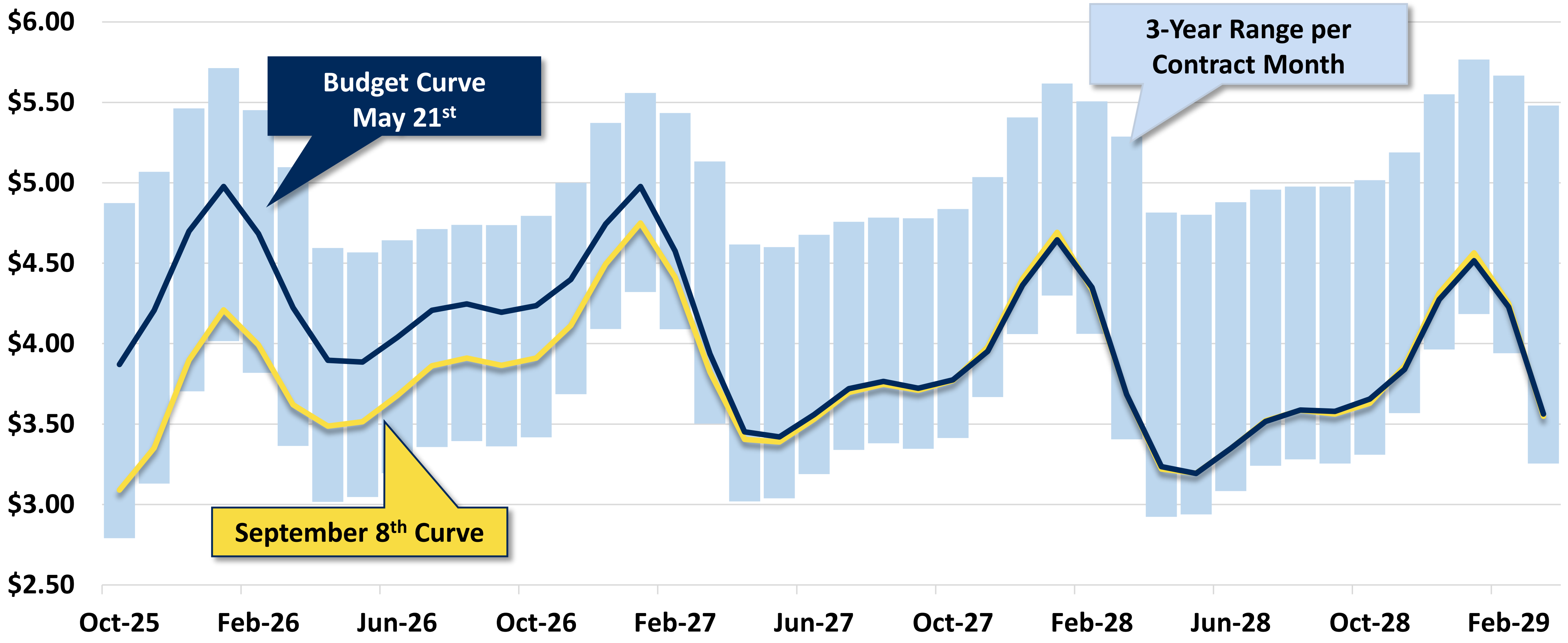
* Sept 9th close Est.

Budget vs Current Natural Gas Prices

Current Market is 14% Below FY 26 Budget



FY 26 Market Pricing and Program Buys

Small Incremental Buys on Downticks With Stops to Lock Value

Setting Tighter Targets to Secure Ideal Rate Targets

- **Define the Low**:
  - Use a recent low (last 90 trading days) or the 25th-percentile price, then set a target 2%-5% above it

- **Place the target and wait:**
  - When price hits it, buy a small slice (5–8% of your need) instead of all at once
  - Amounts secured could be higher based on discount and market conditions

- **Slow or stop buying as desired pricing is achieved**

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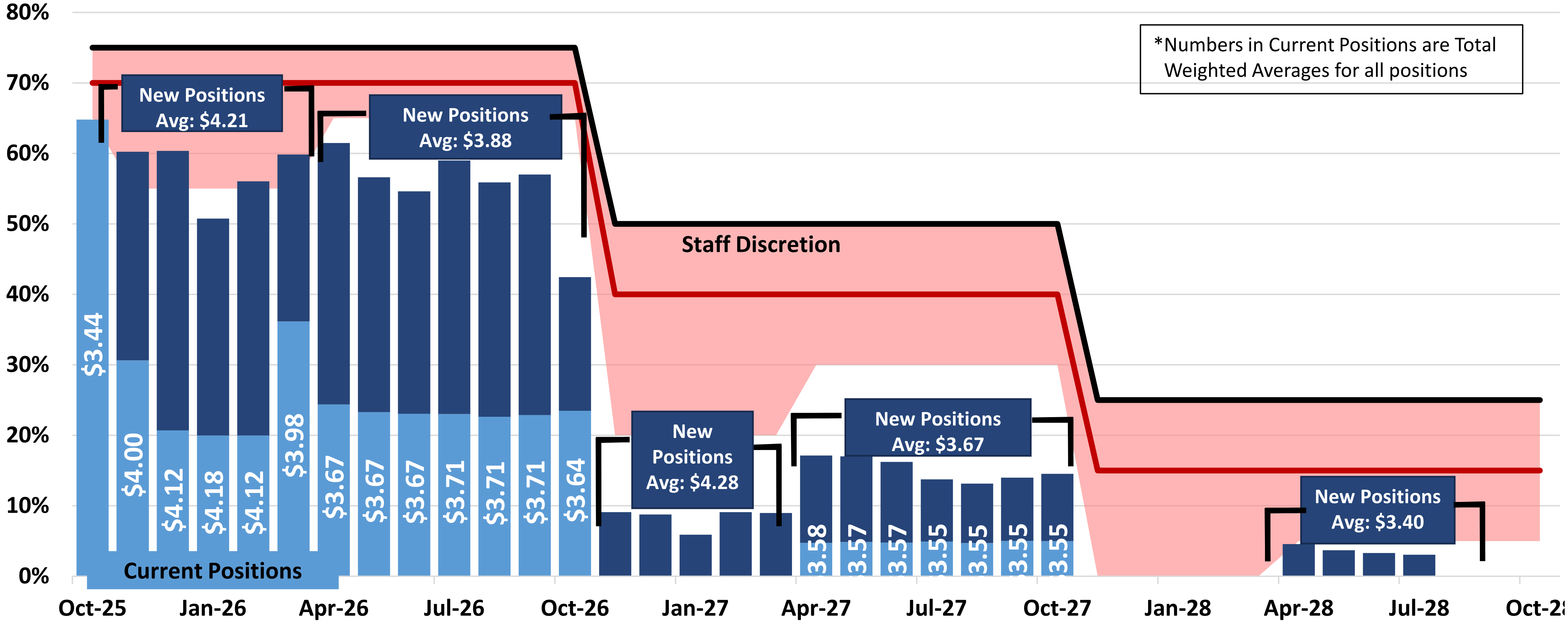
Summary of Stability Program Since June

Setting Up to Deliver $81/MWh for FY 26

- **For FY 26:**
  - Program Added 33%, increasing total secured to 57%
  - These additions averaged $0.35 below target prices
- **For FY 27:**
  - Program Added 12%, increasing total secured to 15%
  - These additions averaged $0.18 below target prices
- **For FY 28:**
  - Small add, only 4%; However, achieved $0.20 below target prices

Stability Additions Since June and Current Overall

Looking to Reach Minimums for FY 26 Before Winter



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New Rate Projections Target for Next 36 Months

Targeting $81/MWh for FY26, ~$4 Below Budget

Market Pricing Dates		Nov 25 - Mar 26	April 26 - Oct 26	Nov 26 - Mar 27	April 27 - Oct 27	Nov 27 - Mar 28	April 28 - Oct 28
Target Gas Price ($/MMBtu)	Current Target	$4.60	$4.09	$4.40	3.80	$4.20	$3.60
	Change	(-0.60)	(-$0.21)				
	New Target	$4.00	$3.88	$4.40	3.80	$4.20	$3.60

Target Rate ($/MWh)	Current Target	$94.79	$80.72	$94.88	$78.15	$93.12	$77.43
	Change	(-$3.14)	(-$2.60)	(-$1.06)	(-$0.43)	(+$.18)	(-$0.28)
	New Target	$91.65	$78.18	$93.82	$77.72	$93.30	$77.15

Fiscal Year		FY 26	FY 27	FY 28
Target Rate ($/MWh)	Current Target	$85.05	$84.36	$83.06
	Change	(-$3.15)	(-$0.86)	
	New Target	$81.90	$83.50	$83.06

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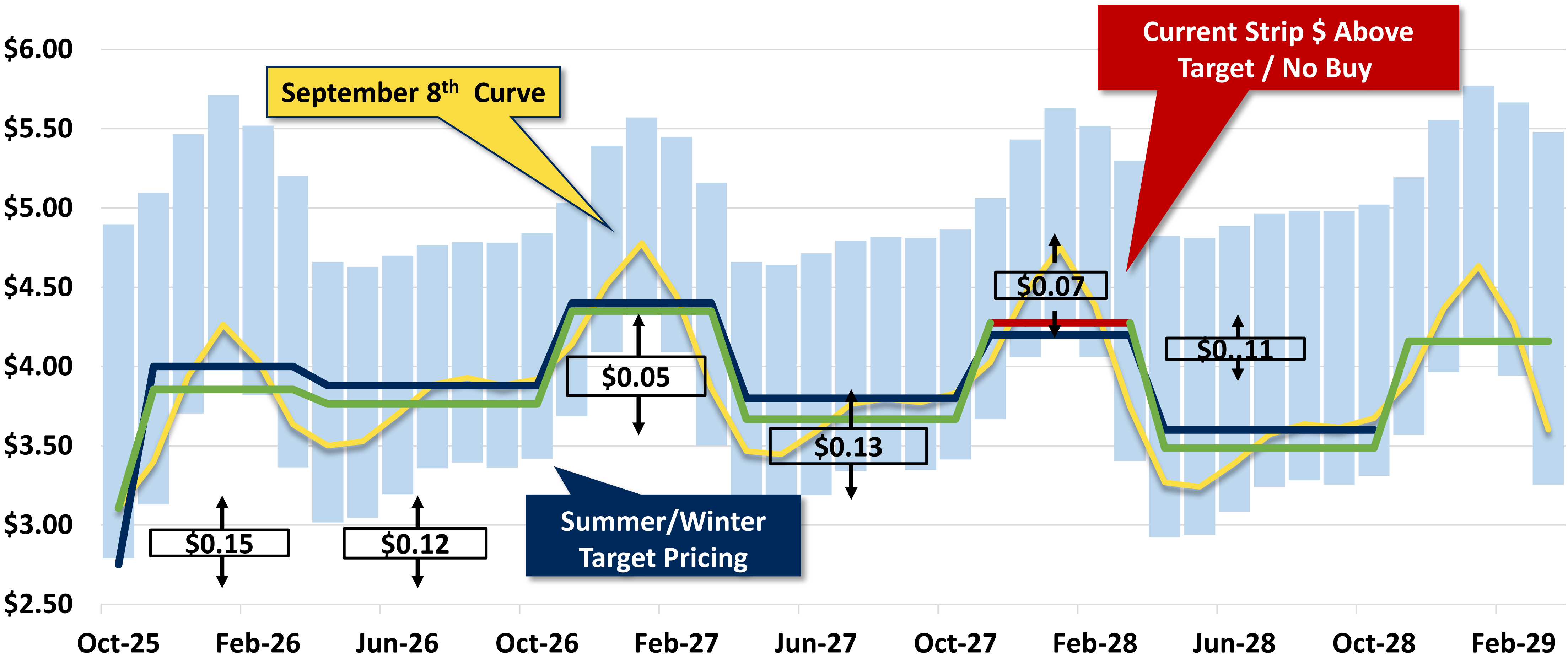
Current Targets for Recommended Positions

Approved Prices Staying Below Market Pricing



Recommended Motion

- Motion to approve new FY 26 target pricing for the Stability Program as presented

AGENDA ITEM 8 – ACTION ITEMS

d. Approval of CY 2026 Meeting Schedule

Executive Committee
September 18, 2025

EC 8d – Approval of Calendar Year 2026 Meeting Schedule

Executive Committee

September 18, 2025

Proposed Meeting Dates for 2026

Board of Directors and Executive Committee

Meeting Date	Meeting Date
January 15	July 15 (FMEA Annual Conference July 14-16, 2026)
February 12 (APPA Leg. Rally Feb. 23-25, 2026)	August 20
March 19	September 17
April 16	October 15
May 21	November 12 (2nd Thursday due to holiday)
June 18 (APPA National Conf. June 26-July 1, 2026)	December 10 (2nd Thursday due to holidays)

FMPA MUNICIPAL POWER

Recommended Motion

- Move approval of the recommended meeting schedule for calendar year 2026.

AGENDA ITEM 8 – ACTION ITEMS

e. **Approval of FGT Phase IX Expansion Capacity**

Executive Committee
September 18, 2025

8e– FGT Phase IX Natural Gas Capacity Expansion

Executive Committee

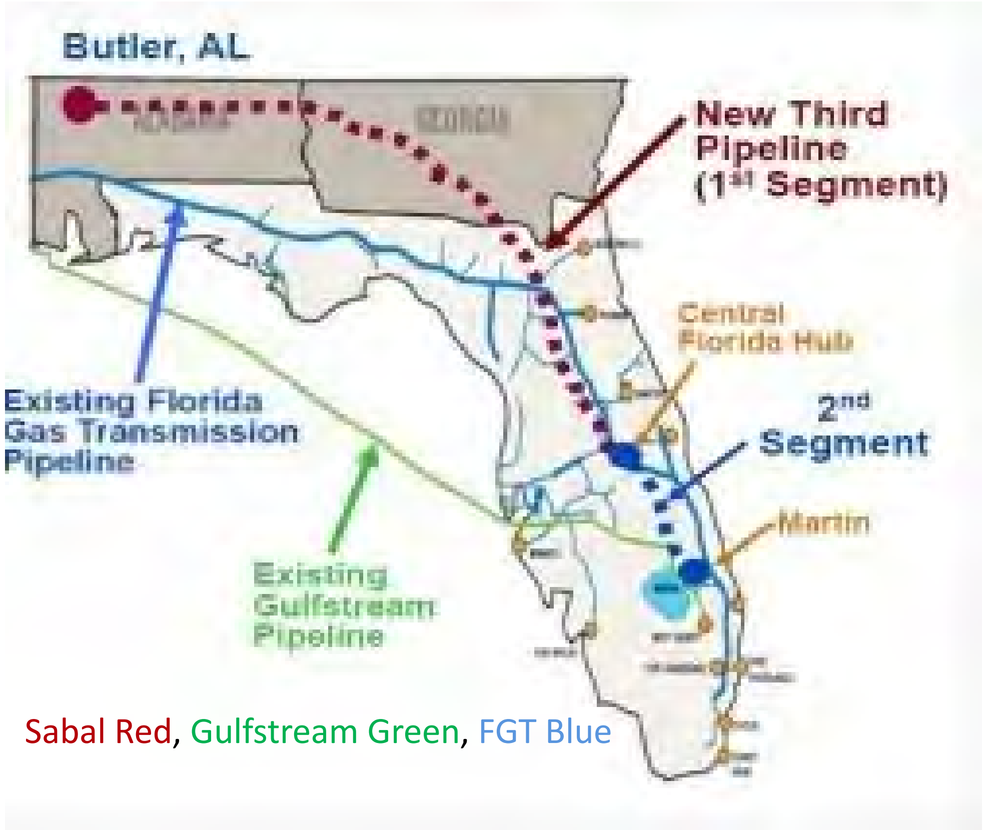
September 18, 2025

Resource Mix Change Driving Higher Gas Capacity Usage

Electric Supply & Demand Will Change Value of Gas Capacity

- Sabal Trail, Gulfstream, and FGT pipelines serve Florida
  - All three converge at the Central Florida Hub
  - SLEC and TCEC can only be served by FGT's system
- Retirement of Stanton Unit 1 will impact the FMPP gas units' unitization
- ARP adding natural gas generation increases gas capacity needs

Three Gas Pipelines into Florida



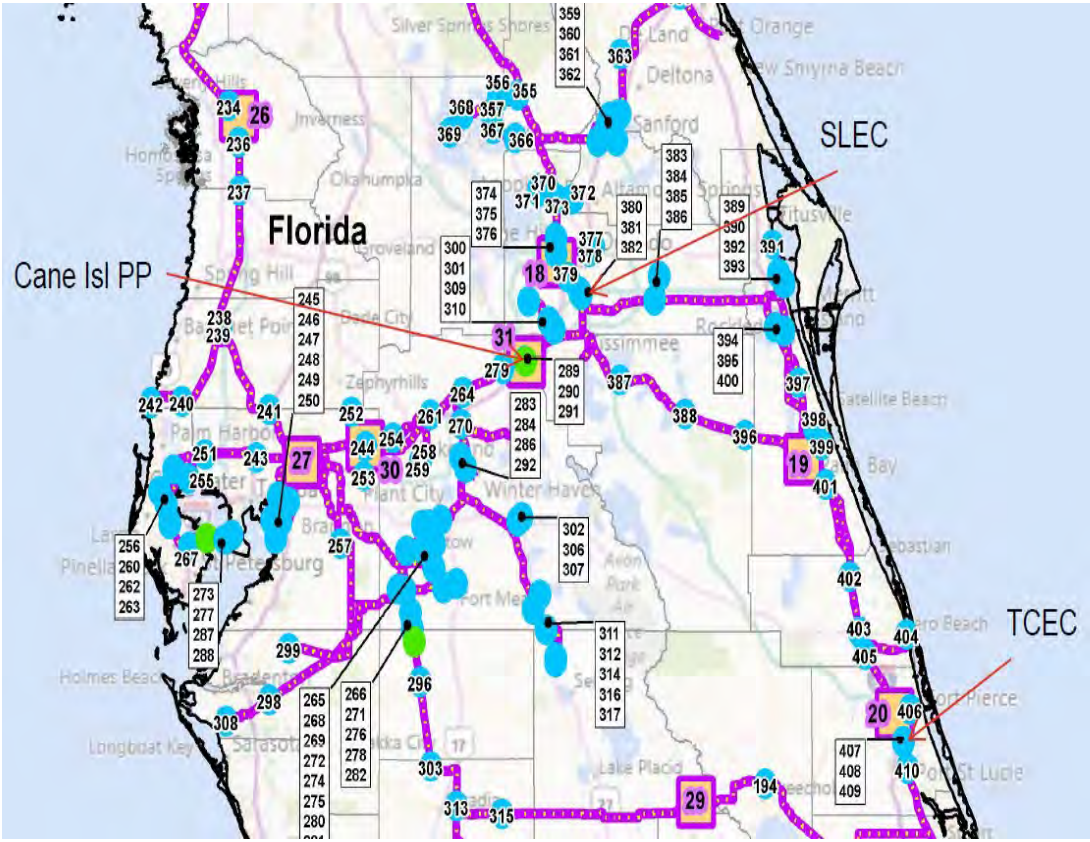
Sabal Red, Gulfstream Green, FGT Blue

FGT’s Phase IX Expansion About To Become Available

FGT Is FMPA's Main Source of Natural Gas

- ARP Generation split on FGT’s Pipeline between “West” (Cane Island, Mulberry & Bartow) and “East” (SLEC & TCEC)
- ARP has two sources of FGT capacity
  - Direct Capacity Rights
  - Daily Capacity Right with People Gas
- FGT Expansion Project: all off-takers are charged the same capacity rate

FGT Pipeline Showing some FMPA Generation



FGT Notified FMPA of Planned "Open Season"

"Open Season" Starts 20 Day Window to Respond

- FGT communicated "Open Season" will be issued very soon
  - This guidance was after the August EC meeting
  - Notice allowed FMPA to follow a two-read process
    - Requires an Information item on the Rate Call
- Phase IX Expansion will allow for additional "East" or "West" capacity
  - Planned Start Date September 2028
    - Term 20 years with extension options
  - Working on Terms to document obligation starts after expansion is fully operational
  - Capacity pricing not public information

2 FGT Gas Transport Sources – 160K Capacity for 210K Need
Without People Gas Supply (PGS), Unable To Cover Need

- ARP Direct Capacity MMBtu

	Summer	Winter
West Leg	73,296	72,181
East Leg	43,980	34,616
Total	117,296	106,797

- PGS Callable Capacity MMBtu

	Summer	Winter
West Leg	15,500	7,800
East Leg	28,500	32,200
Total	44,000	40,000

- ARP Generation Gas Capacity Demand

West Leg Units	Expected Daily Max Need MMBtu	Total Capacity Available
Cane Island	107,000	
Mulberry	20,000	
Bartow	10,000	
Total	**137,000**	**89,096(S) 79,981(W)**
East Leg Units		
Treasure Coast	49,000	
Sand Lake	21,000	
Total	**70,000**	**72,480(S) 66,816 (W)**

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Issue: PGS Not Interested In Extending Callable Capacity

PGS Does Not Like Agreement's Flexibility

- FMPA & FGU have contacted PGS multiple times to discuss agreement extension beyond 2033.
  - PGS wants to take away scheduling flexibility and has not discussed pricing
- FGT "East" capacity is very constrained, and at times, there is a significant delivery market premium
- **"West" Capacity demand risk is mitigated with future Sabal Trail, Gulfstream supply, and abundant resale supply.**
- **Critical "East" Capacity Shortage if PGS gas capacity goes away**

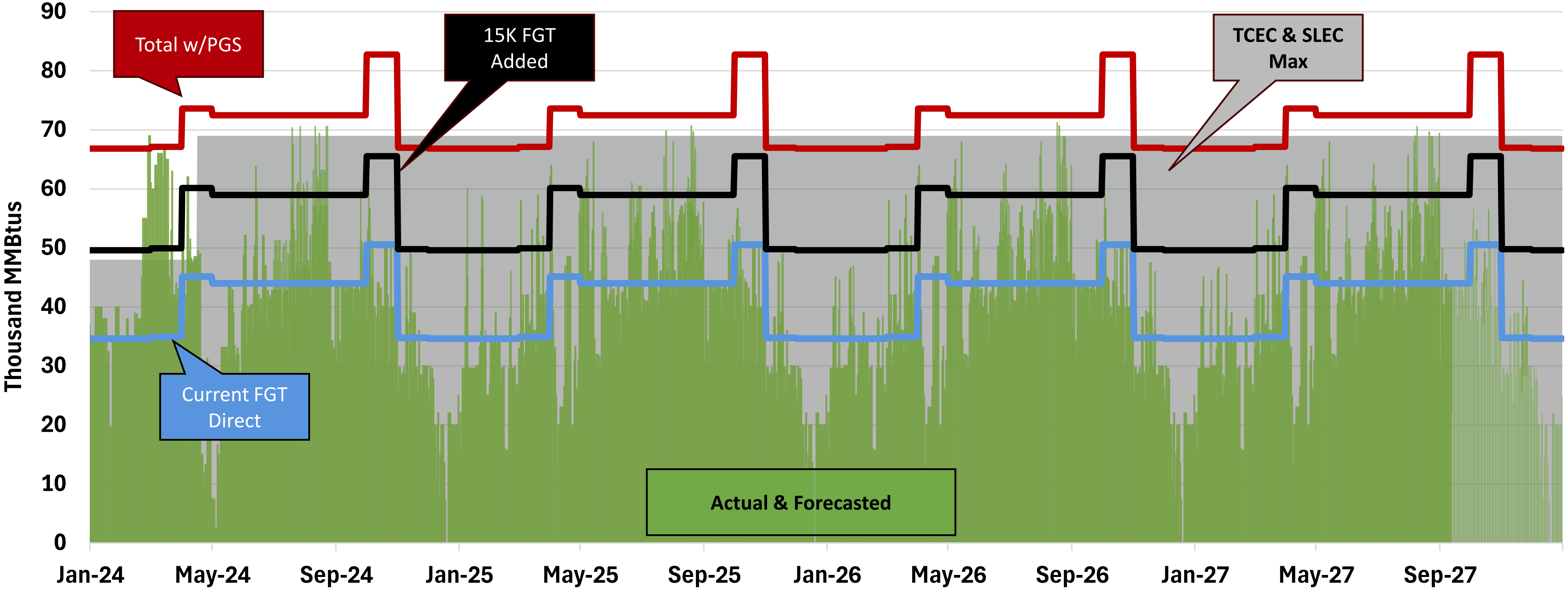
Focus On Additional East Capacity

Loss of PGS Supply May Limit Plant Operations

- Phase IX Expansion Terms
  - Planned expansion completion September 2028, payments start when complete
  - 20-year agreement with two 5-year extensions
  - Delivery Point(s): Treasure Coast and Sand Lake
    - Receipt points with FGU input, Gulf South, Destin, and Southern Mississippi expansion
  - Capacity Recommendation 15,000 MMBtu per day
    - ARP will then have enough firm capacity to operate TCEC without PGS
    - Sand Lake will be exposed to market availability

Recommendation to Increase East Leg Capacity

Offsets the Parable Loss of PGS Capacity



Additional East Capacity Supports ARP Self-Reliance

Unable to Operate Baseload Generation w/o PGS

- ***PGS has no interest in the extension of the callable arrangement***
- PGS is 46% of FGT Winter "East" Capacity
  - ARP doesn't have enough capacity to run TCEC at max on winter peak days
    - Not enough capacity for Sand Lake in winter w/out market purchases
- Number of days short of East capacity without PGS for 2024-2027
  - No additional capacity 887 days going to market or 60% of the time
  - Additional 10k p/d 194 days going to market or 13% of the time
  - Additional 15k p/d 80 days going to market or 5% of the time

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Action Item

- Move approval of the recommended 15,000 capacity with FGT IX to Treasure Coast Energy Center and Sand Lake Energy IX.

AGENDA ITEM 9 – INFORMATION ITEMS

a. Quarterly Compliance Update

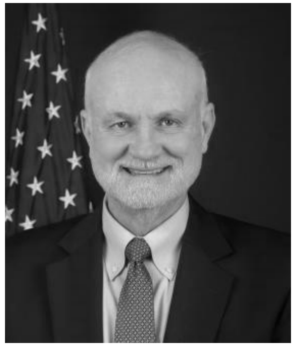
Executive Committee
September 18, 2025

9a – Quarterly Compliance Update

Executive Committee

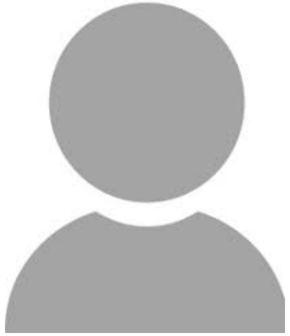
September 18, 2025

FERC Commissioners



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

Chairman-Nominee Laura Swett (R)



VACANT

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

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

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

FMPA MUNICIPAL POWER

FERC Update

- Reevaluating Orders issued under previous Administration (Orders 2023, 1920, etc.)
- June 4-5 Technical Conference on Resource Adequacy in RTOs
- Federal-State Current Issues Collaborative – Focus on Gas-Electric Coordination

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Other Regulatory Updates

- TAPS Fall Conference – Sept. 2025 – Stowe, VT

NERC/SERC Update

- NERC Board of Trustees Highlights
  - Highlighted the 20th anniversary of the Energy Policy act of 2005
  - Approvals
    - The ERO Enterprise's 2026 budgets
    - Accepted the 2025 ERO Reliability Risk Priorities Report
    - Adopted two new definitions related to inverter-based resources for inclusion in the Glossary of Terms used in NERC Reliability Standards
  - Received Updates
    - Current work plan priority initiatives of the Modernization of Standards Processes and Procedures Task Force (MSPPTF)
      - MSPPTF White Paper
    - NERC.com Modernization Project

Roles of FMPA Regulatory Compliance Department

- FMPA Compliance
- Member Support
- Industry Influence

FMPA Internal Compliance

Applicable Standards 2025 2nd & 3rd Quarter

Standard	Enforceable Date
IRO-010-5	July 1, 2025
TOP-003-6.1	July 1, 2025
TOP-002-5	October 1, 2025
EOP-012-2 R3.	October 1, 2025

*Interest to ARP

Internal Compliance

- FMPA has no self-reportable compliance violations since the last quarterly update
- Plant coordination
  - Weekly plant coordination meetings
  - TCEC site visit
- Standard Reviews
  - PRC-005 external review

Internal Compliance | O&P Audit Update

- Awaiting Audit Notification Packet (October 20, 2025) ~ 120 days prior to commencement day

Associated NERC Reliability Standards and Requirements for Monitoring	
Standard	**Requirement**
CIP-002-5.1a	R1, R2
COM-002-4	R1-R7
EOP-004-4	R1, R2
EOP-012-2	R1, R4-R8
FAC-008-5	R1-R3, R6, R8
IRO-001-4	R1-R3
PRC-002-4	R2-R4, R7-R12
PRC-005-1.1B	R1, R2
PRC-005-6	R1-R5
TPL-001-5.1	R1-R8
VAR-002-4.1	R1-R6

Member Support

- Member bi-weekly calls
  - Incorporated information sharing sessions among members for upcoming enforceable standards
- Peer reviews
  - 1 pending
- Workshops
  - NERC 101 Compliance Workshop September 23rd

Industry Influence

- Standards balloting
- APPA
- TAPs
- NAGF

*Interest to ARP

AGENDA ITEM 9 – INFORMATION ITEMS

b. Quarterly HR Update

Executive Committee
September 18, 2025

9b - HR Quarterly Report

Executive Committee

September 18,2025

Onboarding

Bartow Energy Center

- Made offers to 14 employees
- 3 other employees were ready to retire
- Staffing will be different than other plant acquisitions
- Mechanics and I&C transfer to Mulberry Energy Center as home base
- 4 Lead Operators will remain at BEC day shift only when not running
- 4 Operators will shift to MEC to train

Succession Planning
Leadership and Technical Training

- Power Supervisor Program - 14 team members
- Purchasing Program – 14 team members
- 66 users of GPI training at plants – 2,218 trainings completed
- Myers-Briggs Training – 29 Team members
- The 6 Types of Working Genius – Leadership Team
- Power On training - 2 groups of 7
- Global Leadership Summit – 14 team members participated

Other HR updates

- Receiving Central FL Top Employer for 6th Consecutive year tomorrow
- Meeting weekly with Plant Managers on HR related items
- Creating opportunities for plant team members to engage virtually with agency activities
- Healthcare cost increased 8% for FY26, first year as a large employer
- Plant's performance reviews to be done in September – raises in Oct.
- Orlando performance reviews to be done in December – raises in Jan.

AGENDA ITEM 10 – MEMBER COMMENTS

Executive Committee
September 18, 2025

AGENDA ITEM 11 – ADJOURNMENT

Executive Committee
September 18, 2025