



Florida Municipal Power Agency
Community Power. Statewide Strength.®

Overview of FMIPA

Presented to the
Fort Pierce City Commission

Sept. 21, 2015

Introduction to FMPPA

Nick Guarriello

General Manager and CEO

FMPA is a wholesale power supplier owned by its 31 members

1. Alachua
2. Bartow
3. Blountstown
4. Bushnell
5. Chattahoochee
6. Clewiston
7. Fort Meade
8. Fort Pierce
9. Gainesville
10. Green Cove Springs
11. Town of Havana
12. Homestead
13. Jacksonville Beach
14. Key West
15. Kissimmee
16. Lake Worth
17. Lakeland
18. Leesburg
19. Moore Haven
20. Mount Dora
21. New Smyrna Beach
22. Newberry
23. Ocala
24. Orlando
25. Quincy
26. St. Cloud
27. Starke
28. Vero Beach
29. Wauchula
30. Williston
31. Winter Park



Community Power
+
Statewide Strength

Municipal utilities offer exceptional reliability

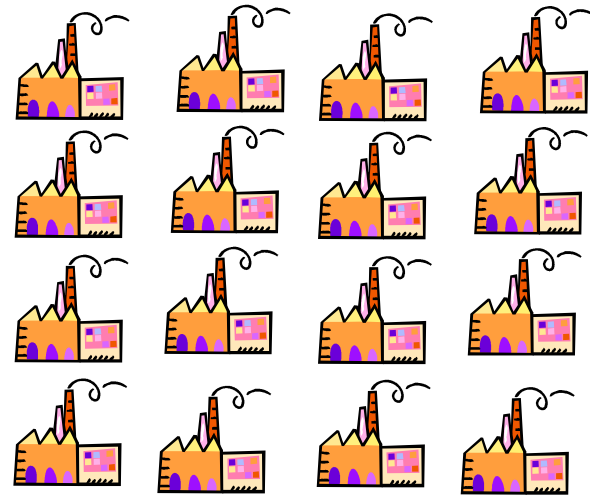
- Average repair time quickest for past 11 years



Municipals joined together for economies of scale in generation



Share in a large, efficient unit

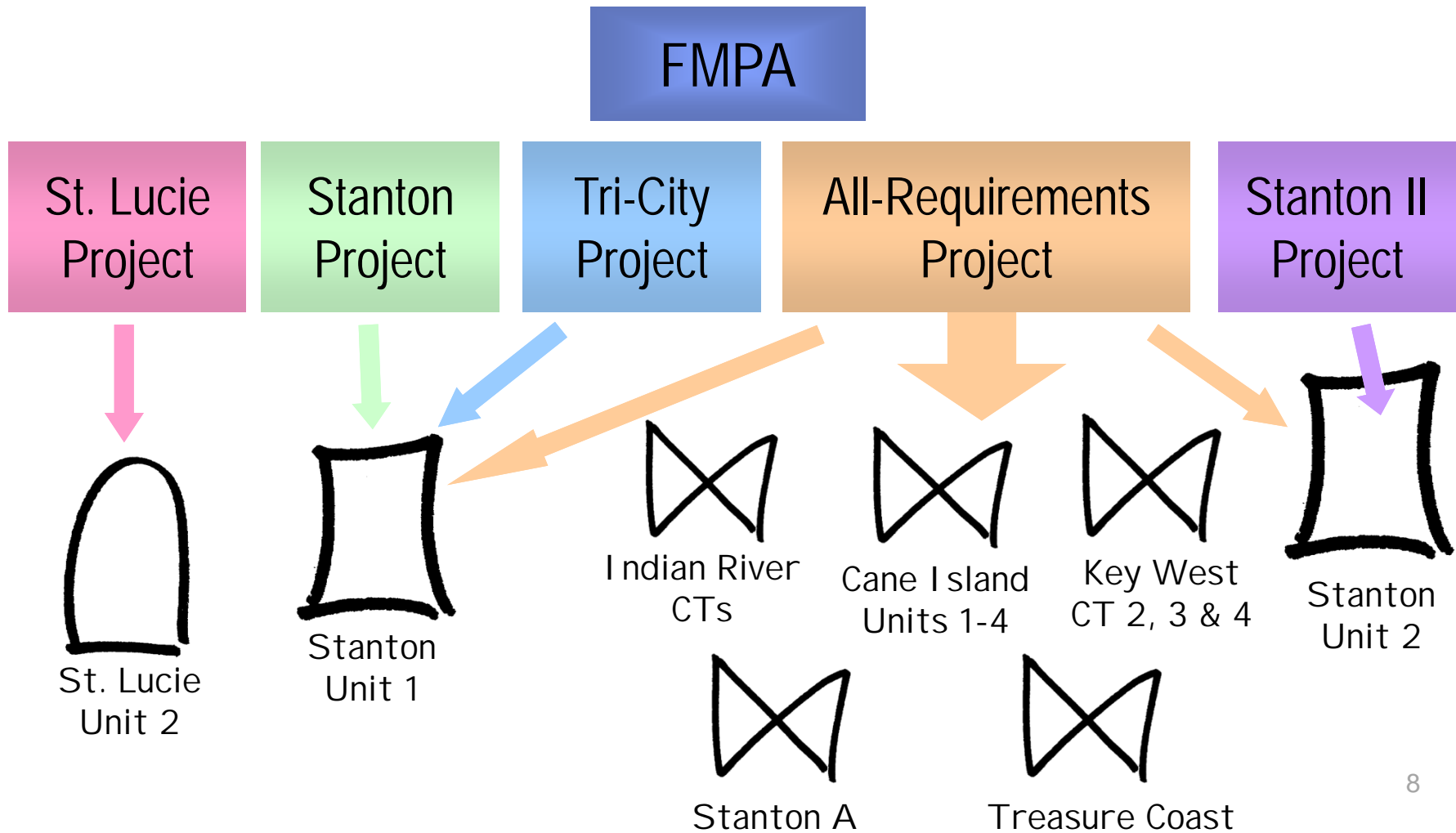


Rather than building smaller, less-efficient units

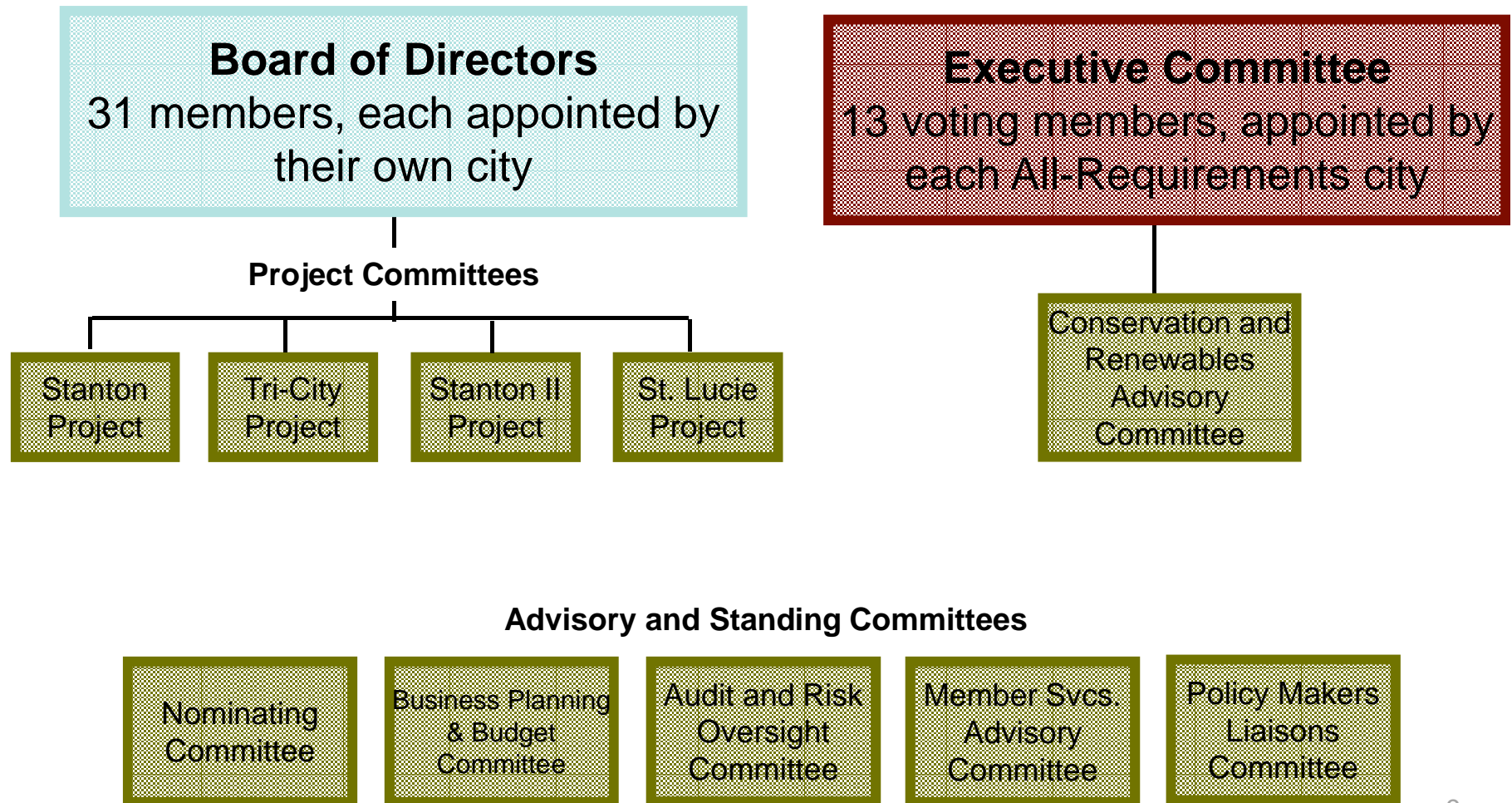
Economies of scale are available in FMPPA member services, too



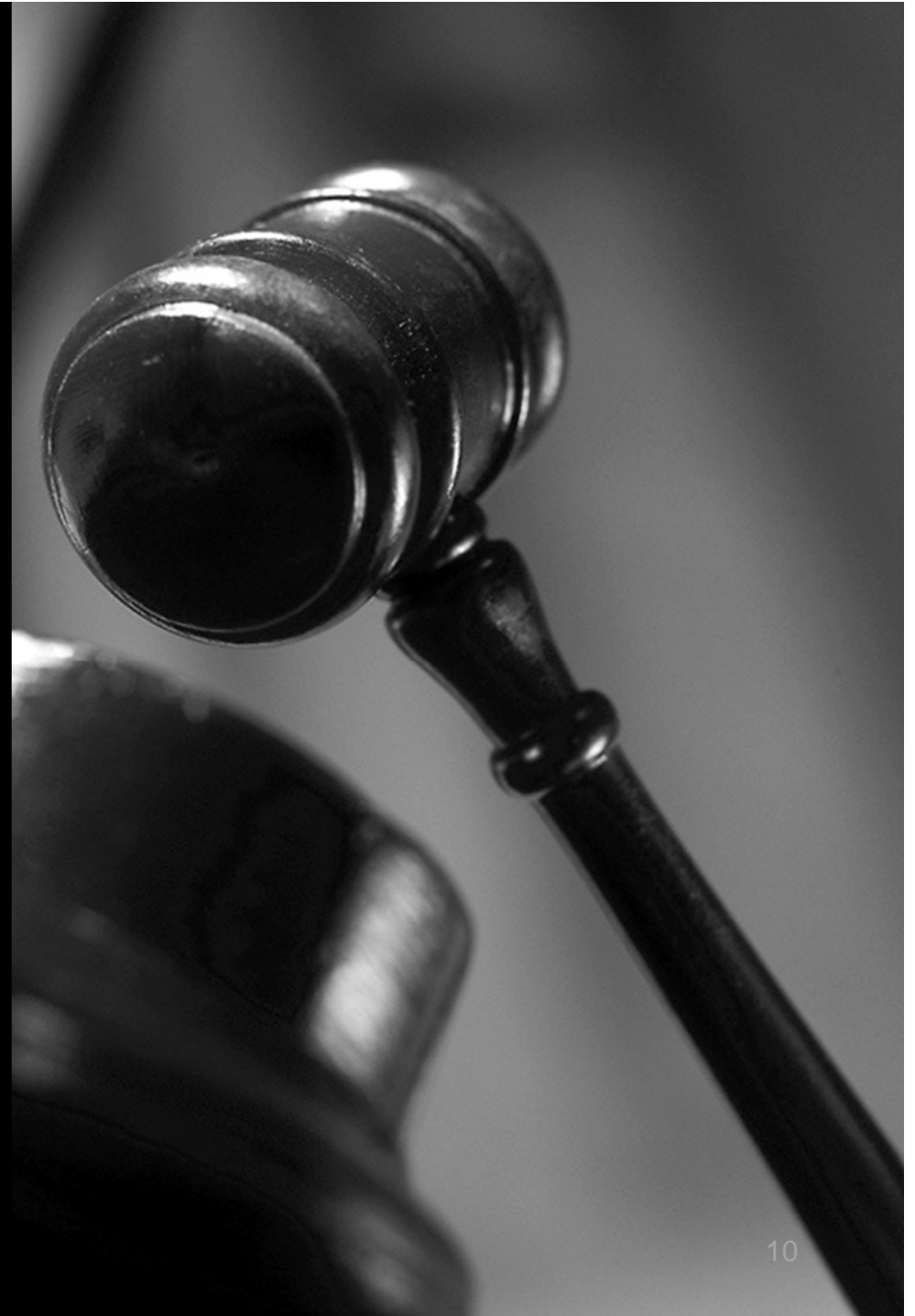
FMPPA was established as a project-oriented agency



Cities govern FMPA through the Board and Executive Committee



Local officials
can get
involved with
FMPA through
the Policy
Makers
Liaisons
Committee



All-Requirements was created by municipals to control their destiny

- Serves communities from the Florida Panhandle to Key West
- Leverage economies of scale in power supply

All-Requirements Cities

Bushnell	Key West
Clewiston	Kissimmee
Fort Meade	Leesburg
Fort Pierce	Newberry
Green Cove Springs	Ocala
Town of Havana	Starke
Jacksonville Beach	

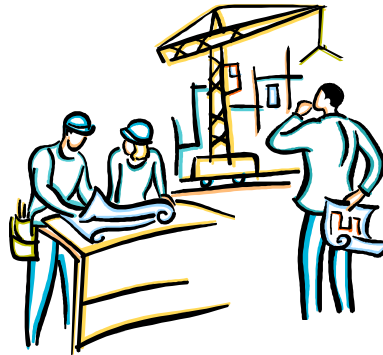


- All-Requirements owners
- ★ FMPA's statewide power resources

All-Requirements performs all the duties of a wholesale utility



Jointly planning for future power needs



Developing new power resources



Financing ownership of power resources



Asset optimization of the power resources

All-Requirements owners perform the duties of a retail electric utility



Distributing power to local customers



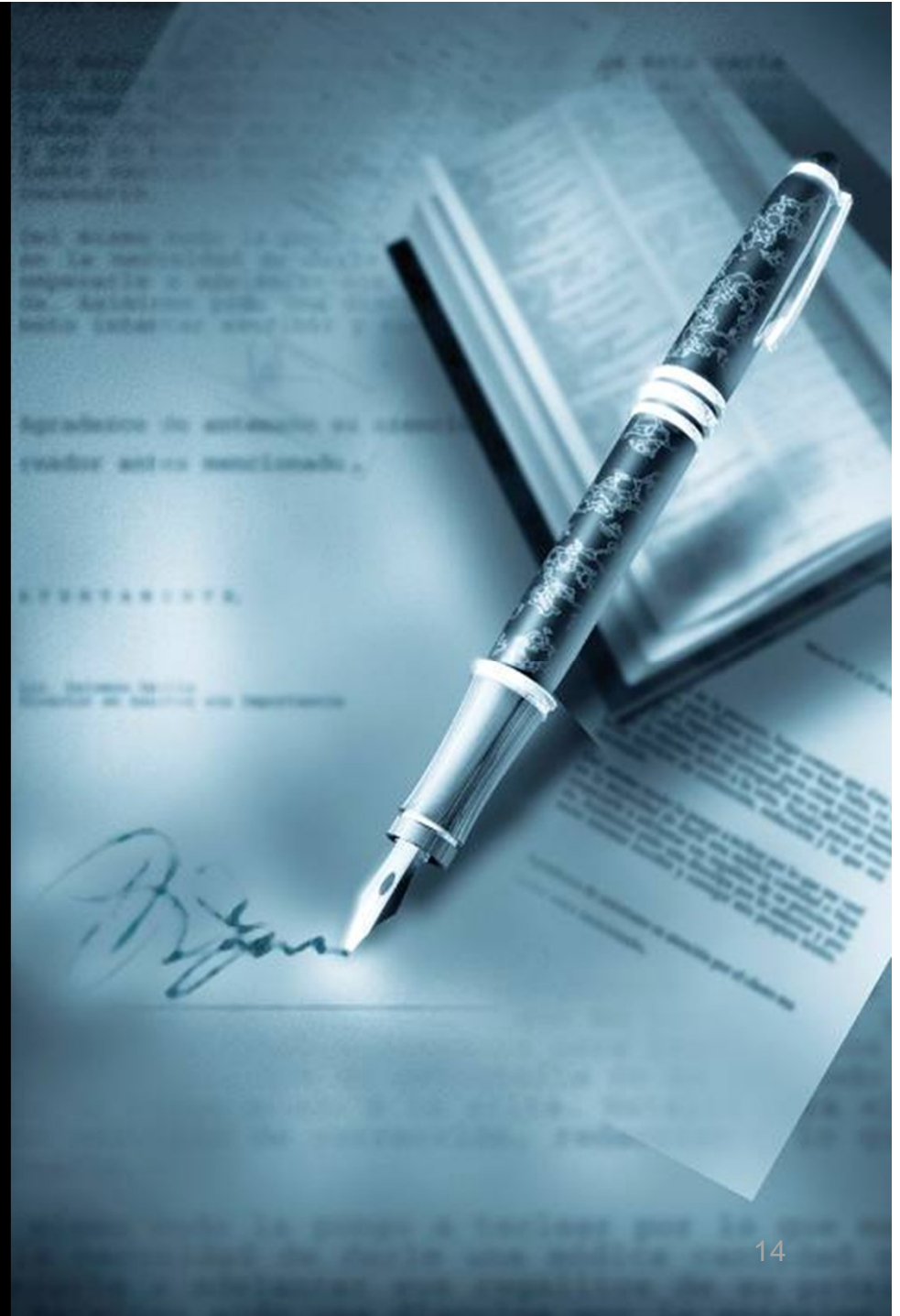
Setting rates and billing



Community-owned, locally governed

ARP members all signed a 30- year contract

- Enables financing long-term assets or signing long-term power purchases
- Protects members from paying another city's share of the financings





We are
shaping our
future together

Understanding Wholesale Rates

All-Requirements Project Rates

Three fundamental facts govern how we must do business

Fact 1: Bondholders expect payment

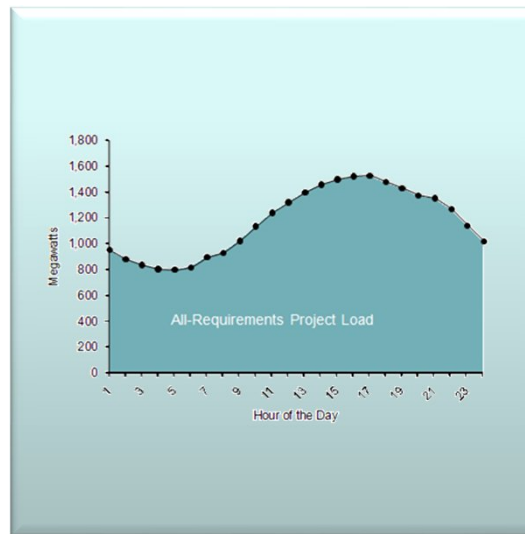
Fact 2: We pledge to pay the bills

Fact 3: FMPA's Costs = Participant Billings

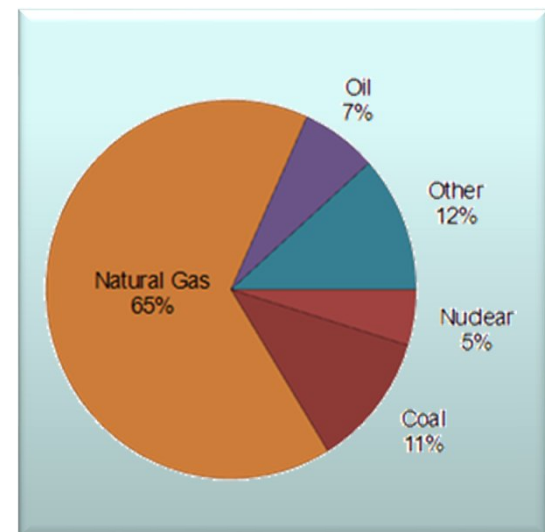
The direction of wholesale rates is impacted by:



Natural Gas Costs

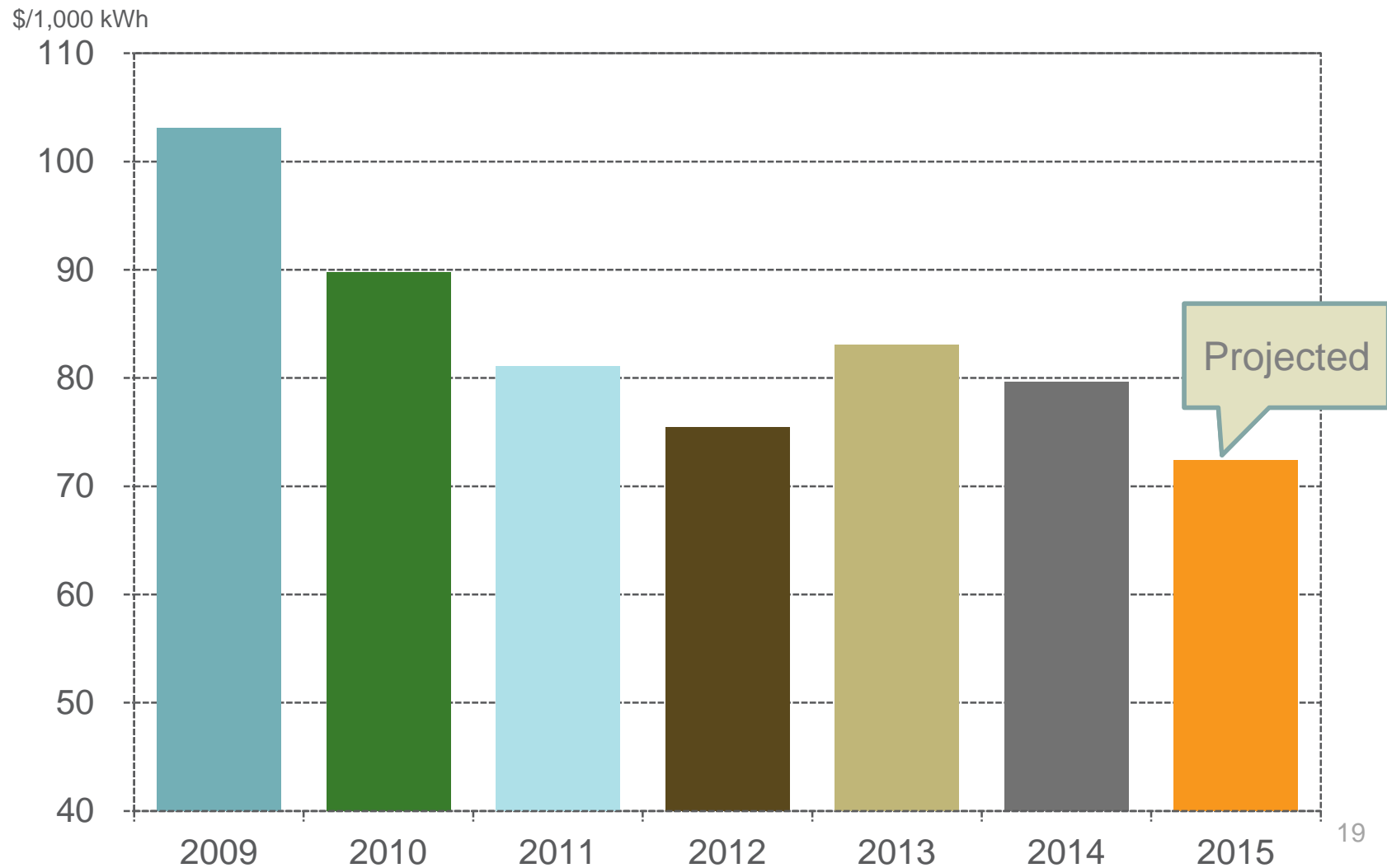


Load Factor



Resource Mix

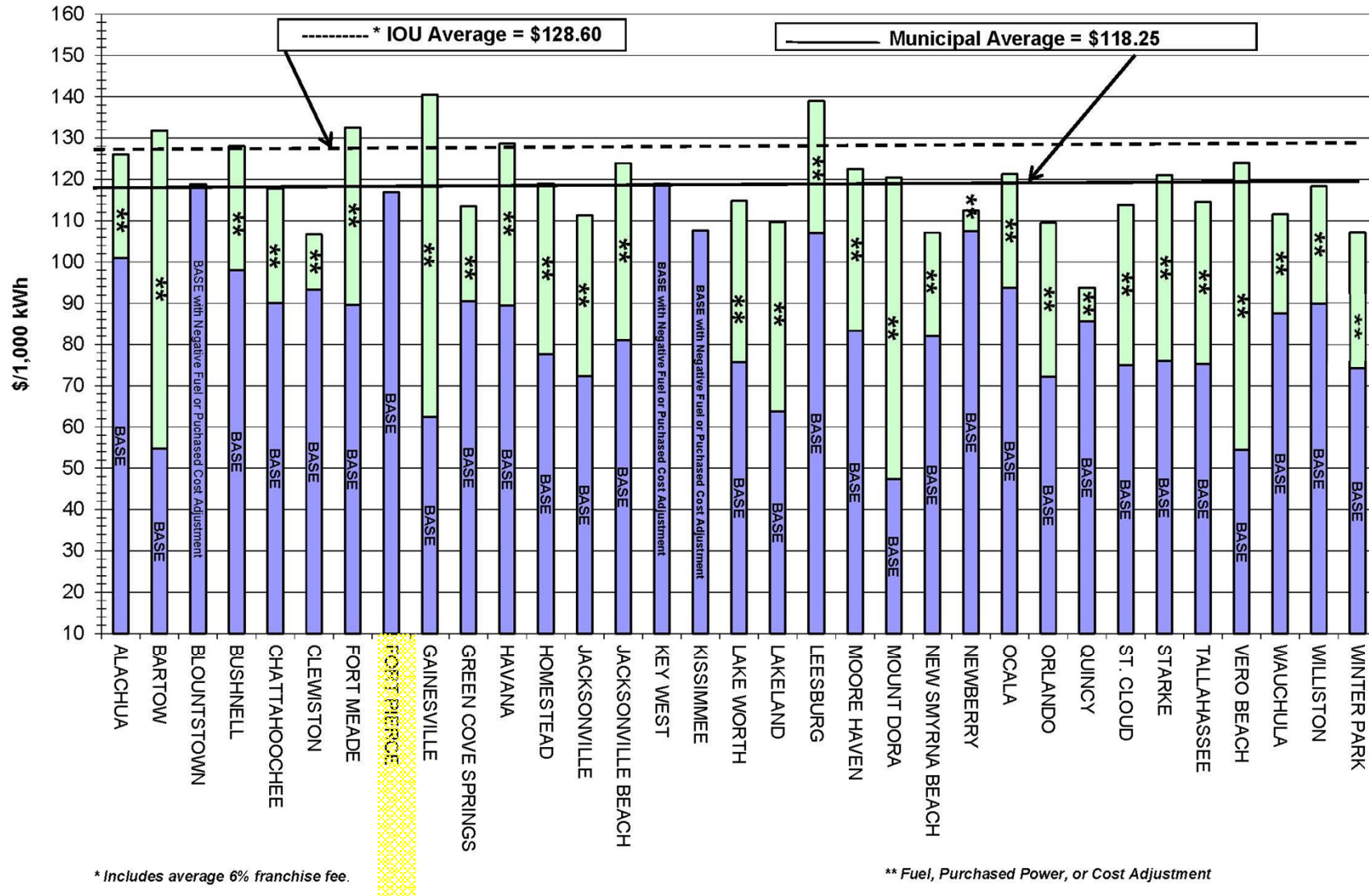
Avg. annual rates have come down nearly 30% between 2009 and 2015



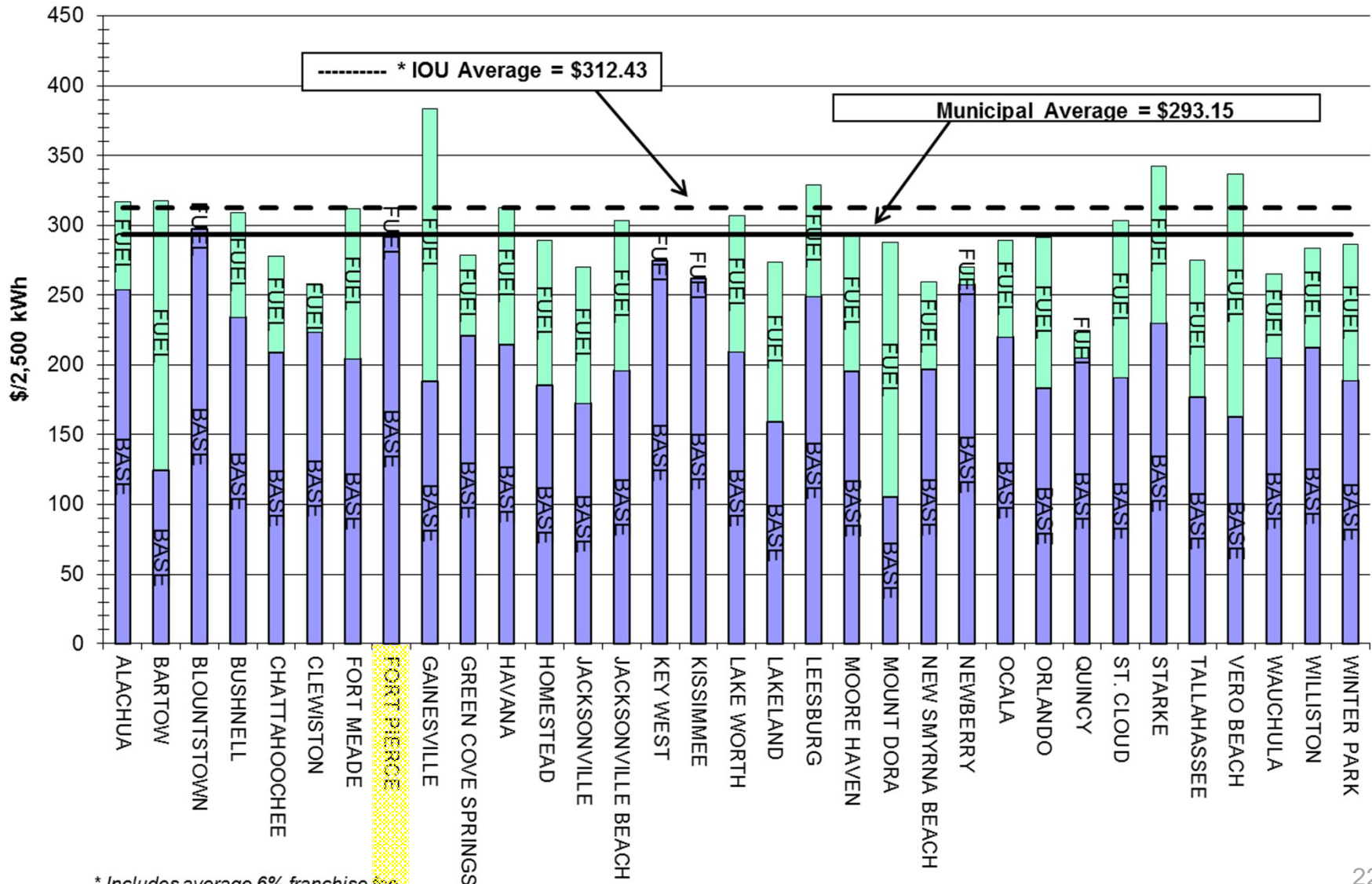
Understanding Wholesale Rates

Connecting to Retail Rates

1,000 kWh Residential Rate Comparison June 2015



2,500 kWh Residential Rate Comparison June 2015



* Includes average 6% franchise fee

Current Updates

Nick Guarriello
General Manager and CEO

Jody Finklea
Assistant General Counsel and
Manager of Legal Affairs

EPA carbon rule challenges even clean-power utilities, like FMPA

- Third lowest carbon-emitting generating utility in Florida
- Reliability of Florida grid may be a concern
- When rules implemented, electric rates could increase



Greener Communities
Greener World
an FMPA Initiative

Solar continues to grow in popularity



FMPA's approach to hedging has evolved over time

- FMPA started hedging natural gas in 2003
- FMPA's program had gains and losses from 2003 to 2014.
- FMPA is not hedging today

FMPA has terminated the “Taylor swaps”

- Swaps entered into for proposed coal-fired power plant
 - 2006 – Swaps entered into
 - 2007 – Project cancelled
 - 2008 – Recession hit, reduced demand
- Interest rate swaps lock in interest rates on future financings
- FMPA terminated the swaps this year

Vero Beach has been engaged in discussion about selling its system for years

- February 2013 – City signed sales agreement with FPL
- May 2014 – OUC notified Vero it could not take over Vero's FMPPA commitments

Vero Beach electric system sale has not moved forward

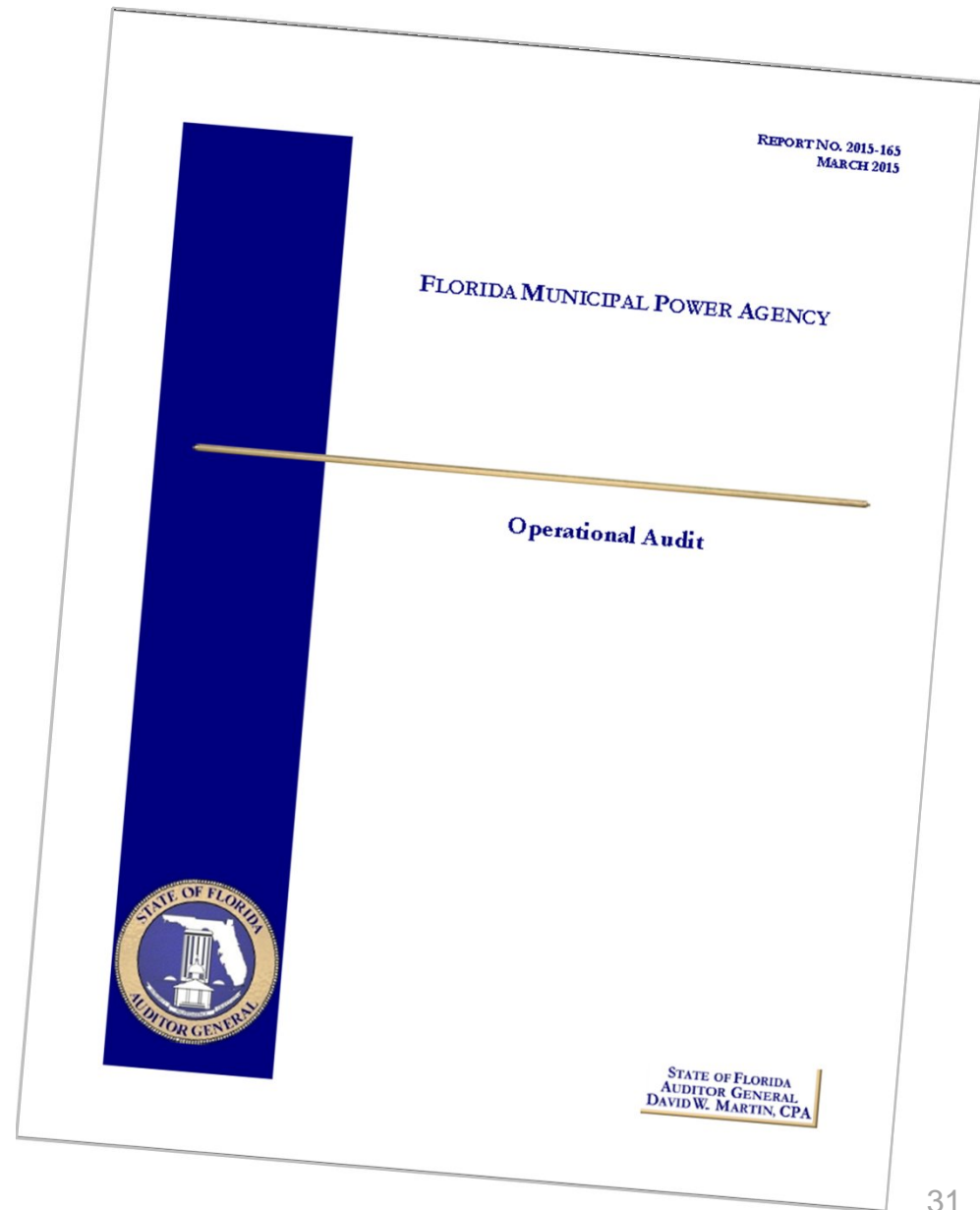
- No IRS private letter ruling
- No assumption of Vero Beach's project contracts by OUC
- No other eligible muni to assume contracts

FMPA must enforce and live by its contracts on behalf of its members

- FMPA does not oppose a Vero Beach system sale
- But must not pass risk or cost to other members
- Local issue, should be handled locally

Florida Auditor General has completed its audit of FMPPA

- 10 of 15 findings have been acted on
- All will be addressed by year-end



Summary

- Fort Pierce is a member and owner of FMPA and participates in five FMPA power supply projects, including ARP
- ARP rates have declined nearly 30% since 2009
- In June, FPUA's rates were below the Florida municipal and IOU averages
- FMPA is actively addressing new trends
- FMPA supports its members
- The Auditor General operational audit was an opportunity to improve that FMPA is actively addressing



Florida Municipal Power Agency
Community Power. Statewide Strength.®

Questions?