

FMPA's Vision and Mission Statements Reviewed

Great Support for Existing Statements With No Changes

VISION

To sustainably be the lowest cost, and a reliable and clean wholesale power provider in Florida.

MISSION

To provide low-cost, reliable and clean power plus value-added services for FMPA's owner-customers that benefit their communities and customers.

FMPA's Value Statements Reviewed and Discussed

Board Chose to Emphasize 'Low Cost' By Adding It to Values

VALUES

- A culture that values both our employees and operating agents and their safety
- Teamwork among our employees and our public power member-owner-customers
- Trust built through honesty, integrity, transparency, open communications and respect
- Employee development, recognition, reward and empowerment
- Low-cost electricity for all customers
- Environmentally responsible operations and consider impacts of raw materials/processing thereof in new resources decisions
- Member and employee diversity and inclusion
- Innovation and excellence
- The individual needs and desires of FMPA's owner-customers shall be given the strongest consideration consistent with the best interests of all owner-customers

Board of Directors' Top-Ranked Strategic Priorities

Top 6 of 8 Strategic Priorities Ranked in Priority Order

	Board of Directors' Top Strategic Priorities	Score
1	Advocate for abundant natural gas supply and pipeline expansions to keep costs low	6.60
2	Begin engaging in discussions to explore viable nuclear resource opportunities	6.27
3	Explore expanding membership in the Florida Municipal Power Pool	4.87
4	Evaluate capital funding strategies that align debt utilization with competitive rates	4.07
5	Continue gradual pursuit of new solar and battery opportunities	3.80
6	Identify our retail customers' energy priorities regarding electricity needs	3.73

15 Board members responded

Executive Committee's Top-Ranked Strategic Priorities

Top 4 of 6 Strategic Priorities Ranked in Priority Order

	Executive Committee's Top Strategic Priorities	Score
1	Develop systematic approach to reducing exposure to natural gas for power-cost stability	5.00
2	Continue high availability for FMPA's low-cost generating resources	4.18
3	Maximize asset value/minimize costs with significant expansion of the Florida Municipal Power Pool	4.00
4	Pursue more municipal third-party sales that add value to ARP and municipal customers	3.46

11 Executive Committee members responded

AGENDA ITEM 8 – ACTION ITEMS

**c. Appointment of a Nominating
Committee**

**Board of Directors Meeting
April 20, 2023**



8c - Appointment of a Nominating Committee

Board of Directors

April 20, 2023

Appointment of a Nominating Committee

- FMPA By-Laws provide:
 - Board must appoint a Nominating Committee 60 days prior to annual meeting;
 - Nominating Committee to consist of 3 directors – one each from the small, medium and large city FMPA members (see attachment);
 - Committee members serve until resignation or replacement appointed by Board;
 - A Member of the Nominating Committee may not be nominated by the committee for a Board Officer position
- Current small city member (Howard McKinnon, Havana) is willing to continue serving on the committee if appointed
- Lynne Mila, Clewiston, from the medium city members and Doug Peebles, Ocala, from the large city members have also volunteered to serve if appointed
- Other volunteers or appointments may be considered and voted on at the Board meeting

Recommended Motion

- Move approval of appointment of _____, on behalf of the FMPA small cities, _____, on behalf of the FMPA medium cities, and _____, on behalf of the FMPA large cities, to serve on the FMPA Nominating Committee.

FMPA Nominating Committee Candidates 2022-2023
Updated April 11, 2023

Yellow Highlight is Current Nominating Committee Members
Green Highlight is Current Board Officers

Utility Member	Board Rep	kWh Sales (retail)
Small Members		
Bushnell	Christina Simmons	5,601,607
Moore Haven	Vacant	18,174,930
Havana	Howard McKinnon	23,918,997
Blountstown	Traci Hall	30,057,897
Chattahoochee	Robert Presnell	36,280,808
Newberry	Mike New	37,549,216
Fort Meade	Jan Bagnall	42,124,551
Williston	Vacant	42,124,551
Wauchula	James Braddock	62,492,464
Starke	Drew Mullins	69,110,586
Mount Dora	Steve Langley	90,956,240
	Medium Members	
Clewiston	Lynne Mila	100,404,219
Green Cove Springs	Bob Page	107,769,000
Quincy	Rob Nixon	123,847,023
Alachua	Rodolfo Valaderas	133,927,344
Bartow	Brad Hiers	292,667,099
Winter Park	Dan D'Alessandro	422,033,827
New Smyrna Beach	Joe Bunch	447,456,181
Lake Worth Beach	Ed Liberty	474,399,123
Leesburg	Brad Chase	495,831,762
Homestead	Barbara Quiñones	555,480,956
	Large Members	
Fort Pierce	Javier Cisneros	576,927,000
Jacksonville Beach	Allen Putnam	708,043,803
Key West	Lynne Tejada	728,024,651
St. Cloud	Kolby Urban	747,369,172
Ocala	Doug Peebles	1,306,528,144
Kissimmee	Larry Mattern	1,665,932,000
Gainesville	Dino DeLeo	1,796,198,999
Tallahassee	Tony Guillen	2,588,285,532
Lakeland	Mike Beckham	3,251,208,000
Orlando	Claston Sunanon	6,828,878,000

**AGENDA ITEM 9 – INFORMATION
ITEMS**

a. Natural Gas Market Update (TEA)

**Board of Directors Meeting
April 20, 2023**

NATURAL GAS OUTLOOK

MICHAEL GEHRING, CFA – *DIRECTOR, PORTFOLIO MANAGEMENT & ANALYTICS*

➤ U.S. NATURAL GAS

- BASICS
- DEMAND – LNG EXPORTS
- SUPPLY – U.S. PRODUCTION
- FORWARD PRICING

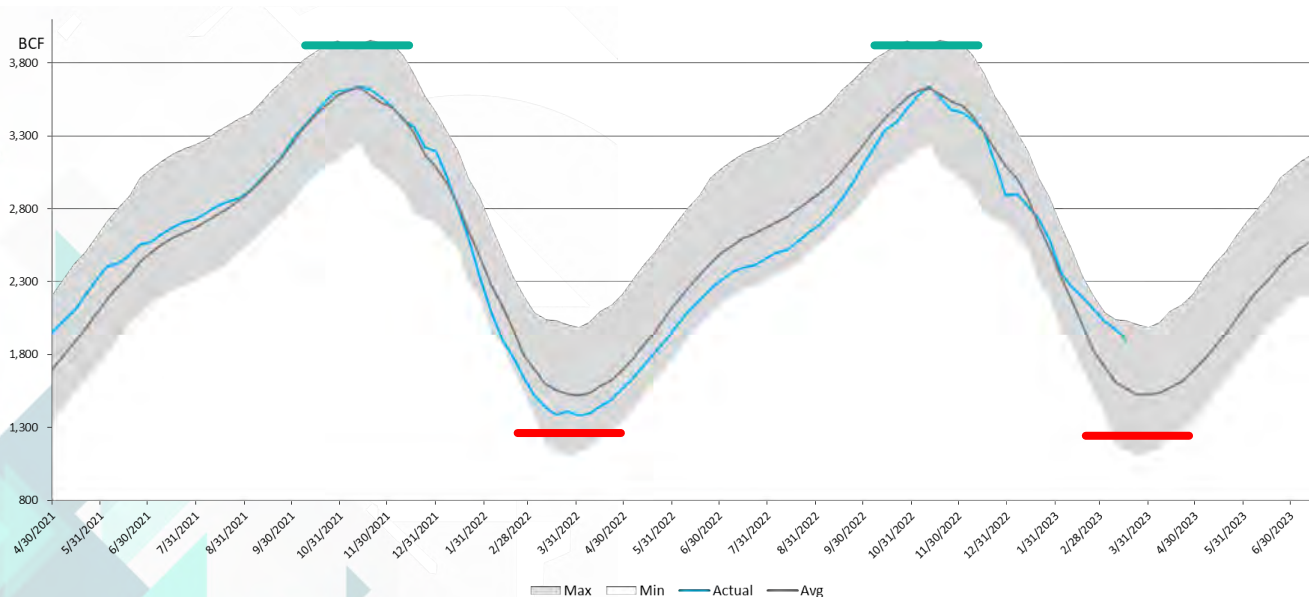
➤ OUTLOOK

U.S. NATURAL GAS

OVERVIEW

- **Historically a closed system with finite full (~4 TCF) and empty (~1 TCF) storage levels**
 - Market constantly gyrating between surplus or scarcity pricing scenarios
 - Generally, prices reflect expected value based on supply / demand projections (*e.g. probability-based*)

- **Significant LNG demand will widen range of possible pricing outcomes**



Surplus prices down to cash **costs of supply**
 (~\$1 in Marcellus = ~\$1.65 Henry Hub)

Scarcity prices up to **costs of demand**
 (e.g. gas → coal \$4-7, LNG exports arb \$15+)

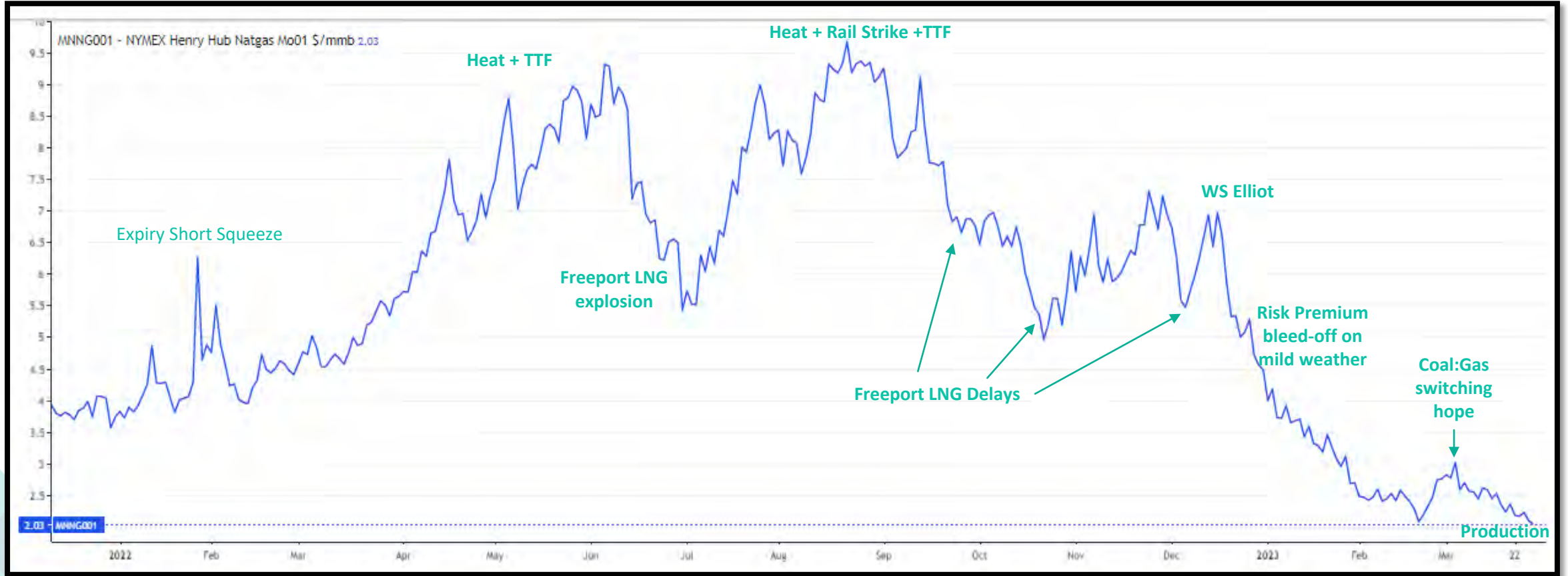
Example: Export arb is \$50... 10% chance of needing to “buy” the LNG demand to prevent stock-out
 $\$50 \times 10\% = \$5/\text{mmbtu}$ risk premium

WHAT HAPPENED LAST YEAR?

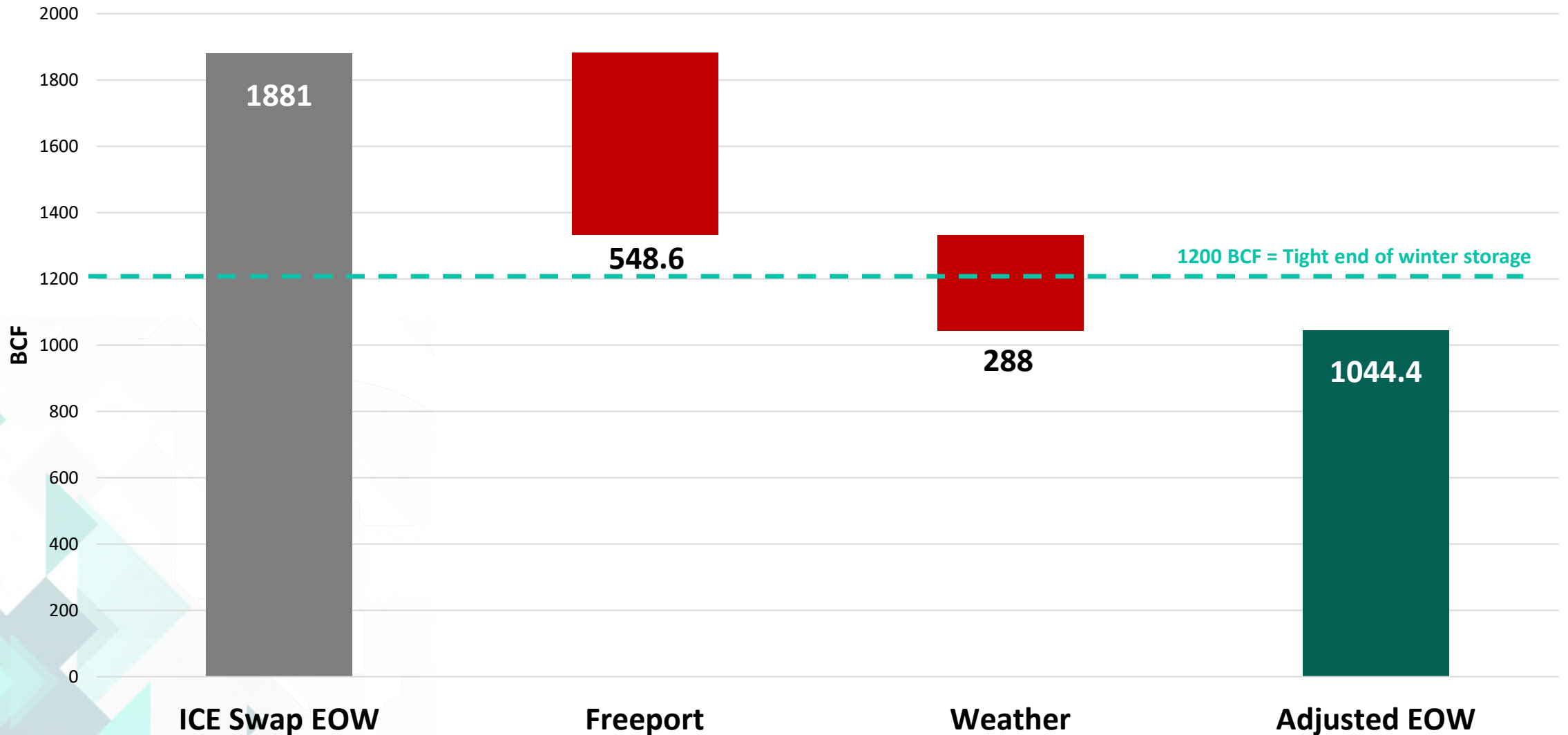
- **Almost** everything went right for the U.S. natural gas bulls in 2022
 - + 4Q '21: Nord Stream 2 approvals held up by regulators... kickstarting TTF bid
 - + March '22: Below average end of winter storage (~1400 TCF)
 - + 2Q '22: Russia starts periodically cutting flows to Europe
 - + 2/3Q '22: 190MB crude SPR release mutes pace of Permian production growth (via price)
 - + Summer 22: Weather was downright HOT
 - + Summer 22: Coal gen preserve dwindling piles for winter
 - + 3Q '22: Calcasieu Pass LNG achieves full start-up earlier than expected
 - + September '22: Rail strike (round 1)
 - + December '22: Rail strike (round 2)
 - + December '22: Winter Storm Elliot
- **Almost...**
 - **FREEPORT LNG explosion** June 6th (2 BCFD)
 - **Winter verifying warmer** than normal



WHAT HAPPENED LAST YEAR?



NETTING OUT FREEPORT AND WEATHER... WOULD BE SUPER TIGHT



TEA
MARKET INSIGHTS

#1 – WE GOT “LUCKY”

U.S. NATURAL GAS

DEMAND – LNG

LEVEL SET – GLOBAL GAS MARKETS (WINTER STRIP PRICING 3/29/22) *(transportation costs @ \$55k/d LNGC)*

Europe

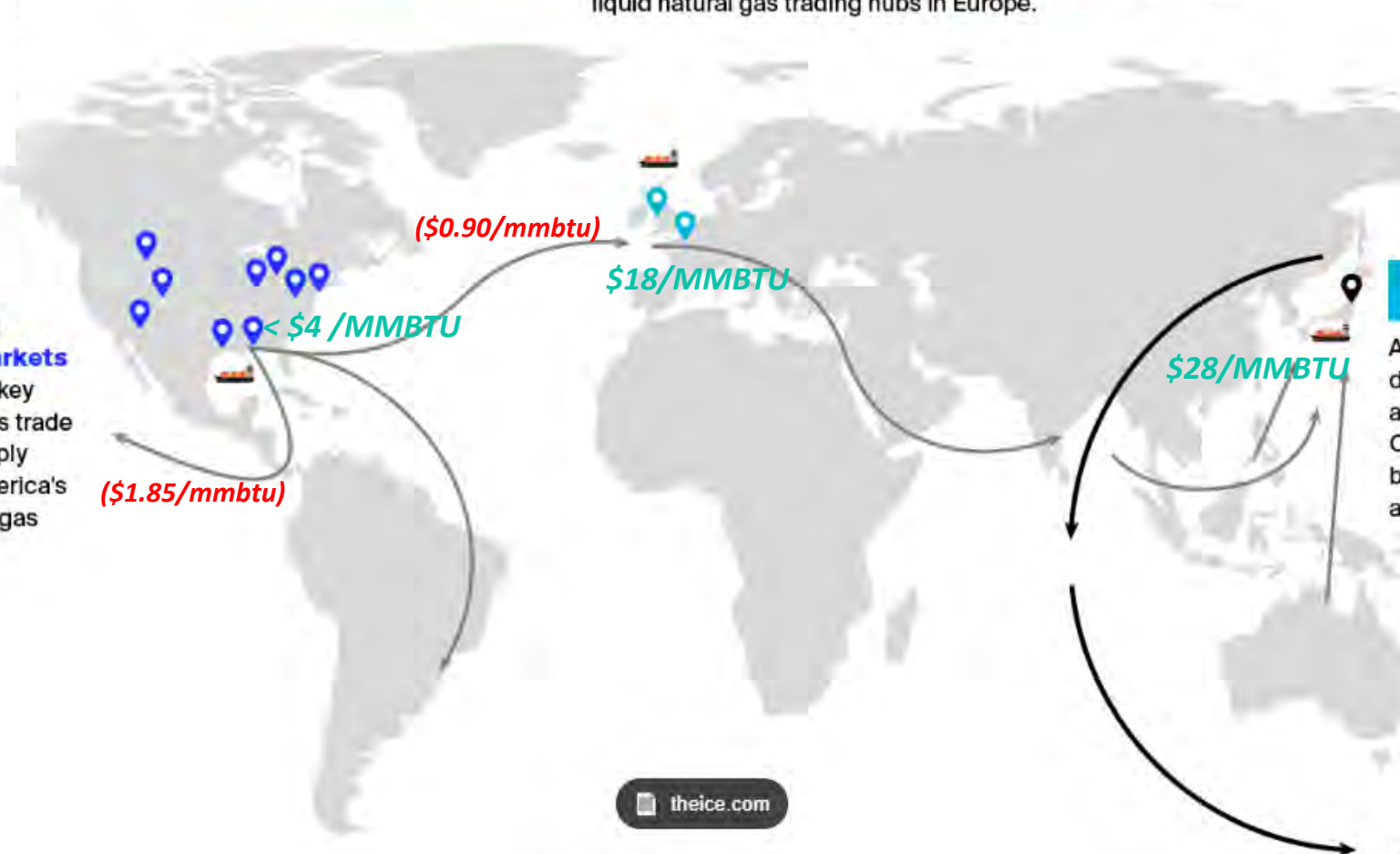
Northwest Europe's natural gas markets are a crucial driver for balancing the LNG market, with their diverse energy supply and flexible infrastructure. ICE's **NBP** and **TTF** are the most liquid natural gas trading hubs in Europe.

North America

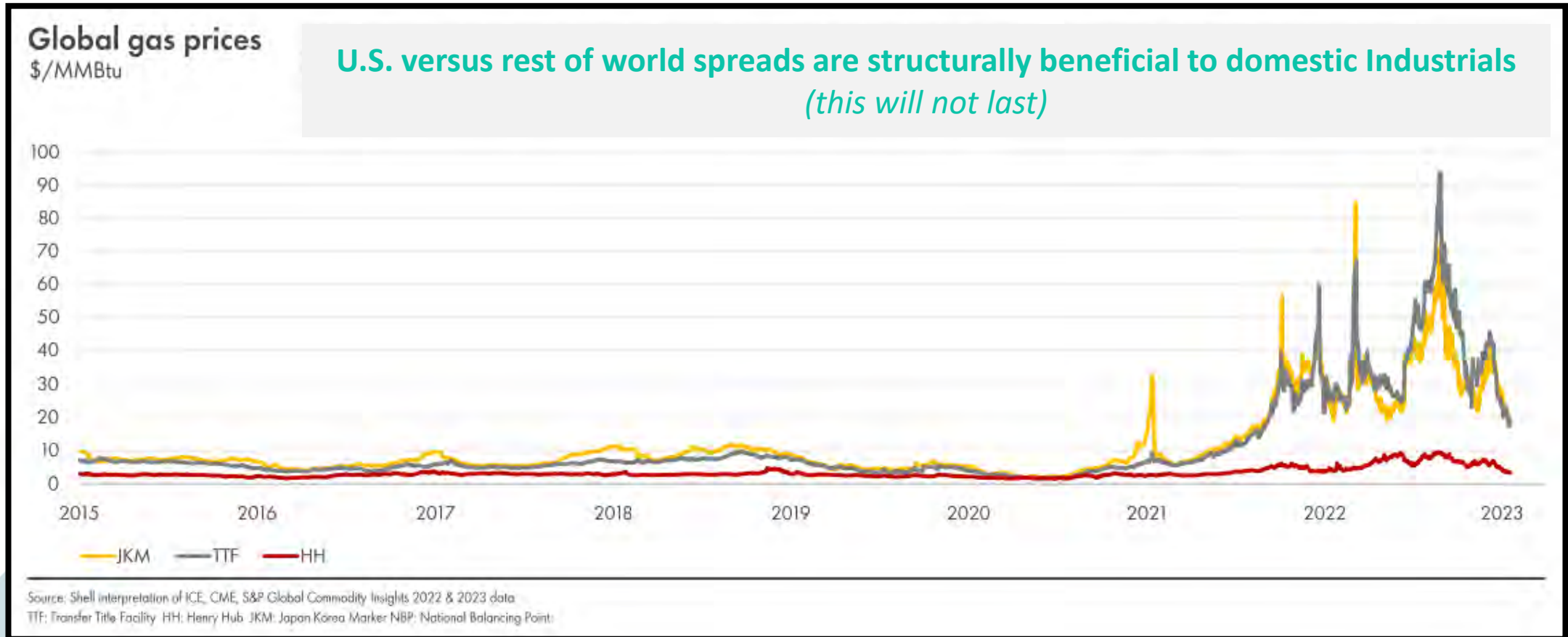
The Shale revolution has amplified the importance of ICE's **basis markets** as Henry Hub prices diverge from key Shale basins. Our 64 basis markets trade at prices reflective of regional supply and demand dynamics. North America's status as a key exporter of natural gas continues to strengthen.

Asia Pacific

Asia is driving global gas demand due to its fast-growing economies and environmental concerns. Our **JKM LNG** contract is the benchmark for natural gas across the region.



GAS PRICES ABROAD HAVE BEEN MUCH HIGHER THAN U.S.



LNG CAPACITY GROWTH – EXPECTATIONS

- **Growth to 2025 is real**, with projects under construction from **experienced, deep-pocket Sponsors**
 - **CP2 / Plaquemines** – Venture Global
 - **Golden Pass** – ExxonMobil + Qatar
 - **Corpus Christi Stage 3** – Cheniere
- Beyond 2025 is **much less certain** but TEA Market Insights can **risk many out beyond 2028**
- **Remaining projects are highly likely** to be sanctioned for 2026-7 s/u

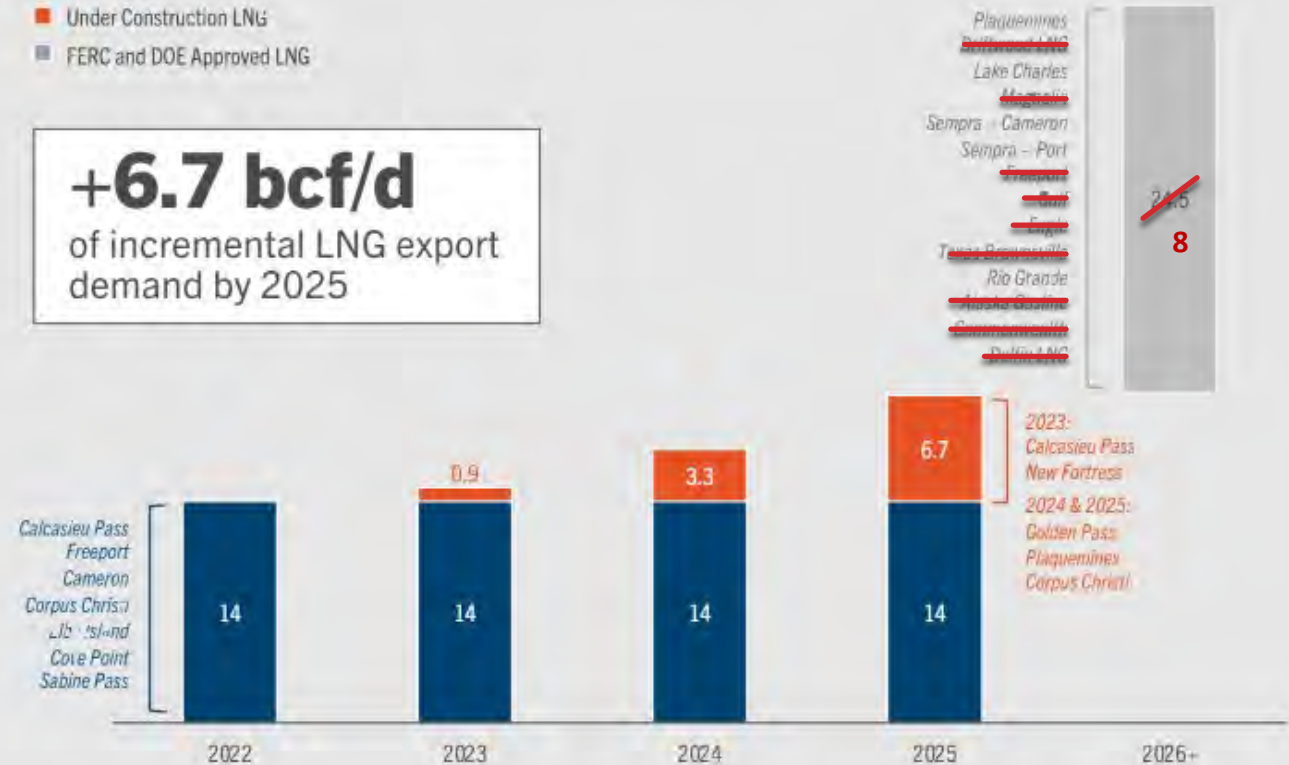
Chesapeake 4Q22 Earnings Deck (Feb 21, 2023)

Growing Exports Will be Significant to U.S. Gas Demand

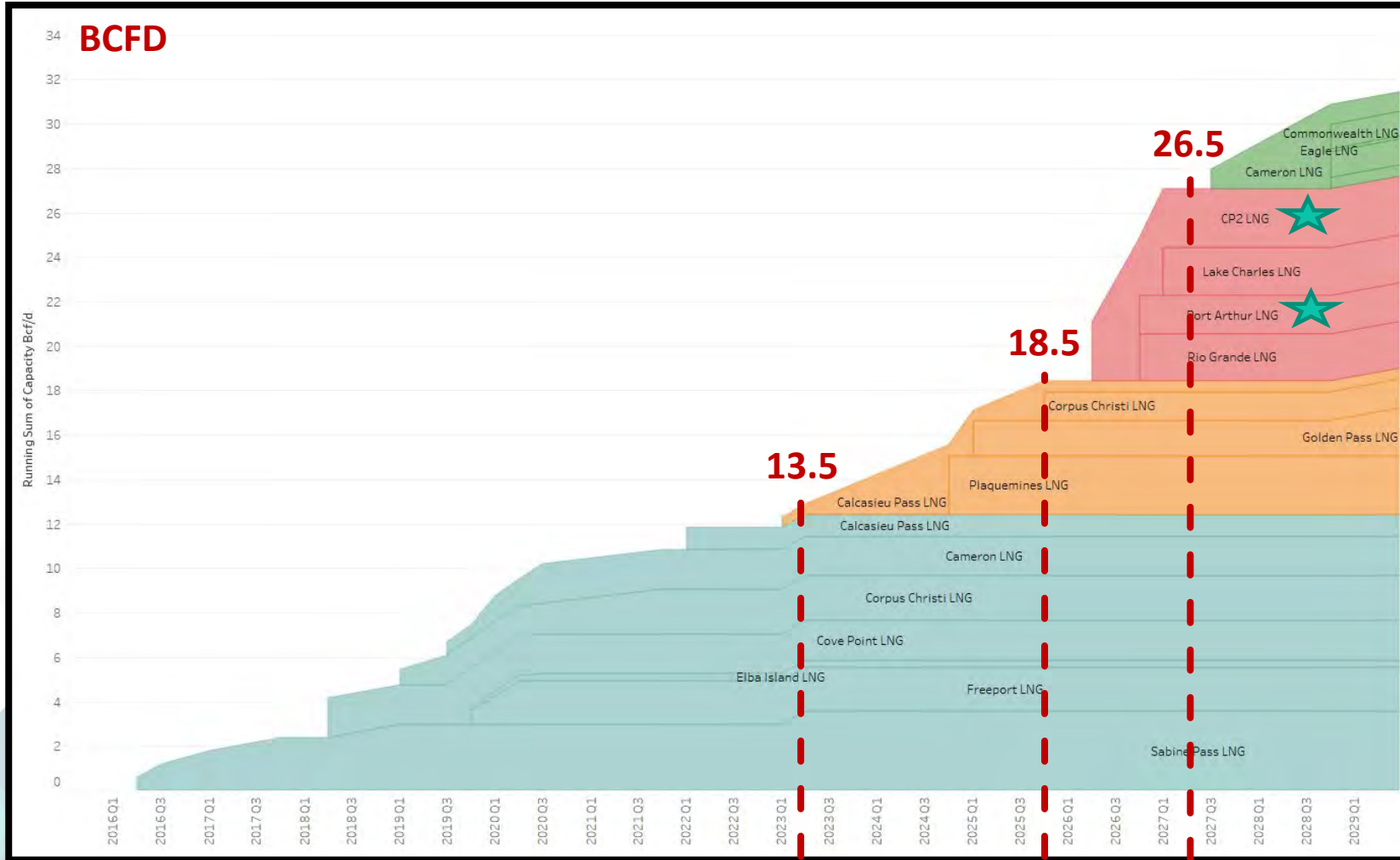
(U.S. LNG Capacity, bcf/d)¹²

- Online LNG
- Under Construction LNG
- FERC and DOE Approved LNG

+6.7 bcf/d
of incremental LNG export demand by 2025



LNG CAPACITY GROWTH – TEA FORECAST



Unlikely

Likely

Under Construction

Operating

★ Recent FID Announcements

current

end-2026 mid-2027

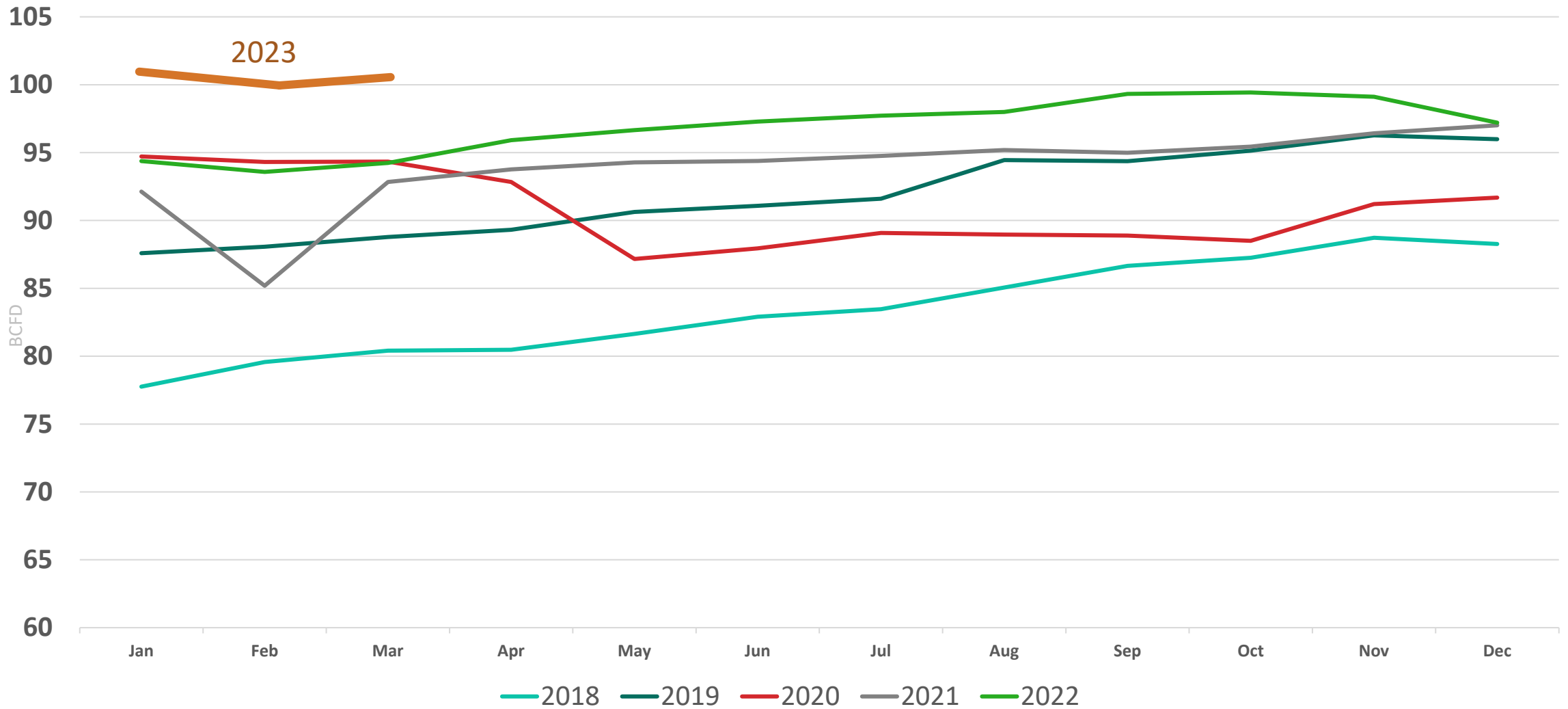


#2 – GLOBAL LNG MARKETS MATTER TO YOU

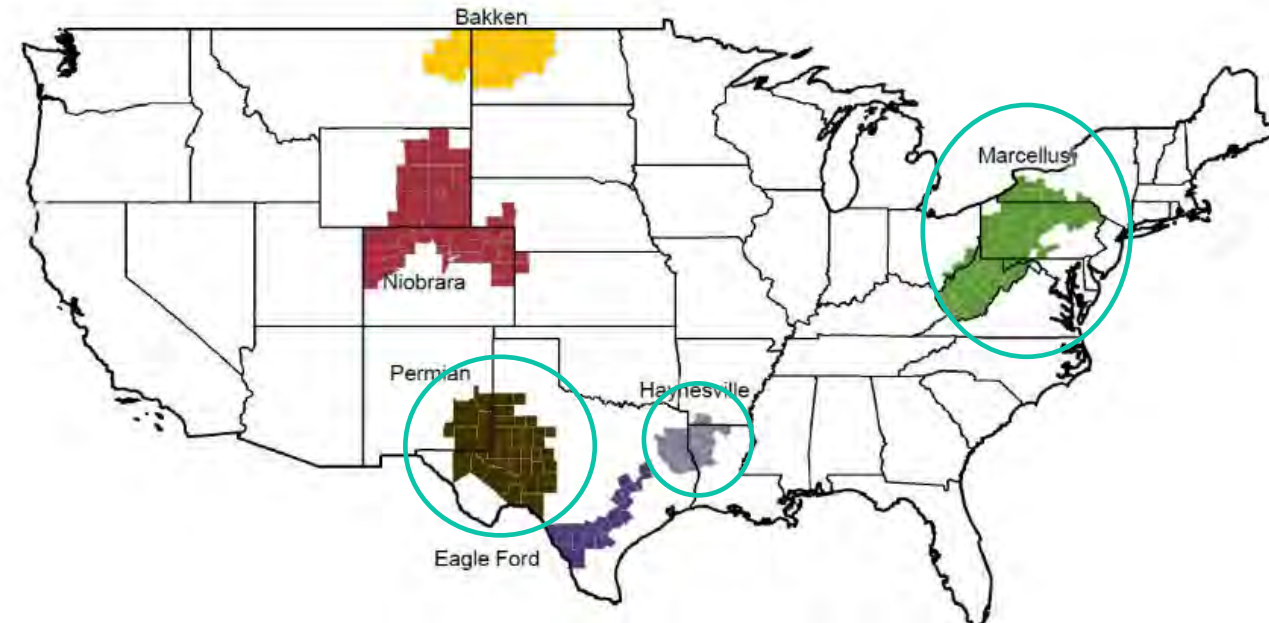
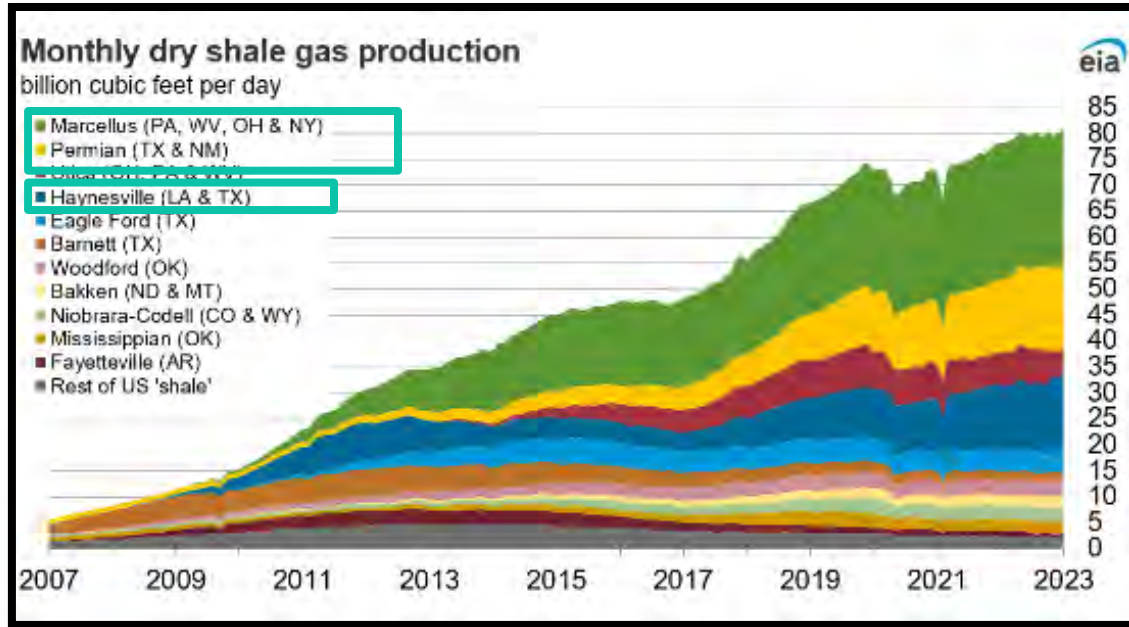
U.S. NATURAL GAS

SUPPLY – PRODUCTION

PRODUCTION IN CONTEXT



3 BASINS ARE CRITICAL FOR FORECASTING...



- **Producer decision criteria and economics is key**
- **Rig count, DUC count, and DAC count** all mean different things
- **Game theory, prisoner's dilemma, and production solidarity**

PRODUCER EARNINGS RECAP – 2023 GUIDANCE

- **Broad ACCEPTANCE that market will remain soft into 2024...**
 - Slightly lower (-3%) Haynesville; flat in Marcellus... *not enough to firm 2023*
 - Largely “stuck” in rig and frac crew contracts for 2023
 - Haynesville producers dropping 20% of drilling rigs... *points to firmer 2024*
 - Frac crews flat to slightly down... *points to increasing DUCs*
- **Capital efficiency is declining... higher breakevens**
 - Drilling costs are increasing... *producers seeing 25-45% increases y/y*
 - Productivity is decreasing... *moving to lower prolific areas of Marcellus and Haynesville*
- **Remain bullish Winter-2024+ prices commensurate LNG demand**
 - No one is selling forward at current strip... calling it “LNG ready”...
 - Financial wherewithal now to sustain low prices + decreasing production without impacting liquidity

The logo for TEA Market Insights features the word "TEA" in a large, grey, sans-serif font, with a teal arc above it. Below "TEA", the words "MARKET INSIGHTS" are written in a smaller, teal, sans-serif font, with wide letter spacing.

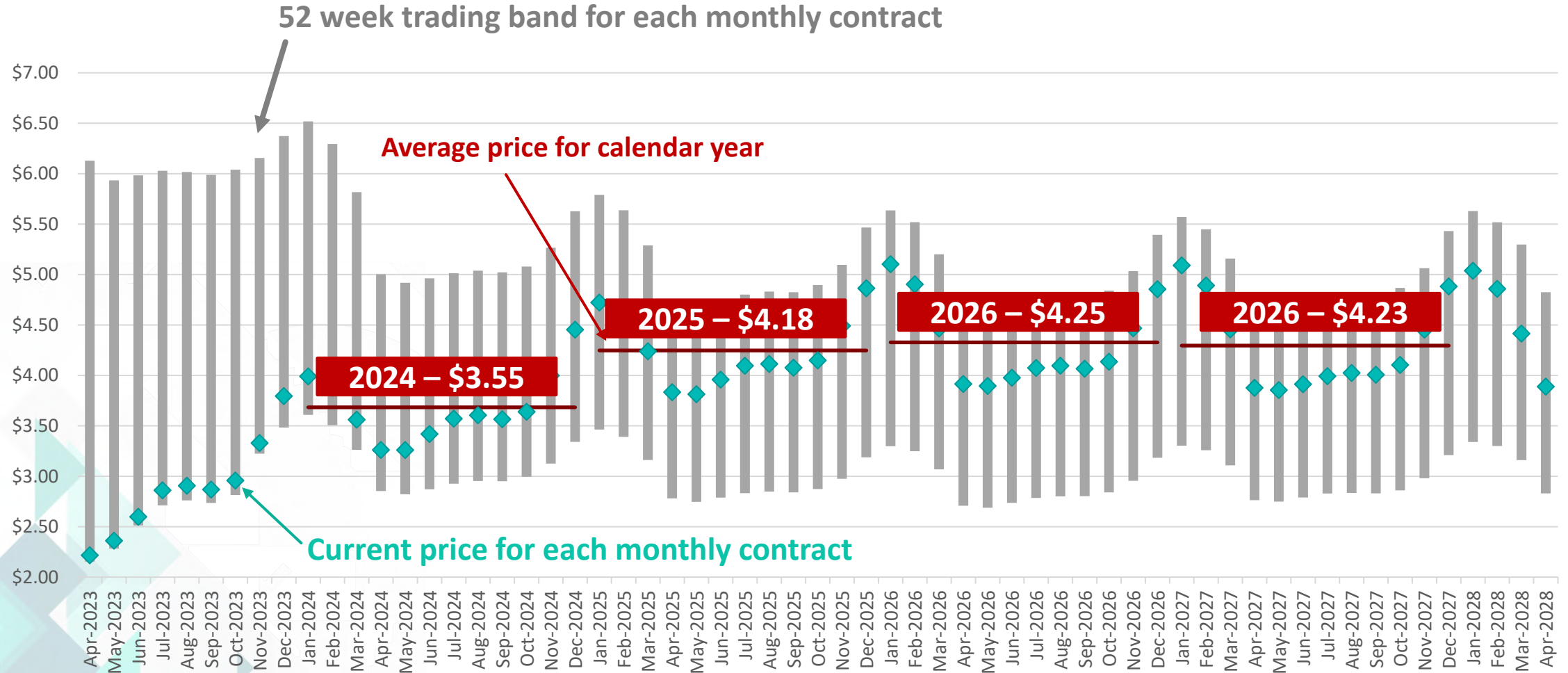
TEA
MARKET INSIGHTS

#3 – PRODUCERS WILL PROBABLY TRY TO JAM THE MARKET FOR LNG

U.S. NATURAL GAS

FORWARD PRICING

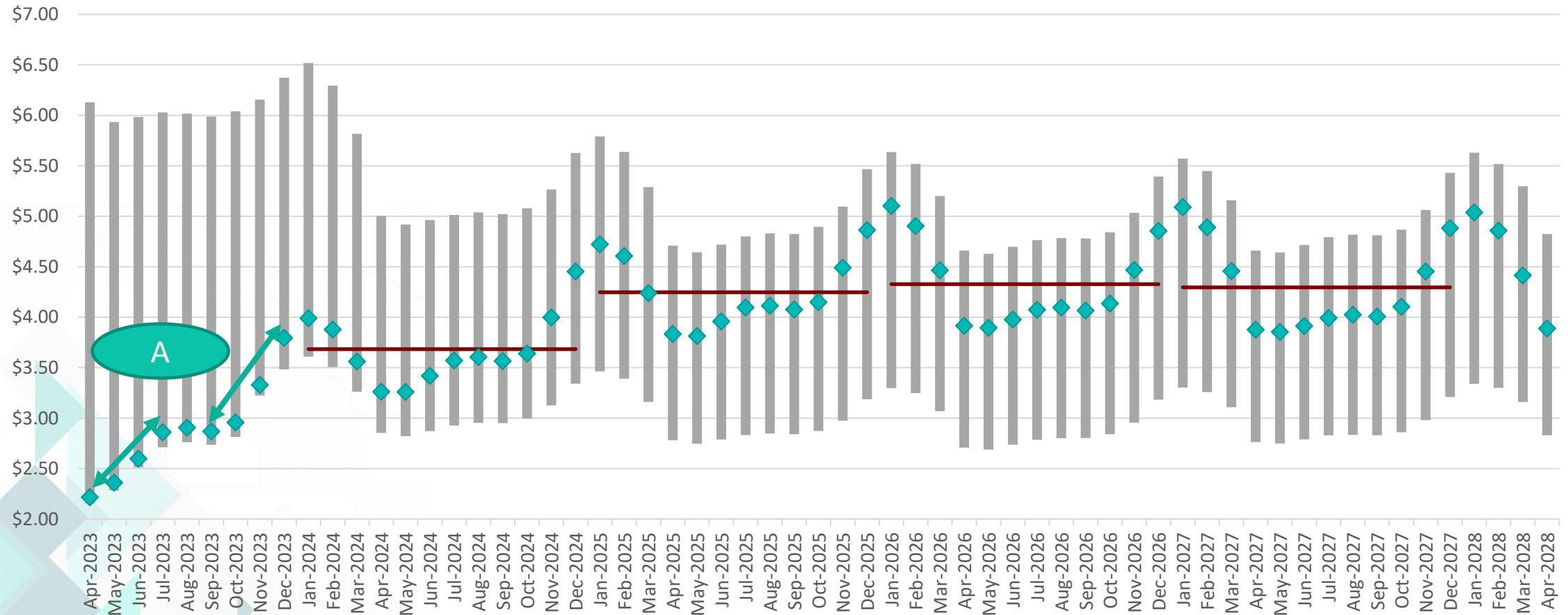
WHAT IS THE FORWARD CURVE TELLING US?



WHAT IS THE FORWARD CURVE TELLING US?

A. Steep contango from prompt → summer will drive producer actions... but will it be enough?

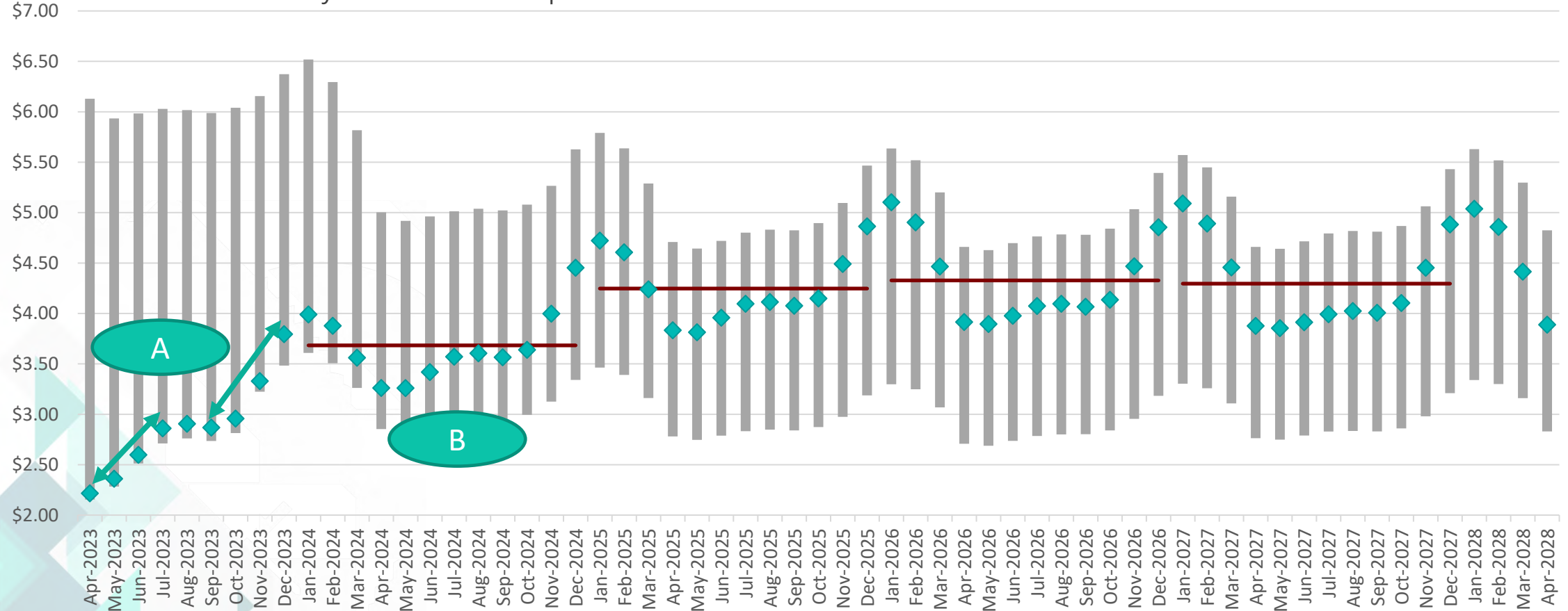
- Anticipate deferrals of new well flows to summer (and again to winter)... flattening the curve



WHAT IS THE FORWARD CURVE TELLING US?

B. Cal-24 at \$3.55 ~fair value given Producer marginal cost of new drilling (\$3.50a)

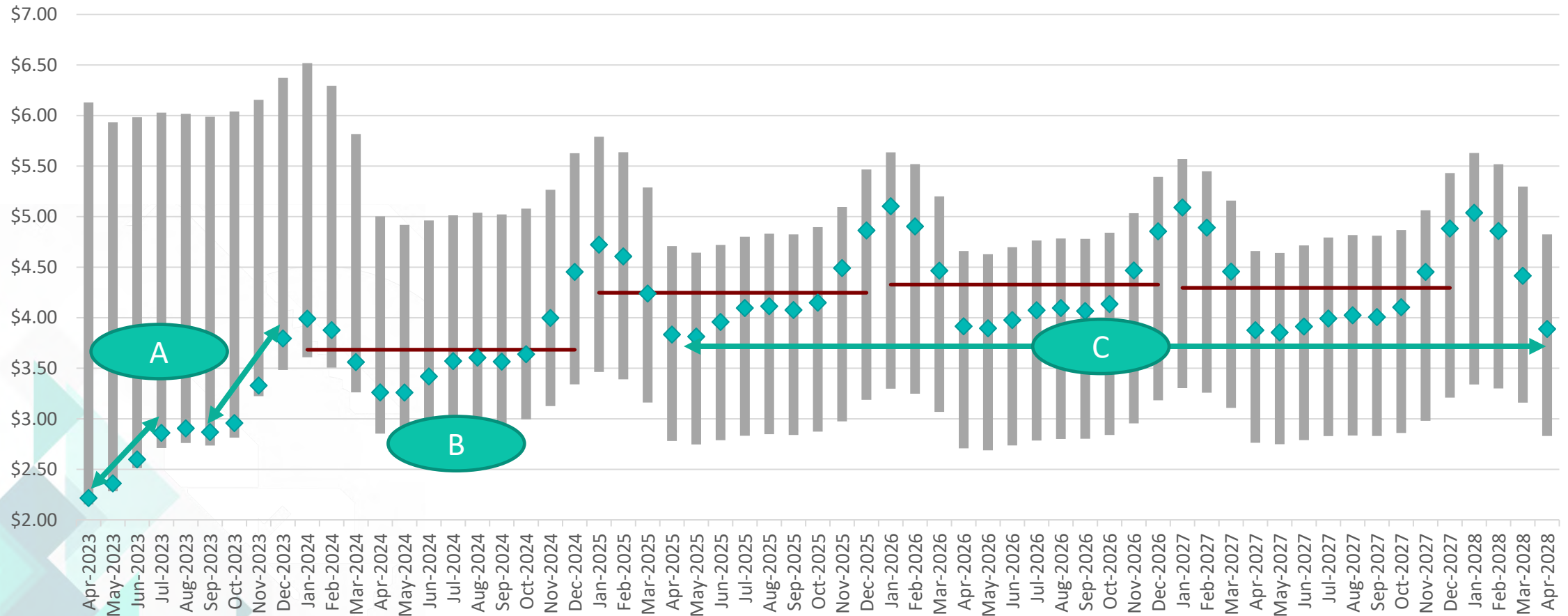
- Cutting Haynesville rigs in 2023 signals market that higher price is needed for new activity
- Potential for TTF rally and Producer discipline leans bullish



WHAT IS THE FORWARD CURVE TELLING US?

C. Cal-25 thru Cal-27 at ~\$4 assigns 50c premium to new supply cost

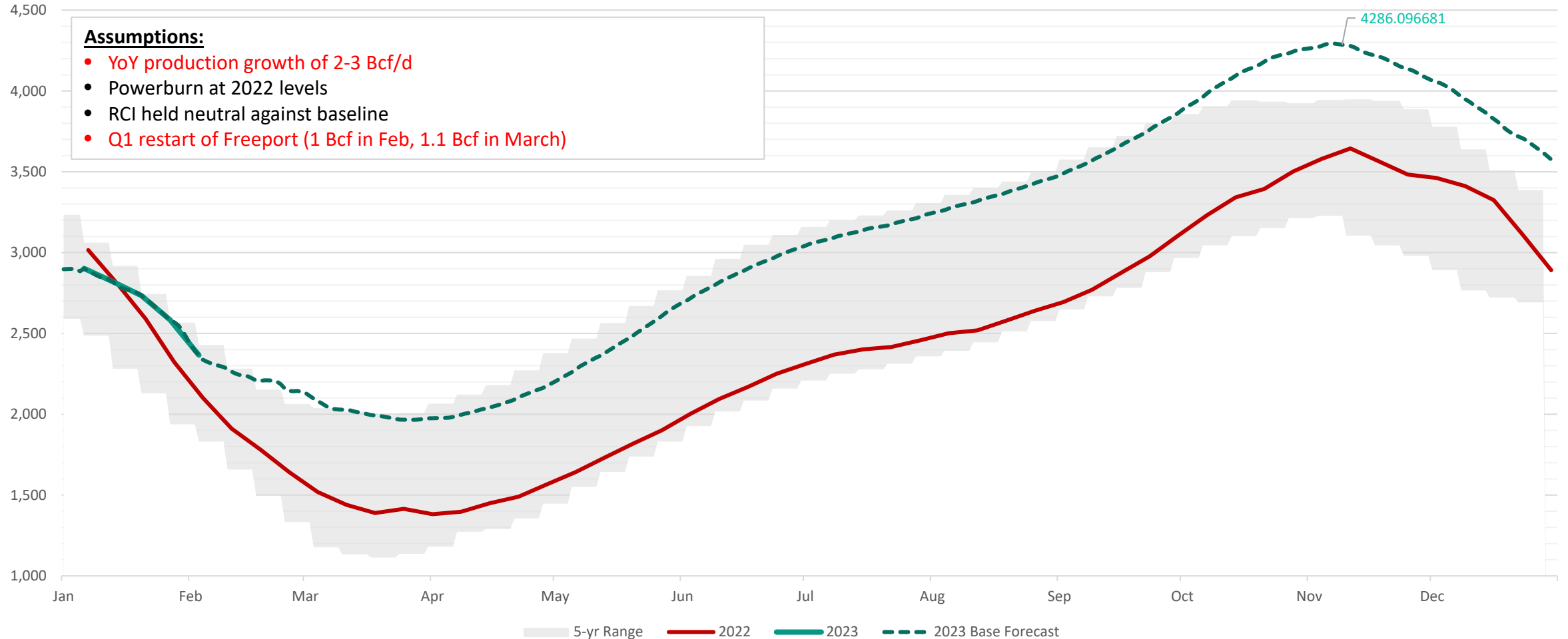
- TEA view that this **underprices** risk that Producers “mis-time” the +6BCFD demand growth



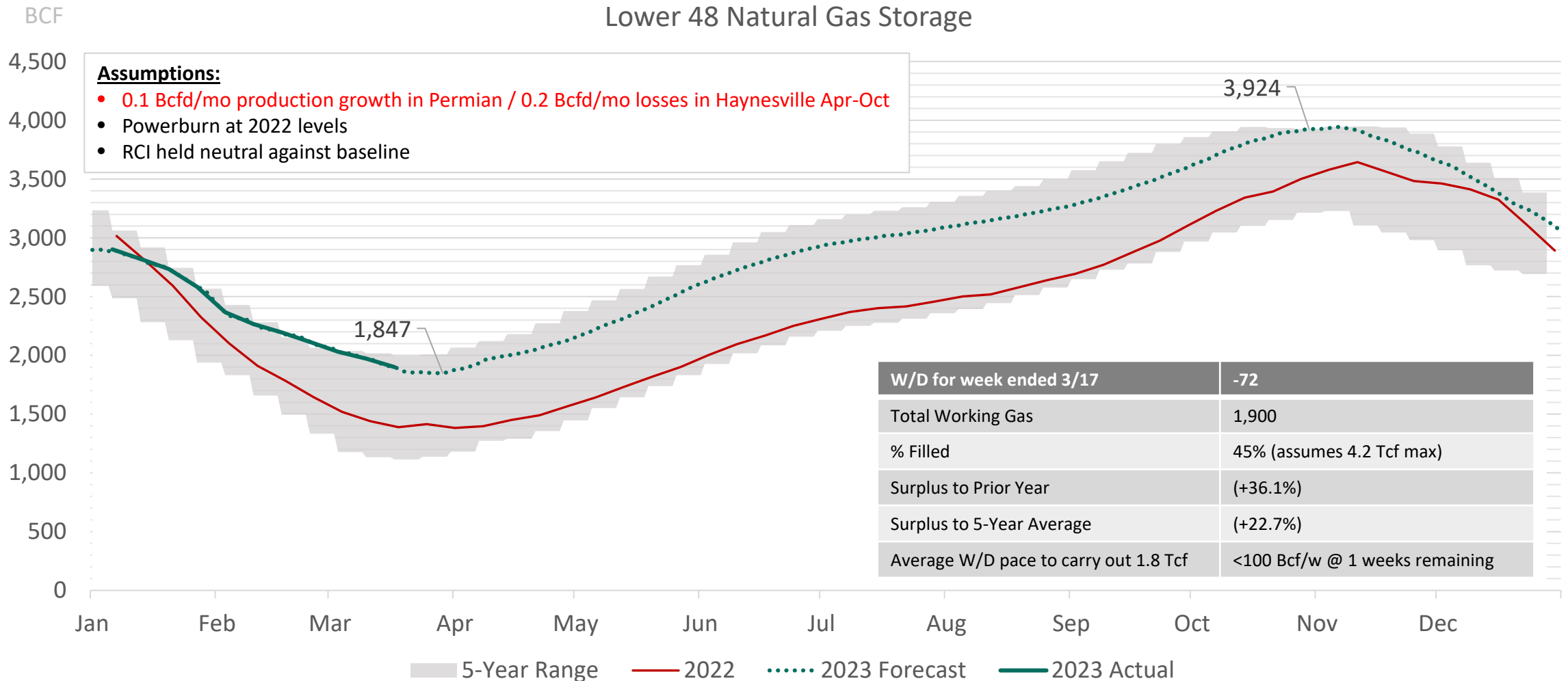
U.S. NATURAL GAS OUTLOOK

TEA FORECAST – FLAT PRODUCTION

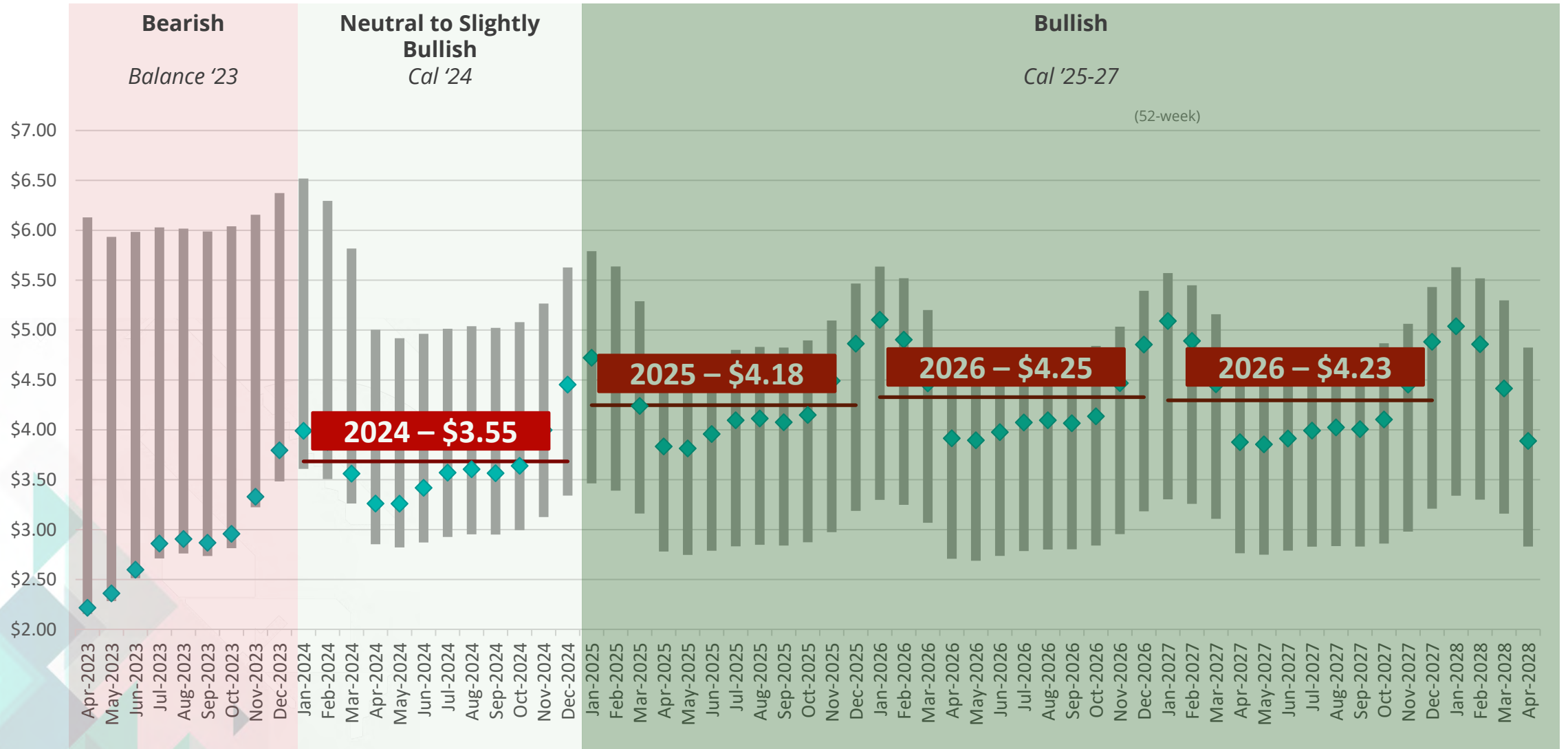
Lower 48 Storage



TEA FORECAST – ECONOMIC PRODUCTION DEFERRALS TEA MARKET INSIGHTS



SUMMARY – HENRY HUB





#4 – BULLISH 2025-2027 OUTLOOK

RECAP OF KEY MESSAGES

1. WE GOT LUCKY
2. GLOBAL LNG MARKETS MATTER TO YOU
3. PRODUCERS WILL PROBABLY TRY TO JAM THE MARKET FOR LNG
4. BULLISH 2025-2027 OUTLOOK

THANK YOU

EXPECT VOLATILITY & PREPARE