M-S-R PUBLIC POWER AGENCY
MEMORANDUM

Date: January 27, 2021

To: M-S-R PPA Technical Committee

From: Martin R. Hopper, General Manager

Subject: Thursday, February 4, 2021, M-S-R PPA Technical Committee Meeting

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Please find enclosed the agenda for the Thursday, February 4, 2021, M-S-R PPA Technical Committee Meeting to be held remotely at 10:00 AM. Please post as required for Brown Act compliance.

Distribution:

Tameka Garnett – NCI
Steve Gross – General Counsel
Toxie Burriss – MID
Martin Caballero – MID
Amy Santos – MID
Cindy Worley – MID
Basil Wong – SVP
Steve Hance – SVP
Paulo Apolinario – SVP
Ann Hatcher – SVP
Yanmei Qiu – SVP
Nathan Aronson – Redding
Steve Handy – Redding
Kamryn Hutson – Redding

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M-S-R Public Power Agency

MEETING
OF THE TECHNICAL COMMITTEE

Thursday, February 4, 2021, 10:00 AM

WEBINAR DIGITAL PLATFORM OR PHONE MEETING

GoTo Meeting Information:
https://global.gotomeeting.com/join/652333757

Telephonic Meeting Information:
United States: +1 (872) 240-3412
Access Code: 652-333-757

AGENDA

M-S-R Public Power Agency meetings are currently being conducted via webinar for all representatives pursuant to Executive Orders signed by Governor Gavin Newsom related to the ongoing COVID-19 pandemic. Members of the public may join the Committee meeting by utilizing GoTo Meeting's webinar feature or through a phone line provided in the meeting agenda. Members of the public will continue to have the opportunity to provide public input via the webinar or phone features. Members of the public may also email their comments to the General Manager by 3 p.m. on the day prior to the Committee meeting. Public comment can be emailed to msr.general.manager@gmail.com. All public comments submitted by email on time will be read during the Committee meeting in the public input section of the agenda. Any member of the public who desires to address the Committee on any item considered by the Committee at this meeting before or during the Committee's consideration of that item shall so advise the Chair and shall thereupon be given an opportunity to do so.

1. Call to Order
2. Roll Call
3. ***Approval of Minutes of November 6, 2020 Meeting*** (attached)
4. General Manager Reports (attached, Martin Hopper)
5. Big Horn Wind Energy Project Operating Statistics (attached, Martin Hopper)
6. February 2021 Status Report Regarding WREGIS REC Transfers (attached, Martin Hopper)

7. ***Discussion and Possible Action Regarding February 2021 Outside Services Budget Versus Actual Report*** (attached)

8. ***Discussion and Possible Action Regarding San Juan Generating Station Continuing Coverage Insurance*** (attached, Martin Hopper)

9. ***Discussion and Possible Action Regarding Ten-Year Resource Cost Forecasts*** (attached, Martin Hopper)

10. Closed Session

a. Existing Litigation: Government Code §54956.9 (d)(1) – 3 Cases (NM-PRC 20-00222-UT, BP-20E-BPA, BP-22-BPA)

b. Threat To Public Services Or Facilities: Government Code § 54957 (a)

c. Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8, Property: Lake and River Stations and connecting pipelines and rights-of-way, CR 6800 N, Waterflow, NM 87421. Negotiating Parties: Public Service Company of New Mexico and United States Bureau of Reclamation. Agency Negotiators: Martin Hopper, General Manager and Steve Gross, General Counsel. Under Negotiation: Purchase/Sale/Exchange/Lease of Real Property (provisions, price and terms of payment)

11. Announcement from Closed Session

12. Member Reports

13. Public Comment

14. ***Confirm date and time of next meeting***

15. Adjourn

ALTERNATE FORMATS OF THIS AGENDA WILL BE MADE AVAILABLE UPON REQUEST TO QUALIFIED INDIVIDUALS WITH DISABILITIES.

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DRAFT MINUTES OF THE
M-S-R PUBLIC POWER AGENCY
TECHNICAL COMMITTEE
NOVEMBER 6, 2020

The M-S-R Public Power Agency (M-S-R PPA) Technical Committee held a special meeting on November 6, 2020 via webinar. A list of the attendees is provided as Attachment 1. Mr. Hopper chaired the meeting.

Roll Call/Call to Order

The following M-S-R Members were represented: Modesto Irrigation District – Toxie Burriss, City of Santa Clara – Basil Wong, and City of Redding – Kamryn Hutson. The meeting was called to order at 9:04 a.m.

2021 M-S-R PPA Budget

Mr. Hopper & Ms. Worley presented the proposed 2021 M-S-R PPA Budget. Mr. Hopper noted the proposed budget shows reductions in controllable costs associated with Agency administrative and general functions and with regulatory and compliance activities. Mr. Hopper also noted that the Budget report includes tabulations of the status of the Agency's Strategic Reserves established pursuant to the recently adopted Working Capital Policy. The proposed 2021 expenditures were reviewed in detail and the Committee concurred with recommendations to remove funding for legislative advocacy efforts, to defer a possible update of the Agency's REC and renewable energy market forecasts and Big Horn site visits for reconsideration in the 2022 budget. The Committee also suggested 2022 forecast updates pertaining to removal of post-Bond Retirement items pertaining to the Trustee and earnings associated with the former Bond Restricted Funds. It was moved by Representative Burriss and seconded by Alternative Representative Hutson to recommend the Commission adopt the proposed 2021 M-S-R PPA Annual Budget as marked-up at this meeting. Upon the call of the roll, the motion carried unanimously.

The Committee then recessed at 10:10 AM to allow the M-S-R Energy Authority Technical Committee to meet and reconvened at 10:50 AM.

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Approval of Minutes

Upon a motion by Mr. Burriss, seconded by Mr. Wong, the minutes of the meeting held on September 3, 2020 were approved unanimously on the call of the roll.

General Manager Report

The General Manager briefly reviewed his September and October 2020 reports included in the package covering August and September 2020 activities. The Committee noted and filed the reports.

Big Horn Operating Statistics Report

Mr. Hopper reviewed information regarding expected and average production and curtailment statistics. He noted the continued high levels of generation for both Big Horn I and Big Horn II. The Committee noted and filed the report.

WREGIS REC Status Report

Mr. Hopper reported that all transfers are currently meeting their expected delivery schedules. The Committee noted and filed the report.

Outside Services Budget versus Actual Report

Mr. Hopper indicated that the majority of activities were tracking cost expectations. The Committee noted and filed the report.

2021 Meeting Dates

Mr. Hopper reviewed the proposed 2021 meeting dates and noted the attached listings of other Joint Powers Agency meetings and report on costs of in-person v. virtual meetings. It was moved by Representative Burriss and seconded by Representative Wong to recommend the Commission adopt the proposed schedule of 2021 Meeting Dates. On the call of the roll, the motion carried unanimously.

Avangrid Acquisition of PNM

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Mr. Hopper reported that Avangrid has proposed an all-cash acquisition of PNM. He reviewed potential implications and required regulatory approvals. The Committee noted and filed the report.

Closed Session Conference with Legal Counsel

M-S-R PPA Technical Committee retired to closed session at 11:25 p.m. pursuant to Government Code §54956.9(d)(1) – Conference with Legal Counsel – 2 cases of Existing Litigation (BP-20E-BPA and BP-22-BPA), pursuant to Government Code §54957(a) – Threat to Public Services or Facilities, and Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8, Property: Lake and River Stations and connecting pipelines and rights-of-way, CR 6800 N, Waterflow, NM 87421. Negotiating Parties: Public Service Company of New Mexico and United States Bureau of Reclamation. Agency Negotiators: Martin Hopper, General Manager and Steve Gross, General Counsel. Under Negotiation: Purchase/Sale/Exchange/Lease of Real Property (provisions, price and terms of payment).

Announcement from Closed Session

Upon returning to open session at 12:40 p.m., Mr. Gross reported that there were no reportable actions.

Member Reports

Mr. Hopper solicited reports from the Members and received none.

Public Comment

Mr. Hopper solicited comment from the public and received none.

Next Meeting

The next regular meeting date will be at 10:00 a.m. on February 4, 2021 and will be held virtually due to public health considerations. The meeting was adjourned at 12:41 p.m.

Respectfully submitted.

Martin R. Hopper
General Manager

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Attachment 1

ATTENDANCE LIST
M-S-R PUBLIC POWER AGENCY
TECHNICAL COMMITTEE
REGULAR MEETING

November 6, 2020
9:04 AM

NAME	STATUS	ORGANIZATION
Toxie Burriss	Member	Modesto
Cindy Worley	Guest	Modesto
Basil Wong	Member	Santa Clara
Kamryn Hutson	Alternate	Redding
Martin Hopper	Chair	General Manager
Steve Gross	Guest	General Counsel – attending Closed Session only
Pete Scanlon	Guest	BPA Counsel – attending Closed Session only

M-S-R Public Power Agency
Staff Report

Date: January 25, 2021

From: Martin R. Hopper, General Manager

To: M-S-R PPA Technical Committee

Subject: General Manager Reports

Please find attached General Manager reports as provided to the Commission or Commissioners as follows:

- November 2020 – Covering October 2020 Activities
- December 2020 – Covering November 2020 Activities
- January 2021 – Covering December 2020 Activities

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M-S-R Public Power Agency
Staff Report

Date: November 10, 2020

From: Martin R. Hopper, General Manager

To: M-S-R PPA Commission

Subject: November 2020 General Manager Report

Overview:

This report will provide an overview of the General Manager's major activities and those of specified Agency contractors and consultants. Based on feedback from Commissioners and interested parties, the format and content of these reports will evolve.

Also included in this report as Attachment 'A' is an initial discussion of Avangrid's announced acquisition of PNM and potential implications regarding M-S-R PPA's San Juan Project Legacy Liabilities.

General Manager:

Administrative Activities – October 2020 (Approx. 64 hours)

The General Manager reviewed and approved Check Requests prepared by the Administrative Assistant and updated Budget v. Actuals Reports.

Issued approved minutes of prior Commission meetings and prepared draft minutes of September meetings

Assembled and issued final versions of PPA & EA Strategic Plans and Policy Manuals.

Coordinated with NCPA, TANC, BANC and CMUA regarding 2021 meeting dates and prepared draft 2021 JPA Calendar.

Prepared for and conducted monthly status call with Commission President.

Coordinated with Financial Advisor regarding alternative structures for replacement of natural gas commodity with renewable electricity or other alternatives regarding 2009 pre-pay transaction.

Coordinated with contractor regarding website overhaul project and initiated work. Target completion December 2020.

Prepared proposed 2021 Budget recommendations and coordinated with Senior Accountant regarding preparation of proposed 2021 Budget documents for PPA & EA. As part of Budget review documentation, extracted data and determined form for reporting of Strategic Reserve Status in accordance with newly adopted Working Capital Policies.

Set agendas and prepared November 2020 Technical Committee packages.

The General Manger also provided direction to consultants and counsel re emergent filings and regulatory matters. Reports on reclamation issues, decommissioning activities, and project status were requested and prepared.

Project Activities:

San Juan – October 2020 (Approx 29 hours):

Continued review of terms, conditions and economics of Westmoreland San Juan Mining Company proposal for buy-out of Mine Reclamation funding liabilities. Reviewed mining consultant report regarding updated mine reclamation cost estimate. Reviewed and modeled impacts of index reductions, return expectations, and inflation/escalation estimates and coordinated with PNM and other participants re same. Attended (telephonic) Reclamation Oversight Committee and negotiating team meetings re same.

Researched potential implications of proposed acquisition of PNM by Avangrid on San Juan Legacy Liabilities.

Big Horn – October 2020 (Approx 45 hours):

Reviewed materials and coordinated with FERC Counsel regarding preparation of BPA Day presentations. Attended and facilitated BPA Day. Review and direction to FERC Counsel re BPA Priority Matrix updates for presentation to Tech C'tee in November.

Reviewed CARB materials regarding Cap and Trade accounting and CMUA response re same. Coordinated with Members and Regulatory Counsel re PCC-0 and PCC-1 grandfathered resources issues.

Prepared long-term updated Big Horn 1 and Big Horn 2 cost forecasts and provided to Member Staff as requested for budget input and analysis.

Reviewed Big Horn energy production records and trends and updated periodic status reports.

Key Meetings – October 2020

Commission President, October 2 and 15, 2020. Key Issues: Annual goals review and GM evaluation processes.

NCPA Public Power Policy Forum, Telephonic, October 6, 2020. Key Issues: Implications of change in administrations regarding public power polices, renewable energy economics and policy implications.

PPA Technical Committee, Telephonic, October 15, 2020. Key Issues: Annual BPA Day review of PNW activities, issues, and cost impacts on Big Horn deliveries.

Dan Hartman, PFM, Telephonic, October 22, 2020. Key Issues: Restructuring Opportunities (Cost Reduction) regarding renewable energy projects.

San Juan Reclamation Oversight Committee, October 28, 2020. Key Issues: Reclamation Cost review study and Reclamation Trust Funding Curve implications, 2021 Reclamation AOP, and Westmoreland status.

General Consultant:

The General Consultant regularly prepares a summary of his activities as part of his monthly billing process. A copy of General Consultant's November 2020 report is attached regarding 34 hours of support in October regarding San Juan, Renewable, and Administrative issues.

BPA Consultant:

Our BPA Consultant, Dr. David Arthur, [will/has] provide[d] an update on his activities through October 2020 and 15 hours of support. [Notes] – TBD as of 11/10/20.

M-S-R Public Power Agency
Staff Report

Date: November 2, 2020

From: Alan Hockenson

To: Martin Hopper

Subject: Specific Work Tasks for October 2020

During October, I spent time working on specific tasks on behalf of the M-S-R Public Power Agency (M-S-R PPA). These activities can be segregated into the categories of Generation, Renewable, and Administrative. There was no activity in the category of Transmission.

Generation (16 hours) – There were three specific lines of activity related to the decommissioning of the San Juan Generating Station (San Juan) and the reclamation of the San Juan mines.

The San Juan Generating Station Decommissioning Committee (SJDC) meeting held on October 23, 2020 was held with the issues discussed being the 2021 Decommissioning Work budget, allocation of insurance premiums, and the effort to avoid a 2021 surety bond requirement from the New Mexico Environmental Department (NMED). Additional communications were also held with the Decommissioning Agent and the General Manager.

The Reclamation Oversight Committee held meetings on October 14 and 28, 2020 which included a number of topics. The primary issues are the potential buy out of mine reclamation work by Westmoreland and the process to update the reclamation costs for trust purposes.

Two specific actions both happened on October 21, 2020. First, the regional transmission agency in the Inland Southwest, WestConnect, approved the application by Avangrid Renewables, Inc. (Avangrid) as a Member effective November 21, 2020. In addition, PNM announced it was in the process of being purchased by Avangrid. If this sale is completed, Avangrid will have a competitive advantage in transmission planning as Members of WestConnect have an easier path to gain recognition of transmission projects compared to independent transmission developers.

A brief weekly monitoring of PNM's public activities was undertaken to assure PNM is still willing and capable of performing its duties as the San Juan Decommissioning Agent and living up to its obligations under the Trust Agreements for both Decommissioning and Reclamation.

Renewable (17 hours) – Monthly operating data was received from Avangrid Renewables, Inc. (AR), and was reviewed. Materials distributed by Agency's Special Counsel on Bonneville Power Administration matters were reviewed. The key activity for October was attendance of

the annual closed session presentation provided by Special Counsel – BPA known as "BPA Day."

The WECC is the key forum for utility discussions and policy determinations in the Western Interconnection. Policies that emanate from the WECC can affect transmission providers and balancing authorities in how business is transacted. The weekly summaries of activities and meetings issued by the WECC were briefly reviewed. I researched the activities of the Federal Energy Regulatory Commission (FERC) to assure I am familiar with the issues of importance to M-S-R PPA.

Administrative (1 hour) – The activity in September was limited to updating the Renewable Status Report and reviewing the Commission Meeting package of materials. .

All meetings were attended telephonically.

ATTACHMENT 'A'

M-S-R Public Power Agency
Staff Report

Date: October 28, 2020

From: Martin R. Hopper, General Manager

To: M-S-R PPA Commission

Subject: Avangrid Acquisition of PNM

On Wednesday, October 21, 2020 the proposed acquisition of PNM Resources by Avangrid Inc. (parent and guarantor of Avangrid Renewables, LLC, M-S-R PPA's counterparty in the Big Horn Wind Energy Projects) through its merger subsidiary NM Green Holdings, Inc. was announced. The all cash transaction is valued at $4.3 billion based on a proposed price of $50.30 for PNM Resources shares.

The proposed transaction is expected by Avangrid and PNM to take about one-year to close and the following major approvals and time-lines have been identified by the transacting parties:

1. Federal Authorities:
    a. Federal Energy Regulation Commission (FERC) 3 –6 months
    b. Department of Justice (Hart Scott-Rodino Clearance) 1 month
    c. Committee on Foreign Investment in the United States (CFIUS) 3 months
    d. Federal Communications Commission 1 month
    e. Nuclear Regulatory Commission 6 –8 months
2. State Authorities:
    a. New Mexico Public Regulation Commission (NMPRC) 8 –14 months
    b. Public Utility Commission of Texas (PUCT) 6 –8 months

PNM Resources will operate under the umbrella of Avangrid Networks which currently encompasses Maine Natural Gas, New York State Electric & Gas and other utility operations in New York, Connecticut, Massachusetts and Maine, including Central Maine Power. Avangrid CEO Dennis Arriola, who will remain as CEO of the combined company, called the merger a "strategic fit" and said it would enhance Avangrid's position in clean-energy distribution and transmission and expand its leadership in renewables.

Avangrid also touts being committed to UN Sustainable Development Goals. These 17 goals include the production and efficient consumption of affordable and clean energy, and investing in land restoration for improving livelihoods, reducing vulnerabilities, and reducing risks for the economy. These commitments, coupled with Iberdrola S.A.'s access to low-cost capital may augur well for the resolution of San Juan Generating Station legacy liabilities pertaining to the environment, mine reclamation, and plant demolition/site restoration.

M-S-R Public Power Agency
Staff Report

Date: December 30, 2020

From: Martin R. Hopper, General Manager

To: M-S-R PPA Commission

Subject: December 2020 General Manager Report

Overview:

This report will provide an overview of the General Manager's major activities and those of specified Agency contractors and consultants. Based on feedback from Commissioners and interested parties, the format and content of these reports will evolve.

General Manager:

Administrative Activities – November 2020 (Approx. 66 hours)

The General Manager reviewed and approved Check Requests prepared by the Administrative Assistant and updated Budget v. Actuals Reports.

Issued approved minutes of prior Technical Committee meetings and prepared draft minutes of November meetings

Updated proposed 2021 Budget recommendations and proposed 2021 Budget documents for PPA & EA as agreed at Budget Workshop. Revised and updated reporting of Strategic Reserve Status in accordance with newly adopted Working Capital Policies.

Coordinated with NCPA, TANC, BANC and CMUA regarding 2021 meeting dates and updated draft 2021 JPA Calendar based on adopted schedules. Set GoTo meetings for Commission and Technical C'tee for 2021 and issued invitations re same.

Prepared for and conducted monthly status call with Commission President.

Coordinated with Shell, Citi & Montague DeRose regarding alternative structures for replacement of natural gas commodity with renewable electricity or other alternatives regarding 2009 pre-pay transaction. Reviewed same with Bowers (REU.)

Coordinated with contractor regarding website overhaul project. Reviewed initial drafts and hosting for e-mail migration.

Set agendas and prepared November 2020 Commission packages.

Issued approved minutes of prior Commission meetings and prepared draft minutes of November meetings

The General Manger also provided direction to consultants and counsel re emergent filings and regulatory matters. Reports on reclamation issues, decommissioning activities, and project status were requested and prepared.

Project Activities:

San Juan – November 2020 (Approx 25 hours):

Further review and coordination regarding mining consultant report regarding updated mine reclamation cost estimate and effects (reductions) on Reclamation Trust Funding Requirements and coordinated with PNM and other participants re adoption of new curves prior to year-end.

Attended (telephonic) meeting with FMN/Enchant regarding SJGS continued operations and reviewed draft minutes of same.

Reviewed WSJM Reclamation buyout proposal and attended telephonic mtg of negotiation and Westmoreland teams.

Further research re potential implications of proposed acquisition of PNM by Avangrid on San Juan Legacy Liabilities.

Big Horn – November 2020 (Approx 23 hours):

Reviewed materials and coordinated with FERC Counsel regarding preparation of BPA Priority Matrix updates for presentation to Tech C'tee in November.

Reviewed CEC materials regarding Long-Term Resources and Contract Amendments and CEC Reviews and CMUA response re same. Coordinated with Members and Regulatory Counsel re PCC-0 and PCC-1 grandfathered resources issues.

Reviewed comments re proposed BPA losses settlement and signed opposition letter re same.

Reviewed Big Horn energy production records and trends and updated periodic status reports.

Key Meetings – November 2020 (All telephonic)

PNM/Enchant, Telephonic, November 2, 2020. Key Issues: Status of project and opportunities for clean-break.

Shell Energy, Telephonic, November 3, 2020. Key Issues: Needs and opportunities for restructuring of Natural Gas Project.

Commission President, November 4, 2020. Key Issues: Annual budgets and natural gas project review.

BPA re Transmission Losses, Telephonic, November 4, 2020. Key Issues: Loss Factor Settlement.

CMUA L&R Planning, Telephonic, November 5, 2020. Key Issues: 2021 Issues and Priorities.

PPA Technical Committee, Telephonic, November 6, 2020. Key Issues: Annual Budget Workshops.

CMUA Green Bond Seminar, Telephonic, November 10, 2020. Key Issues: Financing of Renewable Energy Projects.

San Juan Reclamation Oversight Committee, November 4, 11, & 17, 2020. Key Issues: Reclamation Trust Funding Curve update, and Westmoreland status.

BPA Quarterly Business Review, Telephonic, November 17, 2020. Key Issues: Financial input for Rate Case.

Citi Bank/Montague DeRose, Telephonic, November 17, 2020. Key Issues: Needs and opportunities for restructuring of Natural Gas Project.

General Consultant:

The General Consultant regularly prepares a summary of his activities as part of his monthly billing process. A copy of General Consultant's December 2020 report is attached regarding 31 hours of support in November regarding San Juan, Renewable, and Administrative issues.

M-S-R Public Power Agency
Staff Report

Date: December 1, 2020

From: Alan Hockenson

To: Martin Hopper

Subject: Specific Work Tasks for November 2020

During November, I spent time working on specific tasks on behalf of the M-S-R Public Power Agency (M-S-R PPA). These activities can be segregated into the categories of Generation, Renewable, and Administrative. There was no activity in the category of Transmission.

Generation (12 hours) – There were three specific lines of activity related to the decommissioning of the San Juan Generating Station (San Juan) and the reclamation of the San Juan mines.

The San Juan Generating Station Decommissioning Committee (SJDC) meeting for November was cancelled but communications were held with the Decommissioning Agent with the focus being on the allocation of insurance premiums and the effort to avoid a 2021 surety bond requirement from the New Mexico Environmental Department (NMED). Additional communications were also held with the General Manager.

The Reclamation Oversight Committee held meetings on November 11 and 25, 2020 which included a number of topics. The primary issues are the potential buy out of mine reclamation work by Westmoreland and the process to update the reclamation costs for trust purposes.

A brief weekly monitoring of PNM's public activities was undertaken to assure PNM is still willing and capable of performing its duties as the San Juan Decommissioning Agent and living up to its obligations under the Trust Agreements for both Decommissioning and Reclamation.

Renewable (16 hours) – Monthly operating data was received from Avangrid Renewables, Inc. (AR), and was reviewed. Materials distributed by Agency's Special Counsel on Bonneville Power Administration matters were reviewed. Additional time was spent researching the act ivies of AR in the Pacific Northwest, and its affiliate, Avangrid Networks, Inc, in the Inland Southwest.

The WECC is the key forum for utility discussions and policy determinations in the Western Interconnection. Policies that emanate from the WECC can affect transmission providers and balancing authorities in how business is transacted. The weekly summaries of activities and meetings issued by the WECC were briefly reviewed. I researched the activities of the Federal Energy Regulatory Commission (FERC) to assure I am familiar with the issues of importance to M-S-R PPA.

Administrative (3 hours) – The activity in November was limited to reviewing materials for the Commission and Technical Committee meetings.

All meetings were attended telephonically.

M-S-R Public Power Agency
Staff Report

Date: January 22, 2021

From: Martin R. Hopper, General Manager

To: M-S-R PPA Commission

Subject: January 2021 General Manager Report

Overview:

This report will provide an overview of the General Manager's major activities and those of specified Agency contractors and consultants. Based on feedback from Commissioners and interested parties, the format and content of these reports will evolve.

General Manager:

Administrative Activities – December 2020 (Approx. 42 hours)

The General Manager reviewed and approved Check Requests prepared by the Administrative Assistant and updated Budget v. Actuals Reports.

Prepared for and conducted monthly status call with Commission President.

Continued coordination with Shell, Citi & REU regarding alternative structures for replacement of natural gas commodity with renewable electricity or other alternatives regarding 2009 pre-pay transaction. Coordinated with Regulatory Counsel re possible review and issues regarding Big Horn novation and other concepts and California RPS implications.

Coordinated with contractor regarding website overhaul project. Reviewed initial drafts and implemented e-mail migration.

Set calendars and issued evites for 2021 Commission and Technical Committee meetings.

Reviewed S&P communication re 2021 rates and coordinated with Financial Advisor to confirm same.

Prepared 2021 Budget v. Actual tracking models re Legal and Consulting, and Legacy Liabilities.

The General Manger also provided direction to consultants and counsel re emergent filings and regulatory matters. Reports on reclamation issues, decommissioning activities, and project status were requested and prepared.

Project Activities:

San Juan – December 2020 (Approx. 46 hours):

Detailed review of Continuing Coverage insurance program with PNM and corresponding requirements of Restructuring, Reclamation and Decommissioning Agreements regarding liability, indemnity and insurance provisions. Prepared draft report and recommendations re same.

Attended (telephonic) meeting with FMN/Enchant regarding SJGS continued operations and reviewed draft minutes of same.

Reviewed WSJM Reclamation buyout proposal status and draft Special Counsel report re same. Coordinated comments w/ General Counsel.

Further research re potential implications of proposed acquisition of PNM by Avangrid on San Juan Legacy Liabilities. Review filings and proceedings at NM-PRC re Merger approval. Coord w/ Los Alamos County and New Mexico counsel re same.

Big Horn – December 2020 (Approx 15 hours):

Reviewed materials and coordinated with FERC Counsel regarding review of BPA BP-22 Initial Proposal. Participated in BPA teleconference presentations re same.

Reviewed CEC materials regarding Long-Term Resources and Contract Amendments and CEC Reviews and as adopted December 22, 2020. Coordinated with Members and Regulatory Counsel re PCC-0 and PCC-1 grandfathered resources issues.

Reviewed Big Horn energy production records and trends and updated periodic status reports.

Key Meetings – December 2020 (All telephonic)

Shell Energy, Telephonic, December 2, 2020. Key Issues: Needs and opportunities for restructuring of Natural Gas Project.

Commission President, Telephonic, December 3, 2020. Key Issues: PNM/Avangrid Merger, San Juan insurance review, BPA Rate Case, and natural gas project review.

Regulatory Counsel, Telephonic, December 3, 2020. Key Issues: CEC RPS & LTR Rulemaking, Big Horn novation, Natural Gas Project and new renewables.

BPA BP-22 Pre-hearing Conference, Telephonic, December 7, 2020. Key Issues: Proposed rates and procedural schedule.

BPA VCC Presentation, Telephonic, December 8, 2020. Key Issues: Need for new control center and rate-making/capital budget implications.

New Mexico PRC Pre-hearing Conference, Telephonic, December 17, 2021. Key Issues: Party status and procedural schedule.

General Consultant:

The General Consultant regularly prepares a summary of his activities as part of his monthly billing process. A copy of General Consultant's January 2021 report is attached regarding 26 hours of support in December regarding San Juan, Renewable, and Administrative issues.

M-S-R Public Power Agency
Staff Report

Date: January 4, 2021

From: Alan Hockenson

To: Martin Hopper

Subject: Specific Work Tasks for December 2021

During December, I spent time working on specific tasks on behalf of the M-S-R Public Power Agency (M-S-R PPA). These activities can be segregated into the categories of Generation, Renewable, and Administrative. There was no activity in the category of Transmission.

Generation (13 hours) – There were three specific lines of activity related to the decommissioning of the San Juan Generating Station (San Juan) and the reclamation of the San Juan mines.

The San Juan Generating Station Decommissioning Committee (SJDC) did no hold a meeting in December. However, a series of communications were held with the Decommissioning Agent and the General Manager regarding the renewal of the Surety Bond (deadline January 20, 2021), and the status of planning efforts for the June 30, 2022 retirement and decommissioning of the San Juan Generating Station. The next update from the Decommissioning Agent is anticipated for early January 2021.

The Reclamation Oversight Committee held a meeting on December 9, 2020 which included a number of topics. The primary issues involved the approval of a long series of meeting minutes and updates on the Term Sheet and Negotiations with Westmoreland and the Norton-Rose-Fulbright legal review.

A brief weekly monitoring of PNM's public activities was undertaken to assure PNM is still willing and capable of performing its duties as the San Juan Decommissioning Agent and living up to its obligations under the Trust Agreements for both Decommissioning and Reclamation.

Renewable (11 hours) – Monthly operating data was received from Avangrid Renewables, Inc. (AR), and was reviewed.

The WECC is the key forum for utility discussions and policy determinations in the Western Interconnection. Policies that emanate from the WECC can affect transmission providers and balancing authorities in how business is transacted. The weekly summaries of activities and meetings issued by the WECC were briefly reviewed. I researched the activities of the Federal Energy Regulatory Commission (FERC) to assure I am familiar with the issues of importance to M-S-R PPA.

Administrative (2 hours) – The activity in December was limited to updating the status reports on Renewables and Decommissioning.

All meetings were attended telephonically.

M-S-R Public Power Agency
Big Horn Operations

Date: January 25, 2021

From: Martin Hopper, General Manager

To: M-S-R PPA Commission

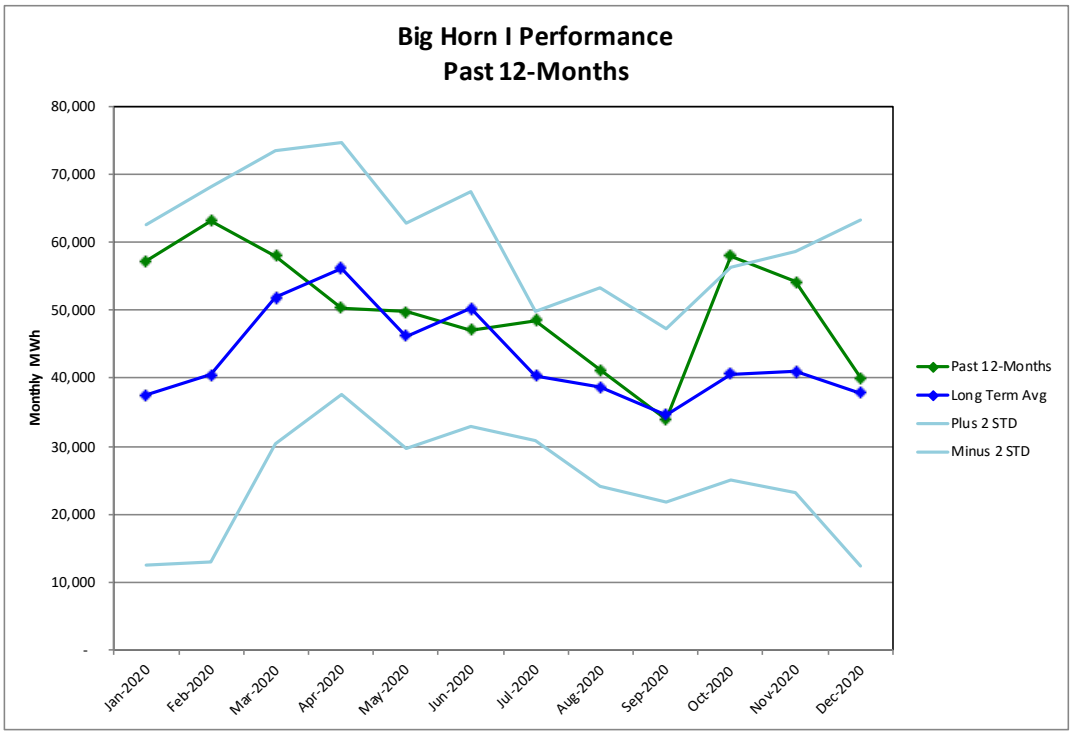
Subject: Big Horn Operations Statistics

Energy Production Statistics for the Big Horn Wind Energy Project:

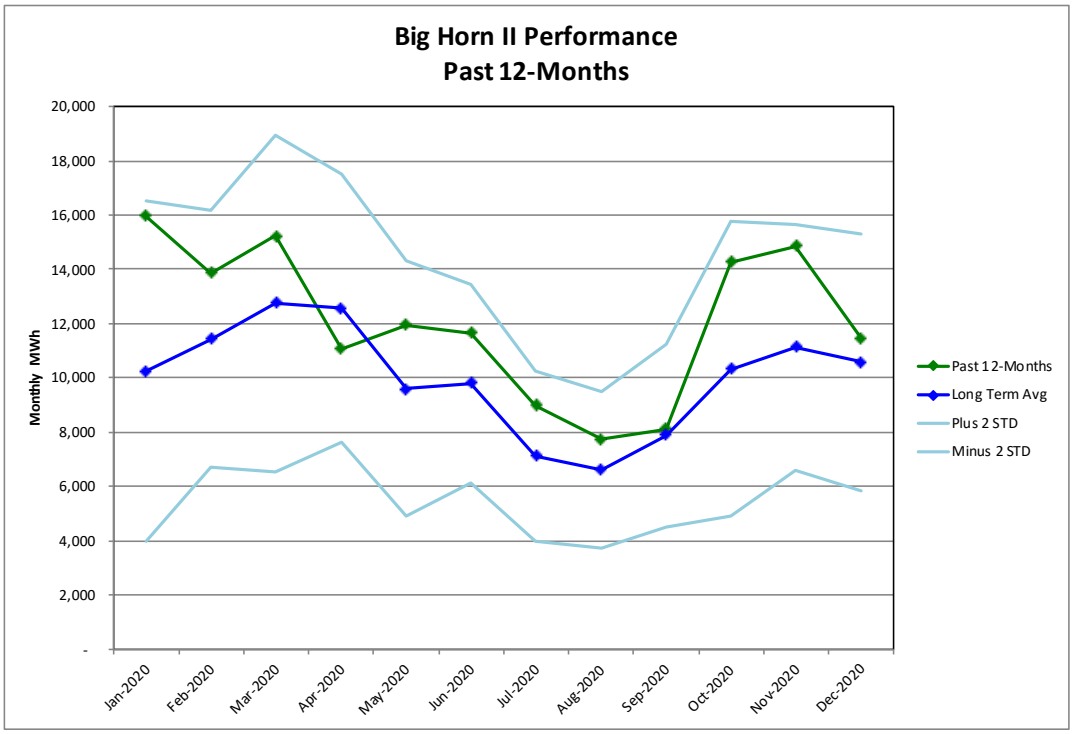
Big Horn I Operations	Production (MWh)	Monthly % of Forecast – Contract (5-Year)	Cumulative Wind Year Production (MWh)
October	58,068	143.0%	58,068
November	54,166	140.7%	112,234
December	39,997	113.6%	152,230
Annual Contract Forecast	N/A	N/A	501,381
Annual Budget Forecast	N/A	N/A	510,000
Life of Project Production	N/A	N/A	7,285,892

Big Horn II Operations	Production (MWh)	Monthly % of Forecast – Contract (5-Year)	Cumulative Wind Year Production (MWh)
October	14,265	131.2%	135,575
November	14,843	138.1%	14,843
December	11,468	114.4%	26,311
Annual Contract Forecast	N/A	N/A	116,651
Annual Budget Forecast	N/A	N/A	115,000
Life of Project Production	N/A	N/A	1,224,260

While there are not many aspects of calendar year 2020 that can be considered positive, new energy production records under both Big Horn purchase contracts were set. Big Horn I and Big Horn II energy production finished at 126.6% and 125.9% of expected energy deliveries. Energy production at Big Horn 1 was 17,138 MWh above the next highest year (2008), and likewise, Big Horn II was 18,876 MWh above the next highest year (2014). However, this year-long run of significantly higher than average energy production at Big Horn I following a five-year contract period with lower than average energy production has led to an accumulation of undelivered excess energy due to delivery rate constraints in the Firming and Shaping agreement.



1/24/21 Past 12 Thru Dec 2020 Big Horn I Projections 2021.xlsx



1/24/21 Past 12 Thru Dec 2020 Big Horn II Projections 2021.xlsx

Transmission Curtailments:

Curtailments	On-Peak (MWh)	Off-Peak (MWh)	Total (MWh)
October	0	0	0
November	8	41	49
December	1	38	39
Year To Date	9	79	88
Historic Annual Average	1,332	801	2,133

Curtailments in 2020 were the lowest recorded since 2016 and were on 35.5% of the average annual curtailments for the period 2017-2019.

M-S-R Public Power Agency
Staff Report

Date: January 25, 2021

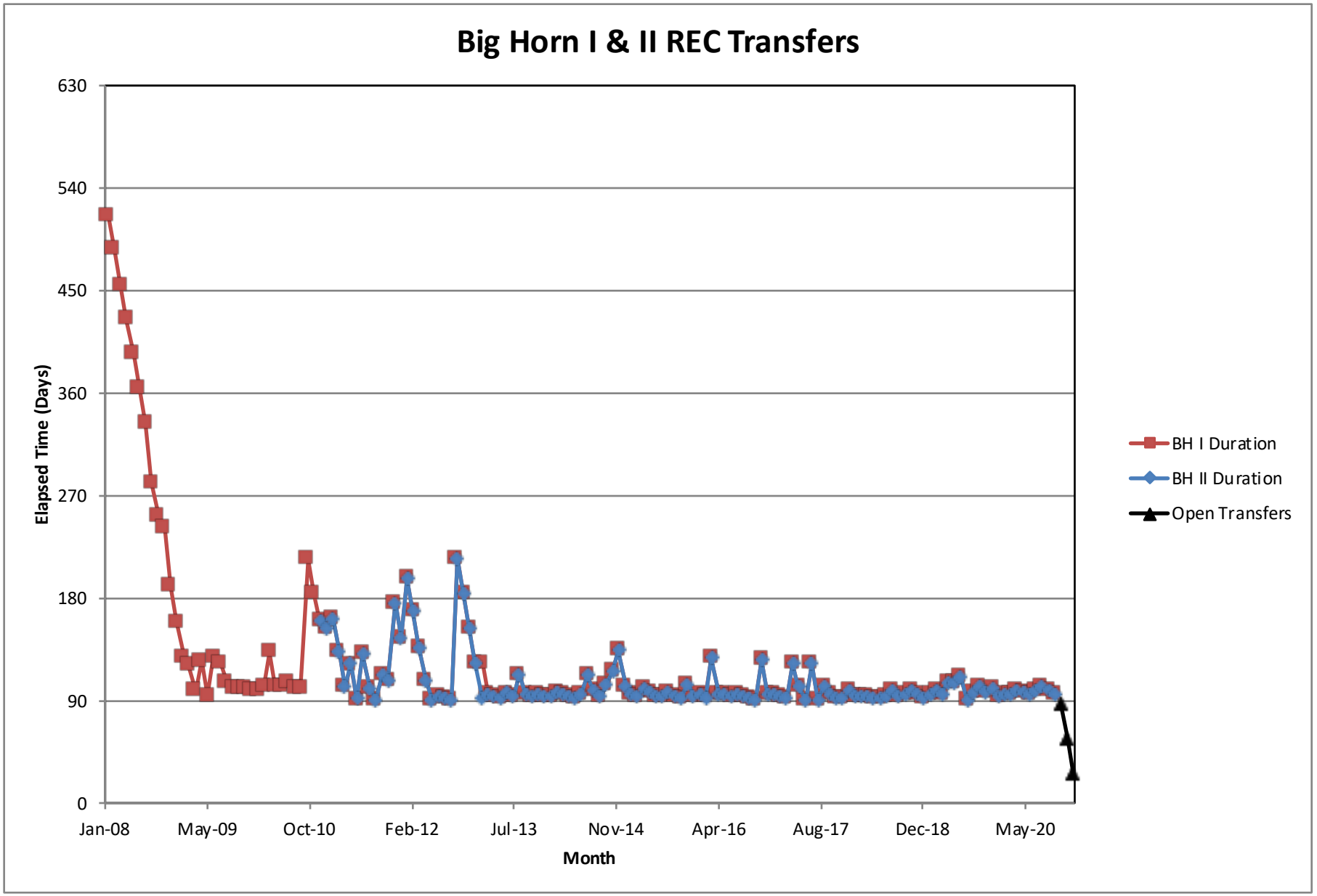
From: Martin R. Hopper, General Manager

To: M-S-R PPA Commission

Subject: February 2021 WREGIS REC Transfers Status Report

In 2013, the General Manager met with Iberdrola Renewables, Inc (now Avangrid Renewables, Inc.) regarding the status of its transfers of Western Renewable Energy Generation Information System (WREGIS) Renewable Energy Credits (RECs) for the Big Horn I and Big Horn II Wind Energy Projects to M-S-R PPA. Ideally, the WREGIS timelines would allow transfers of RECs to M-S-R PPA about 90-days after the close of a reporting month. At the time of that meeting, some transfers were as many as 215-days outstanding. Avangrid subsequently reviewed its internal procedures and has generally completed Big Horn I and Big Horn II transfers in a timely manner. The attached chart illustrates current and historic status of REC transfers. As requested by the Commission, this report will be updated and presented at each regular meeting.

I recommend the Commission note and file the February 2021 WREGIS REC Transfers Status Report.


Big Horn I & II REC Transfers
630
540
450
360
270
180
90
0
Elapsed Time (Days)
Jan-08
May-09
Oct-10
Feb-12
Jul-13
Nov-14
Apr-16
Aug-17
Dec-18
May-20
Month
BH I Duration
BH II Duration
Open Transfers

REC Transfer Timeliness

Month Ending	Big Horn I Date Transferred to Members	BH I Duration	Big Horn II Date Transferred to Members	BH II Duration	Today's Date	Open Transfers
Jan-08	29-Jun-09	515				
Feb-08	29-Jun-09	486				
Mar-08	29-Jun-09	455				
Apr-08	29-Jun-09	425				
May-08	29-Jun-09	394				
Jun-08	29-Jun-09	364				
Jul-08	29-Jun-09	333				
Aug-08	8-Jun-09	281				
Sep-08	8-Jun-09	251				
Oct-08	29-Jun-09	241				
Nov-08	8-Jun-09	190				
Dec-08	8-Jun-09	159				
Jan-09	8-Jun-09	128				
Feb-09	29-Jun-09	121				
Mar-09	7-Jul-09	98				
Apr-09	2-Sep-09	125				
May-09	2-Sep-09	94				
Jun-09	5-Nov-09	128				
Jul-09	30-Nov-09	122				
Aug-09	15-Dec-09	106				
Sep-09	8-Jan-10	100				
Oct-09	8-Feb-10	100				
Nov-09	10-Mar-10	100				
Dec-09	9-Apr-10	99				
Jan-10	10-May-10	99				
Feb-10	10-Jun-10	102				
Mar-10	10-Aug-10	132				
Apr-10	10-Aug-10	102				
May-10	10-Sep-10	102				
Jun-10	13-Oct-10	105				
Jul-10	9-Nov-10	101				
Aug-10	10-Dec-10	101				
Sep-10	2-May-11	214				
Oct-10	2-May-11	183				
Nov-10	9-May-11	160	9-May-11	160		
Dec-10	3-Jun-11	154	3-Jun-11	154		
Jan-11	11-Jul-11	161	11-Jul-11	161		
Feb-11	11-Jul-11	133	11-Jul-11	133		
Mar-11	11-Jul-11	102	11-Jul-11	102		
Apr-11	29-Aug-11	121	31-Aug-11	123		
May-11	30-Aug-11	91	31-Aug-11	92		
Jun-11	8-Nov-11	131	8-Nov-11	131		
Jul-11	8-Nov-11	100	8-Nov-11	100		
Aug-11	30-Nov-11	91	30-Nov-11	91		
Sep-11	20-Jan-12	112	20-Jan-12	112		
Oct-11	15-Feb-12	107	15-Feb-12	107		
Nov-11	24-May-12	176	24-May-12	176		
Dec-11	24-May-12	145	24-May-12	145		
Jan-12	15-Aug-12	197	15-Aug-12	197		
Feb-12	15-Aug-12	168	15-Aug-12	168		
Mar-12	15-Aug-12	137	15-Aug-12	137		
Apr-12	15-Aug-12	107	15-Aug-12	107		
May-12	30-Aug-12	91	30-Aug-12	91		
Jun-12	1-Oct-12	93	1-Oct-12	93		
Jul-12	31-Oct-12	92	31-Oct-12	92		
Aug-12	30-Nov-12	91	30-Nov-12	91		
Sep-12	3-May-13	215	3-May-13	215		
Oct-12	3-May-13	184	3-May-13	184		
Nov-12	3-May-13	154	3-May-13	154		
Dec-12	3-May-13	123	3-May-13	123		
Jan-13	3-Jun-13	123	3-May-13	92		
Feb-13	3-Jun-13	95	3-Jun-13	95		
Mar-13	2-Jul-13	93	2-Jul-13	93		
Apr-13	31-Jul-13	92	31-Jul-13	92		
May-13	4-Sep-13	96	5-Sep-13	97		
Jun-13	1-Oct-13	93	1-Oct-13	93		
Jul-13	21-Nov-13	113	21-Nov-13	113		
Aug-13	5-Dec-13	96	5-Dec-13	96		
Sep-13	2-Jan-14	94	2-Jan-14	94		
Oct-13	3-Feb-14	95	3-Feb-14	95		
Nov-13	3-Mar-14	93	3-Mar-14	93		
Dec-13	3-Apr-14	93	4-Apr-14	94		
Jan-14	8-May-14	97	8-May-14	97		
Feb-14	3-Jun-14	95	3-Jun-14	95		
Mar-14	2-Jul-14	93	2-Jul-14	93		

Apr-14	31-Jul-14	92	31-Jul-14	92			
May-14	4-Sep-14	96	4-Sep-14	96			
Jun-14	20-Oct-14	112	20-Oct-14	112			
Jul-14	7-Nov-14	99	7-Nov-14	99			
Aug-14	2-Dec-14	93	2-Dec-14	93			
Sep-14	12-Jan-15	104	12-Jan-15	104			
Oct-14	23-Feb-15	115	23-Feb-15	115			
Nov-14	13-Apr-15	134	13-Apr-15	134			Note: Rec'd from IRI 3-Mar-15
Dec-14	13-Apr-15	103	13-Apr-15	103			Note: Rec'd from IRI 1-Apr-15
Jan-15	6-May-15	95	6-May-15	95			
Feb-15	2-Jun-15	94	2-Jun-15	94			
Mar-15	9-Jul-15	100	9-Jul-15	100			
Apr-15	5-Aug-15	97	5-Aug-15	97			
May-15	1-Sep-15	93	1-Sep-15	93			
Jun-15	2-Oct-15	94	2-Oct-15	94			
Jul-15	5-Nov-15	97	5-Nov-15	97			
Aug-15	2-Dec-15	93	2-Dec-15	93			
Sep-15	31-Dec-15	92	31-Dec-15	92			
Oct-15	12-Feb-16	104	12-Feb-16	104			
Nov-15	3-Mar-16	94	3-Mar-16	94			
Dec-15	4-Apr-16	95	4-Apr-16	95			
Jan-16	3-May-16	93	2-May-16	92			
Feb-16	5-Jul-16	127	5-Jul-16	127			
Mar-16	5-Jul-16	96	5-Jul-16	96			
Apr-16	3-Aug-16	95	3-Aug-16	95			
May-16	1-Sep-16	93	1-Sep-16	93			
Jun-16	3-Oct-16	95	3-Oct-16	95			
Jul-16	1-Nov-16	93	1-Nov-16	93			
Aug-16	1-Dec-16	92	1-Dec-16	92			
Sep-16	30-Dec-16	91	30-Dec-16	91			
Oct-16	6-Mar-17	126	6-Mar-17	126			
Nov-16	6-Mar-17	96	6-Mar-17	96			
Dec-16	5-Apr-17	95	5-Apr-17	95			
Jan-17	5-May-17	94	5-May-17	94			
Feb-17	31-May-17	92	31-May-17	92			
Mar-17	31-Jul-17	122	31-Jul-17	122			
Apr-17	10-Aug-17	102	10-Aug-17	102			
May-17	30-Aug-17	91	30-Aug-17	91			
Jun-17	30-Oct-17	122	30-Oct-17	122			
Jul-17	30-Oct-17	91	30-Oct-17	91			
Aug-17	11-Dec-17	102	11-Dec-17	102			
Sep-17	4-Jan-18	96	4-Jan-18	96			
Oct-17	31-Jan-18	92	31-Jan-18	92			
Nov-17	2-Mar-18	92	2-Mar-18	92			
Dec-17	9-Apr-18	99	9-Apr-18	99			
Jan-18	4-May-18	93	4-May-18	93			
Feb-18	1-Jun-18	93	1-Jun-18	93			
Mar-18	2-Jul-18	93	2-Jul-18	93			
Apr-18	31-Jul-18	92	31-Jul-18	92			
May-18	31-Aug-18	92	31-Aug-18	92			
Jun-18	2-Oct-18	94	2-Oct-18	94			
Jul-18	6-Nov-18	98	6-Nov-18	98			
Aug-18	3-Dec-18	94	3-Dec-18	94			
Sep-18	4-Jan-19	96	4-Jan-19	96			
Oct-18	7-Feb-19	99	7-Feb-19	99			Note: Rec'd from IRI 1-Feb-19
Nov-18	5-Mar-19	95	5-Mar-19	95			
Dec-18	2-Apr-19	92	2-Apr-19	92			
Jan-19	7-May-19	96	7-May-19	96			
Feb-19	6-Jun-19	98	6-Jun-19	98			
Mar-19	5-Jul-19	96	5-Jul-19	96			
Apr-19	14-Aug-19	106	14-Aug-19	106			
May-19	13-Sep-19	105	13-Sep-19	105			
Jun-19	18-Oct-19	110	18-Oct-19	110			
Jul-19	30-Oct-19	91	30-Oct-19	91			
Aug-19	6-Dec-19	97	6-Dec-19	97			
Sep-19	10-Jan-20	102	10-Jan-20	102			
Oct-19	5-Feb-20	97	5-Feb-20	97			
Nov-19	9-Mar-20	100	9-Mar-20	100			
Dec-19	2-Apr-20	93	2-Apr-20	93			
Jan-20	5-May-20	95	5-May-20	95			
Feb-20	4-Jun-20	96	4-Jun-20	96			
Mar-20	7-Jul	98	7-Jul	98			
Apr-20	5-Aug	97	5-Aug	97			
May-20	3-Sep	95	3-Sep	95			
Jun-20	6-Oct	98	6-Oct	98			
Jul-20	10-Nov	102	10-Nov	102			
Aug-20	7-Dec	98	7-Dec	98			
Sep-20	4-Jan	96	4-Jan	96			
Oct-20					25-Jan-21	87	
Nov-20					25-Jan-21	57	
Dec-20					25-Jan-21	26	

M-S-R Public Power Agency
Staff Report

Date: January 26, 2021

From: Martin R. Hopper, General Manager

To: M-S-R PPA Commission

Subject: February 2021 Outside Services Budget versus Actual Report

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FISCAL YEAR 2020:

Major Legal Providers Reporting Are:

Duncan, Weinberg, Genzer, and Pembroke:	Through:	November 30, 2020
Law Offices of Susie Berlin:	Through:	November 30, 2020
Porter Simon:	Through:	December 31, 2020

Major Consulting Providers Reporting Are:

Navigant Consulting:	Through:	December 31, 2020
KBT LLC:	Through:	December 31, 2020

Legacy Liability Providers Reporting Are:

PNM – Reclamation Management:	Through:	December 31, 2020
Reclamation:	Through:	December 31, 2020
Decommissioning:	Through:	December 31, 2020

FISCAL YEAR 2021:

Major Legal and Consulting Providers Reporting Are:

Duncan, Weinberg, Genzer, and Pembroke:	Through:	N/A
Law Offices of Susie Berlin:	Through:	N/A
Porter Simon:	Through:	N/A
KBT LLC:	Through:	N/A

Legacy Liability Providers Reporting Are:

PNM – Reclamation Management:	Through:	N/A
Reclamation:	Through:	N/A
Decommissioning:	Through:	N/A

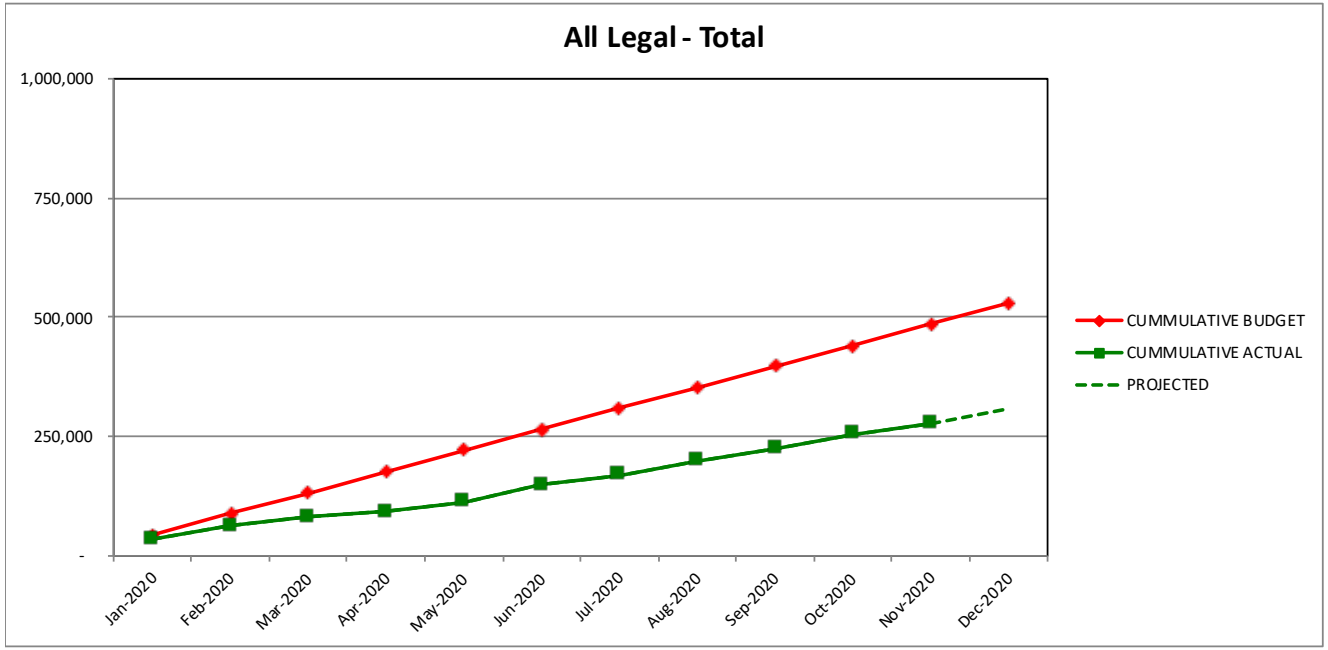
Detailed charts of monthly budget versus actual cost comparisons for each provider are attached. Please note the charts now include projected costs through year-end. Note: Any current period expenditures shown in attachments and printed in ***bold italics*** are estimates.

Recommendation:

I recommend the Commission note and file this report.

M-S-R PPA
All Legal Summary

Month of: **Dec-2020**



CURRENT MONTH

By Function	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	2,083	1,012	1,071	49%
Gen - Other	1,250	678	572	54%
Renewables	2,250	1,400	850	62%
Rens - Other	22,917	20,000	2,917	87%
Reg & Comp	14,667	8,000	6,667	55%
Administrative	1,000	0	1,000	0%
Total	44,167	31,090	13,077	70%

By Provider	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Duncan	31,500	***25,000***	6,500	79%
Berlin	8,083	***4,400***	3,683	54%
Porter Simon	3,333	1,012	2,321	30%
Others	1,250	678	572	54%
Total	44,167	31,090	13,077	70%

YEAR TO DATE

By Function	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	25,000	20,786	4,215	83%
Gen - Other	15,000	15,471	(471)	103%
Renewables	27,000	21,352	5,648	79%
Rens - Other	275,000	158,656	116,344	58%
Reg & Comp	176,000	81,819	94,181	46%
Administrative	12,000	10,501	1,499	88%
Total	530,000	308,584	221,416	58%

By Provider	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Duncan	378,000	***214,719***	163,281	57%
Berlin	97,000	***48,928***	48,072	50%
Porter Simon	40,000	29,465	10,535	74%
Others	15,000	15,471	(471)	103%
Total	530,000	308,584	221,416	58%

M-S-R PPA
Duncan Summary

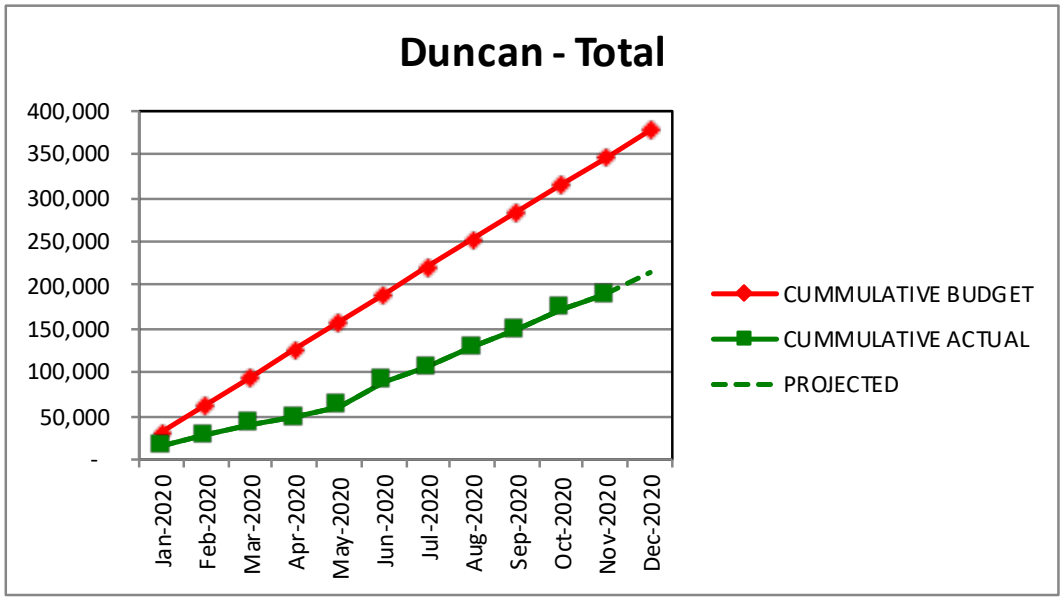
Month of: **Dec-2020**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	0	0	0	0%
Renewables	250	0	250	0%
Rens - Other	22,917	***20,000***	2,917	87%
Reg & Comp	8,333	***5,000***	3,333	60%
Administrative	0	0	0	0%
Total	31,500	25,000	6,500	79%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	0	1,910	(1,910)	#DIV/0!
Gen - Other	0	0	0	0%
Renewables	3,000	0	3,000	0%
Rens - Other	275,000	158,656	116,344	58%
Reg & Comp	100,000	54,154	45,846	54%
Administrative	0	0	0	0%
Total	378,000	214,719	163,281	57%



M-S-R PPA
Berlin Summary

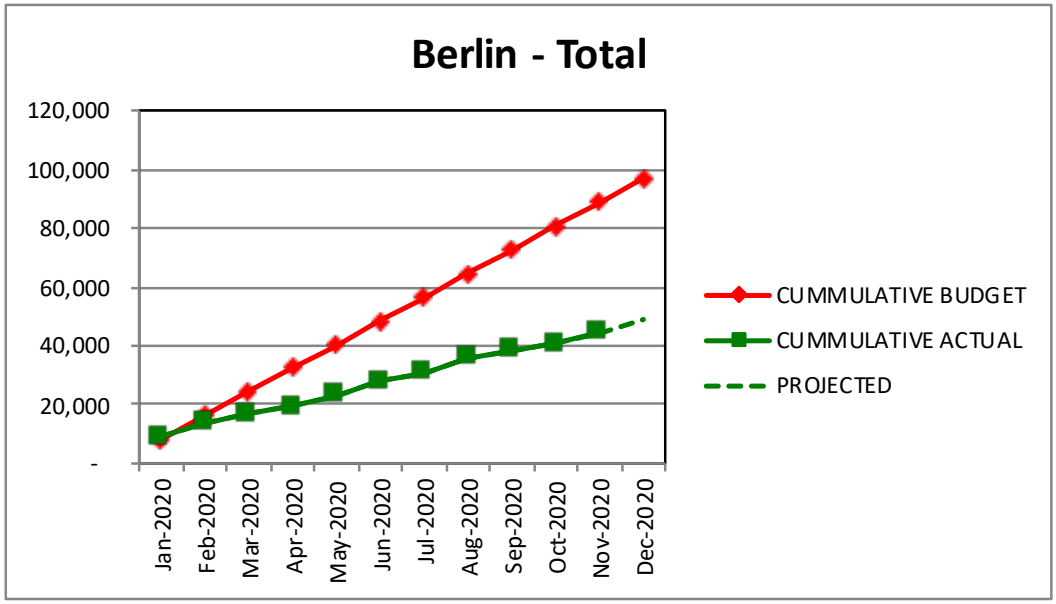
Month of: **Dec-2020**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	0	0	0	0%
Renewables	1,833	***1,400***	433	76%
Rens - Other	0	0	0	0%
Reg & Comp	6,250	***3,000***	3,250	48%
Administrative	0	0	0	0%
Total	8,083	4,400	3,683	54%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	0	0	0	0%
Renewables	22,000	21,264	736	97%
Rens - Other	0	0	0	0%
Reg & Comp	75,000	27,665	47,335	37%
Administrative	0	0	0	0%
Total	97,000	48,928	48,072	50%



M-S-R PPA
Misc Legal Summary

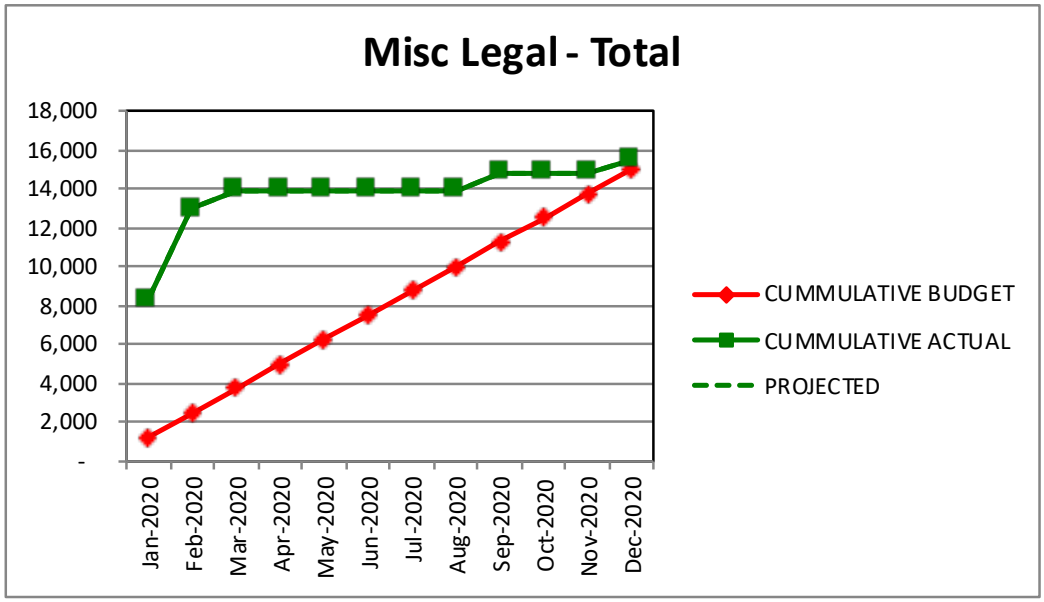
Month of: **Dec-2020**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	1,250	678	572	54%
Renewables	0	0	0	0%
Rens - Other	0	0	0	0%
Reg & Comp	0	0	0	0%
Administrative	0	0	0	0%
Total	1,250	678	572	54%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	15,000	15,471	(471)	103%
Renewables	0	0	0	0%
Rens - Other	0	0	0	0%
Reg & Comp	0	0	0	0%
Administrative	0	0	0	0%
Total	15,000	15,471	(471)	103%



M-S-R PPA
Porter Simon Summary

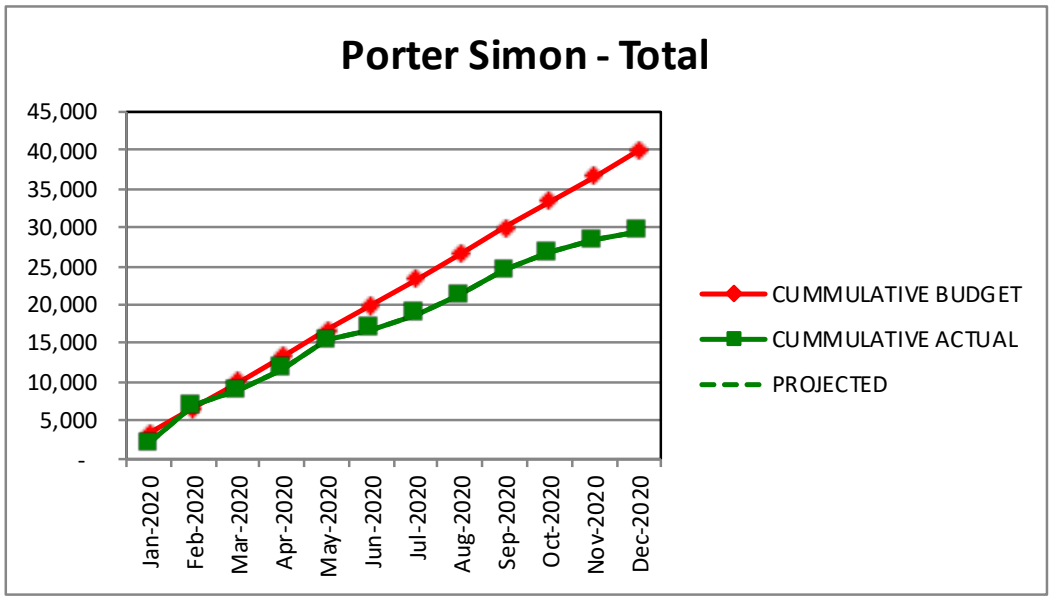
Month of: **Dec-2020**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	2,083	1,012	1,071	49%
Gen - Other	0	0	0	0%
Renewables	167	0	167	0%
Rens - Other	0	0	0	0%
Reg & Comp	83	0	83	0%
Administrative	1,000	0	1,000	0%
Total	3,333	1,012	2,321	30%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	25,000	18,876	6,124	76%
Gen - Other	0	0	0	0%
Renewables	2,000	88	1,912	4%
Rens - Other	0	0	0	0%
Reg & Comp	1,000	0	1,000	0%
Administrative	12,000	10,501	1,499	88%
Total	40,000	29,465	10,535	74%

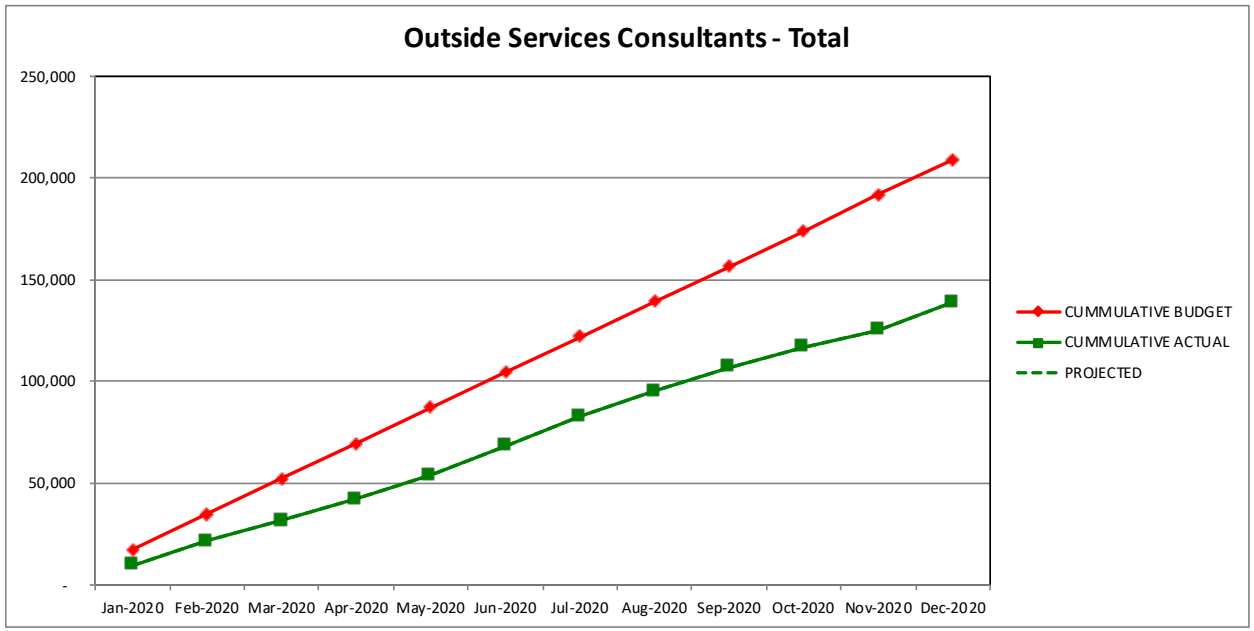


Legal Costs - 2020		2020 Budget	Reallocated Budget	Jan-2020	Feb-2020	Mar-2020	Apr-2020	May-2020	Jun-2020	Jul-2020	Aug-2020	Sep-2020	Oct-2020	Nov-2020	Dec-2020	Total	Average	Year-End	Notes
Italics = Estimates				8.33%	16.67%	25.00%	33.33%	41.67%	50.00%	58.33%	66.67%	75.00%	83.33%	91.67%	100.00%			Projection	
DWG&P																			
Generation																			
	SJGS Agreements	-	-	-	-	-	-	-	-	-	-	1,910	-	-	-	1,910	159	1,910	
Renewables																			
	BPA/PNW Gen'l	10,000	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rens - Other																			
	BPA Rate Cases	275,000	275,000	7,903	8,930	4,494	3,486	7,560	21,742	12,482	21,169	15,419	20,795	14,676.50	***20,000***	158,656	13,221	158,656	
Regulatory & Comp																			
	FERC Gen'l	100,000	100,000	7,655	3,422	8,478	3,823	5,058	7,087	3,046	2,254	2,343	3,734	2,255.00	***5,000***	54,154	4,513	54,154	
		385,000	378,000	15,558	12,352	12,972	7,309	12,618	28,829	15,528	23,423	19,671	24,529	16,931.50	25,000	214,719	17,893	214,719	
				4.12%	7.38%	10.82%	12.75%	16.09%	23.71%	27.82%	34.02%	39.22%	45.71%	50.19%	56.80%			57%	
Law Offices of Susie Berlin																			
Generation		-	-	-	-											-	-	-	
Renewables																			
	RES/RPS	15,000	22,000	2,847	2,223	273	195	2,379	3,432	1,807	2,847	1,560.00	975	1,326.00	***1,400***	21,264	1,772	21,264	
Regulatory & Comp																			
	AB32/Cap & Trade/	75,000	75,000	6,369	2,457	2,663	2,145	1,521	1,521	936	2,262	1,164.00	1,014	2,613.00	***3,000***	27,665	2,305	27,665	
A&G		2,000	-	-	-	-	-	-	-							-	-	-	
		92,000	97,000	9,216	4,680	2,936	2,340	3,900	4,953	2,743	5,109	2,724.00	1,989	3,939.00	4,400	48,928	4,077	48,928	
				9.50%	14.33%	17.35%	19.76%	23.79%	28.89%	31.72%	36.99%	39.79%	41.84%	45.91%	50.44%			50%	
Others								***Italics = Estimates***											
Generatiion - Other																			
	Najjar & Virtue	15,000	15,000	8,331	4,650	936	-	-	-	-	-	876	-	-	677.73	15,471	1,289	15,471	Richard Virtue
		15,000	15,000	8,331	4,650	936	-	-	-	-	-	876	-	-	677.73	15,471	1,289	15,471	
				55.54%	86.54%	92.78%	92.78%	92.78%	92.78%	92.78%	92.78%	98.62%	98.62%	98.62%	103.14%			103%	
																-		-	
Sub Total		492,000	490,000	33,105	21,682	16,843	9,649	16,518	33,782	18,270	28,532	23,271	26,518	20,871	30,078	279,118	23,260	279,118	
				6.76%	11.18%	14.62%	16.59%	19.96%	26.85%	30.58%	36.40%	41.15%	46.57%	50.82%	56.96%			57%	
Porter Simon																			
M-S-R PPA																			
Generation		15,000	25,000	2,046	2,090	1,716.00	2,728	1,848.00	1,408	1,474.00	1,540	1,408	990	616	1,012.00	18,876	1,573	18,876	
Renewables		2,000	2,000	-	-	-	-	-	-	-	88	-	-	-	-	88	7	88	
Regulatory & Comp		1,000	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
A&G		30,000	12,000	-	2,779	242.00	22	1,892.00	110	440.00	880	1,782	1,188	1,166	-	10,501	875	10,501	
		48,000	40,000	2,046	4,869	1,958.00	2,750	3,740.00	1,518	1,914.00	2,508	3,190	2,178	1,782	1,012.00	29,465	2,455	29,465	
				5.12%	17.29%	22.18%	29.06%	38.41%	42.20%	46.99%	53.26%	61.23%	66.68%	71.13%	73.66%			74%	
GRAND TOTAL		540,000	530,000	35,151	26,552	18,801	12,399	20,258	35,300	20,184	31,040	26,461	28,696	22,653	31,090	308,584	25,715	308,584	
				6.63%	11.64%	15.19%	17.53%	21.35%	28.01%	31.82%	37.68%	42.67%	48.08%	52.36%	58.22%			58.22%	

		Legal Original 2020 Budget	Legal Revised 2020 Budget																
G		15,000	25,000													20,786		20,786	
G - Other		15,000	15,000													15,471		15,471	
R		27,000	27,000													21,352		21,352	
R - Other		275,000	275,000													158,656		158,656	
R&C		176,000	176,000													81,819		81,819	
A		32,000	12,000													10,501		10,501	
		540,000	530,000													308,584		308,584	
	50/35/15	62,000	52,000													46,758		46,758	
	Renew	302,000	302,000													180,007		180,007	

M-S-R PPA
Total Outside Consult Summary

Month of: **Dec-2020**



CURRENT MONTH

By Function	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	3,000	2,756	244	92%
Gen - Other	0	0	0	0%
Renewables	5,750	2,332	3,418	41%
Rens - Other	5,833	8,190	(2,357)	140%
Reg & Comp	1,583	0	1,583	0%
Administrative	1,250	424	826	34%
Total	17,417	13,702	3,715	79%

By Provider	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Navigant	250	0	250	0%
KBT	14,000	13,702	298	98%
Others	3,167	0	3,167	0%
Total	17,417	13,702	3,715	79%

YEAR TO DATE

By Function	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	36,000	34,768	1,232	97%
Gen - Other	0	0	0	0%
Renewables	69,000	43,682	25,319	63%
Rens - Other	70,000	42,952	27,048	61%
Reg & Comp	19,000	5,098	13,903	27%
Administrative	15,000	12,499	2,501	83%
Total	209,000	138,998	70,002	67%

By Provider	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Navigant	3,000	839	2,161	28%
KBT	168,000	127,964	40,036	76%
Others	38,000	10,195	27,805	27%
Total	209,000	138,998	70,002	67%

M-S-R PPA
Navigant Summary

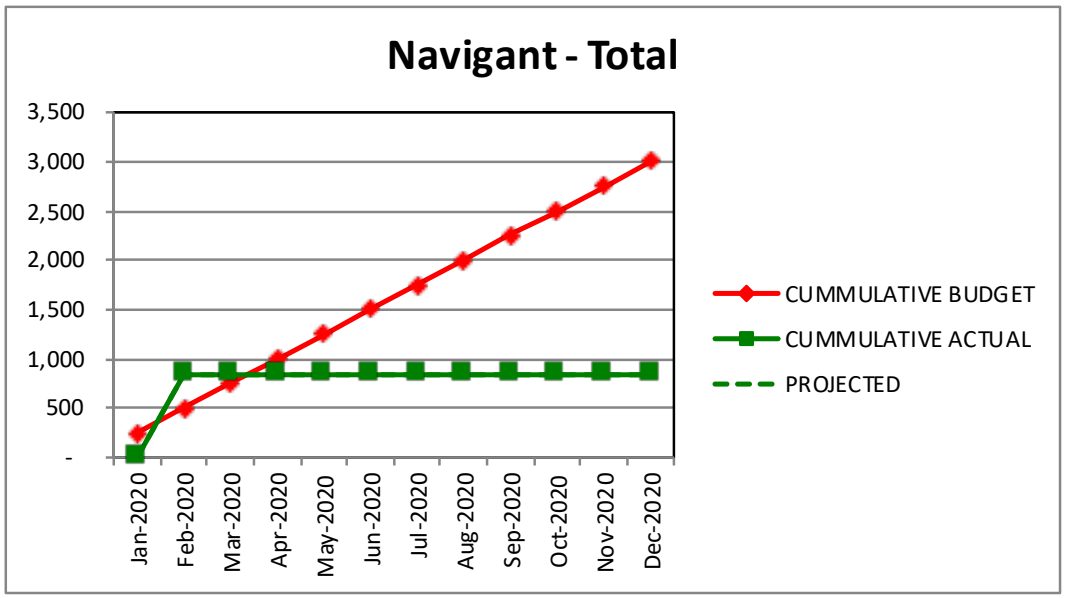
Month of: **Dec-2020**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	0	0	0	0%
Renewables	0	0	0	0%
Rens - Other	0	0	0	0%
Reg & Comp	0	0	0	0%
Administrative	250	0	250	0%
Total	250	0	250	0%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	0	0	0	0%
Renewables	0	0	0	0%
Rens - Other	0	0	0	0%
Reg & Comp	0	0	0	0%
Administrative	3,000	839	2,161	28%
Total	3,000	839	2,161	28%



M-S-R PPA
KBT Summary

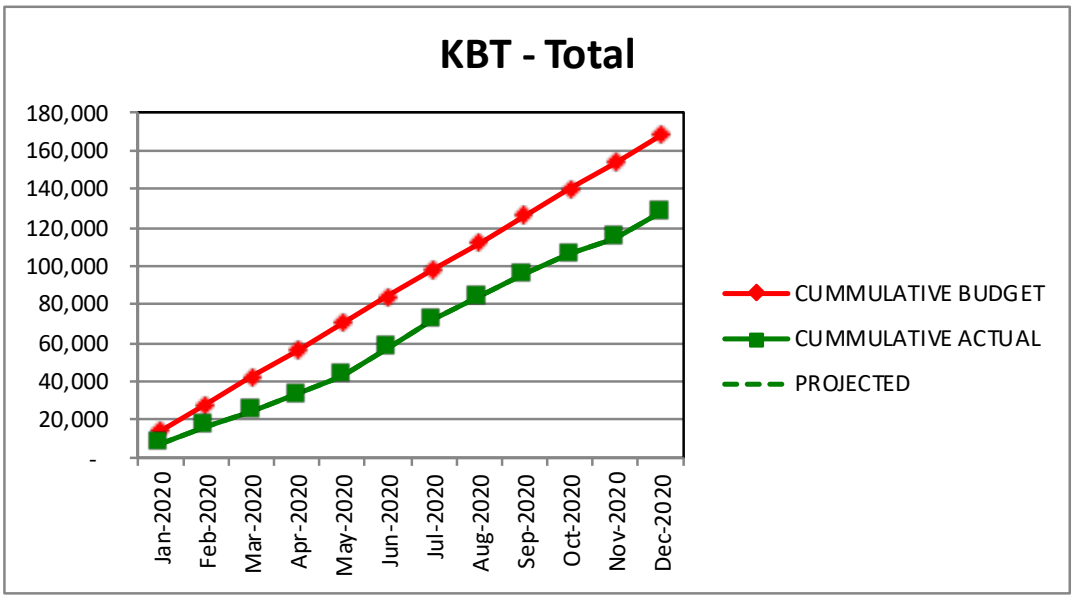
Month of: **Dec-2020**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	3,000	2,756	244	92%
Gen - Other	0	0	0	0%
Renewables	4,167	2,332	1,835	56%
Rens - Other	5,833	8,190	(2,357)	140%
Reg & Comp	0	0	0	0%
Administrative	1,000	424	576	42%
Total	14,000	13,702	298	98%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	36,000	34,768	1,232	97%
Gen - Other	0	0	0	0%
Renewables	50,000	38,584	11,416	77%
Rens - Other	70,000	42,952	27,048	61%
Reg & Comp	0	0	0	0%
Administrative	12,000	11,660	340	97%
Total	168,000	127,964	40,036	76%



M-S-R PPA
Misc Outside Services Summary

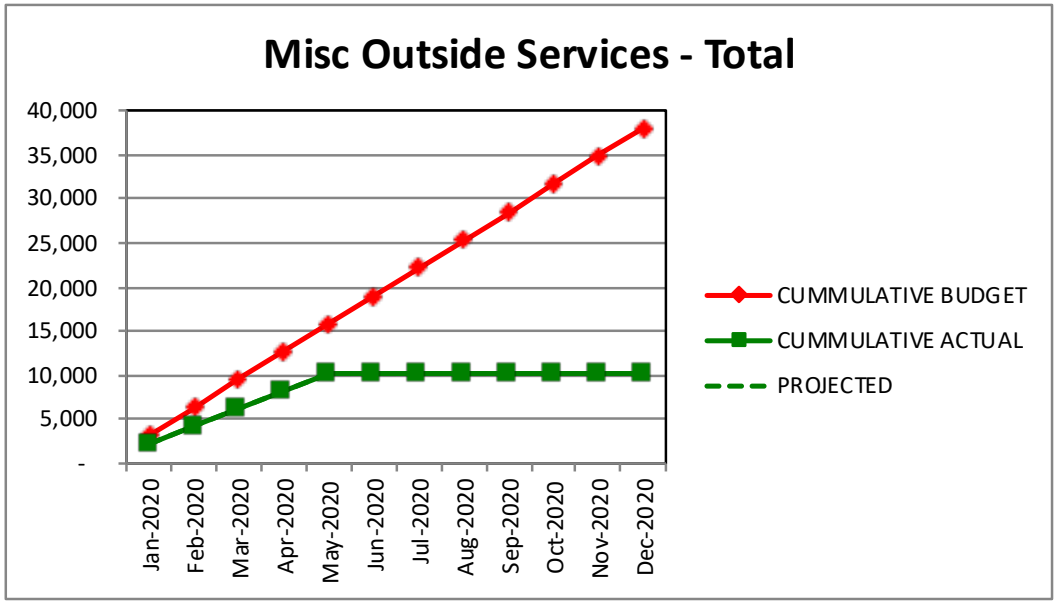
Month of: **Dec-2020**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	0	0	0	0%
Renewables	1,583	0	1,583	0%
Rens - Other	0	0	0	0%
Reg & Comp	1,583	0	1,583	0%
Administrative	0	0	0	0%
Total	3,167	0	3,167	0%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	0	0	0	0%
Renewables	19,000	5,098	13,903	27%
Rens - Other	0	0	0	0%
Reg & Comp	19,000	5,098	13,903	27%
Administrative	0	0	0	0%
Total	38,000	10,195	27,805	27%

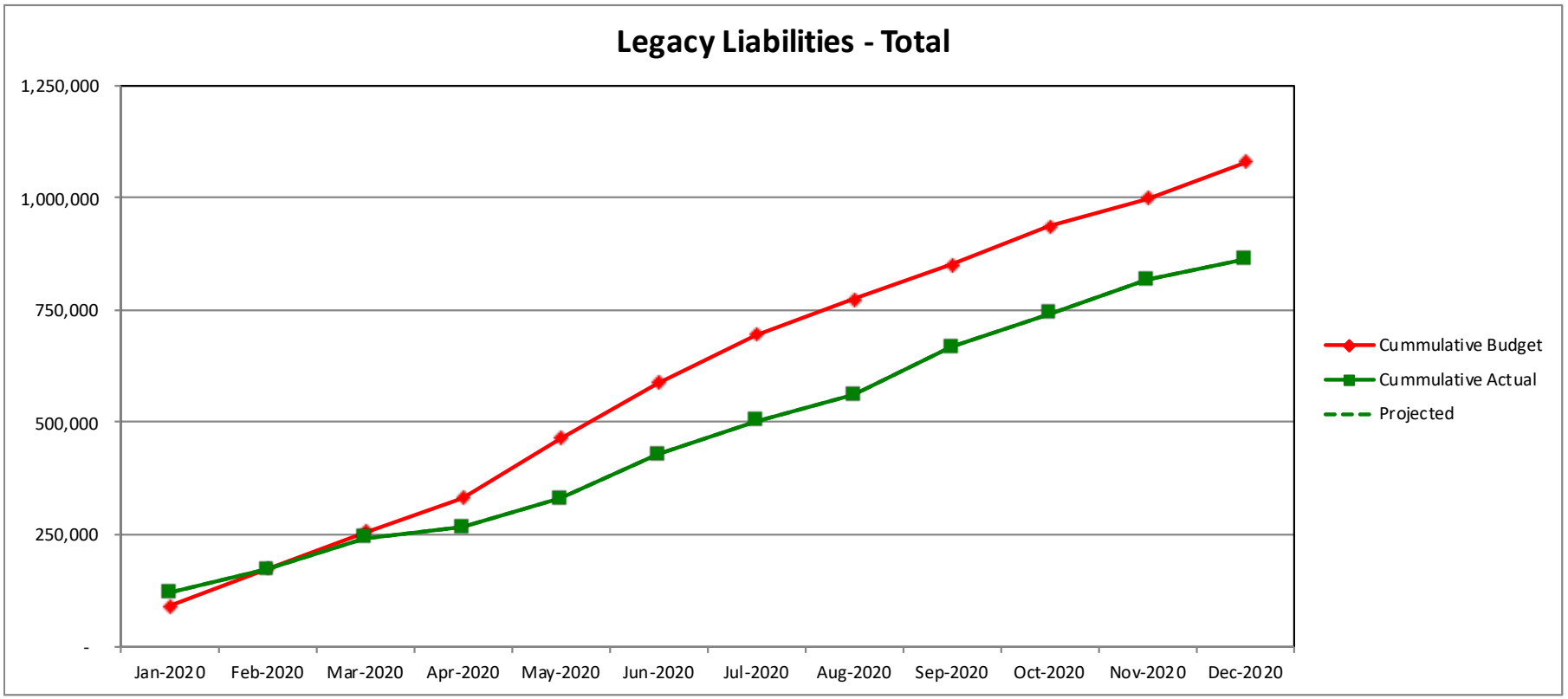


Consultant Costs - 2020		2020 Budget	Revised Budget	Task Orders	Jan-2020	Feb-2020	Mar-2020	Apr-2020	May-2020	Jun-2020	Jul-2020	Aug-2020	Sep-2020	Oct-2020	Nov-2020	Dec-2020	Total	Average	Year-End	Notes
Italics = Estimates					8.33%	16.67%	25.00%	33.33%	41.67%	50.00%	58.33%	66.67%	75.00%	83.33%	91.67%	100.00%			Projection	
Navigant																				
Generation																				
	General	-			-												-	-	-	
Renewables		-	-		-												-	-	-	
Regulatory & Comp		-	-		-												-	-	-	
Administrative		5,000	3,000		-	838.83	-	-	-	-	-	-	-	-	-	-	839	70	839	
		5,000	3,000		-	839	-	-	-	-	-	-	-	-	-	-	839	70	839	
					0.00%	27.96%	27.96%	27.96%	27.96%	27.96%	27.96%	27.96%	27.96%	27.96%	27.96%	27.96%			28%	
KBT																				
Generation																				
	General	21,000	36,000		2,120	3,180	3,392	2,120	3,816	3,816	1,696	2,544	3,392	3,392.00	2,544.00	2,756.00	34,768	2,897	34,768	
Gen - Other																				
	SJGS Disposition				-												-	-	-	
Renewables																				
	General	50,000	50,000		3,604	3,604	2,968	3,816	3,180	2,544	4,452	2,544	2,544	3,604.00	3,392.00	2,332.00	38,584	3,215	38,584	
Rens - Other																				
	BP-20 Rate Case	70,000	70,000														-			BP-20 Rate Case
	KBT 2020-01			2,912	728	1,638											2,366	1,183	2,366	Jan - Feb
	KBT 2020-02			2,912			637	910									1,547	774	1,547	Mar - Apr
	KBT 2020-03			12,740					2,184	7,644							9,828	4,914	9,828	May - Jun
	KBT 2020-04			21,840							5,733	5,278					11,011	5,506	11,011	Jul - Aug
	KBT 2020-05			21,840									5,460	2,730.00			8,190	4,095	8,190	Sep - Oct
	KBT 2020-06			21,840											1,820.00	8,190.00	10,010	5,005	10,010	Nov - Dec
	Sum			84,084													42,952		42,952	
Regulatory & Comp					-												-	-	-	
Administrative		15,000	12,000		848	848	848	1,908	636	424	2,544	1,908	424	212.00	636.00	424.00	11,660	972	11,660	
		156,000	168,000	84,084	7,300	9,270	7,845	8,754	9,816	14,428	14,425	12,274	11,820	9,938.00	*8,392.00*	13,702.00	127,964	28,560	127,964	
					4.35%	9.86%	14.53%	19.74%	25.59%	34.17%	42.76%	50.07%	57.10%	63.02%	68.01%	76.17%			76%	
SUBTOTAL		161,000	171,000		7,300	10,109	7,845	8,754	9,816	14,428	14,425	12,274	11,820	9,938	8,392	13,702	128,803	28,630	128,803	
					4.53%	10.81%	15.69%	21.12%	27.22%	36.18%	45.14%	52.76%	60.11%	66.28%	71.49%	80.00%			75%	
Outside Services										***Italics = Estimates***										
Generation					-												-	-	-	
Renewables																				
	Ferguson Group	5,000	5,000		-												-	-	-	
	Politico Group	14,000	14,000		1,098	1,000	1,000	1,000	1,000	-	-	-	-	-	-	-	5,098	425	5,098	
Rens - Other																				
Regulatory & Comp																				
	Ferguson Group	5,000	5,000		-												-	-	-	
	Politico Group	14,000	14,000		1,098	1,000	1,000	1,000	1,000	-	-	-	-	-	-	-	5,098	425	5,098	
Administrative																				
		38,000	38,000		2,195	2,000	2,000	2,000	2,000	-	-	-	-	-	-	-	10,195	850	10,195	
					5.78%	11.04%	16.30%	21.57%	26.83%	26.83%	26.83%	26.83%	26.83%	26.83%	26.83%	26.83%			27%	
GRAND TOTAL		199,000	209,000		9,495	12,109	9,845	10,754	11,816	14,428	14,425	12,274	11,820	9,938	8,392	13,702	138,998	29,480	138,998	
					4.77%	10.86%	15.80%	21.21%	27.15%	34.40%	41.64%	47.81%	53.75%	58.75%	62.96%	69.85%			67%	

		Original 2020 Budget	Revised 2020 Budget																	
G		21,000	36,000																34,768	
G - Other		-	-																-	
R		69,000	69,000																43,682	
R - Other		70,000	70,000																42,952	
R&C		19,000	19,000																5,098	
A		20,000	15,000																12,499	
		199,000	209,000																138,998	
	50/35/15	41,000	51,000																47,267	
	Renew	139,000	139,000																86,634	

Legacy Liability - Total

Month of: **Dec-2020**



CURRENT MONTH

By Function	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
PNM - Reclamation	3,500	4,436	(936)	127%
SJCC - Reclamation	74,000	42,996	31,004	58%
PNM - Decommission	1,906	163	1,743	9%
Total	79,406	47,595	31,810	60%

YEAR TO DATE

By Function	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
PNM - Reclamation	42,000	39,196	2,804	93%
SJCC - Reclamation	1,033,000	786,476	246,524	76%
PNM - Decommission	3,812	38,024	(34,212)	998%
Total	1,078,812	863,696	215,115	80%

PNM - Reclamation

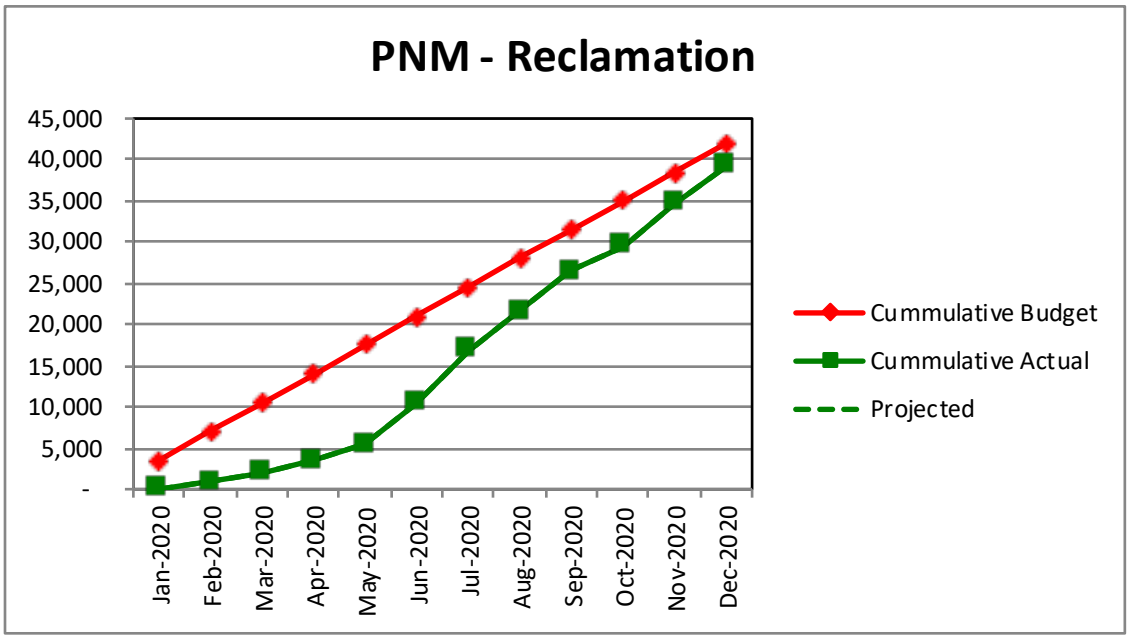
Month of: **Dec-2020**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	3,500	4,436	(936)	127%
Total	3,500	4,436	(936)	127%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	42,000	39,196	2,804	93%
Total	42,000	39,196	2,804	93%



SJCC - Reclamation

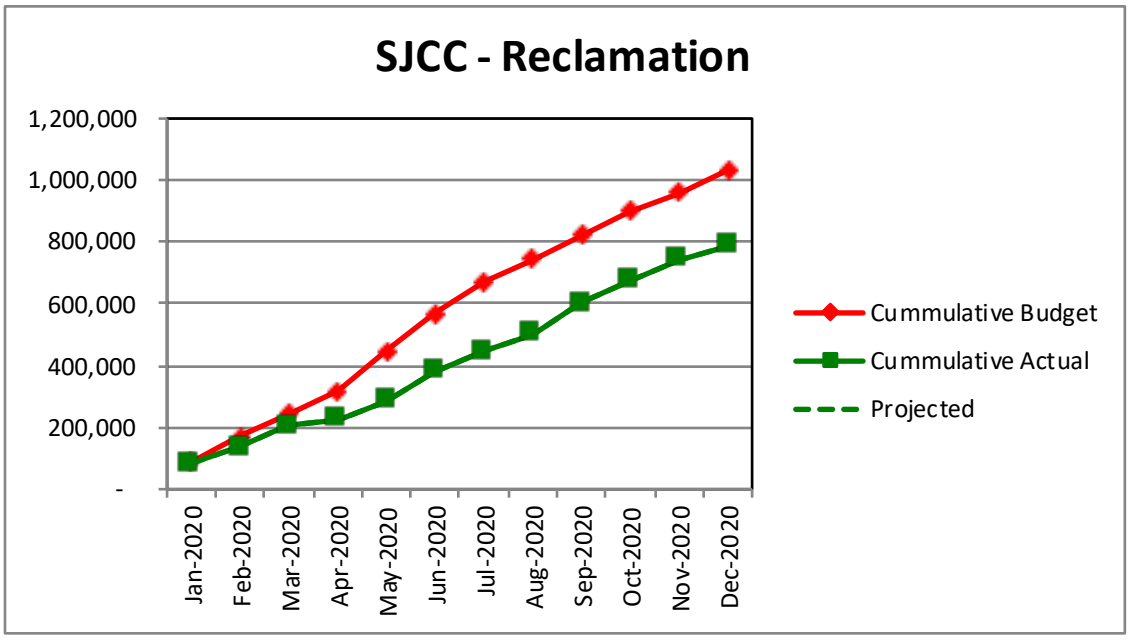
Month of: **Dec-2020**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	74,000	42,996	31,004	58%
Total	74,000	42,996	31,004	58%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	1,033,000	786,476	246,524	76%
Total	1,033,000	786,476	246,524	76%



PNM - Decommissioning

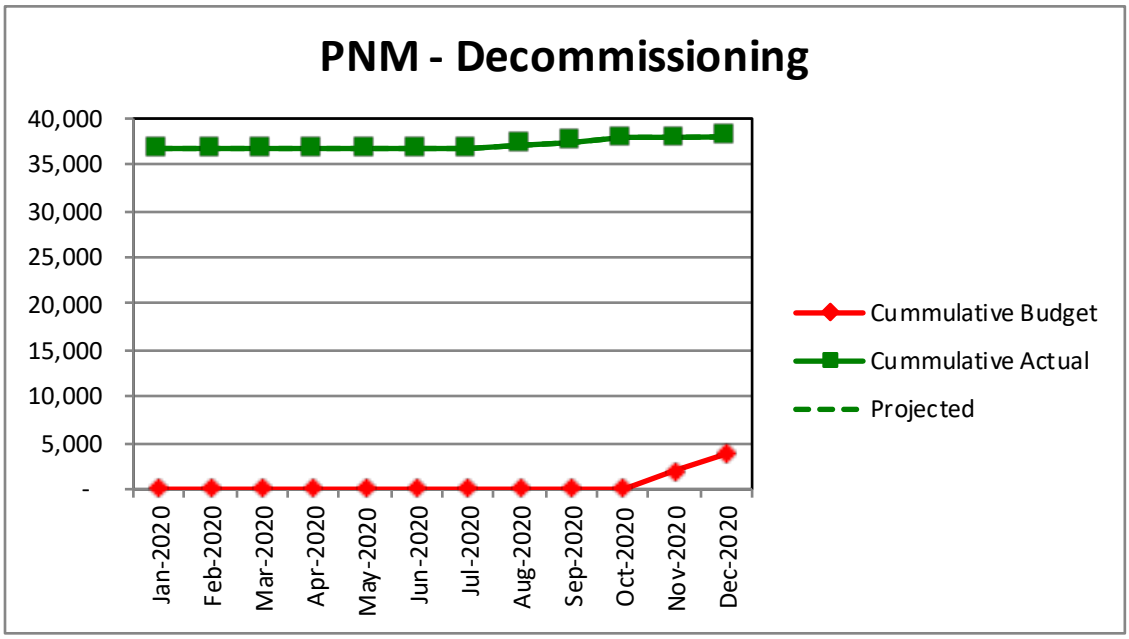
Month of: **Dec-2020**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	1,906	163	1,743	9%
Total	1,906	163	1,743	9%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	3,812	38,024	(34,212)	998%
Total	3,812	38,024	(34,212)	998%

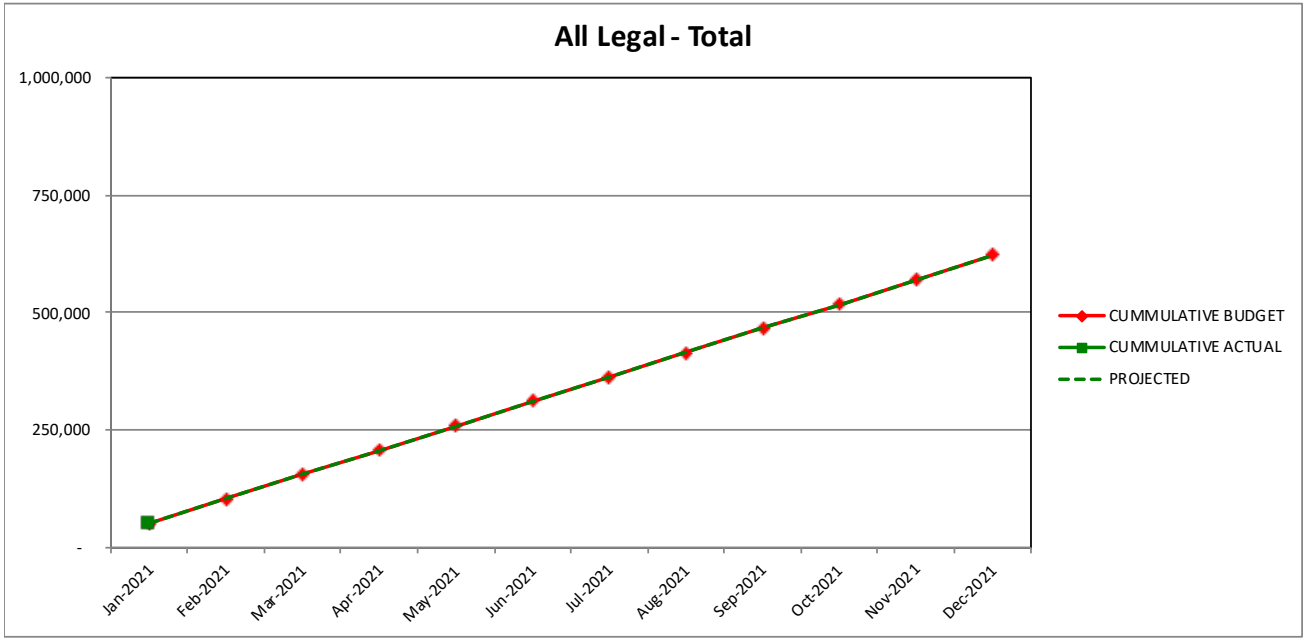


Lagacy Liability Costs - 2020	M-S-R 2020 Budget	Revised or A.O.P	Jan-2020	Feb-2020	Mar-2020	Apr-2020	May-2020	Jun-2020	Jul-2020	Aug-2020	Sep-2020	Oct-2020	Nov-2020	Dec-2020	Total	Average	Year-End
			8.33%	16.67%	25.00%	33.33%	41.67%	50.00%	58.33%	66.67%	75.00%	83.33%	91.67%	100.00%			Projection
PNM - Reclamation - Budget	42,000	42,000	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	42,000		
Cummulative Budget			3,500	7,000	10,500	14,000	17,500	21,000	24,500	28,000	31,500	35,000	38,500	42,000			
Reclamation Trust Funds Operating Agent			-	930	1,012	1,490	1,912	5,144	6,477	4,574	4,846	3,130	5,243	4,436.46	39,196	3,266	39,196
	42,000	42,000	-	930	1,012	1,490	1,912	5,144	6,477	4,574	4,846	3,130	5,243	4,436.46	39,196	3,266	39,196
Cummulative Actual			-	930	1,943	3,432	5,345	10,489	16,966	21,540	26,387	29,517	34,760	39,196			
			0.00%	2.22%	4.63%	8.17%	12.73%	24.97%	40.40%	51.29%	62.83%	70.28%	82.76%	93.32%			93%
SJCC - Reclamation - Budget			88,000	80,000	76,000	74,000	130,000	120,000	102,000	76,000	74,000	81,000	58,000	74,000	1,033,000		
Cummulative Budget			88,000	168,000	244,000	318,000	448,000	568,000	670,000	746,000	820,000	901,000	959,000	1,033,000			
			88,000	168,000	244,000	318,000	448,000	568,000	670,000	746,000	820,000	901,000	959,000	1,033,000			
San Juan - Surface	1,033,000	1,033,000	84,228	50,500	68,861	22,783	61,560	92,613	67,827	54,039	100,801	71,664	68,605	42,995.77	786,476	65,540	786,476
San Juan - Underground		-	-												-	-	-
	1,033,000	1,033,000	84,228	50,500	68,861	22,783	61,560	92,613	67,827	54,039	100,801	71,664	68,605	42,995.77	786,476	65,540	786,476
Cummulative Actual			84,228	134,728	203,589	226,371	287,931	380,544	448,371	502,410	603,211	674,875	743,480	786,476			
			8.15%	13.04%	19.71%	21.91%	27.87%	36.84%	43.40%	48.64%	58.39%	65.33%	71.97%	76.14%			76%
PNM - Decommissioning	-	3,812	-	-	-	-	-	-	-	-	-	-	1,906	1,906	3,812		
Cummulative Budget			-	-	-	-	-	-	-	-	-	-	1,906	3,812			
Initial Decommissioning			36,768	-	-	-	-	-	-	429	326	337	-	163.25	38,024	3,169	38,024
	-	3,812	36,768	-	-	-	-	-	-	429	326	337	-	163.25	38,024	3,169	38,024
Cummulative Actual			36,768	36,768	36,768	36,768	36,768	36,768	36,768	37,197	37,523	37,861	37,861	38,024			
			964.61%	964.61%	964.61%	964.61%	964.61%	964.61%	964.61%	975.86%	984.43%	993.28%	993.28%	997.56%			997.56%
Total Legacy Liability		1,078,812	120,996	51,430	69,873	24,272	63,472	97,757	74,304	59,042	105,974	75,132	73,848	47,595	863,696	71,975	863,696
			120,996	172,426	242,299	266,572	330,044	427,800	502,105	561,147	667,121	742,253	816,101	863,696			
			11.22%	15.98%	22.46%	24.71%	30.59%	39.65%	46.54%	52.02%	61.84%	68.80%	75.65%	80.06%			80%
Cummulative Budget			91,500	175,000	254,500	332,000	465,500	589,000	694,500	774,000	851,500	936,000	999,406	1,078,812			
Cummulative Actual			120,996	172,426	242,299	266,572	330,044	427,800	502,105	561,147	667,121	742,253	816,101	863,696			

Italics = Estimated

M-S-R PPA
All Legal &Consult Summary

Month of: **Jan-2021**



CURRENT MONTH

By Function	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	5,000	5,000	0	100%
Gen - Other	83	83	0	100%
Renewables	5,167	5,167	0	100%
Rens - Other	28,750	28,750	0	100%
Reg & Comp	9,667	9,667	0	100%
Administrative	3,167	3,167	0	100%
Total	51,833	51,833	0	100%

By Provider	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Duncan	29,167	29,167	0	100%
Berlin	5,000	5,000	0	100%
Porter Simon	4,000	4,000	0	100%
KBT	13,333	13,333	0	100%
Others	333	333	0	100%
Total	51,833	51,833	0	100%

YEAR TO DATE

By Function	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	5,000	5,000	0	100%
Gen - Other	83	83	0	100%
Renewables	5,167	5,167	0	100%
Rens - Other	28,750	28,750	0	100%
Reg & Comp	9,667	9,667	0	100%
Administrative	3,167	3,167	0	100%
Total	51,833	51,833	0	100%

By Provider	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Duncan	29,167	29,167	0	100%
Berlin	5,000	5,000	0	100%
Porter Simon	4,000	4,000	0	100%
KBT	13,333	13,333	0	100%
Others	333	333	0	100%
Total	51,833	51,833	0	100%

M-S-R PPA
Duncan Summary

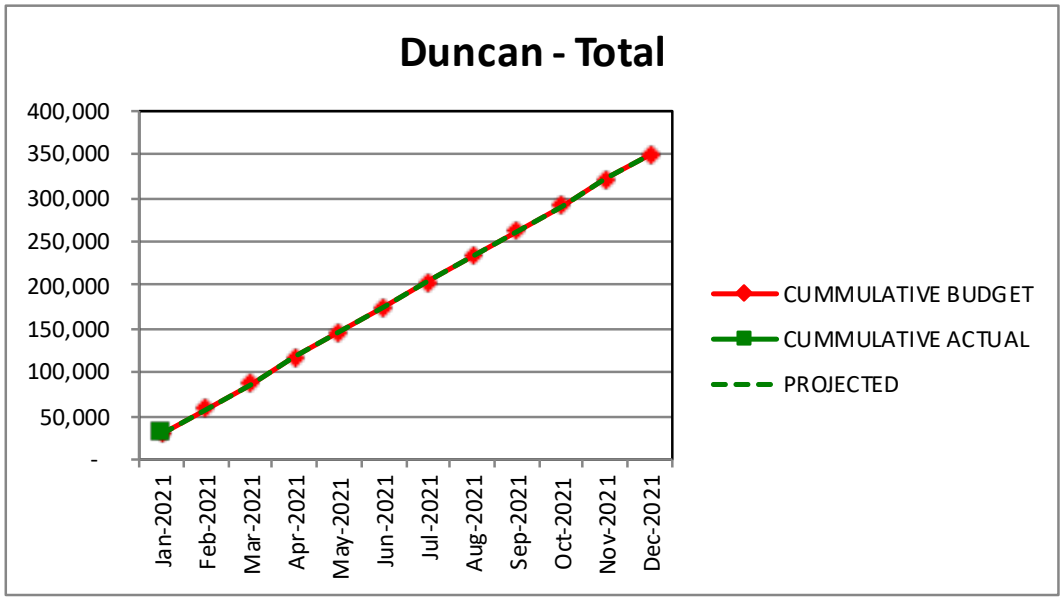
Month of: **Jan-2021**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	0	0	0	0%
Renewables	0	0	0	0%
Rens - Other	22,917	***22,917***	0	100%
Reg & Comp	6,250	***6,250***	0	100%
Administrative	0	0	0	0%
Total	29,167	29,167	0	100%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	0	0	0	0%
Renewables	0	0	0	0%
Rens - Other	22,917	22,917	0	100%
Reg & Comp	6,250	6,250	0	100%
Administrative	0	0	0	0%
Total	29,167	29,167	0	100%



M-S-R PPA
Berlin Summary

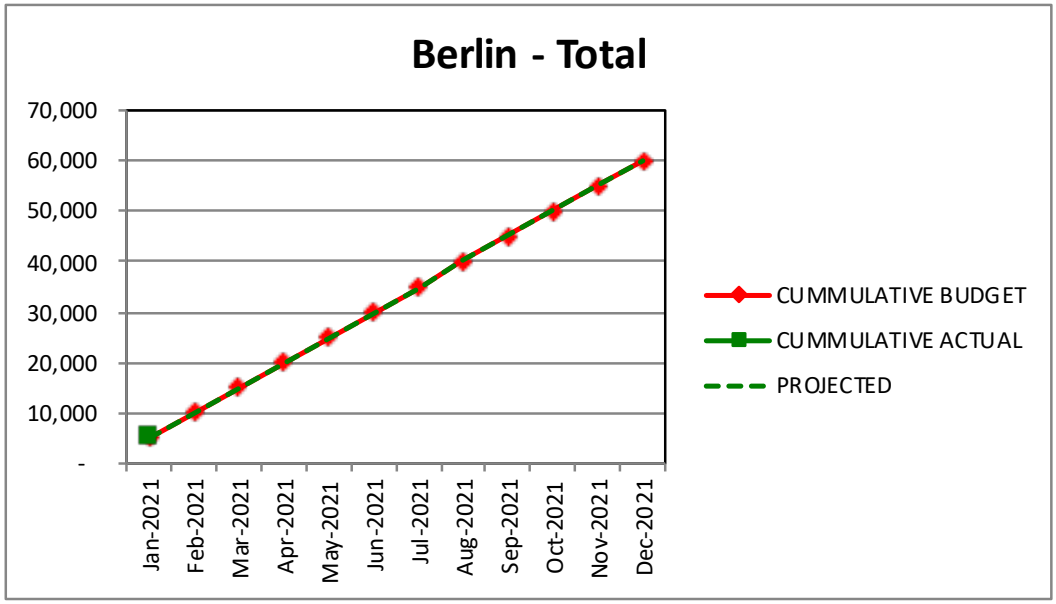
Month of: **Jan-2021**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	0	0	0	0%
Renewables	1,667	***1,667***	0	100%
Rens - Other	0	***0***	0	0%
Reg & Comp	3,333	***3,333***	0	100%
Administrative	0	0	0	0%
Total	5,000	5,000	0	100%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	0	0	0	0%
Renewables	1,667	1,667	0	100%
Rens - Other	0	0	0	0%
Reg & Comp	3,333	3,333	0	100%
Administrative	0	0	0	0%
Total	5,000	5,000	0	100%



M-S-R PPA
Misc Legal & Consult Summary

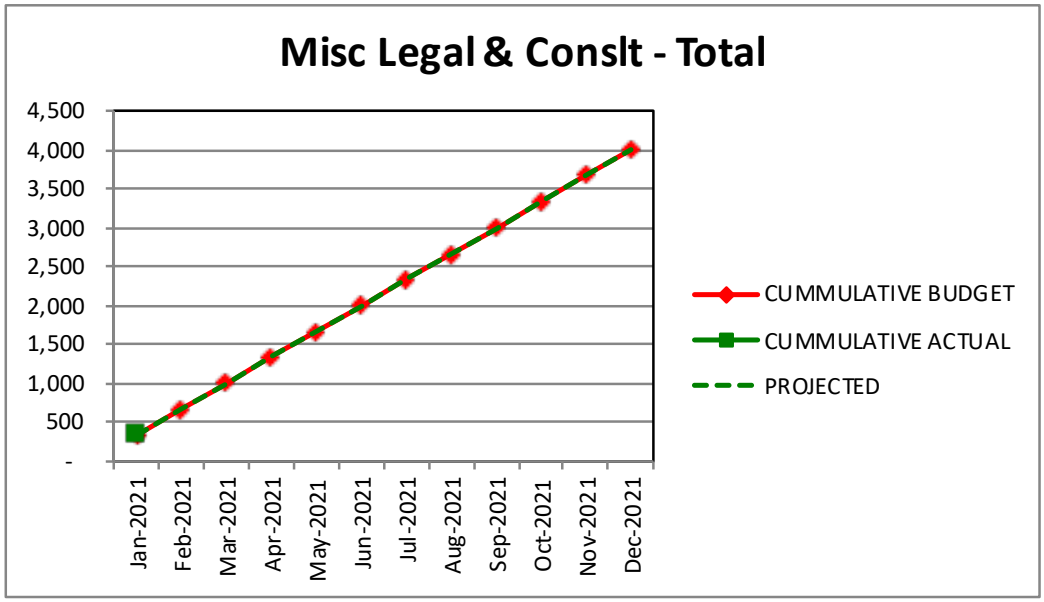
Month of: **Jan-2021**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	83	83	0	100%
Renewables	0	0	0	0%
Rens - Other	0	0	0	0%
Reg & Comp	0	0	0	0%
Administrative	250	250	0	100%
Total	333	333	0	100%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	83	83	0	100%
Renewables	0	0	0	0%
Rens - Other	0	0	0	0%
Reg & Comp	0	0	0	0%
Administrative	250	250	0	100%
Total	333	333	0	100%



M-S-R PPA
Porter Simon Summary

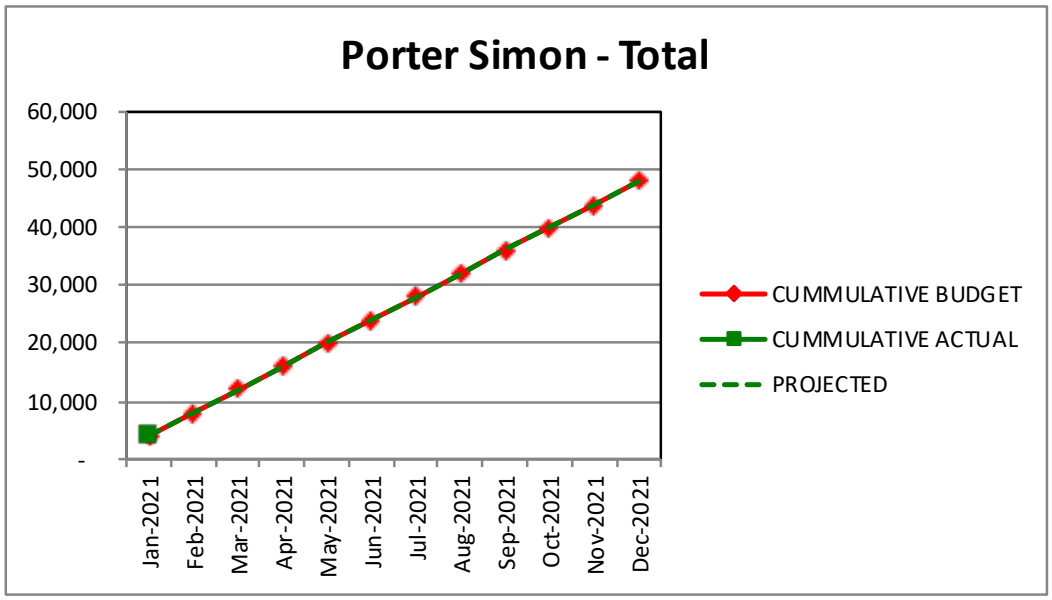
Month of: **Jan-2021**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	2,083	***2,083***	0	100%
Gen - Other	0	0	0	0%
Renewables	167	***167***	0	100%
Rens - Other	0	0	0	0%
Reg & Comp	83	***83***	0	100%
Administrative	1,667	***1,667***	0	100%
Total	4,000	4,000	0	100%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	2,083	2,083	0	100%
Gen - Other	0	0	0	0%
Renewables	167	167	0	100%
Rens - Other	0	0	0	0%
Reg & Comp	83	83	0	100%
Administrative	1,667	1,667	0	100%
Total	4,000	4,000	0	100%



M-S-R PPA
KBT Summary

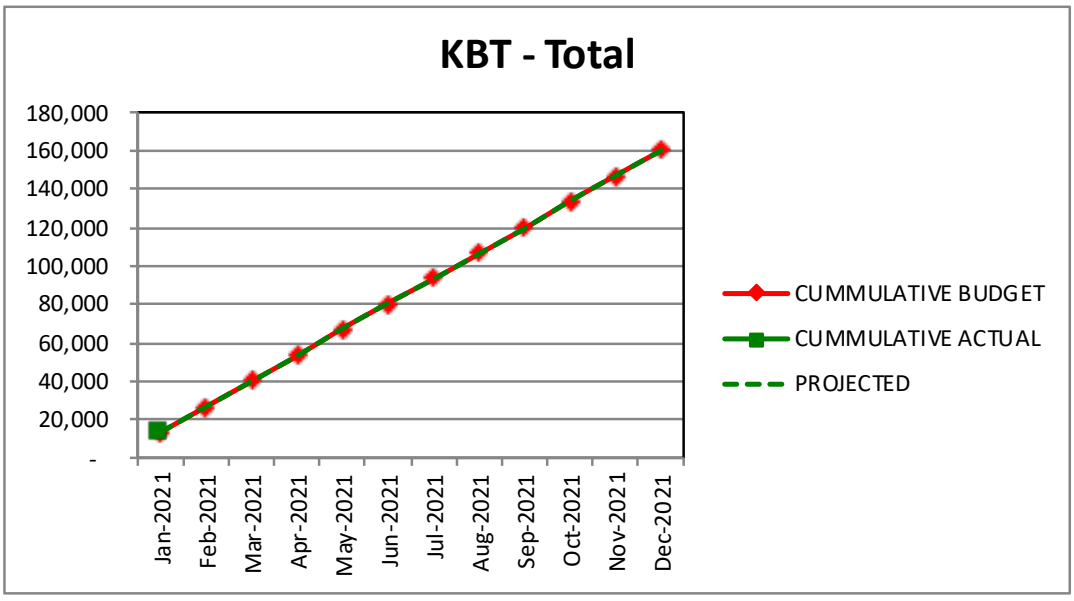
Month of: **Jan-2021**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	2,917	***2,917***	0	100%
Gen - Other	0	0	0	0%
Renewables	3,333	***3,333***	0	100%
Rens - Other	5,833	***5,833***	0	100%
Reg & Comp	0	0	0	0%
Administrative	1,250	***1,250***	0	100%
Total	13,333	13,333	0	100%

YEAR TO DATE

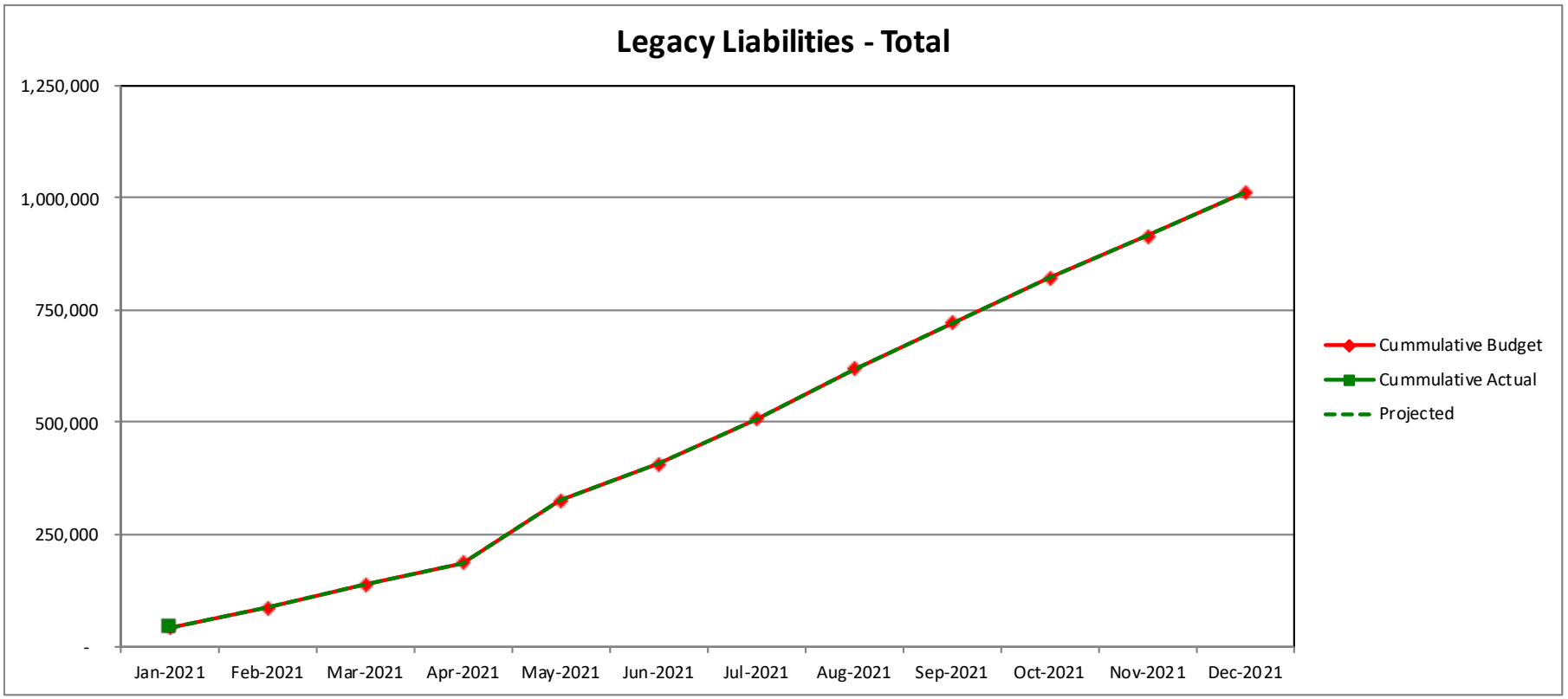
	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	2,917	2,917	0	100%
Gen - Other	0	0	0	0%
Renewables	3,333	3,333	0	100%
Rens - Other	5,833	5,833	0	100%
Reg & Comp	0	0	0	0%
Administrative	1,250	1,250	0	100%
Total	13,333	13,333	0	100%



Legal Costs - 2021		2021 Budget	Reallocated Budget		Jan-2021	Feb-2021	Mar-2021	Apr-2021	May-2021	Jun-2021	Jul-2021	Aug-2021	Sep-2021	Oct-2021	Nov-2021	Dec-2021	Total	Average	Year-End	Notes
Italics = Estimates					8.33%	16.67%	25.00%	33.33%	41.67%	50.00%	58.33%	66.67%	75.00%	83.33%	91.67%	100.00%			Projection	
Legal																				
DWG&P																				
Generation																				
	SJGS Agreements	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Renewables																				
	BPA/PNW Gen'l	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rens - Other																				
	BPA Rate Cases	275,000	275,000		***22,917***	***22,917***	***22,917***	***22,917***	***22,917***	***22,917***	***22,917***	***22,917***	***22,917***	***22,917***	***22,917***	***22,917***	275,000	22,917	275,000	
Regulatory & Comp																				
	FERC Gen'l	75,000	75,000		***6,250***	***6,250***	***6,250***	***6,250***	***6,250***	***6,250***	***6,250***	***6,250***	***6,250***	***6,250***	***6,250***	***6,250***	75,000	6,250	75,000	
		350,000	350,000		29,167	29,167	29,167	29,167	29,167	29,167	29,167	29,167	29,167	29,166.67	29,167	29,167	350,000	29,167	350,000	
					8.33%	16.67%	25.00%	33.33%	41.67%	50.00%	58.33%	66.67%	75.00%	83.33%	91.67%	100.00%			100%	
Law Offices of Susie Berlin																				
Generation		-	-		-	-											-	-	-	
Renewables																				
	RES/RPS	20,000	20,000		***1,667***	***1,667***	***1,667***	***1,667***	***1,667***	***1,667***	***1,667***	***1,667***	***1,667***	***1,667***	***1,667***	***1,667***	20,000	1,667	20,000	
Regulatory & Comp																				
	AB32/Cap & Trade/	40,000	40,000		***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	40,000	3,333	40,000	
A&G		-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		60,000	60,000		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000.00	5,000.00	5,000	5,000	60,000	5,000	60,000	
					8.33%	16.67%	25.00%	33.33%	41.67%	50.00%	58.33%	66.67%	75.00%	83.33%	91.67%	100.00%			100%	
Others									***Italics = Estimates***											
Generatiion - Other																				
	Najjar & Virtue	1,000	1,000		***83***	***83***	***83***	***83***	***83***	***83***	***83***	***83***	***83***	***83***	***83***	***83***	1,000	83	1,000	Richard Virtue
		1,000	1,000		83	83	83	83	83	83	83	83	83.33	83	83.33	83	1,000	83	1,000	
					8.33%	16.67%	25.00%	33.33%	41.67%	50.00%	58.33%	66.67%	75.00%	83.33%	91.67%	100.00%			100%	
																	-		-	
Sub Total		411,000	411,000	-	34,250	34,250	34,250	34,250	34,250	34,250	34,250	34,250	34,250	34,250	34,250	34,250	411,000	34,250	411,000	
					8.33%	16.67%	25.00%	33.33%	41.67%	50.00%	58.33%	66.67%	75.00%	83.33%	91.67%	100.00%			100%	
General Counsel																				
Porter Simon																				
M-S-R PPA																				
Generation		25,000	25,000		***2,083***	***2,083***	***2,083***	***2,083***	***2,083***	***2,083***	***2,083***	***2,083***	***2,083***	***2,083***	***2,083***	***2,083***	25,000	2,083	25,000	
Renewables		2,000	2,000		***167***	***167***	***167***	***167***	***167***	***167***	***167***	***167***	***167***	***167***	***167***	***167***	2,000	167	2,000	
Regulatory & Comp		1,000	1,000		***83***	***83***	***83***	***83***	***83***	***83***	***83***	***83***	***83***	***83***	***83***	***83***	1,000	83	1,000	
A&G		20,000	20,000		***1,667***	***1,667***	***1,667***	***1,667***	***1,667***	***1,667***	***1,667***	***1,667***	***1,667***	***1,667***	***1,667***	***1,667***	20,000	1,667	20,000	
		48,000	48,000		4,000	4,000	4,000.00	4,000	4,000.00	4,000	4,000.00	4,000	4,000	4,000	4,000.00	4,000.00	48,000	4,000	48,000	
					8.33%	16.67%	25.00%	33.33%	41.67%	50.00%	58.33%	66.67%	75.00%	83.33%	91.67%	100.00%			100%	
Consulting																				
KBT																				
Generation																				
	General	35,000	35,000		***2,917***	***2,917***	***2,917***	***2,917***	***2,917***	***2,917***	***2,917***	***2,917***	***2,917***	***2,917***	***2,917***	***2,917***	35,000	2,917	35,000	
Gen - Other																				
	SJGS Disposition				-												-	-	-	
Renewables																				
	General	40,000	40,000		***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	40,000	3,333	40,000	
Rens - Other																				
	BP-22 Rate Case	70,000	70,000														-			BP-22 Rate Case
	KBT 2021-01			21,840	***5,833***	***5,833***											11,667	5,833	11,667	Jan - Feb
	KBT 2021-0x			-			***5,833***	***5,833***									11,667	5,833	11,667	Mar - Apr
	KBT 2021-0x			-					***5,833***	***5,833***							11,667	5,833	11,667	May - Jun
	KBT 2021-0x			-							***5,833***	***5,833***					11,667	5,833	11,667	Jul - Aug
	KBT 2021-0x			-									***5,833***	***5,833***			11,667	5,833	11,667	Sep - Oct
	KBT 2021-0x			-											***5,833***	***5,833***	11,667	5,833	11,667	Nov - Dec
	Sum			21,840													70,000		70,000	
Regulatory & Comp					-												-	-	-	
Administrative		15,000	15,000		***1,250***	***1,250***	***1,250***	***1,250***	***1,250***	***1,250***	***1,250***	***1,250***	***1,250***	***1,250***	***1,250***	***1,250***	15,000	1,250	15,000	
		160,000	160,000	21,840	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333.33	*13,333.33*	*13,333.33*	160,000	42,500	160,000	
					8.33%	16.67%	25.00%	33.33%	41.67%	50.00%	58.33%	66.67%	75.00%	83.33%	91.67%	100.00%			100%	
																160,000				
Others									***Italics = Estimates***											
Administrative																				
	Navigant/Guidehou	3,000	3,000		***250***	***250***	***250***	***250***	***250***	***250***	***250***	***250***	***250***	***250***	***250***	***250***	3,000	250	3,000	Meetings
		3,000	3,000		250	250	250	250	250	250	250	250	250.00	250	250.00	250	3,000	250	3,000	
					8.33%	16.67%	25.00%	33.33%	41.67%	50.00%	58.33%	66.67%	75.00%	83.33%	91.67%	100.00%			100%	
																	-		-	
Sub Total		163,000	163,000		13,583	13,583	13,583	13,583	13,583	13,583	13,583	13,583	13,583	13,583	13,583	13,583	163,000	42,750	163,000	
					8.33%	16.67%	25.00%	33.33%	41.67%	50.00%	58.33%	66.67%	75.00%	83.33%	91.67%	100.00%			100%	
GRAND TOTAL		622,000	622,000		51,833	51,833	51,833	51,833	51,833	51,833	51,833	51,833	51,833	51,833	51,833	51,833	622,000	81,000	622,000	
					8.33%	16.67%	25.00%	33.33%	41.67%	50.00%	58.33%	66.67%	75.00%	83.33%	91.67%	100.00%			100.00%	

Legacy Liability - Total

Month of: **Jan-2021**



CURRENT MONTH

By Function	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
PNM - Reclamation	3,333	***3,333***	0	100%
WSJM - Reclamation	35,000	***35,000***	0	100%
PNM - Decommission	4,000	***4,000***	0	100%
Total	42,333	42,333	0	100%

YEAR TO DATE

By Function	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
PNM - Reclamation	3,333	3,333	0	100%
WSJM - Reclamation	35,000	35,000	0	100%
PNM - Decommission	4,000	4,000	0	100%
Total	42,333	42,333	0	100%

PNM - Reclamation

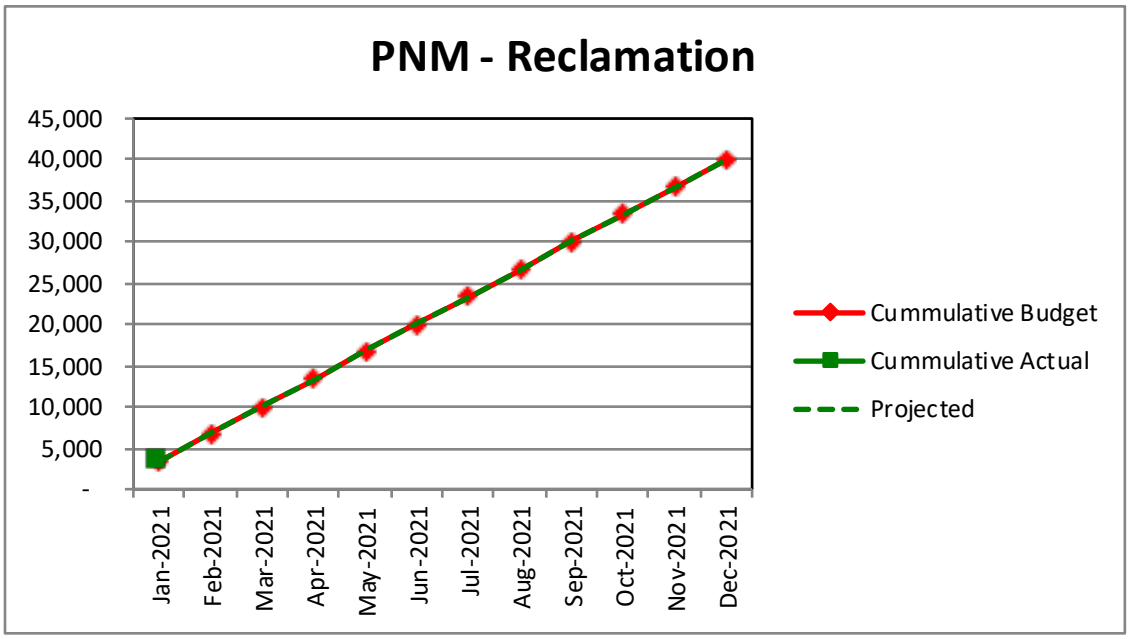
Month of: **Jan-2021**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	3,333	***3,333***	0	100%
Total	3,333	3,333	0	100%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	3,333	3,333	0	100%
Total	3,333	3,333	0	100%



WSJM - Reclamation

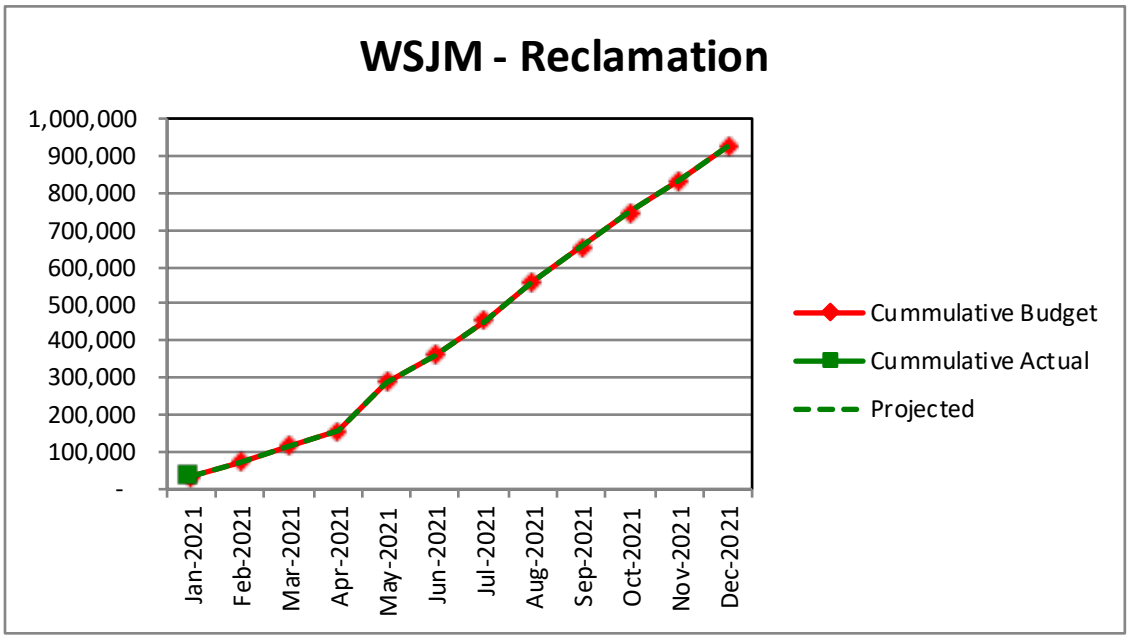
Month of: **Jan-2021**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	35,000	***35,000***	0	100%
Total	35,000	35,000	0	100%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	35,000	35,000	0	100%
Total	35,000	35,000	0	100%



PNM - Decommissioning

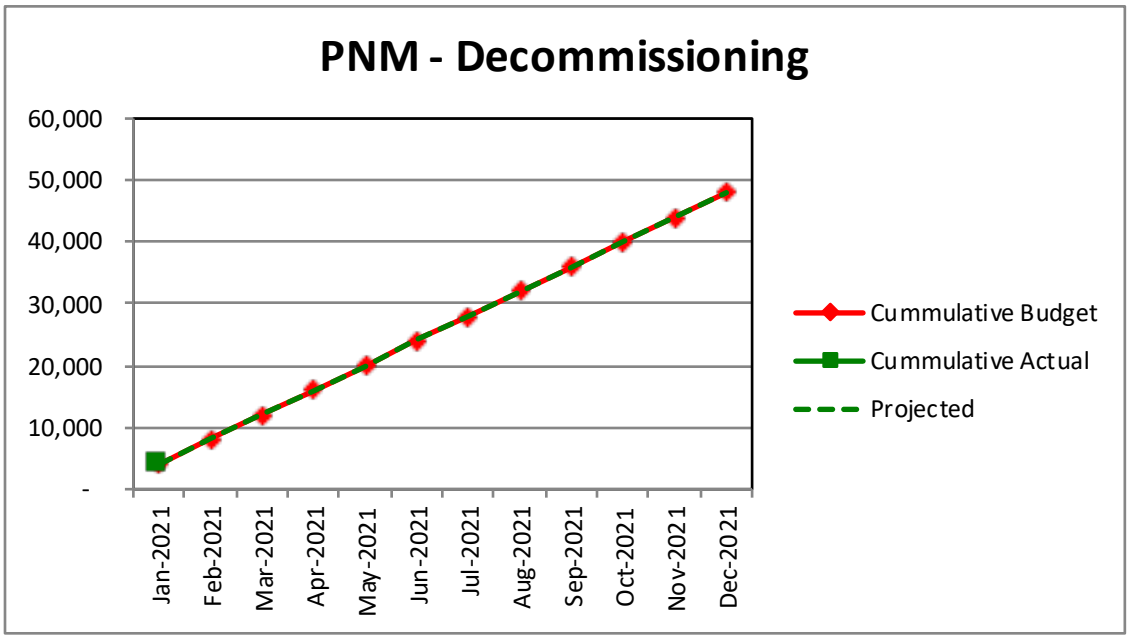
Month of: **Jan-2021**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	4,000	***4,000***	0	100%
Total	4,000	4,000	0	100%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	4,000	4,000	0	100%
Total	4,000	4,000	0	100%



Lagacy Liability Costs - 2021	M-S-R 2021 Budget	Revised or A.O.P	Jan-2021	Feb-2021	Mar-2021	Apr-2021	May-2021	Jun-2021	Jul-2021	Aug-2021	Sep-2021	Oct-2021	Nov-2021	Dec-2021	Total	Average	Year-End
			8.33%	16.67%	25.00%	33.33%	41.67%	50.00%	58.33%	66.67%	75.00%	83.33%	91.67%	100.00%			Projection
PNM - Reclamation - Budget	40,000	40,000	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	40,000		
Cummulative Budget			3,333	6,667	10,000	13,333	16,667	20,000	23,333	26,667	30,000	33,333	36,667	40,000			
Reclamation Trust Funds Operating Agent			***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	***3,333***	40,000	3,333	40,000
	40,000	40,000	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333.33	3,333.33	3,333	40,000	3,333	40,000
Cummulative Actual			3,333	6,667	10,000	13,333	16,667	20,000	23,333	26,667	30,000	33,333	36,667	40,000			
			8.33%	16.67%	25.00%	33.33%	41.67%	50.00%	58.33%	66.67%	75.00%	83.33%	91.67%	100.00%			100%
WSJM - Reclamation - Budget			35,000	38,000	42,000	42,000	133,000	72,000	93,000	105,000	94,000	93,000	87,000	91,000	925,000		
Cummulative Budget			35,000	73,000	115,000	157,000	290,000	362,000	455,000	560,000	654,000	747,000	834,000	925,000			
San Juan - Surface	925,000	925,000	***35,000***	***38,000***	***42,000***	***42,000***	***133,000***	***72,000***	***93,000***	***105,000***	***94,000***	***93,000***	***87,000***	***91,000***	925,000	77,083	925,000
San Juan - Underground		-	-												-	-	-
	925,000	925,000	35,000	38,000	42,000	42,000	133,000	72,000	93,000	105,000	94,000	93,000	87,000.00	91,000	925,000	77,083	925,000
Cummulative Actual			35,000	73,000	115,000	157,000	290,000	362,000	455,000	560,000	654,000	747,000	834,000	925,000			
			3.78%	7.89%	12.43%	16.97%	31.35%	39.14%	49.19%	60.54%	70.70%	80.76%	90.16%	100.00%			100%
PNM - Decommissioning	48,000	48,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000		
Cummulative Budget			4,000	8,000	12,000	16,000	20,000	24,000	28,000	32,000	36,000	40,000	44,000	48,000			
Initial Decommissioning			***4,000***	***4,000***	***4,000***	***4,000***	***4,000***	***4,000***	***4,000***	***4,000***	***4,000***	***4,000***	***4,000***	***4,000***	48,000	4,000	48,000
	48,000	48,000	4,000	4,000	4,000.00	4,000	4,000	4,000.00	4,000	4,000	4,000	4,000.00	4,000.00	4,000	48,000	4,000	48,000
Cummulative Actual			4,000	8,000	12,000	16,000	20,000	24,000	28,000	32,000	36,000	40,000	44,000	48,000			
			8.33%	16.67%	25.00%	33.33%	41.67%	50.00%	58.33%	66.67%	75.00%	83.33%	91.67%	100.00%			100.00%
Total Legacy Liability	1,013,000	1,013,000	42,333	45,333	49,333	49,333	140,333	79,333	100,333	112,333	101,333	100,333	94,333	98,333	1,013,000	84,417	1,013,000
			42,333	87,667	137,000	186,333	326,667	406,000	506,333	618,667	720,000	820,333	914,667	1,013,000			
			4.18%	8.65%	13.52%	18.39%	32.25%	40.08%	49.98%	61.07%	71.08%	80.98%	90.29%	100.00%			100%
Cummulative Budget			42,333	87,667	137,000	186,333	326,667	406,000	506,333	618,667	720,000	820,333	914,667	1,013,000			
Cummulative Actual			42,333	87,667	137,000	186,333	326,667	406,000	506,333	618,667	720,000	820,333	914,667	1,013,000			

Italics = Estimated

M-S-R Public Power Agency
Staff Report

Date: January 22, 2021 (Revised)

To: M-S-R PPA Commission

From: Martin Hopper, General Manager

Subject: Discussion and Possible Action Regarding San Juan Generating Station Continuing Coverage Insurance

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Introduction:

M-S-R Public Power Agency (M-S-R PPA) has maintained Continuing Coverage insurance regarding certain exposures related to its former interests in the San Juan Generating Station (SJGS). We have reviewed current insurance coverages and costs, potential theories of liability, and alternate means to mitigate liability. Although M-S-R PPA found it economic to elect to participate in Continuing Coverage insurance in 2017, not all portions of this program remain economic given the diminishing liabilities faced by the Agency. Therefore, we recommend termination of certain insurance coverage and an assumption of some remaining risks through self-insurance.

Contractual Insurance Requirements:

Although M-S-R PPA is no longer responsible for liabilities resulting from SJGS plant operations or ownership after the Exit Date (Restructuring Agreement §20.3), the Agency retains potential liabilities arising from either SJGS plant operations or ownership[1] prior to the Exit Date, based on [M-S-R PPA's] respective pre-Exit Date Ownership Interests in the facilities giving rise to the liability (Restructuring Agreement §20.2). Section 8.09 of the Subordinate Lien Bond Indenture required the Agency to maintain insurance on the Improvements (such as Boiler and Machinery coverage) prior to the Exit Date and requires the Agency to continue to maintain

[1] An example of a retained liability relating to former ownership may include a CERCLA (Comprehensive Environmental Response, Compensation, and Liability Act -- otherwise known as CERCLA or Superfund) claim related to environmental contamination.

other insurance (such as General Liability and Environmental Liability) as deemed advisable or necessary to protect its interests and the interests of the Bond Holders. The Subordinate Lien Bond Indenture §8.09(b) permits the Agency to maintain self-insurance for the latter categories of insurance. The Subordinate Lien Indenture terminates upon the final maturity of the Series 2018R Bonds on July 1, 2022 and any insurance requirements therein become moot.

Current Insurance Coverage and Costs:

M-S-R PPA elected to maintain Continuing Coverage insurance[2] regarding San Juan Generating Station (SJGS) general and environmental liabilities pursuant to Restructuring Agreement §21.2.3.3, Decommissioning Agreement §3.2.2.23, and an Insurance Letter dated August 24, 2017 (Insurance Letter) and agreed to pay a proportionate cost of same. Analysis performed at that time indicated the potential cost of maintaining Continuing Coverage insurance through on-going participation in the Public Service Company of New Mexico (PNM)'s insurance program would be significantly less costly than independently procuring such insurance (then estimated at about $140,000 per annum.)

We agreed in the Insurance Letter and Restructuring Agreement Section 21.2.3.2 to pay an allocated share of the premium on the basis that "The determination of the allocated share will be based on factors customarily employed, including the property affected, exposures, loss experience and severity and frequency of loss." However, we believe the premium costs[3] subsequently allocated by PNM to M-S-R PPA through participation in the Continuing Coverage insurance program are greater than required by the agreements and by the Insurance Letter.

[2] The Continuing Coverage insurance, as specified in Restructuring Agreement §21.2.2, provides coverage on a claims-made, rather than occurrence basis.

[3] Premium costs of Continuing Coverage insurance allocated to M-S-R PPA to date are:

Renewal Period	General and Excess Liability	Environmental Liability	Total Premiums
2018/2019	$59,244	$14,302	$73,546
2019/2020	$62,197	$14,951	$77,148
2020/2021	$71,846	$14,315	$86,161

Pursuant to the requirements of Restructuring Agreement §21.2.3.3 and Decommissioning Agreement §9.1 M-S-R PPA notified PNM beginning in 2018 (both formally and informally[4]) that:

1. Allocation of Continuing Coverage insurance premium costs did not meet the requirement of the Restructuring Agreement to be "based on factors customarily employed, including the property affected, exposures, loss experience and severity and frequency of loss" because the allocation did not distinguish between costs of insurance attributable to Operating Work (paid by Remaining Participants only) and attributable to Decommissioning Work (paid by both Exiting Participants and Remaining Participants) or attributable to pre-Exit Date activities (paid by both Exiting Participants and Remaining Participants),
2. Continuing Coverage insurance premium costs payable by M-S-R PPA were not being allocated pursuant to the schedule provided in Exhibit "A" to the Decommissioning Agreement, and
3. No protocols or procedures for making insurance premium cost allocations had been recommended by PNM pursuant to Restructuring Agreement §21.2.3.2 or adopted by either the Engineering and Operating Committee or the Decommissioning Committee.

Insurance Cost Allocation to SJGS (Station-Wide):

Representatives of PNM and M-S-R PPA (including M-S-R PPA's insurance broker) met with PNM numerous times in 2018 and 2019 and determined that PNM was allocating insurance cost internally to SJGS using algorithms that assigned corporate insurance cost to San Juan on the basis of a ratio of prior coverage-year SJGS generation to PNM fleet-wide generation. Subsequently, we were informed PNM began allocating insurance cost on a "field payroll" basis.

[4] Insurance costs and allocation methods continue to be raised at the Decommissioning Committee and with SJGS Plant Manager Omni Warner as recently as December 10, 2020.

Based on a "field payroll" or labor allocation, we would have expected to have seen substantial reductions to the liability renewal costs given the significant reductions in SJGS staffing from roughly 480 FTEs in 2017 to about 176 today[5].

General and Excess Liability Allocation to M-S-R (Within Station):

Prior to the Exit Date, insurance cost (Liability, Environmental, and Boiler and Machinery[6]) was allocated within the SJGS on "Plant Common" percentage shares. Allocations of premium cost for liability insurance renewals for SJGS under the Continuing Coverage insurance program continue to be sub-allocated to M-S-R PPA based on our former 8.7% Plant Common share.

An 8.7% Plant Common share allocation as currently made by PNM, does not reflect the fact that the addition of a named-insured does not increase the exposure to PNM and the Remaining Participants. As noted above, new liability can only be created by actions of PNM and the Remaining Participants in the post-Exit operations of the SJGS. PNM orally acknowledged during our January 24, 2019 meeting that general liability exposure does not increase due to our participation in the Continuing Coverage insurance program and that any tail-exposures on this claims-made policy diminish through time. However, no reduction in allocation has been made subsequent to that meeting and PNM continues to allocate the General Liability element of Continuing Coverage insurance premiums at pre-Exit Date Plant Common shares.

[5] Pursuant to NM-PRC Case 20-00222-UT Interrogatory Response NEE 2-31, SJGS employment as of December 1, 2020 includes 154 employees in plant operations, and an additional 22 employees in support functions. Although PNM has not proposed a Decommissioning Plan, they have stated in public commentary that 60 employees will initially be retained for decommissioning activities.

[6] Effective with 2018/2019 renewals, M-S-R was not allocated any Boiler and Machinery policy cost and we believe we are no longer a named-insured. We have no information as to whether we were removed as a named-insured effective with our December 31, 2017 divestiture or at the subsequent renewal.

Mitigation of On-Going General Liability:

To the extent that Decommissioning Work may create liabilities which could extend to the Parties to the Decommissioning Agreement (which include both Exiting and Remaining Participants), PNM as Decommissioning Agent is required to "Procure appropriate insurance covering Decommissioning Work to provide coverage for risks for which the Parties have or may have responsibility under this Decommissioning Agreement" (see Decommissioning Agreement §3.2.2.23).

At the next renewal of the claims-made General Liability policies (June 1, 2021), 41 months will have elapsed from the Exit Date. Although a formal analysis of New Mexico law has not been made, the vast majority of, if not all, possible General Liability claims related to pre-Exit Date operations would appear to be time-barred[7]. Given the fact that no claims have been made to date implicating M-S-R PPA, and the limited likelihood that a personal property damage claim greater than the $500,000 self-insured retention under the existing policies might be made related to a yet undiscovered occurrence dating between June 1, 2017 and December 31, 2017, there appears to be little benefit in maintaining Continuing Coverage insurance for General Liability claims[8]. The primary need for the General Liability coverage under the Continuing Coverage insurance program was to provide protection from claims related to pre-Exit Date occurrences, and such need has now been met.

[7] For actions governed by a four-year statute of limitations, claims could be made related to occurrences between June 1, 2017 and December 31, 2017 no later than June 1, 2021 and December 31, 2021 respectively. For actions governed by a three-year statute of limitations, claims can no longer be made related to occurrences prior to December 31, 2017. In New Mexico, we understand the state's civil statute of limitations is three years for personal injury and four years for injury to personal property and most other civil claims. Although longer periods may apply to claims related to breaches of contract or to injuries to persons or property resulting from defective or unsafe condition of physical improvements to real property, the most recent major improvements to SJGS related to M-S-R PPA's ownership were the pollution control system modifications (baghouses) completed in November 2007.

[8] If M-S-R PPA's 2021/2022 general liability renewal premium is about $75,000, a liability claim made during this 7-month period would need to exceed $1.5 million before triggering a self-insurance contribution by M-S-R PPA exceeding the foregone premium.

M-S-R PPA will retain its existing General Liability and Directors and Officer's coverage to continue to defend any claims made regarding the Agency's conduct. We have not located any requirements in those policies requiring M-S-R PPA's continued participation in the San Juan Continuing Coverage insurance program.

Future General Liability Insurance Coverage:

If M-S-R PPA terminates its designation as a named-insured in PNM's General Liability policies through the Continuing Coverage insurance program[9], such action is not intended to waive PNM's requirement to procure appropriate insurance under the Decommissioning Agreement. Section 3.2.3 of the Decommissioning Agreement provides that PNM is to be reimbursed for its reasonable costs and expenses at the Decommissioning Share then in effect. Although the Decommissioning Agreement sheds no light on how PNM is to allocate any of its general insurance costs to coverage required pursuant to Decommissioning Agreement §3.2.2.23, only de minimus decommissioning work will be performed in the near future unless PNM, with the concurrence of the other eight parties to the Decommissioning Agreement, determines to commence SJGS demolition. Major decommissioning and demolition activities will be needed to be performed by licensed, bonded, and insured third party vendors, the costs thereof allocated at the Decommissioning Share then in effect.

Environmental Liability Allocation to M-S-R (Within Station):

Unlike general liability matters discussed above, environmental liability claims (particularly under CERCLA) may not be time-barred. Therefore, the need for environmental liability coverage will not cease.

While the Baseline Environmental Studies (BES) performed in 2015 and updated in 2017 would appear to absolve M-S-R PPA of any environmental liability for occurrences subsequent to the

[9] The Insurance Letter provides "However, all Exiting Participants will continue to be Named Insureds on any replacement policies with carriers for these coverages unless an Exiting Participant notifies PNM not less than sixty (60) days before a policy renewal that it does not wish to remain a Named Insured under such policy." [Need to resolve vis a vis RA §21.2.5]

Exit Date by documenting environmental conditions prior to the Exit Date (most particularly the absence of indications of unremediated contamination), M-S-R PPA still requires defense of claims made subsequent to the Exit Date – particularly as may be made on a CERCLA basis where time-related bars may not be applicable. Although PNM (and the Remainers) have assumed all contractual liability for occurrences post-Exit Date (see Restructuring Agreement §20.3), M-S-R PPA could still face defense costs to protect its own interests related to such occurrences.

PNM continues to allocate the premiums for environmental renewals under the Continuing Coverage insurance program to M-S-R PPA based on our former 8.7% Plant Common share. As discussed above, the former 8.7% Plant Common share allocation does not reflect the distinctions between pre and post-Exit Date liabilities.

Decommissioning Agreement Exhibit "A" shares which are allocated on a megawatt-years of ownership basis capture a time-weighted contribution to environmental liability and implicitly recognize the diminishing likelihood of claims with the passage of time. Therefore, an allocation of environmental liability insurance cost based on megawatt-years of ownership (see Decommissioning Agreement §5.3 and Exhibit "A") could be appropriate and will harmonize with the requirements of Decommissioning Agreement §§ 3.2.2.23 and 3.2.3.

Allocation of Coverage:

Our insurance broker raised an additional issue for consideration. If there is a catastrophic claim whereby the insurance proceeds are inadequate (General Liability above $185 million or Environmental Liability above $35 million), then in that event all insureds on the PNM program may have to agree on an allocation of the available insurance to the extent not previously defined in either the Restructuring or Decommissioning Agreements. If we argue for a very low premium contribution now, and insurance is inadequate at the time of the loss, the same allocation that determined premium allocation could arguably be used to share available coverage. Mitigating this risk is the fact that liabilities of M-S-R PPA under the Decommissioning Agreement are limited by its express terms to be several and not joint and

allocated as specified in Exhibit "A" to the Decommissioning Agreement, and are further limited by application of California Government Claims Act (Government Code §§ 810 – 998.3) as set forth in §23.1 of the Decommissioning Agreement.

Next Steps:

I recommend M-S-R PPA take the following actions:

1. On or prior to April 1, 2021, provide notice pursuant to the Insurance Letter that effective June 1, 2021, M-S-R PPA is no longer to be a Named Insured on PNM's General Liability Primary, 1st Excess Liability, 2nd Excess Liability, 3rd Excess Liability, and 4th Excess Liability Policies.

2. Determine that pursuant to Subordinate Lien Bond Indenture §8.09(b) M-S-R PPA will "self-insure" for its share of any residual general liability risk formerly covered under PNM's General Liability Primary, 1st Excess Liability, 2nd Excess Liability, 3rd Excess Liability, and 4th Excess Liability Policies, and to consider M-S-R PPA's $40 million Strategic Reserve balance as credit support for a self-insurance program.

3. M-S-R PPA to remain a Named Insured on PNM's Environmental Primary, and Excess Environmental Policies as provided in the Insurance Letter. However, M-S-R PPA to continue to dispute premium cost allocations greater than Decommissioning Shares specified in Exhibit "A" to the Decommissioning Agreement.

4. M-S-R PPA to notify PNM that although it is discontinuing its participation in Continuing Coverage insurance regarding General Liability, it does not waive the requirement in Decommission Agreement §3.2.2.23 that PNM procure appropriate insurance covering Decommissioning Work to provide coverage for risks for which the Parties have or may have responsibility under the Decommissioning Agreement.

M-S-R Public Power Agency
Staff Report

Date: January 29, 2021

From: Martin R. Hopper, General Manager

To: M-S-R PPA Commission

Subject: 2021 M-S-R Public Power Agency Ten-Year Resource and Legacy Liability Cost Forecasts

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Background:

M-S-R PPA's former interests in Unit No. 4 of the coal-fired San Juan Generating Station (SJGS) located in New Mexico and certain Legacy Liabilities pertaining to Mine Reclamation and Plant Decommissioning are referred to as the San Juan Project. As of July 1, 2021, there will be about $26 million of outstanding bonded indebtedness associated with the San Juan Project. As of December 31, 2020, there are between $20 and $40 million of outstanding Legacy Liabilities associated with Mine Reclamation and Plant Decommissioning. The effective terms of the Big Horn I and Big Horn II Wind Energy Projects run through September 30, 2031 and October 31, 2035 respectively. These renewable energy contracts are structured on a take-and-pay basis for all associated energy, delivery, and environmental attributes (RECs).

Purpose and Use of Forecast:

During the operating period for the San Juan Project, the annual Ten-Year San Juan Cost Forecast was prepared to allow the Members to project and budget for long-term San Juan cost trends. Similarly, the Members have a need to project and budget for long-term Big Horn Wind Energy Project cost trends. The Member's obligations to pay for San Juan Project and the Big Horn Wind Energy Projects' costs flow from the underlying Project Agreements and this forecast is for information and budgeting purposes and is not a binding commitment or guarantee by M-S-R PPA. The forecast is designed to provide a reasonable estimate of the likely costs to be incurred to satisfy known energy and capacity costs, legacy obligations and associated Trust requirements.

Issues and Assumptions:

1. San Juan Legacy Costs

   a. Legacy costs pertaining to Mine Reclamation liabilities as enumerated in the Amended and Restated Mine Reclamation And Trust Funds Agreement have been computed on the basis of the funding curves adopted by the Reclamation Investment Committee in December 2020 and such expenses are funded through the Trust and/or paid from Agency reserves. PNM's administrative costs of about $25,000 per year to M-S-R PPA are assumed to also be paid from Agency reserves and are shown in this forecast for information purposes only. Additional annual insurance costs, in amounts currently estimated at $15,000, are to also be paid from Agency reserves.

   b. Legacy costs pertaining to Plant Decommissioning liabilities have been estimated on the basis of the Decommissioning And Trust Funds Agreement (Decommissioning Agreement) shares and an assumed full station shut-down in 2022. Generally only mandatory ARO activities are assumed to be performed in the near future. Any costs associated with brown/green-fielding activities were assumed to be incurred subsequent to the period of this forecast. In 2019 a study by Burns & McDonnell Engineering Company Inc. provided updated estimates of various decommissioning scenarios. For purposes of GASB-83 Asset Retirement Obligation (ARO) estimates for the Agency's Financial Statements, San Juan Decommissioning Legacy Liabilities are to be made on a current year (rather then nominal) basis. For the Agency's 2019 Financial Statements, the ARO estimate was made on the basis of an initial retirement-in-place followed 25-years later by full demolition and will thus be $9.7 million ($2019.) All expenses pertaining to decommissioning activities are funded through the Trust and/or paid from Agency Reserves and are shown in this forecast for information purposes only.

2. Big Horn Wind Energy Project Costs

a. Big Horn I Wind Energy Project costs are based on the contract terms for amounts related to energy and firming and shaping services and those costs adjusted by changes in BPA rates are based on published BPA rates or forecasts of future BPA rates. For simplifying purposes changes in BPA rates, or the beginning of the Extension Term (effective October 1, 2026 through September 30, 2031) are applied on the first day of the calendar year. With the exception of BP-22, BPA rate increases are held to general inflation consistent with the commitments made in BPA's Strategic Plan goals. For BP-22, we have assumed the Rate Case settles at the requested 11.6% average weighted increase less a 4% adjustment. The O&M component of the energy rate is implicit prior to the Extension Term and explicit thereafter. Starting Point is $12.38/MWh in $2005 (PSA Attachment 1 per Amendment No. 1) and escalated at general inflation. The market price comparator for the Extension Term is based on the Navigant Task 3 Nominal Cost Annual Average Base Case (See NCI 2017 Repower Study §3.2.1) and is only found to be applicable in the year 2030 for 50% of the generated energy (PSA Attachment 1 per Amendment 1).

b. Big Horn II Wind Energy Project costs are based on the contract terms for amounts related to energy and firming and shaping services and those costs which are based on BPA rates or passed-through are based on published BPA rates or forecasts of future BPA rates. For simplifying purposes changes in BPA rates are applied on the first day of the calendar year. With the exception of BP-22, BPA rate increases are held to general inflation consistent with the commitments made in BPA's Strategic Plan goals. For BP-22, we have assumed the Rate Case settles at the requested 11.6% average weighted increase less a 4% adjustment. The O&M component of the energy rate is escalated at general inflation. The market price comparator for the final 5-years of the contract is based on the Navigant Task 3 Nominal Cost Annual Average Base Case (See NCI 2017 Repower Study §3.2.1) and was found not to be applicable in any forecast year.

The above assumptions were presented to the Technical Committee at its February 4, 2021, meeting. The attached forecasts incorporate these assumptions and are suitable for the Member's analysis of long-term San Juan Project economics.

[Technical Committee version also includes build-up spreadsheets for Big Horn projections.]

Recommendation:

I recommend the M-S-R PPA Commission note and file the 2021 M-S-R Public Power Agency Ten-Year Resource and Legacy Liability Cost Forecasts Report.

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SAN JUAN 10-YEAR LEGACY LIABILITY COST FORECAST:

Year	Reclamation Trust Funds Operating Agent Costs 1_/	Legacy Liabilities: Mine Reclamation 2_/	Legacy Liabilities: Plant Decomm 3_/	Insurance Cost 4_/	Total Legacy Liability Cost
	$	$	$	$	$
2021	21,000	910,000	0	15,000	946,000
2022	53,000	1,480,000	130,000	16,000	1,679,000
2023	22,000	1,890,000	1,520,000	16,000	3,448,000
2024	23,000	2,080,000	1,620,000	16,000	3,739,000
2025	23,000	2,020,000	460,000	17,000	2,520,000
2026	24,000	2,100,000	130,000	17,000	2,271,000
2027	25,000	2,160,000	130,000	17,000	2,332,000
2028	25,000	2,000,000	130,000	18,000	2,173,000
2029	26,000	670,000	130,000	18,000	844,000
2030	27,000	130,000	140,000	18,000	315,000

1_/ Operating Agent Costs per PNM forecast - paid from reserves.

2_/ Based on 2022 Four Unit shutdown - Expenses paid from Trusts - all years.

3_/ Based on 2022 Four-Unit shutdown - Expenses paid from Trusts - all years. ARO Costs only per Burns & McDonnell Table D-7 - does not include site brownfielding costs in 2040 and 2046 - 2049. M-S-R share post-2022 costs at 7.6%.

4_/ Allocations of insurance costs are currently under dispute with PNM, but are expected to be approximately $15,000 per year for environmental coverage only.

BIG HORN I FORECAST

Member Rates:		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Modesto:											
Base Energy	$MWh	37.95	37.95	37.95	37.95	37.95	37.95	37.95	37.95	37.95	37.95
O&M Component	$MWh	12.38	12.38	12.38	12.38	12.38	12.38	19.14	19.52	19.91	20.31
Extension Adder:	$MWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.49
Shaping	$MWh	13.15	13.47	13.47	13.79	13.79	14.17	14.17	14.56	14.56	14.97
Total Energy	$MWh	63.48	63.80	63.80	64.12	64.12	64.50	71.26	72.03	72.42	73.72
WIC	$/kW-mo	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01
Santa Clara:											
Base Energy	$MWh	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00
O&M Component	$MWh	12.38	12.38	12.38	12.38	12.38	12.38	19.14	19.52	19.91	20.31
Extension Adder:	$MWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.49
Shaping	$MWh	13.15	13.47	13.47	13.79	13.79	14.17	14.17	14.56	14.56	14.97
Total Energy	$MWh	62.53	62.85	62.85	63.18	63.18	63.55	70.31	71.09	71.48	72.77
WIC	$/kW-mo	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01
Redding:											
Base Energy	$MWh	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00
O&M Component	$MWh	12.38	12.38	12.38	12.38	12.38	12.38	19.14	19.52	19.91	20.31
Extension Adder:	$MWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.49
Shaping	$MWh	13.15	13.47	13.47	13.79	13.79	14.17	14.17	14.56	14.56	14.97
Total Energy	$MWh	62.53	62.85	62.85	63.18	63.18	63.55	70.31	71.09	71.48	72.77
WIC	$/kW-mo	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01

BIG HORN II FORECAST

Member Rates:

		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Modesto:											
Base Energy	$MWh	83.05	83.05	83.05	83.05	83.05	83.05	83.05	83.05	83.05	83.05
O&M Component	$MWh	18.09	18.45	18.82	19.20	19.58	19.97	20.37	20.78	21.20	21.62
Year 21 - 25 Adder:	$MWh	0	0	0	0	0	0	0	0	0	0
Redelivery Energy	$MWh	4.49	4.56	4.56	4.63	4.63	4.69	4.69	4.76	4.76	4.83
Total Energy	$MWh	105.63	106.06	106.43	106.87	107.26	107.71	108.11	108.59	109.01	109.50
Redelivery Capacity	$/kW-mo	3.25	3.50	3.50	3.64	3.64	3.79	3.79	3.94	3.94	4.10
WIC	$/kW-mo	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
Santa Clara:											
Base Energy	$MWh	83.05	83.05	83.05	83.05	83.05	83.05	83.05	83.05	83.05	83.05
O&M Component	$MWh	18.09	18.45	18.82	19.20	19.58	19.97	20.37	20.78	21.20	21.62
Year 21 - 25 Adder:	$MWh	0	0	0	0	0	0	0	0	0	0
Redelivery Energy	$MWh	4.49	4.56	4.56	4.63	4.63	4.69	4.69	4.76	4.76	4.83
Total Energy	$MWh	105.63	106.06	106.43	106.87	107.26	107.71	108.11	108.59	109.01	109.50
Redelivery Capacity	$/kW-mo	3.25	3.50	3.50	3.64	3.64	3.79	3.79	3.94	3.94	4.10
WIC	$/kW-mo	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05

BIG HORN I FORECAST

Member Rates:		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Modesto:											
Base Energy	$MWh	37.95	37.95	37.95	37.95	37.95	37.95	37.95	37.95	37.95	37.95
O&M Component	$MWh	12.38	12.38	12.38	12.38	12.38	12.38	19.14	19.52	19.91	20.31
Extension Adder:	$MWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.49
Shaping	$MWh	13.15	13.47	13.47	13.79	13.79	14.17	14.17	14.56	14.56	14.97
Total Energy	$MWh	63.48	63.80	63.80	64.12	64.12	64.50	71.26	72.03	72.42	73.72
WIC	$/kW-mo	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01
Santa Clara:											
Base Energy	$MWh	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00
O&M Component	$MWh	12.38	12.38	12.38	12.38	12.38	12.38	19.14	19.52	19.91	20.31
Extension Adder:	$MWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.49
Shaping	$MWh	13.15	13.47	13.47	13.79	13.79	14.17	14.17	14.56	14.56	14.97
Total Energy	$MWh	62.53	62.85	62.85	63.18	63.18	63.55	70.31	71.09	71.48	72.77
WIC	$/kW-mo	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01
Redding:											
Base Energy	$MWh	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00
O&M Component	$MWh	12.38	12.38	12.38	12.38	12.38	12.38	19.14	19.52	19.91	20.31
Extension Adder:	$MWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.49
Shaping	$MWh	13.15	13.47	13.47	13.79	13.79	14.17	14.17	14.56	14.56	14.97
Total Energy	$MWh	62.53	62.85	62.85	63.18	63.18	63.55	70.31	71.09	71.48	72.77
WIC	$/kW-mo	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01

BIG HORN I FORECAST

Assumptions:
O&M Component is allocated equally at all times.
Allocations between Original and Expanded Contract quantity only apply to non-O&M component

Tranche	Quantity - MW	Quantity - %	Price Non-O&M	Price O&M	Price Total
Original Contract Quantity	124.5	62.41%	36.62	12.38	49.00
Expanded Contract Quantity	75.0	37.59%	37.95	12.38	50.33
Total	199.5	100.00%	37.12	12.38	49.50

	Modesto	Santa Clara	Redding	Total
Participation Percentage	12.50%	52.50%	35.00%	100.00%
Original Contract Quanity Share	0.00%	60.00%	40.00%	
Allocated MW	-	74.70	49.80	124.50
Original Non-O&M	36.62	36.62	36.62	
Expanded Contract Quantity Share	33.25%	40.05%	26.70%	
Allocated MW	24.94	30.04	20.03	75.00
Expanded Non-O&M	37.95	37.95	37.95	
Total MW	24.94	104.74	69.83	199.50
Weighted Price Non-O&M	37.95	37.00	37.00	
O&M Price	12.38	12.38	12.38	
Member Price	50.33	49.38	49.38	

BIG HORN II FORECAST

Member Rates:

		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Modesto:											
Base Energy	$MWh	83.05	83.05	83.05	83.05	83.05	83.05	83.05	83.05	83.05	83.05
O&M Component	$MWh	18.09	18.45	18.82	19.20	19.58	19.97	20.37	20.78	21.20	21.62
Year 21 - 25 Adder:	$MWh	0	0	0	0	0	0	0	0	0	0
Redelivery Energy	$MWh	4.49	4.56	4.56	4.63	4.63	4.69	4.69	4.76	4.76	4.83
Total Energy	$MWh	105.63	106.06	106.43	106.87	107.26	107.71	108.11	108.59	109.01	109.50
Redelivery Capacity	$/kW-mo	3.25	3.50	3.50	3.64	3.64	3.79	3.79	3.94	3.94	4.10
WIC	$/kW-mo	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
Santa Clara:											
Base Energy	$MWh	83.05	83.05	83.05	83.05	83.05	83.05	83.05	83.05	83.05	83.05
O&M Component	$MWh	18.09	18.45	18.82	19.20	19.58	19.97	20.37	20.78	21.20	21.62
Year 21 - 25 Adder:	$MWh	0	0	0	0	0	0	0	0	0	0
Redelivery Energy	$MWh	4.49	4.56	4.56	4.63	4.63	4.69	4.69	4.76	4.76	4.83
Total Energy	$MWh	105.63	106.06	106.43	106.87	107.26	107.71	108.11	108.59	109.01	109.50
Redelivery Capacity	$/kW-mo	3.25	3.50	3.50	3.64	3.64	3.79	3.79	3.94	3.94	4.10
WIC	$/kW-mo	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05