

M-S-R Public Power Agency

SPECIAL MEETING OF THE COMMISSION
Wednesday, August 18, 2021, 12:00 Noon
WEBINAR DIGITAL PLATFORM OR PHONE MEETING

GoTo Meeting Information:

<https://global.gotomeeting.com/join/824706341>

Telephonic Meeting Information:

United States: +1 (872) 240-3212

Access Code: 824-706-341

AGENDA

Distribution:

Commissioners & Alternate Commissioners

Others

Modesto:

James McFall¹ (President)
Martin Caballero (Alt)

Steve Gross
Alan Hockenson
Martin Hopper¹
Scott Van Vuren
Jill De Jong
Ana Vigil
Cindy Worley
Toxie Buriss
Tameka Garnett

Santa Clara:

Ann Hatcher² (V.P.)
Basil Wong (Alt)

Kevin Kolnowski (Alt)
Manual Pineda (Alt)

Redding:

Dan Beans³
Nick Zettel (Alt)

Valerie Ibarra³
Skylar Noetzel

¹ Please post agenda

² Please post agenda

³ Please post agenda

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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.

CALL TO ORDER

ROLL CALL

ACTION ITEMS 1 - 2:

1. August 2021 Outside Services Budget Versus Actual Report and Mid-Year Budget and Goals Review (attached, Martin Hopper)
2. Discussion and Possible Action Regarding August 2021 M-S-R Strategic Reserve Funding Status (attached, Martin Hopper)

CONVENE CLOSED SESSION:

- a. Significant Exposure To Litigation: Government Code §54956.9 (d)(2) – 1 Case

RECONVENE OPEN SESSION

ANNOUNCEMENTS FOLLOWING CLOSED SESSION

MEMBER REPORTS

PUBLIC COMMENT

CONFIRM DATE AND TIME OF NEXT MEETING

ADJOURN

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

M-S-R Public Power Agency Staff Report

Date: August 9, 2021
From: Martin R. Hopper, General Manager
To: M-S-R PPA Commission
Subject: August 2021 Outside Services Budget versus Actual Report and Mid-Year Budget and Goals Review

FISCAL YEAR 2021:

Major Legal and Consulting Providers Reporting Are:

Duncan, Weinberg, Genzer, and Pembroke:	Through:	June 30, 2021
Law Offices of Susie Berlin:	Through:	June 30, 2021
Porter Simon:	Through:	July 31, 2021
KBT LLC:	Through:	July 31, 2021

Legacy Liability Providers Reporting Are:

PNM – Reclamation Management:	Through:	June 30, 2021
WSJM – Reclamation:	Through:	July 31, 2021
PNM – Decommissioning:	Through:	June 30, 2021

Detailed charts of monthly budget versus actual cost comparisons for each provider are attached. Please note the charts include projected costs printed in ***bold italics*** through year-end. Note: Legacy Liability WSJM Reclamation budget adjusted to revised Annual Operating Plan provided by PNM April 16, 2021 and other Line Items are adjusted to incorporate the re-allocations recommended below.

Mid-Year Budget Review:

Overall, the Agency's controllable expense categories are generally tracking to the year-end budgets as discussed below. Historically, the Agency has not made budget transfers or changes within the same account or budget category in the absence of major emergent cost changes and particularly when such transfers would not significantly affect Member billings or cost allocations. The total of the consulting and legal budgets will remain unchanged at \$622,000. Various rebalancings of line items are described below will be implemented administratively in accordance with the previously expressed consensus of the Commission.

Outside Services:

In aggregate, the outside services categories through June 30, 2021, or 50% of the year have expenditures estimated at \$355,900 or about 57% of their annual budgets and are estimated to complete the year at \$592,100 or about 95% of the annual budget of \$622,000 based on weighted projections of expected workloads. Although certain BPA and San Juan activities have been concentrated in the first half of the year, annual costs will yield to original year-end projections.

The following table summarizes the budget status and allocations by function:

Categories	Total Original Legal & Consulting 2021 Budget	Budget Reallocations	Total Reallocated Legal & Consulting 2021 Budget	Expected Legal & Consulting 2021 Year-End
Generation	60,000	21,000	81,000	80,000
Generation - Other	1,000	65,000	66,000	64,600
Renewables	62,000	-18,000	44,000	38,600
Renewables - Other	345,000	-	345,000	327,600
Regulatory & Compliance	116,000	-50,000	66,000	64,600
Agency Admin & General	38,000	-18,000	20,000	17,200
Total	622,000	-	622,000	592,200

The following table summarizes the budget status and allocations by provider:

Provider	Total Original 2021 Budget	Budget Reallocations	Total Reallocated 2021 Budget	Expected 2021 Year-End
Duncan Weinberg	350,000	-39,000	311,000	305,100
C. Susie Berlin	60,000	-20,000	40,000	36,600
Misc. Counsel (New Mexico: R. Virtue)	1,000	64,000	65,000	63,500
Porter Simon	48,000	-10,000	38,000	35,100
Navigant Consulting	3,000	-2,000	1,000	1,000
KBT Energy	160,000	7,000	167,000	150,900
Total	622,000	-	622,000	592,200

The main factors driving the adjustments were as follows:

- Duncan Weinberg – Generation expense added regarding review enforceability of certain Decommissioning Agreement provisions and reduction in Regulatory & Compliance cost for FERC and regulatory monitoring. Also note front loading of BPA activities due to Procedural Calendar concentration in first half of year.
- C. Susie Berlin – Significant reduction in general RES/RPS activities and lesser effort in first half of year in support of CARB reporting regulations (New CARB rulemaking process to ramp-up in fall.)
- Porter Simon – General reduction in administrative support. Activities related to San Juan Legacy Liability issues regarding decommissioning and mine reclamation clean break proposals anticipated to remain at current levels unless new litigation develops.
- KBT Energy – Reduction in general administrative support and increase for support of San Juan Legacy Liability issues regarding decommissioning and mine reclamation clean break proposals.

As the budget total is unchanged, no budgetary revisions will be made and any necessary adjustments to invoices will be handled through the annual true-up. Monthly Budget v. Actual reporting will track the Line Item adjustments noted above.

Legacy Liabilities:

Legacy Liabilities are funded from reserves and trusts and as such, do not directly affect the Agency's Budget. However, this report provides an opportunity to report on the status of such.

The following table summarizes funding status, expected activity and period-ending balances required and attained:

	Reclamation Trust	Decommissioning Trust
Beginning Balance	\$17,197,903	\$2,191,629
2021 Deposits	\$0	\$0
Expenditures Through July 31, 2021	\$654,889	\$37,994
Estimated Income Through July 31, 2021	\$98,283	\$10,991
Estimated Trust Balance July 31, 2021	\$16,641,296	\$2,164,626
Remaining Expected Expenditures Through Period	\$459,675	\$20,000
Expected Income Through Period	\$140,712	\$18,032
Expected Periodic Balance	\$16,298,494	\$2,162,658
Required Periodic Balance	\$15,184,493	\$2,280,000
Surplus/Deficit Balance	\$1,114,001	-\$117,342
Period Ending Date	December 31, 2021	December 31, 2022

Although the above summary shows the Reclamation Trust having a surplus position and the Decommissioning Trust having a deficit position at the end of their periodic cycles, it does not show the effect of unrealized investment valuation adjustments or future reclamation or decommissioning re-evaluations which also may require additional deposits. This table also does not reflect the costs of the Reclamation Operating Agent (PNM) which are expected to total about \$42,000 or continuing coverage environmental insurance costs of about \$15,000 in the current year and that are funded from the Agency's reserves.

Mid-Year Goals Review:

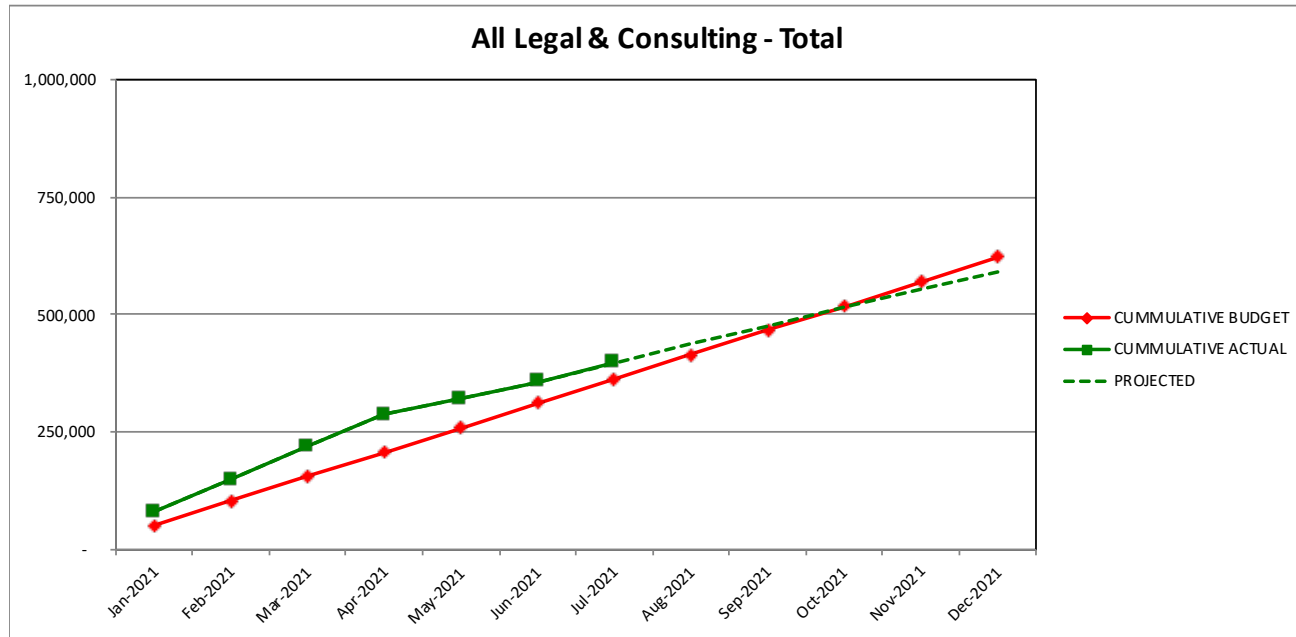
Attached to this report is the General Manger's Mid-Year Goals review that also includes hourly work estimates for specific General Manager and General Consultant activities.

Recommendation:

I recommend the Commission note and file this report.

M-S-R PPA All Legal & Consult Summary

Month of: Jul-2021



CURRENT MONTH				
By Function	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	6,750	9,550	(2,800)	141%
Gen - Other	5,500	6,000	(500)	109%
Renewables	3,667	2,832	835	77%
Rens - Other	28,750	17,640	11,110	61%
Reg & Comp	5,500	5,500	0	100%
Administrative	1,667	674	993	40%
Total	51,833	42,196	9,637	81%

YEAR TO DATE				
By Function	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	47,250	52,039	(4,789)	110%
Gen - Other	38,500	54,053	(15,553)	140%
Renewables	25,667	18,633	7,034	73%
Rens - Other	201,250	230,669	(29,419)	115%
Reg & Comp	38,500	36,254	2,246	94%
Administrative	11,667	6,436	5,231	55%
Total	362,833	398,084	(35,250)	110%

CURRENT MONTH				
By Provider	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Duncan	25,917	16,500	9,417	64%
Berlin	3,333	3,500	(167)	105%
Porter Simon	3,167	3,652	(485)	115%
KBT	13,917	12,544	1,373	90%
Others	5,500	6,000	(500)	109%
Total	51,833	42,196	9,637	81%

YEAR TO DATE				
By Provider	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Duncan	181,417	222,610	(41,193)	123%
Berlin	23,333	19,139	4,194	82%
Porter Simon	22,167	17,402	4,765	79%
KBT	97,417	85,972	11,445	88%
Others	38,500	52,961	(14,461)	138%
Total	362,833	398,084	(35,250)	110%

M-S-R PPA Duncan Summary

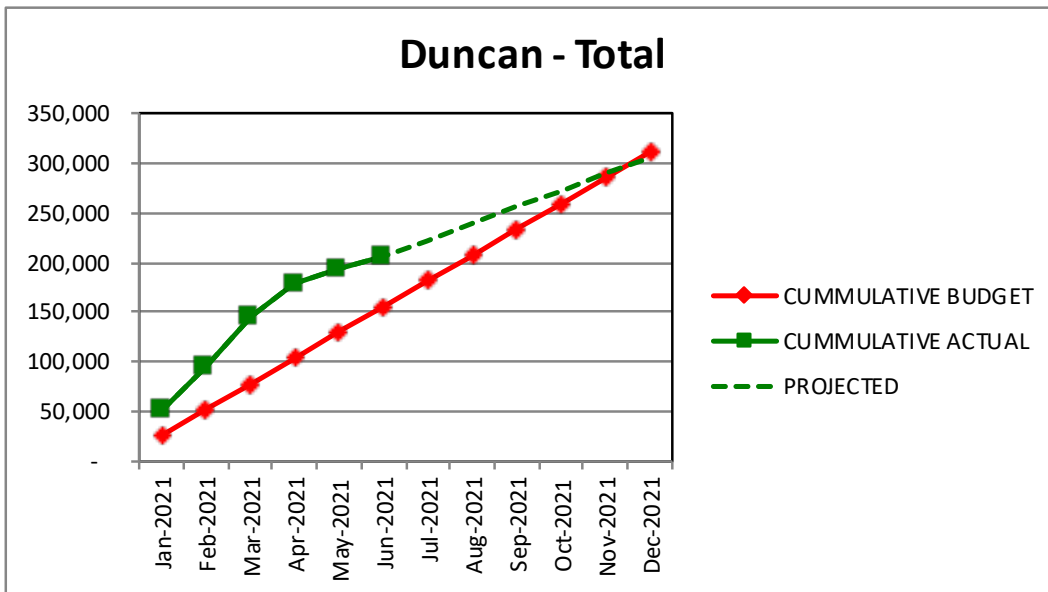
Month of: **Jul-2021**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	500	0	500	0%
Gen - Other	0	0	0	0%
Renewables	0	0	0	0%
Rens - Other	22,917	14,000	8,917	61%
Reg & Comp	2,500	2,500	0	100%
Administrative	0	0	0	0%
Total	25,917	16,500	9,417	64%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	3,500	5,955	(2,455)	170%
Gen - Other	0	0	0	0%
Renewables	0	0	0	0%
Rens - Other	160,417	199,001	(38,584)	124%
Reg & Comp	17,500	17,654	(154)	101%
Administrative	0	0	0	0%
Total	181,417	222,610	(41,193)	123%



M-S-R PPA Berlin Summary

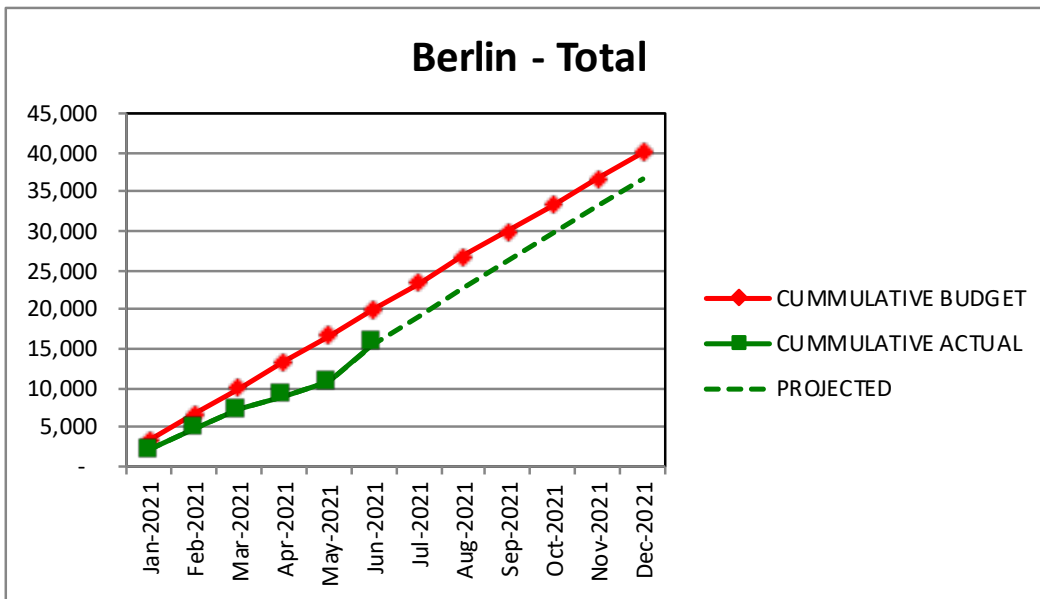
Month of: **Jul-2021**

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	417	500	(83)	120%
Rens - Other	0	0	0	0%
Reg & Comp	2,917	3,000	(83)	103%
Administrative	0	0	0	0%
Total	3,333	3,500	(167)	105%

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	2,917	539	2,378	18%
Rens - Other	0	0	0	0%
Reg & Comp	20,417	18,600	1,817	91%
Administrative	0	0	0	0%
Total	23,333	19,139	4,194	82%



M-S-R PPA Berlin Summary

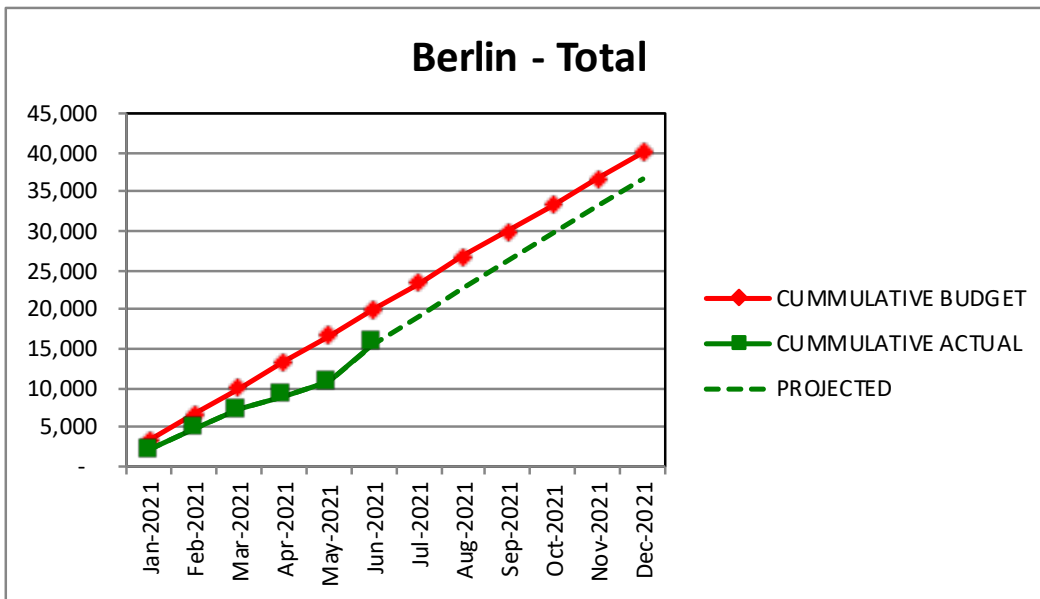
Month of: **Jul-2021**

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	417	500	(83)	120%
Rens - Other	0	0	0	0%
Reg & Comp	2,917	3,000	(83)	103%
Administrative	0	0	0	0%
Total	3,333	3,500	(167)	105%

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	2,917	539	2,378	18%
Rens - Other	0	0	0	0%
Reg & Comp	20,417	18,600	1,817	91%
Administrative	0	0	0	0%
Total	23,333	19,139	4,194	82%



M-S-R PPA Misc Legal & Consult Summary

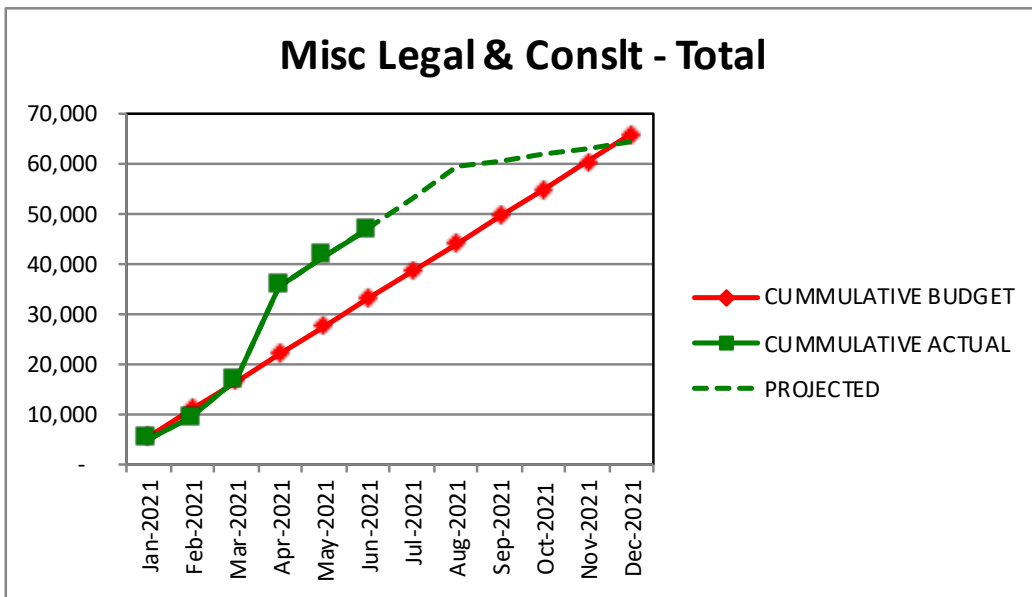
Month of: **Jul-2021**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	5,417	6,000	(583)	111%
Renewables	0	0	0	0%
Rens - Other	0	0	0	0%
Reg & Comp	0	0	0	0%
Administrative	83	0	83	0%
Total	5,500	6,000	(500)	109%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	37,917	52,961	(15,045)	140%
Renewables	0	0	0	0%
Rens - Other	0	0	0	0%
Reg & Comp	0	0	0	0%
Administrative	583	0	583	0%
Total	38,500	52,961	(14,461)	138%



M-S-R PPA Porter Simon Summary

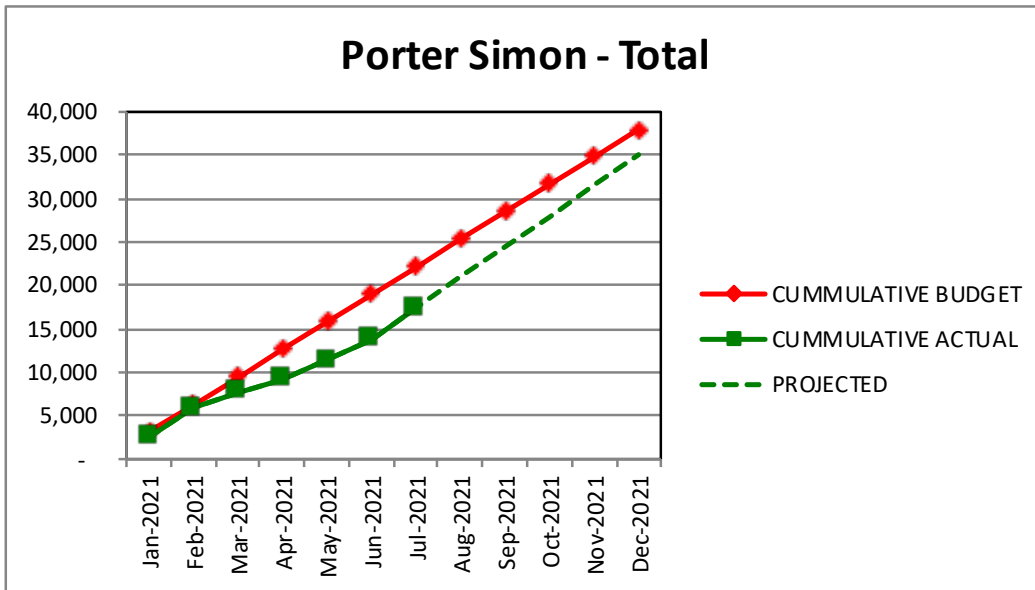
Month of: **Jul-2021**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	2,083	3,190	(1,107)	153%
Gen - Other	0	0	0	0%
Renewables	167	0	167	0%
Rens - Other	0	0	0	0%
Reg & Comp	83	0	83	0%
Administrative	833	462	371	55%
Total	3,167	3,652	(485)	115%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	14,583	13,860	723	95%
Gen - Other	0	0	0	0%
Renewables	1,167	286	881	25%
Rens - Other	0	0	0	0%
Reg & Comp	583	0	583	0%
Administrative	5,833	3,256	2,577	56%
Total	22,167	17,402	4,765	79%



M-S-R PPA KBT Summary

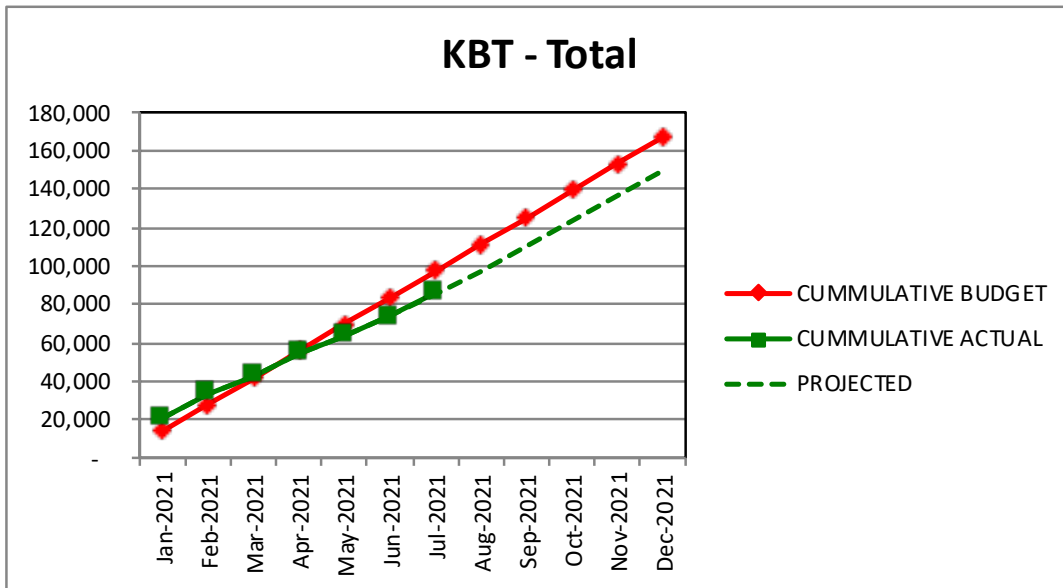
Month of: **Jul-2021**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	4,167	6,360	(2,193)	153%
Gen - Other	83	0	83	0%
Renewables	3,083	2,332	751	76%
Rens - Other	5,833	3,640	2,193	62%
Reg & Comp	0	0	0	0%
Administrative	750	424	326	57%
Total	13,917	12,756	1,161	92%

YEAR TO DATE

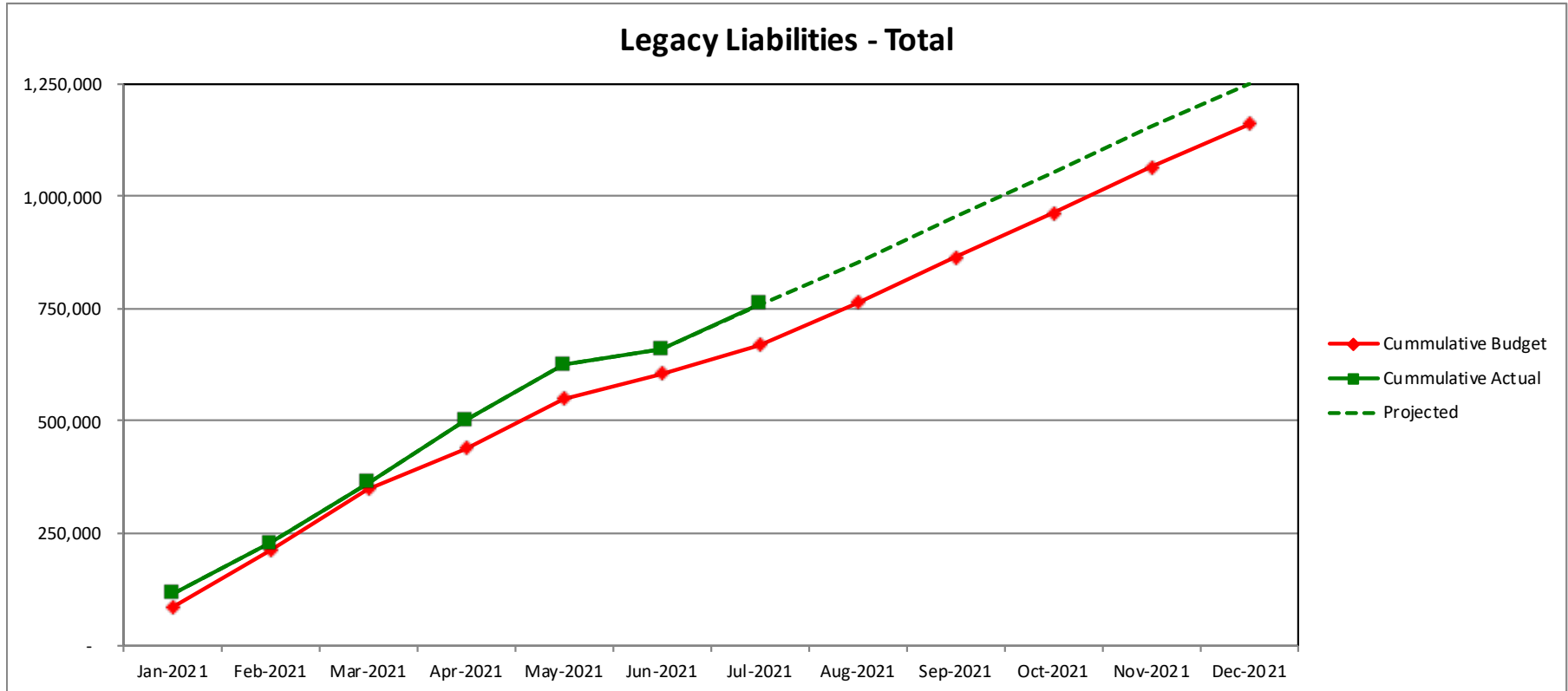
	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	29,167	32,224	(3,057)	110%
Gen - Other	583	1,092	(509)	187%
Renewables	21,583	17,808	3,775	83%
Rens - Other	40,833	31,668	9,165	78%
Reg & Comp	0	0	0	0%
Administrative	5,250	3,180	2,070	61%
Total	97,417	85,972	11,445	88%



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 Projection	Notes
Legal			8.33%	16.67%	25.00%	33.33%	41.67%	50.00%	58.33%	66.67%	75.00%	83.33%	91.67%	100.00%				
DWG&P																		
Generation																		
SJGS Agreements	-	6,000	-	-	-	1,629	4,326	-	-	-	-	-	-	-	5,955	496	5,955	
Renewables																		
BPA/PNW Gen1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rens - Other																		
BPA Rate Cases	275,000	275,000	48,455	42,128	46,840	28,432	7,926	11,219.94	14,000	14,000	14,000	14,000	14,000	14,000	269,001	22,417	269,001	
Regulatory & Comp																		
FERC Gen1	75,000	30,000	2,343	2,291	2,751	3,249	2,212	2,308.50	2,500	2,500	2,500	2,500	2,500	2,500	30,154	2,513	30,154	
	350,000	311,000	50,798	44,419	49,590	33,310	14,464	13,528.44	16,500	16,500	16,500	16,500	16,500	16,500	305,110	25,426	305,110	98%
			16.33%	30.62%	46.56%	57.27%	61.92%	66.27%	71.58%	76.88%	82.19%	87.50%	92.80%	98.11%				
Law Offices of Susie Berlin																		
Generation																		
Renewables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Regulatory & Comp																		
RES/RPS	20,000	5,000	-	-	-	-	-	39.00	500	500	500	500	500	500	3,039	253	3,039	
A&G																		
AB32/Cap & Trade/	40,000	35,000	2,145	2,652	2,496	1,677	1,872	4,758.00	3,000	3,000	3,000	3,000	3,000	3,000	33,600	2,800	33,600	
	60,000	40,000	2,145	2,652	2,496	1,677	1,872	4,797.00	3,500	3,500	3,500.00	3,500.00	3,500	3,500	36,639	3,053	36,639	
			5.36%	11.99%	18.23%	22.43%	27.11%	39.10%	47.85%	56.60%	65.35%	74.10%	82.85%	91.60%				
Others																		
Generation - Other																		
Najjar & Virtue	1,000	65,000	4,997	4,452	7,375	18,906	5,966	5,264.98	6,000	6,500	1,000	1,000	1,000	1,000	63,461	5,288	63,461	Richard Virtue
	1,000	65,000	4,997	4,452	7,375	18,906	5,966	5,264.98	6,000	6,500	1,000	1,000	1,000	1,000	63,461	5,288	63,461	
			7.69%	14.54%	25.88%	54.97%	64.15%	72.25%	81.48%	91.48%	93.02%	94.56%	96.09%	97.63%				98%
Sub Total	411,000	416,000	57,940	51,523	59,461	53,893	22,302	23,590	26,000	26,500	21,000	21,000	21,000	21,000	405,210	33,767	405,210	97%
			13.93%	26.31%	40.61%	53.56%	58.92%	64.59%	70.84%	77.21%	82.26%	87.31%	92.36%	97.41%				
General Counsel																		
Porter Simon																		
M-S-R PPA																		
Generation	25,000	25,000	2,068	2,068	1,584	1,430	1,232	2,288	3,190.00	2,083	2,083	2,083	2,083	2,083	24,277	2,023	24,277	
Renewables	2,000	2,000	-	220	-	-	66	-	-	167	167	167	167	167	1,119	93	1,119	
Regulatory & Comp	1,000	1,000	-	-	-	-	-	-	-	83	83	83	83	83	417	35	417	
A&G	20,000	10,000	440	1,034	264	22	990	44	462.00	1,200	1,200	1,200	1,200	1,200	9,256	771	9,256	
	48,000	38,000	2,508	3,322	1,848	1,452	2,288	2,332	3,652.00	3,533	3,533	3,533	3,533	3,533	35,069	2,922	35,069	92%
			6.60%	15.34%	20.21%	24.03%	30.05%	36.18%	45.79%	55.09%	64.39%	73.69%	82.99%	92.29%				
Consulting																		
KBT																		
Generation																		
General	35,000	50,000	3,604	3,604	3,392	5,088	4,452	5,724	6,360.00	3,500	3,500	3,500	3,500	3,500	49,724	4,144	49,724	
Gen - Other																		
SJGS Disposition	-	1,000	1,092	-	-	-	-	-	-	-	-	-	-	-	1,092	91	1,092	
Renewables																		
General	40,000	37,000	3,180	2,332	2,756	2,756	2,120	2,332	2,332.00	3,083	3,083	3,083	3,083	3,083	33,225	2,769	33,225	
Rens - Other																		
BP-22 Rate Case	70,000	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	BP-22 Rate Case
KBT 2021-01			21,840	12,376	6,552	-	-	-	-	-	-	-	-	-	18,928	9,464	18,928	Jan - Feb
KBT 2021-02			14,560	-	-	3,094	2,730	-	-	-	-	-	-	-	5,824	2,912	5,824	Mar - Apr
KBT 2021-04			7,280	-	-	-	-	-	-	-	-	-	-	-	3,276	1,638	3,276	May - Jun
KBT 2021-05			7,280	-	-	-	-	2,002	1,274	3,640	3,640	-	-	-	7,280	3,640	7,280	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		50,960													58,641		58,641	
Regulatory & Comp																		
Administrative	15,000	9,000	424	424	212	1,060	424	424	212.00	750	750	750	750	750	6,930	578	6,930	
	160,000	167,000	50,960	20,676	12,912	9,454	11,634	8,998	9,754	12,544.00	10,973	13,167	13,167	13,167	149,612	36,902	149,612	90%
			12.38%	20.11%	25.77%	32.74%	38.13%	43.97%	51.48%	58.05%	65.94%	73.82%	81.70%	89.59%	149,612			
Others																		
Administrative																		
Navigant/Guidehou	3,000	1,000	-	-	-	-	-	-	-	-	250	250	250	250	1,000	83	1,000	Meetings
	3,000	1,000	-	-	-	-	-	-	-	-	250	250	250	250	1,000	83	1,000	
			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	50.00%	75.00%	100.00%				100%
Sub Total	163,000	168,000	20,676	12,912	9,454	11,634	8,998	9,754	12,544	10,973	13,417	13,417	13,417	13,417	150,612	36,985	150,612	90%
			12.31%	19.99%	25.62%	32.55%	37.90%	43.71%	51.17%	57.71%	65.69%	73.68%	81.66%	89.65%				
GRAND TOTAL	622,000	622,000	81,124	67,757	70,763	66,979	33,588	35,676	42,196	41,007	37,950	37,950	37,950	37,950	590,890	73,675	590,890	95.00%
			13.04%	23.94%	35.31%	46.08%	51.48%	57.22%	64.00%	70.59%	76.69%	82.80%	88.90%	95.00%				

Legacy Liability - Total

Month of: Jul-2021



CURRENT MONTH					YEAR TO DATE				
By Function	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %	By Function	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
PNM - Reclamation	3,333	3,333	0	100%	PNM - Reclamation	23,333	12,873	10,460	55%
WSJM - Reclamation	57,341	93,784	(36,443)	164%	WSJM - Reclamation	618,804	705,677	(86,873)	114%
PNM - Decommission	4,000	4,000	0	100%	PNM - Decommission	28,000	41,831	(13,831)	149%
Total	64,674	101,118	(36,443)	156%	Total	670,138	760,382	(90,244)	113%

PNM - Reclamation

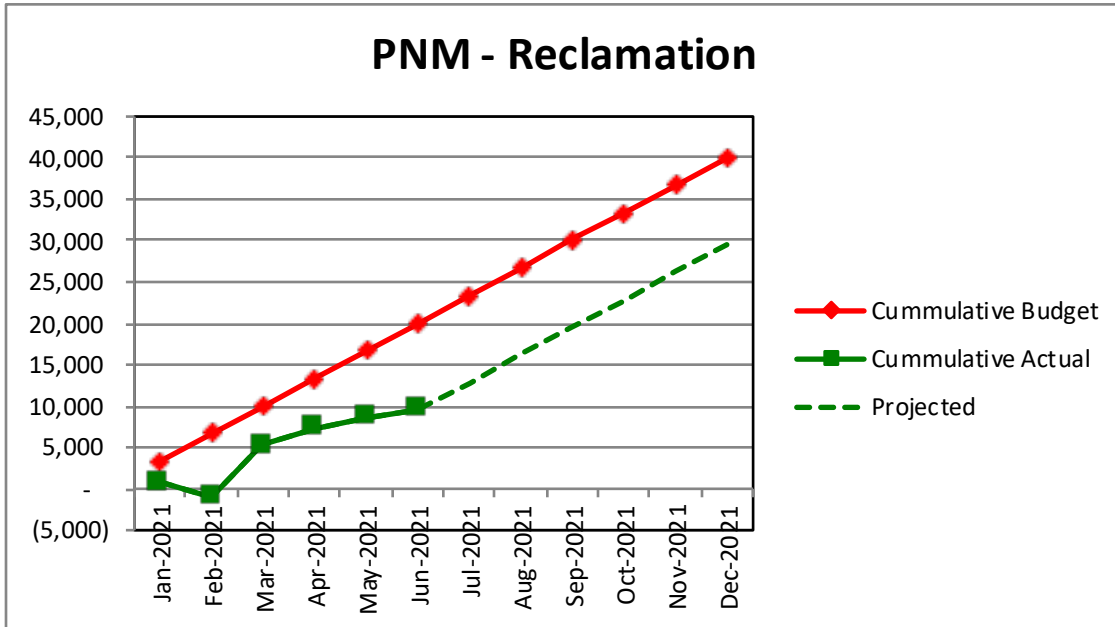
Month of: **Jul-2021**

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	23,333	12,873	10,460	55%
Total	23,333	12,873	10,460	55%



WSJM - Reclamation

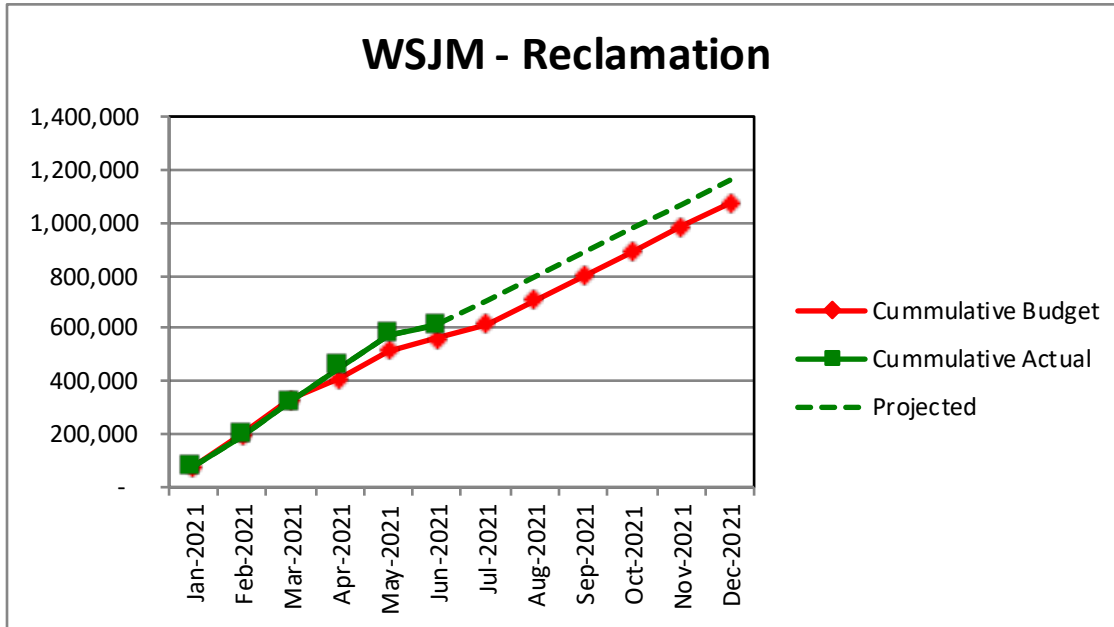
Month of: **Jul-2021**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	57,341	93,784	(36,443)	164%
Total	57,341	93,784	(36,443)	164%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	618,804	705,677	(86,873)	114%
Total	618,804	705,677	(86,873)	114%



PNM - Decommissioning

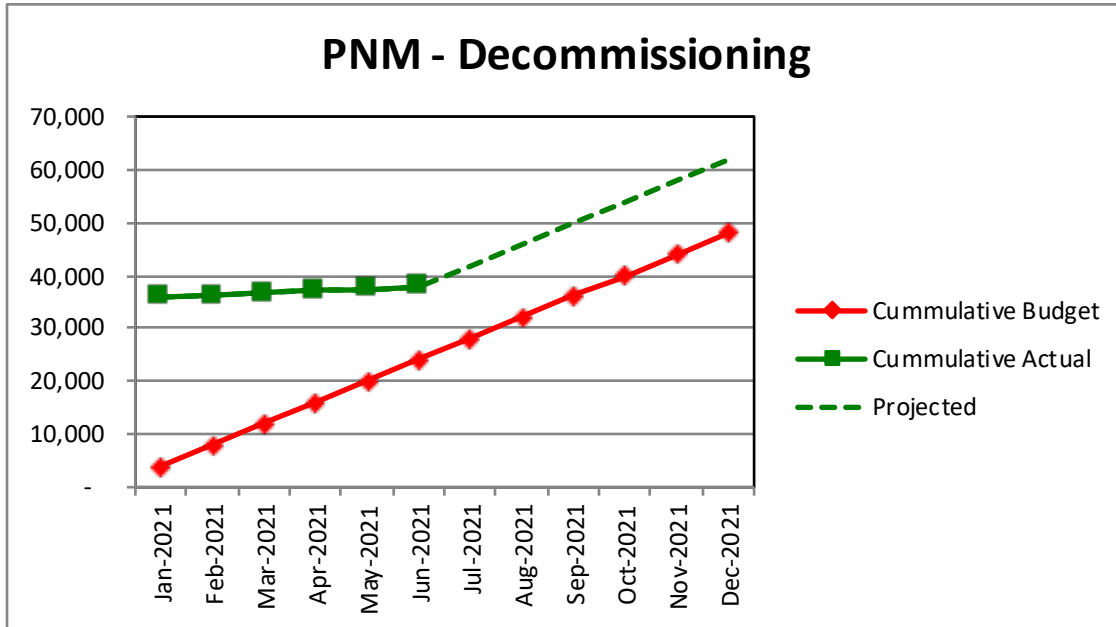
Month of: **Jul-2021**

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	28,000	41,831	(13,831)	149%
Total	28,000	41,831	(13,831)	149%



Legacy Liability Costs - 2021	M-S-R 2021 Budget	Revised or A.O.P	Jan-2021 8.33%	Feb-2021 16.67%	Mar-2021 25.00%	Apr-2021 33.33%	May-2021 41.67%	Jun-2021 50.00%	Jul-2021 58.33%	Aug-2021 66.67%	Sep-2021 75.00%	Oct-2021 83.33%	Nov-2021 91.67%	Dec-2021 100.00%	Total	Average	Year-End 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			673	(1,691)	6,198	2,222	1,166	971.77	3,333	3,333	3,333	3,333	3,333	3,333	29,540	2,462	29,540
Cummulative Actual	40,000	40,000	673	(1,691)	6,198	2,222	1,166	971.77	3,333	3,333	3,333	3,333.33	3,333.33	3,333	29,540	2,462	29,540
			673	(1,018)	5,180	7,402	8,568	9,540	12,873	16,207	19,540	22,873	26,207	29,540			74%
			1.68%	-2.54%	12.95%	18.50%	21.42%	23.85%	32.18%	40.52%	48.85%	57.18%	65.52%	73.85%			
WSJM - Reclamation - Budget	925,000	1,072,463	78,389	120,172	128,336	82,729	104,568	47,270	57,341	85,926	94,355	90,726	94,927	87,725	1,072,463		
Cummulative Budget			78,389	198,561	326,897	409,626	514,193	561,463	618,804	704,731	799,085	889,811	984,738	1,072,463			
San Juan - Surface	925,000	1,072,463	78,389	113,437	128,336	135,985	122,346	33,401	93,784.23	85,926	94,355	90,726	94,927	87,725	1,159,336	96,611	1,159,336
San Juan - Underground			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cummulative Actual	925,000	1,072,463	78,389	113,437	128,336	135,985	122,346	33,401	93,784.23	85,926	94,355	90,726	94,926.57	87,725	1,159,336	96,611	1,159,336
			78,389	191,826	320,161	456,146	578,492	611,893	705,677	791,604	885,958	976,684	1,071,611	1,159,336			108%
			7.31%	17.89%	29.85%	42.53%	53.94%	57.05%	65.80%	73.81%	82.61%	91.07%	99.92%	108.10%			
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			35,902	276	408	492	368	385.05	4,000	4,000	4,000	4,000	4,000	4,000	61,831	5,153	61,831
Cummulative Actual	48,000	48,000	35,902	276	408	492	368	385.05	4,000	4,000	4,000	4,000.00	4,000.00	4,000	61,831	5,153	61,831
			35,902	36,179	36,587	37,078	37,446	37,831	41,831	45,831	49,831	53,831	57,831	61,831			128.81%
			74.80%	75.37%	76.22%	77.25%	78.01%	78.81%	87.15%	95.48%	103.81%	112.15%	120.48%	128.81%			
Total Legacy Liability	1,013,000	1,160,463	114,965	112,022	134,942	138,698	123,880	34,758	101,118	93,260	101,688	98,059	102,260	95,058	1,250,707	104,226	1,250,707
			114,965	226,987	361,929	500,626	624,507	659,264	760,382	853,641	955,329	1,053,389	1,155,649	1,250,707			108%
			9.91%	19.56%	31.19%	43.14%	53.82%	56.81%	65.52%	73.56%	82.32%	90.77%	99.59%	107.78%			
Cummulative Budget			85,723	213,228	348,897	438,959	550,860	605,463	670,138	763,397	865,085	963,145	1,065,404	1,160,463			
Cummulative Actual			114,965	226,987	361,929	500,626	624,507	659,264	760,382	853,641	955,329	1,053,389	1,155,649	1,250,707			

Italics = Estimated

M-S-R PPA General Manager

Mid-Year Review of General Manager 2021 Goals

GOAL	PPA Status	EA Corollaries
<p>1. San Juan Divestiture:</p> <p>a. Manage transition activities regarding wind-up of San Juan generation activities and establish systems necessary to manage Legacy Liabilities within the Working Capital Policy adopted in Resolution 2020-02.</p> <p>b. Manage updates of Decommissioning Study by Decommissioning Agent, negotiation of Decommissioning Plan under Decommissioning Agreement, and recommend needed adjustments, if any, to Legacy Liability funding plan.</p>	<p>1. San Juan Divestiture: GM YTD: 550 hours – YE est 950 hours Cnslt YTD: 150 hours – YE est 230 hours)</p> <p>a. General Manager is lead representative to Decommissioning and Reclamation C'tes supported by General Consultant.</p> <p>Working Capital Policy adopted November 30, 2020 (see Item 4 (b) below) establishes Strategic Reserve and addresses Legacy Liability contingencies – funded from existing Operating Fund and projected earnings without cash calls to Members.</p> <p>b. Agreement reached with PNM on scope and use of 2021 Decommissioning Study to be completed prior to year-end in accordance with terms of PNM/Avangrid Merger Case Stipulation. Scenario expected to be least-cost on whole-life cost analysis basis will be demolition and site restoration suited to industrial re-use. Costs projected to fall between Target and Minimum tranches of Plant Decommissioning Strategic Reserve.</p>	<p>1. N/A</p>

GOAL	PPA Status	EA Corollaries
<p>2. Big Horn Projects and BPA Rates:</p> <p>a. Monitor and participate in BPA rate proceedings and workshops to mitigate cost and operational impacts on the Big Horn Wind Energy Projects.</p> <p>b. Begin negotiation of clarifying amendments to Big Horn I Agreements regarding definitions and indices applicable to Big Horn I extension period and preparation of conformed agreements to ease administration of contracts.</p> <p>c. Monitor and participate in ARB and CEC processes to ensure continued benefit from M-S-R PPA’s early action in renewable energy projects.</p> <p>d. Continue to evaluate annual cost to monitor and participate in BPA proceedings relative to the expected cost impacts to the Big Horn Wind Energy Projects and update evaluation report as-needed to the Commission.</p>	<p>2. Big Horn Projects and BPA Rates: GM YTD: 110 hours – YE est 200 hours Cnslt ALH YTD: 195 hours – YE est 160 hours Cnslt DLA YTD: 165 hours – YE est 320 hours:</p> <p>a. Implemented workplans and priorities for BPA activities re Rate Case Issues and outreach to PNW peers as set at 2020 BPA Day. BP-22 Initial Proposal transmission rates averaged 11.6% increase. Final ROD for rates affecting Big Horn averaged 5.3%.</p> <p>b. Key issues identified and proposed terms identified. In-person discussions with Avangrid are on hold pending termination of COVID-19 travel restrictions. Given length of hold, Avangrid may be willing to restart discussions virtually.</p> <p>c. Participated in CARB processes re Cap & Trade accounting and reporting regulations. Initial workshops re 2022 Scoping Plan updates commenced in July 2021.</p> <p>d. 2020 evaluation report recommended participation through BP-28, at which time remaining benefits may begin to exceed costs. Final BP-22 reduction of about \$345k/year over initial proposal – in range of report expectation.</p>	<p>N/A</p>

GOAL	PPA Status	EA Corollaries
<p>e. Continue effort to seek administrative cost savings in monitoring Northwest Project activities.</p> <p>f. Work with the Commission to determine the need and value of a group trip to the Big Horn project in 2022.</p>	<p>e. Remote meeting attendance imposed by COVID-19 restrictions will continue to be applied when possible after travel restrictions are lifted.</p> <p>f. Postponed until at least 2022 due to Member COVID-19 travel restrictions and unknown date for releases. Placeholder cost allocation was included in 2022 Budget.</p>	
<p>3. M-S-R Budget and Expense Management Processes</p> <p>a. Review, implement, and update as necessary, processes including budget and expense controls and reporting mechanisms including task result reports and cost tracking referenced to original work authorizations or delegations of authority, for reconciliation of the Agency’s controllable costs with the Annual Budget.</p> <p>b. Continue to implement monthly reporting as identified by the Commission President.</p>	<p>3. M-S-R Budget and Expense Management Processes: (Note: Other than Item 3(c), hours tracked under Administrative Matters):</p> <p>a. Task Order System for Outside Services Consultants remains effective in controlling costs.</p> <ul style="list-style-type: none"> ▪ Phase-out of FERC TRR dockets complete. ▪ Periodic Budget v. Actual Reports provided to Technical C’tee & Commission. ▪ Additional detail provided in General Consultant and FERC Counsel periodic reports. ▪ Legal and consulting costs are estimated to complete year at 95% of budget. <p>b. Monthly reports on General Manager and General Consultant hours and activities provided to Commissioners.</p>	<p>3. M-S-R Budget and Expense Management Processes:</p> <p>a. Task Order System implemented for Outside Services Consultant.</p> <ul style="list-style-type: none"> ▪ No legal assignments in 2021. ▪ Periodic Budget v. Actual Reports provided to Technical C’tee & Commission. <p>b. Included in M-S-R PPA monthly reports.</p>

GOAL	PPA Status	EA Corollaries
<p>c. Review and recommend actions related to further reductions of Agency Consultant utilization post-San Juan Exit and replace when possible with General Manager representation of Agency where necessary to preserve the Agency’s interests or where Agency representation brings unique insight to Member interests.</p>	<p>c. No new work tasks or areas of interest have been initiated this year.</p> <p>YE 2021 General Consultant A&G support estimate reduced by 50% over YE 2020.</p>	
<p>4. Administrative Matters:</p> <p>Note: Items a. and b. were completed in 2020 and were inadvertently carried over to 2021 and are shown in italics below.</p> <p><i>a. Review, implement, and update as necessary the M-S-R PPA Policies And Procedures Manual to assure the efficient administration of the Agency in compliance with its organic agreements and Commission directives. Prepare 2020 update to M-S-R PPA Policies And Procedures Manual.</i></p> <p><i>b. Review and recommend updates to “Cash on Hand” Policy (Resolution 2013-07 - Working Capital Policy), last reviewed in 2013.</i></p> <p>c. Rebuild and rehost Agency website to address the following priorities:</p> <p>i. Reflect current Agency</p>	<p>4. Administrative Matters:</p> <p>GM YTD: 220 hours – YE est 370 hours</p> <p>Cnslt YTD: 14 hours – YE est 25 hours</p> <p><i>a. 2020 update to Policies and Procedures Manuals (Resolution 2020-01) and 2021 Strategic Plan adopted by Commission September 30, 2020.</i></p> <p><i>b. New Working Capital Policy (Resolution 2020-01) adopted by Commission September 30, 2020.</i></p> <p>c. Interim patches made to website. Project underway with draft revised site under review.</p>	<p>4. Administrative Matters:</p> <p>GM YTD: See below.</p> <p><i>a. 2020 update to Policies and Procedures Manuals (Resolution 2020-01) and 2021 Strategic Plan adopted by Commission September 30, 2020.</i></p> <p><i>b. New Working Capital Policy (Resolution 2020-01) adopted by Commission September 30, 2020.</i></p> <p>c. To be addressed concurrently with M-S-R PPA update.</p>

GOAL	PPA Status	EA Corollaries
<p>operations,</p> <ul style="list-style-type: none"> ii. Meet requirements of State Law (and document same), iii. Provide straightforward access to agenda packages, iv. Provide for (and maintain) regular updates, and v. Address compatibility issues between current e-mail system and Outlook users. <p>d. Continue to report on General Manager activities and annual efforts for same in conjunction with semi-annual reviews of General Manager goals.</p> <p>e. Increase communication and consultation with Commission President on agency issues and General Manager activities of heightened interest.</p> <p>f. Strive to inform Commissioners of key news as it happens between regularly scheduled meetings and maintain regular contact with the Commission President.</p> <p>g. Implement General Manager Succession Plan as needed.</p>	<p>d. See this report.</p> <p>e. Monthly reports provided to Commissioners and standing monthly briefing calls with President implemented.</p> <p>f. Communications of major news provided consistent with Brown Act restrictions. Monthly briefings provided to President per 4. (c) above.</p> <p>g. General Manager Succession Plan prepared and accepted by Commission February 19, 2020 and incorporated in Policies and Procedures manual. To be discussed in Strategic Plan update.</p>	<p>d. Included in M-S-R PPA reports.</p> <p>e. Included in M-S-R PPA monthly reports.</p> <p>f. Communications of major news provided consistent with Brown Act restrictions. Monthly briefings provided to President per 4. (c) above.</p> <p>g. See M-S-R PPA.</p>

GOAL	PPA Status	EA Corollaries
<p>EA Natural Gas Prepay:</p> <p>a. Monitor Member compliance reporting and record-keeping.</p> <p>b. Review proposals for further enhancements or additions to transaction and recommend appropriate actions, if any, to Commission. Particular attention will be made to mitigation of SB100 impacts and Member gas utilization issues.</p> <p>c. Monitor US Bank Sweep Program and semi-annually re-evaluate economics of replacement by long-term Forward Delivery Agreement.</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>EA Mgmt: GM YTD: 45 hours – YE est 80 hours)</p> <p>a. Confirmed protocols for reporting Member to Member transactions.</p> <p>b. Reviewed natural gas utilization (or commodity substitution) and impacts of SB 100. Reviewed concepts with Bond Counsel for Tax compliance. Redding usage issue no longer imminent (2023) and now needs to be addressed prior to 2027.</p> <p>c. Continued monitoring of program and interest rates. Next semi-annual report due September 2021.</p>

M-S-R Public Power Agency Staff Report

Date: August 4, 2021
From: Martin R. Hopper, General Manager
To: M-S-R PPA Commission
Subject: August 2021 M-S-R Strategic Reserve Funding Status

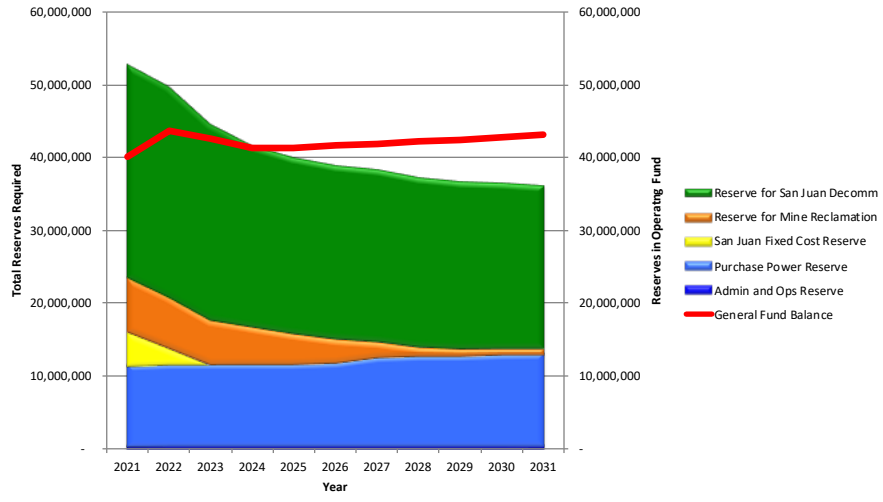
Pursuant to Resolution 2020 – 01, the M-S-R PPA Commission established a Strategic Reserve composed of five tranches, Operating Reserves pertaining to Administrative and General Budgets, Purchase Power, and San Juan Fixed Expenses; and Legacy Liabilities Reserves pertaining to Mine Reclamation, and to San Juan Decommissioning, to be held within and considered a part of the Agency’s General Fund. The Strategic Reserve subsumed and superseded the Agency’s previously established Working Capital Policies, the Member Cash Call Reserve Account, Legacy Liability reservations established pursuant to Resolution 2016-04, and includes the Reserve and Contingency Fund element of the General Fund established pursuant to the Subordinate Lien Indenture of Trust.

The Strategic Reserve Resolution also established Target and Minimum amounts for each Strategic Reserve tranche based on their individually expected risks and exposures but also provided that although the five individual Strategic Reserve tranche requirements are computed separately to establish a total Strategic Reserve requirement, they are to be managed as a collective sum and not as individual reservations. Finally, the Commission is to be briefed on the status of the Strategic Reserve annually in conjunction with the preparation of the Annual Budget and from time to time as needed to guide policy direction or in this instance, in conjunction with the Mid-Year Budget Review.

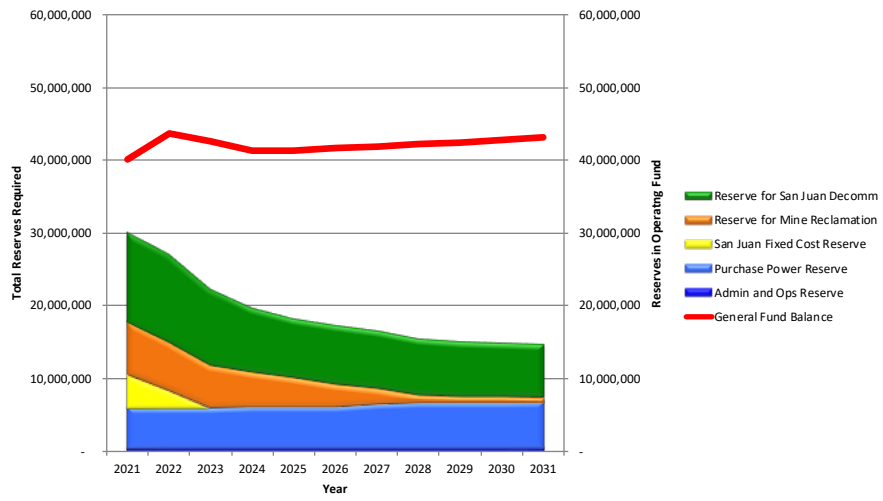
The status of the Agency’s Working Capital Policy’s Strategic Reserve has been computed in conformance with Resolution 2020-01 as based on the adopted 2021 Budget and updated costs and performance to date.

The following charts show projected balances of each Strategic Reserve tranches under Target and Minimum scenarios.

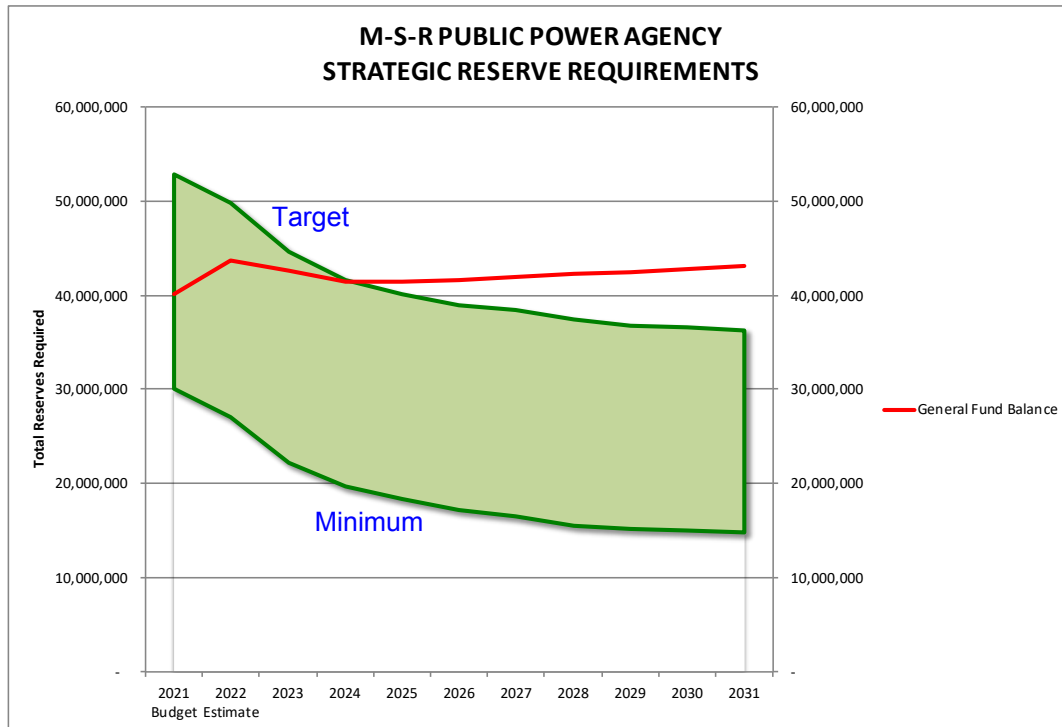
**M-S-R PUBLIC POWER AGENCY
STRATEGIC RESERVE RECOMMENDATIONS
TARGETS**



**M-S-R PUBLIC POWER AGENCY
STRATEGIC RESERVE RECOMMENDATIONS
MINIMUMS**



Illustrated as a graphical overlay, the Agency’s General Fund Balance exceeds the Minimum Requirement in each year and is trending to the Target Amount as anticipated when the Working Capital Policy was approved.



Although the General Fund Balance always exceeds the Minimum Strategic Reserve requirement and exceeds the Target Strategic Reserve requirement after 2024, the disbursement triggers in Section E of the Resolution will not be met before 2025 at the earliest. It is also worthy to note that the largest single reserve tranche by far is for the San Juan Decommissioning contingency. Although the Agency has made significant progress defining the bounds of the Decommissioning liability, no agreement has yet been reached with and among the San Juan owners on final Decommissioning scope.

The following tables set forth the detailed components of the Strategic Reserve for the current and two next-succeeding fiscal years:

M-S-R PPA STRATEGIC RESERVE – TARGETS			
Category	2021 Estimated Year End	2022 Year End Projection	2023 Year End Projection
Net Annual Budget	78,579,000	65,036,000	51,192,000
General Fund Available	40,118,000	43,685,000	42,598,000
General Fund In Days	186	245	304
Reserve Target In Days	245	279	318
Administrative & Operations Reserve Tranche	423,000	441,000	450,000
Purchase Power Reserve Tranche	11,024,000	11,083,000	11,093,000
San Juan Fixed Cost Reserve Tranche	4,569,000	2,288,000	0
Reserve for Mine Reclamation Tranche	7,456,000	6,844,000	5,998,000
Reserve for San Juan Decommissioning Tranche	29,359,000	29,095,000	27,022,000
Total Strategic Reserve Target	52,831,000	49,751,000	44,563,000
Potential Surplus Over General Fund	-12,713,000	-6,066,000	-1,965,000

M-S-R PPA STRATEGIC RESERVE – MINIMUMS			
Category	2021 Estimated Year End	2022 Year End Projection	2023 Year End Projection
Net Annual Budget	78,579,000	65,036,000	51,192,000
General Fund Available	40,711,000	43,685,000	42,598,000
General Fund In Days	186	244	302
Reserve Minimum In Days	139	152	158
Administrative & Operations Reserve Tranche	423,000	441,000	450,000
Purchase Power Reserve Tranche	5,519,000	5,547,000	5,552,000
San Juan Fixed Cost Reserve Tranche	4,569,000	2,288,000	0
Reserve for Mine Reclamation Tranche	7,241,000	6,646,000	5,816,000
Reserve for San Juan Decommissioning Tranche	12,264,000	12,099,000	10,393,000
Total Strategic Reserve Minimum	30,016,000	27,021,000	22,211,000
Potential Surplus Over General Fund	10,102,000	16,664,000	20,387,000

The data tabulated above will be incorporated as-needed in the proposed 2022 M-S-R PPA Strategic Plan.

I recommend the Commission note and file this report.