

**M-S-R PUBLIC POWER AGENCY
MEMORANDUM**

Date: April 29, 2020
To: M-S-R PPA Technical Committee
From: Martin R. Hopper, General Manager
Subject: Thursday, May 7, 2020, M-S-R PPA Technical Committee Meeting

Please find enclosed the agenda for the Thursday, May 7, 2020, 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
Ann Hatcher – SVP
Basil Wong – SVP
Yanmei Qiu – SVP
Steve Handy – Redding
Kamryn Hutson – Redding

M-S-R Public Power Agency

MEETING OF THE TECHNICAL COMMITTEE

Thursday, May 7, 2020, 10:00 AM

WEBINAR DIGITAL PLATFORM OR PHONE MEETING

GoTo Meeting Information:

<https://global.gotomeeting.com/join/634674661>

Telephonic Meeting Information:

United States: +1 (646) 749-3112

Access Code: 634-674-661

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 February 6, 2020 Meeting (attached)
4. General Manager Reports (attached, Martin Hopper)
5. Big Horn Wind Energy Project Operating Statistics (attached, Martin Hopper)
6. San Juan Decommissioning Status Report (attached, Martin Hopper)
7. Status Report Regarding Amendment to San Juan Reclamation Trust Agreement with US Bank (attached, Martin Hopper)

8. ***Discussion and Possible Action Regarding May 2020 Outside Services Budget Versus Actual Report*** (attached)
9. ***Discussion and Possible Action Regarding May 2020 WREGIS REC Status Report*** (attached, Martin Hopper)
10. ***Discussion and Possible Action Regarding Agency Working Capital Policies*** (attached, Martin Hopper)
11. **Closed Session**
 - a. Existing Litigation: Government Code §54956.9 (d)(1) – 3 Cases (NM-PRC Case 19-00018-UT, NM-PRC Case 19-00195-UT, BP-22-BPA)
 - b. Threat To Public Services Or Facilities: Government Code § 54957 (a)
12. Announcement from Closed Session
13. Member Reports
14. Public Comment
15. ***Confirm date and time of next meeting***
16. Adjourn

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

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

The M-S-R Public Power Agency (M-S-R PPA) Technical Committee held a regular meeting on February 6, 2020 at the offices of Navigant Consulting, Inc. in Folsom, CA. 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, City of Redding – Lowell Watros, and Kamryn Hutson. The meeting was called to order at 10:29 a.m.

Approval of Minutes

Upon a motion by Mr. Burriss, seconded by Mr. Wong, the minutes of the meetings held on September 5 and September 24, 2019 were approved unanimously on the call of the roll.

General Manager Report

The General Manager briefly reviewed his November and December 2019 and January 2020 reports included in the package covering October through December activities.

Big Horn Operating Statistics Report

Mr. Hopper reviewed information regarding expected and average production and curtailment statistics. Mr. Wong suggested some revisions to the format of the graphical summaries to provide greater clarity and information. The Committee noted and filed the report.

Decommissioning Status Report

Mr. Hopper reviewed the activities completed in the recent quarter. 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. Efforts of New Mexico Counsel regarding the recent hearings in the San Juan Abandonment Case were reviewed. The increased work accomplished by Westmoreland San Juan Mining regarding mine reclamation activities were noted and the resulting discrepancies between the adopted reclamation funding curves and completed work were discussed. No further exceptions were noted. The Committee then noted and filed the report.

WREGIS REC Status Report

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

2020 San Juan Project Ten-Year Forecast and Legacy Liability Funding Status Report

Mr. Hopper reviewed the forecasted expenditures for Legacy Liability activities. He reported the Reclamation and Decommissioning Trusts are fully funded and that the Agency retains sufficient reserves pursuant to the funding plan approved in Resolution 2016-04 to fund a green-fielding of the San Juan Project site within the costs estimates provided in Burns & Mc Donnell's June 2019 report. It was moved by Representative Burriss and seconded by Representative Wong to recommend the 2020 San Juan Project Ten-Year Forecast and Legacy Liability Funding Status Report be presented to the Commission for its information. On the call of the roll, the motion passed by unanimous vote.

Closed Session Conference with Legal Counsel

Pursuant to Government Code §54956.9(d)(1), the M-S-R PPA Technical Committee retired to closed session at 11:12 a.m. to Conference with Legal Counsel – 3 cases of Existing Litigation (NM-PRC Case 19-00018-UT, NM-PRC Case 19-00195-UT, and BP-22-BPA.)

Announcement from Closed Session

Upon returning to open session at 2:04 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 noted the Agency has received preliminary indications regarding cost of 2020 insurance renewals and the impacts of California wildfire exposures. As the Agency does not bear such risks, Mr. Hopper indicated the Agency's insurance broker will convey documentation of this fact to the underwriters for consideration in scope of coverage and insurance premium calculations. Mr. Hopper solicited further comment from the public and received none.

Next Meeting

The next meeting will be held May 7, 2020, at 10:00 A.M at the offices of Redding Electric Utility in Redding, CA. The meeting was adjourned at 2:05 p.m.

Respectfully submitted.

Martin R. Hopper
General Manager

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

February 6, 2020
10:29 AM

<u>NAME</u>	<u>STATUS</u>	<u>ORGANIZATION</u>
Toxie Burriss	Member	Modesto
Basil Wong	Member	Santa Clara
Lowell Watros	Member	Redding (telephonic at noticed location ¹)
Kamryn Hutson	Guest	Redding (telephonic at noticed location)
Martin Hopper	Guest	General Manager
Steve Gross	Chair	General Counsel

¹ City of Redding – Electric Utility, 3611 Avtech Parkway, Redding, CA 96049

M-S-R Public Power Agency Staff Report

Date: April 16, 2020
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:

- February 2020 – Covering January 2020 Activities
- March 2020 – Covering February 2020 Activities
- April 2020 – Covering March 2020 Activities

Macintosh HD:Users:martinhopper:My Laptop Documents:M-S-R Public Power Agency:Administrative:Staff Reports:Staff Report re General Manager Reports.doc

M-S-R Public Power Agency Staff Report

Date: February 12, 2020
From: Martin R. Hopper, General Manager
To: M-S-R PPA Commission
Subject: February 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 – January 2020 (Approx. 40 hours)

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

Prepared State and Federal Lobbying Plans for review by Member Staff and conducted annual planning meeting with State advocate and Member Staff. Attended CMUA Capitol Day legislator presentations regarding upcoming energy and renewable resource issues.

Meet with Agency's Insurance Brokers and reviewed key renewal issues and provided documentation of Agency's lack of wildfire exposures for use in underwriter negotiations.

Prepared meeting packages for PPA & EA Technical Committee meeting to be held first week of February.

The General Manager 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 – January 2020 (Approx 75 hours):

Monitored NM-PRC filings regarding PNM's abandonment filing and coordinated with New Mexico Counsel regarding hearing process and drafting of joint briefs with Los Alamos County. Coordinated positions and prepared draft terms for response to Farmington/Enchant proposal.

Big Horn – January 2020 (Approx 16 hours):

Prepared detailed review of costs and benefits of participation in BPA Rate Case processes and coordinated same with Counsel. Attended BP-22 workshop regarding cost drivers and reserve requirements.

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

Key Meetings – January 2020

L&R Kickoff Meeting, Sacramento, CA, January 13, 2020. Key Issues: Review of annual workplan and goals.

Insurance Broker Meeting, Sacramento, CA, January 22, 2020. Key Issues: 2020 Renewal Premiums and coverage requirements. Wildfire rate impact mitigation.

CMUA Capitol Day, Sacramento, CA, January 27, 2020. Key Issues: Carbon regulation and renewable resource costs and reporting requirements.

BPA BP-22 Workshop, Portland, OR, January 28, 2020. Key Issues: Renewable integration costs, reserves and financial policies.

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 2020 report is attached regarding 35 hours of support.

BPA Consultant:

Our BPA Consultant, Dr. David Arthur, has prepared a summary of his key activities in January 2020 and discussion of upcoming issues, regarding 2 hours of support is attached.

M-S-R Public Power Agency Staff Report

Date: February 3, 2020
From: Alan Hockenson
To: Martin Hopper
Subject: Specific Work Tasks for January 2020

During January, 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 (10 Hours) – The San Juan Generating Station (San Juan) Decommissioning Committee (SJDC) for January 2020 was cancelled. The SJDC Resolution approved at the December 2019 SJDC meeting was signed on behalf of M-S-R PPA. The key activity for the month related to the City of Farmington proposal, with Enchant Energy, to extend the life of the operating portion of San Juan beyond 2022. The resulting Term Sheet was reviewed and comments were provided to the General Manager.

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), 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.

Since the open access transmission tariff (OATT) for NorthernGrid was rejected by the Federal Energy Regulatory Commission (FERC) in December 2019, Columbia Grid has extended its Regional Transmission Organization (RTO) services for its Member utilities in the Pacific Northwest. The RTO functions will be supported by the staff of the Northwest Power Pool (NWPP) until other arrangements are made. The Columbia Grid Planning Committee met on January 23, 2020 to (1) explain the ramifications of the NorthernGrid OATT rejection, (2) explain the RTO functions that NWPP would be providing, (3) discuss the data that had been provided to create the required Study Plan, and (4) describe how the planning process will work.

Columbia Grid has not identified any inter regional transmission needs but has identified several local areas in the Pacific Northwest that will need special attention.

The Northern Tier Transmission Group (NTTG) provided RTO services to utilities in the Inland Northwest until it disbanded in December. Its former Members had been relying on NorthernGrid to provide RTO services in 2020. Utilities in the Pacific Northwest believe these Members are up to their individual means to meet their FERC Order 1000 RTO obligations.

Administrative (4 Hours) – Activities were limited to updating the Status Reports for Decommissioning and Renewables for the February meeting of the Technical Committee.

All meetings were attended telephonically.

Date: January 23, 2020
From: David Arthur
To: Martin Hopper, General Manager M-S-R
Subject: January 2020 BPA Staff Report – 2 Hours

BPA activity was minimal in January. The primary activity was a “customer lead” meeting with BPA for 2 hours. The focus was on customer concerns and clarifications regarding electrical transmission losses and how various transmission customer groups were treated.

Additional discussion occurred regarding methodology for losses per the Oasis vs. EIM. There was discussion on how BPA would allocate any over collections. No decisions or recommendations were presented.

Several PTP customers expressed concern that BPA needs to separate PTP non- EIM participants from EIM participating. This reflected an on-going concern that the EIM could result in adverse impacts to non-EIM transmission customers.

BPA indicated these concerns would be addressed in future meetings.

I also reviewed the material for the Jan 28th customer meeting. The meeting materials introduce some potentially serious financial issues for the upcoming workshops and rate cases. Specifically, revenue financing reserve financing, and accelerated amortization of “regulatory assets” (in the \$billions) are on the table for discussion and possible rate case proposals. Individually and collectively these could have a material impact upon rates.

M-S-R Public Power Agency Staff Report

Date: March 24, 2020
From: Martin R. Hopper, General Manager
To: M-S-R PPA Commission
Subject: March 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 – February 2020 (Approx. 31 hours)

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

Chaired PPA & EA Technical Committee meetings. Issued approved minutes of prior meetings and draft minutes of current meetings.

Prepared agenda materials and reports for PPA & EA Commission meetings. Issued approved minutes of prior meetings and draft minutes of current meetings.

Met with Financial Advisor to discuss updates to EA Forward Delivery Agreement renewal status and PPA Working Capital Review.

Prepared final GM Succession Plan for Commission review.

Reviewed systems and listings of personal for initiation of Form 700 e-filing and coordinated with Administrative Assistant re same.

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.

M-S-R Public Power Agency Staff Report

Date: March 2, 2020
From: Alan Hockenson
To: Martin Hopper
Subject: Specific Work Tasks for February 2020

During February, 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 (15 hours) – The Participants of the San Juan Generating Station (San Juan) met in Albuquerque, New Mexico on February 5, 2020 to review the proposal by the City of Farmington/Enchant Energy proposal to extend the life of San Juan. This meeting was attended telephonically.

In addition, the Public Service Company of New Mexico (PNM) issued an invoice for a surety bond required by the New Mexico Environmental Department (NMED) as a reclamation expense. PNM later issued an amended invoice reclassifying the expense as a decommissioning expense. After coordination with the General Manager, this topic was reviewed at the San Juan Decommissioning Committee (SJDC) meeting held on February 28, 2020 where an objection was raised on whether this decommissioning expense is actually an operating expense for which M-S-R PPA would have no cost responsibility.

At this SJDC meeting, PNM also raised the issue of creating a decommissioning project structure for the sale of the Lake and River Station facilities. Instead of billing for these efforts, it was suggested that a better approach have the Decommissioning Agent suspense these costs for reimbursement when the sale proceeds are realized.

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. The status report prepared by Special Counsel on Pacific Northwest issues 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.

Meetings of the Northern Grid Planning Committee and Columbia Grid Board were monitored to keep abreast of the potential addition of new transmission as well as potential interregional transmission projects. Both these entities and the nearly defunct Northern Tier Transmission Group (NTTG) provided presentations of their transmission planning activities at the Annual Interregional Transmission Coordination meeting held on February 27, 2020.

Northern Grid is still in the process with the Federal Energy Regulatory Commission (FERC) to have its open access transmission tariff (OATT) approved. This approval is anticipated in April 2020 at which time NTTG will turn over its transmission study plan to NorthernGrid to complete all planning processes initiated by NTTG. Columbia Grid has identified no interregional transmission projects but will complete its current regional transmission process at which time Columbia Grid will also cease to exist. Beginning January 1, 2021, Northern Grid will be the only regional transmission organization covering the regions covered by Columbia Grid and NTTG.

Administrative (4 hours) – The Status Report for Renewables was updated for the February meeting of the Commission and the Commission package was reviewed. In addition, a coordination meeting was held with the General Manger on February 19, 2020.

Other than the meeting with the General Manger, all meetings were attended telephonically.

Project Activities:

San Juan – February 2020 (Approx 62 hours):

Monitored NM-PRC filings regarding PNM's abandonment filing and coordinated with New Mexico Counsel regarding hearing process and drafting of joint briefs with Los Alamos County.

Coordinated positions and prepared draft terms for response to Farmington/Enchant proposal. Met with SJGS owners and Farmington/Enchant representatives regarding terms for potential transaction.

Met with Financial Advisor regarding Legacy Liability Funding status and ties to Working Capital Review. Finalized 2020 San Juan 10-Year Forecast and Legacy Liability Funding Status Report.

Received and performed initial review of Westmoreland San Juan Mining Company proposal for buy-out of Mine Reclamation funding liabilities.

Reviewed materials and initiated formal dispute with PNM regarding funding of Decommissioning costs.

Big Horn – February 2020 (Approx 34 hours):

Prepared detailed review of costs and benefits of participation in BPA Rate Case processes and coordinated same with Counsel. Finalized report for presentation to PPA Commission. Attended BP-22 workshop regarding cost drivers and reserve requirements.

Reviewed CEC materials re RPS calculations and coordinated 3 member comment and direction to Counsel.

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

Key Meetings – February 2020

San Juan Owners Meeting, Albuquerque, NM, February 4 – 5, 2020. Key Issues: Farmington/Enchant Proposal for continued SJGS operations.

PPA & EA Technical Committees, Sacramento, CA, February 6, 2020. Key Issues: Project Status Updates and Closed Sessions re NM-PRC and BPA matters.

Financial Advisor, Sacramento, CA, February 10, 2020. Key Issues: EA Forward Delivery Agreement replacement, PPA Working Capital Policy review, SJGS Legacy Liability Buyouts.

PPA & EA Commissions, Sacramento, CA, February 19, 2020. Key Issues: Project Status Updates and Closed Sessions re NM-PRC and BPA matters.

BPA BP-22 Workshop, Portland, OR, February 24 – 25, 2020. Key Issues: Renewable integration costs, reserves and financial policies.

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 March 2020 report is attached regarding 31 hours of support on February.

BPA Consultant:

Our BPA Consultant, Dr. David Arthur, has prepared a summary of his key activities in February 2020 and discussion of upcoming issues, regarding 9 hours of support is attached.

Date: March 24, 2020
From: David Arthur
To: Martin Hopper, General Manager M-S-R
Subject: February 2020 BPA Staff Report – 9 Hours

BPA activity in February:

- February 4: Review Quarterly Business Review (QBR) material and listen to Presentation
- February 12: Listen to BPA customer lead workshop re EIM Transmission Network Usage
- February 25: Review BPA materials; listen to workshop re Regional Planning Organization (update); Creditworthiness; EIM Charge Code Allocation; Generation Inputs; Resource Sufficiency; and Generator Interconnection

Total hours in February 2020: 9.

All meetings attended telephonically.

M-S-R Public Power Agency Staff Report

Date: April 15, 2020
From: Martin R. Hopper, General Manager
To: M-S-R PPA Commission
Subject: April 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 – March 2020 (Approx. 53 hours)

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

Prepared Invoice Review Criteria document and harmonized requirements with existing policies and General Manager Succession Plan.

Researched prior policies and projections and prepared report outlines for PPA Working Capital Review. Coordinated with Financial Advisor regarding best practices and standard of care documentation and recommendations.

Coordinated and prepared for first General Manager/President monthly conference call – set schedules, outlined issues and discussed policy matters.

Coordinated with Administrative Assistant and monitored Form 700 e-filing process and revisions related to changes in deadlines due to COVID-19 crisis.

Coordinated with General Counsel regarding various Brown Act changes/waivers and new remote meeting procedures.

Interviewed (telephonically) potential vendor regarding web-site update and e-mail system changes project.

Coordinated with FERC Counsel re wind-up of TO cases and settlements.

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 – March 2020 (Approx 51 hours):

Monitored NM-PRC filings regarding PNM's abandonment filing and coordinated with New Mexico Counsel regarding hearing process and drafting of joint briefs on exceptions with Los Alamos County.

Detailed review of terms, conditions and economics of Westmoreland San Juan Mining Company proposal for buy-out of Mine Reclamation funding liabilities. Follow-up teleconference meetings w/ Gross, Hockenson & Shumaker re same. Prepared issues lists and coordinated with PNM. Attended (telephonic) Westmoreland presentation re proposal.

Follow-up and review of PNM response regarding dispute regarding funding of certain Decommissioning costs and attended (telephonically) Decommissioning Committee meeting regarding same and allocation of costs of possible sale of River Station.

Big Horn – March 2020 (Approx 12 hours):

Attended (telephonically) BP-22 workshop regarding cost drivers and reserve requirements.

Reviewed CARB materials regarding Cap and Trade accounting and CMUA response re same.

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

Key Meetings – March 2020

General Manager/Commission President, Telephonic, March 24, 2020. Key Issues: COVID-19 operations and contingency plans, Brown Act modifications, reporting processes, initiation of Working Capital review, and Westmoreland proposal.

San Juan Decommissioning Committee, Telephonic, March 26, 2020. Key Issues: Allocation of costs and proceeds from potential River Station sale, and allocations of pond reclamation bond costs.

San Juan Owners Meeting, Telephonic, March 27, 2020. Key Issues: Presentation of Westmoreland Mine Reclamation Buy-Out Proposal.

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 April 2020 report is attached regarding 34 hours of support in March.

BPA Consultant:

Our BPA Consultant, Dr. David Arthur, reviewed the presentations regarding the March 17, 2020 BPA workshop and supporting materials (3.5 hours), and will resume his regular reports after next month's workshops.

M-S-R Public Power Agency Staff Report

Date: April 1, 2020
From: Alan Hockenson
To: Martin Hopper
Subject: Specific Work Tasks for March 2020

During March, 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 two 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 Decommissioning Agent, the Public Service Company of New Mexico (PNM), issued two Retirement Orders (ROs) for consideration by the San Juan Decommissioning Committee (SJDC) at its meeting on March 25, 2020. The first RO was for three annual payments to cover a surety bond for reclamation of evaporation ponds and waste pits being required by the New Mexico Environmental Department (NMED). The second RO was for the proposed effort to sell the San Juan Lake and River Station to the United States Bureau of Reclamation. A pre-meeting with the General Manager and General Counsel was held on these ROs. Objects were developed for both ROs.

Regarding the surety bond, the main objection was that this instrument would be redundant to the San Juan Participants Trust accounts which, in actuality, already guarantee that the reclamation work would be completed. After significant discussion, PNM agreed to revisit the need for the Surety Bond. If approved, the RO represented a total RO cost of nearly \$1.5 million.

The second RO was challenged on a number of bases; however the issue that eventually resonated with PNM was that the percentages associated with the cost of the divestiture effort did not match the percentages suggested for sale proceeds distribution. PNM agreed to rethink the structure of the RO.

As neither RO was time sensitive, PNM will provide revised ROs for consideration by the SJDC in the future.

The Reclamation Oversight Committee held a meeting on March 12, 2020 and among the routine business, the proposal by Westmoreland to relieve the San Juan Participants of ongoing reclamation costs was reviewed. Comments by the committee were provided and a proposal clarification briefing was conducted on March 27, 2020.

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

Meetings of the Northern Grid Planning Committee and the California Independent System Operator (CAISO) were monitored as the annual Transmission Planning Process (TPP) Study Plans are due to be approved.

As of March 25, 2020, the Federal Energy Regulatory Commission (FERC) had not approved the NorthernGrid open access transmission tariff (OATT) so the status of NorthernGrid is still in flux. In addition, the staff of NorthernGrid has been searching for a template for its Study Plan and has not settled on an acceptable format. Previous documents by Columbia Grid and the Northern Tier Transmission Group (NTTG) had been reviewed but were deemed insufficient. The net outcome is that NorthernGrid will engage WestConnect to assess the applicability of their process and documentation. No consideration was given to following the CAISO's lead.

The CAISO approved its Study Plan on March 25, 2020. This Study Plan did not consider additional transmission projects between California and the Pacific Northwest. One key public comment that resulted in an action item to investigate was the dated (and suggested obsolete) load and resource information from the California Public Utilities Commission (CPUC). It was noted that some data being provided by the CPUC was from 2017.

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 (4 hours) – The Status Report for Renewables was updated for future meetings of the Technical Committee and Commission.

All meetings were attended telephonically.

M-S-R Public Power Agency Big Horn Operations

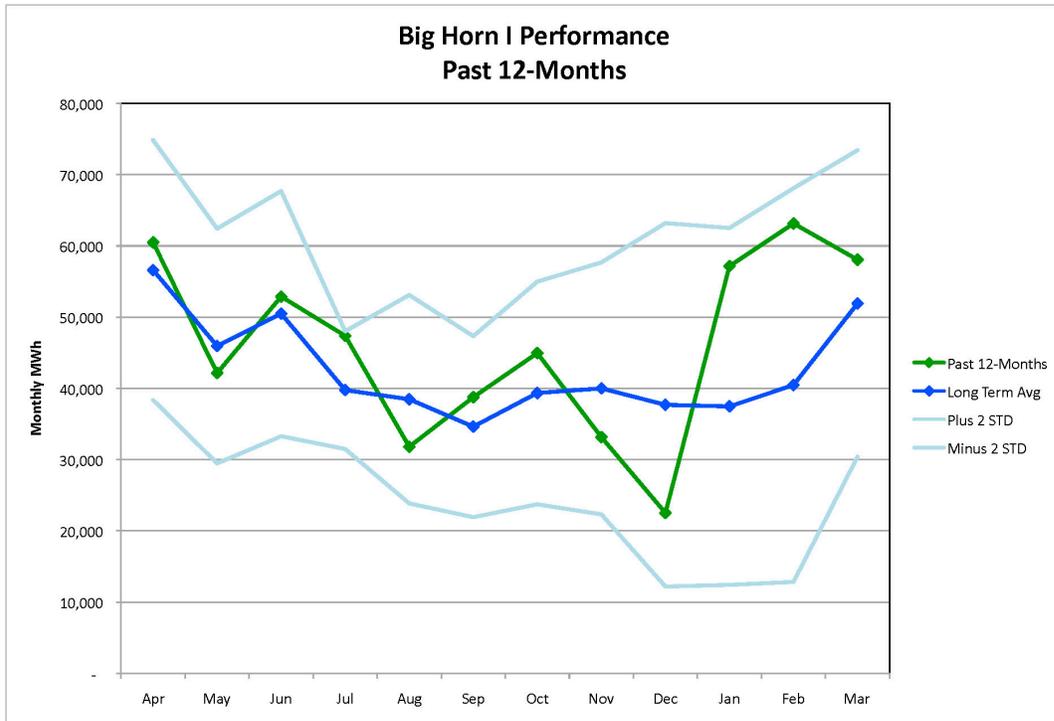
Date: April 22, 2020
From: Martin Hopper, General Manager
To: M-S-R Commission
Subject: Big Horn Operations Statistics – May 2020

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)
January 2020	57,163	150.1%	157,800
February 2020	63,151	159.4%	220,950
March 2020	58,060	128.5%	279,010
Annual Contract Forecast	N/A	N/A	477,986
Annual Budget Forecast	N/A	N/A	510,000
Life of Project Production	N/A	N/A	6,862,663

Big Horn II Operations	Production (MWh)	Monthly % of Forecast – Contract (5-Year)	Cumulative Wind Year Production (MWh)
January 2020	9,920	193.3%	32,629
February 2020	13,869	125.9%	46,539
March 2020	15,228	127.9%	61,767
Annual Contract Forecast	N/A	N/A	117,447
Annual Budget Forecast	N/A	N/A	115,000
Life of Project Production	N/A	N/A	1,203,350

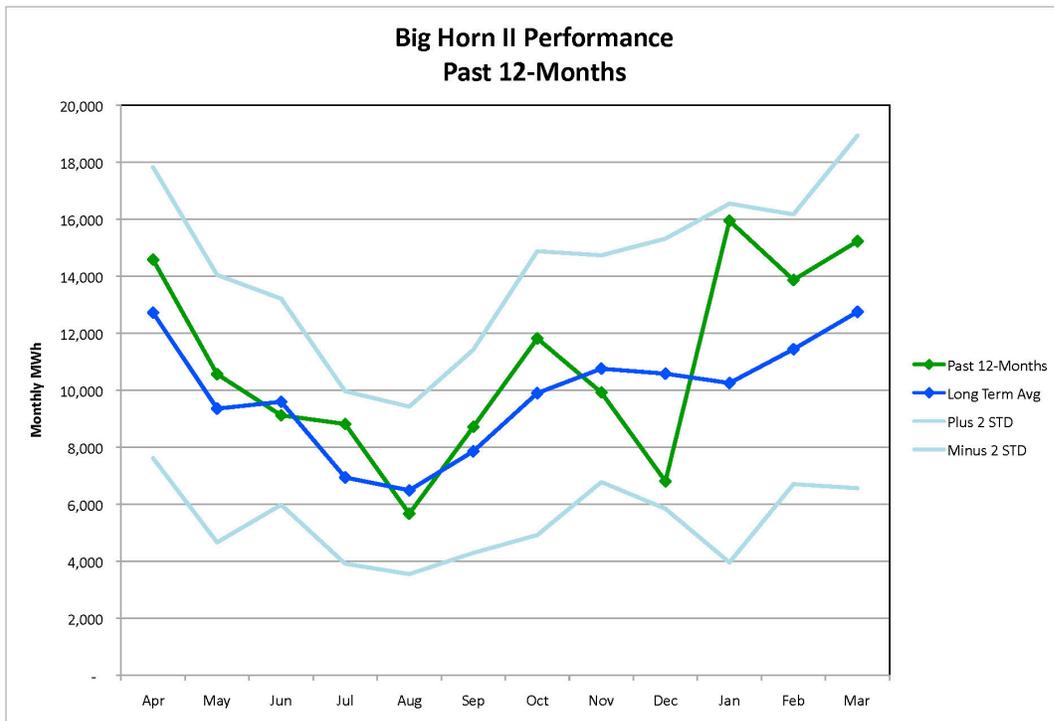
For the first three months of calendar 2020, Big Horn I produced at a rate of 151% of expected energy. For the same three months, Big Horn II produced at a rate of 143% of expected energy. Previously, the best January-March production periods were both in 2018 at 135% and 130%, respectively.



4/16/20

Past 12 Thru Mar 2020

Big Horn I Projections 2020.xlsx



4/16/20

Past 12 Thru Mar 2020

Big Horn II Projections 2020.xlsx

Transmission Curtailments – Big Horn I:

Curtailments	On-Peak (MWh)	Off-Peak (MWh)	Total (MWh)
January 2020	0	0	0
February 2020	7	0	0
March 2020	90	416	506
Contract Year To Date	142	433	572
Historic Annual Average	1,343	849	2,192

Through the first five months of the current production year (October-February) the total amount of curtailments was a miniscule 69 MWh. However, that all changed in March as curtailments were 90 MW on peak and 416 MW off peak. The curtailments were almost exclusively from mid-day March 14 through March 15, 2020. The curtailments were caused by a combination of events. First, the Bonneville Power Administration (Bonneville) was conducting tests on remedial action schemes (RAS). Second, voltage control equipment activity at Olinda Substation limited the California-Oregon Intertie (COI) Operating Transfer Capability (OTC) to 600 MW in both directions pursuant to direction from the California Independent System Operator (CAISO).

M-S-R Public Power Agency Status Report: San Juan Decommissioning

Date: April 29, 2020
To: Martin Hopper, General Manager
From: Alan Hockenson, Consultant
Subject: San Juan Decommissioning, Quarterly Update

Decommissioning Committee Meetings:

February 28, 2020:

The Public Service Company of New Mexico (PNM) provided a cash flow projection for 2020 at the San Juan Decommissioning Meeting (SJDC) meeting of February 28, 2020. Of note was the PNM identification of a Surety Bond to assure proper closure of evaporation ponds and waste pits as recently required by the New Mexico Environmental Department (NMED). PNM proposed to classify this expense as part of the future cost of decommissioning and invoiced all participants on that basis. M-S-R PPA paid this invoice under protest and disputed the appropriateness of cost allocation. At this meeting, objections were raised by M-S-R PPA that this expense is necessary to assure continued operation of San Juan and should be an operating expense. PNM agreed to provide a Retirement Order (RO) for approval at the following SJDC meeting.

March 26, 2020:

PNM presented the RO for the cost of the evaporation pond and waste pit Surety Bond at the SJDC meeting of March 26, 2020. The proposed cost of \$1,489,397 was spread over years 2020-2022. The proposed allocation of cost to M-S-R was \$114,613. This RO drew significant discussion. The argument that caused PNM to withdraw its request for approval was that the participants each maintained trust fund accounts to already assure this work would be completed. In essence, the participants were being requested to provide two separate financial resources to assure the same work. PNM agreed to review its recommendation.

In addition, PNM proposed a second RO for the potential sale of the Lake and River Station to the United States Bureau of Reclamation (USBR). The proposed transaction cost of \$965,726 was also spread over years 2020-2022; however, the majority of the cost would be scheduled between May 2020 and August 2021. The expense would be for the negotiation of the transaction agreements. The proposed allocation of cost to M-S-R was \$75,892. In theory, proceeds from the sale would more than offset the cost of negotiation. This RO also drew significant discussion. The argument that caused PNM to withdraw its request for approval was that, as structured, the reimbursement for RO costs as proposed by PNM would not be in equal

proportions to how this cost would be invoiced. Again, PNM agreed to review its recommendation.

The work associated with both ROs is not time sensitive. Therefore, these issues will be revisited and addressed by the SJDC at a future meeting.

April 23, 2020:

PNM cancelled the SJDC meeting as there had been no change in status on the Surety Bond issue and the disposition of the Lake and River Station. PNM noted that the issue of the appropriate agreement to apply to the Lake and River Station sale was going to be the subject of a conference call on April 30, 2020 between the respective legal representatives of the participants.

M-S-R Public Power Agency Staff Report

Date: April 29, 2020
From: Martin R. Hopper, General Manager
To: M-S-R PPA Commission
Subject: Status Report Regarding Amendment to San Juan Reclamation Trust Agreement with US Bank

Last year, the Chapter 11 restructuring of Westmoreland's San Juan Coal Company was concluded with the sale of the San Juan Mine and assumption of all San Juan-related agreements by the newly created Westmoreland San Juan Mining LLC (WSJM) effective March 2, 2019. A post-transactional review of related documents revealed that although the Amended and Restated San Juan Reclamation Trust Agreement (Reclamation Agreement) defined San Juan Coal Company to include its successors or assigns, the San Juan Generating Station Reclamation Trust Agreement (Trustee Agreement) did not. Therefore, WSJM requested M-S-R PPA and the other eight parties to the Reclamation Agreement amend their respective Trustee Agreements to avoid any confusion or ambiguity with WSJM being considered the intended beneficiary.

At its May 30, 2019 meeting, the M-S-R PPA Commission directed the Agency's General Manager to execute and deliver an amendment to the Trustee Agreement identifying WSJM, and its successors or assigns, as the beneficiary of the Reclamation Trust in such form as it may be required. The General Manager and General Counsel subsequently worked with other San Juan participants and WSJM to secure appropriate documentation of the beneficiary assignment by the Bankruptcy Court and to negotiate the required forms of the Trustee Agreement amendment. These documents are nearing completion.

However, the recent proposal by WSJM to assume all financial liabilities for mine reclamation costs from the San Juan participants (who are currently obligated to fund such costs in lieu of having formerly paid such costs as part of the price of coal consumed at the San Juan Generating Station) would, if consummated, require further amendments to the Trustee Agreements.

I recommend the Commission note and file this report.

M-S-R Public Power Agency Staff Report

Date: April 29, 2020
From: Martin R. Hopper, General Manager
To: M-S-R PPA Commission
Subject: May 2020 Outside Services Budget versus Actual Report

FISCAL YEAR 2020:

Major Legal Providers Reporting Are:

Duncan, Weinberg, Genzer, and Pembroke:	Through:	March 31, 2020
Law Offices of Susie Berlin:	Through:	February 29, 2020
Porter Simon:	Through:	March 31, 2020

Major Consulting Providers Reporting Are:

Navigant Consulting:	Through:	January 31, 2020
KBT LLC:	Through:	March 31, 2020

Legacy Liability Providers Reporting Are:

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

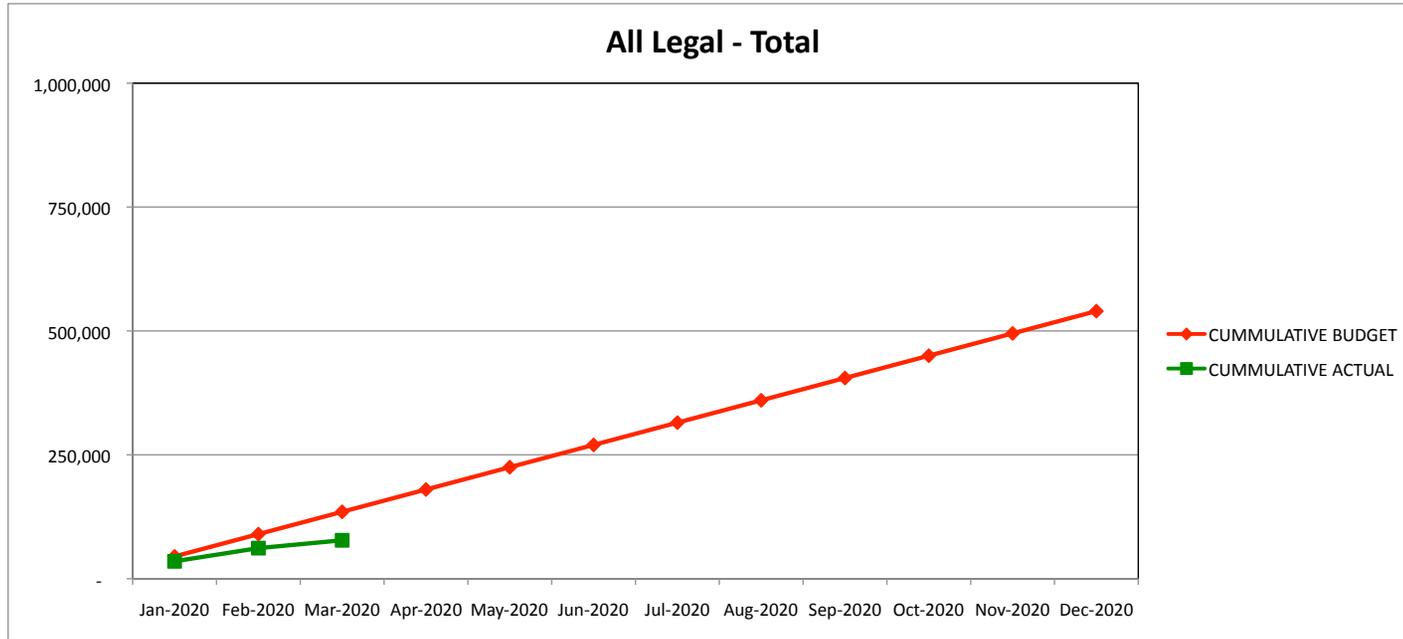
Detailed charts of monthly budget versus actual cost comparisons for each provider are attached in their usual format.

Recommendation:

I recommend the Commission note and file this report.

M-S-R PPA All Legal Summary

Month of: **Mar-2020**



CURRENT MONTH

By Function	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	1,250	1,716	(466)	137%
Gen - Other	1,250	936	314	75%
Renewables	2,250	0	2,250	0%
Rens - Other	22,917	4,494	18,423	20%
Reg & Comp	14,667	8,478	6,189	58%
Administrative	2,667	242	2,425	9%
Total	45,000	15,866	29,134	35%

YEAR TO DATE

By Function	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	3,750	5,852	(2,102)	156%
Gen - Other	3,750	13,917	(10,167)	371%
Renewables	6,750	5,070	1,680	75%
Rens - Other	68,750	21,327	47,423	31%
Reg & Comp	44,000	28,381	15,619	65%
Administrative	8,000	3,021	4,979	38%
Total	135,000	77,568	57,432	57%

By Provider	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Duncan	32,083	12,972	19,111	40%
Berlin	7,667	0	7,667	0%
Porter Simon	4,000	1,958	2,042	49%
Others	1,250	936	314	75%
Total	45,000	15,866	29,134	35%

By Provider	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Duncan	96,250	40,882	55,368	42%
Berlin	23,000	13,896	9,104	60%
Porter Simon	12,000	8,873	3,127	74%
Others	3,750	13,917	(10,167)	371%
Total	135,000	77,568	57,432	57%

M-S-R PPA Duncan Summary

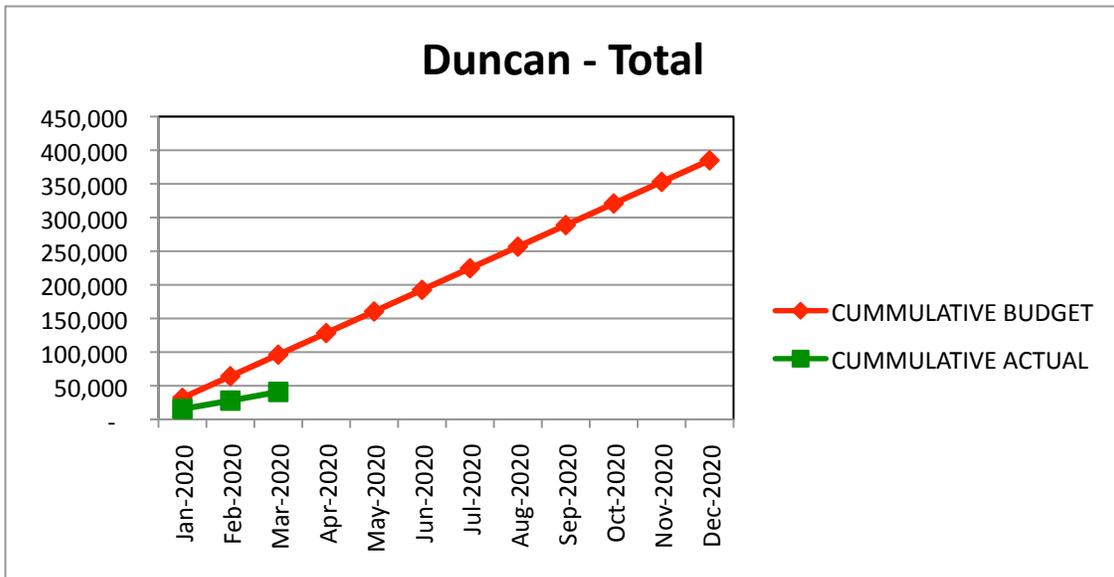
Month of: **Mar-2020**

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	833	0	833	0%
Rens - Other	22,917	4,494	18,423	20%
Reg & Comp	8,333	8,478	(145)	102%
Administrative	0	0	0	0%
Total	32,083	12,972	19,111	40%

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	2,500	0	2,500	0%
Rens - Other	68,750	21,327	47,423	31%
Reg & Comp	25,000	19,555	5,445	78%
Administrative	0	0	0	0%
Total	96,250	40,882	55,368	42%



M-S-R PPA Berlin Summary

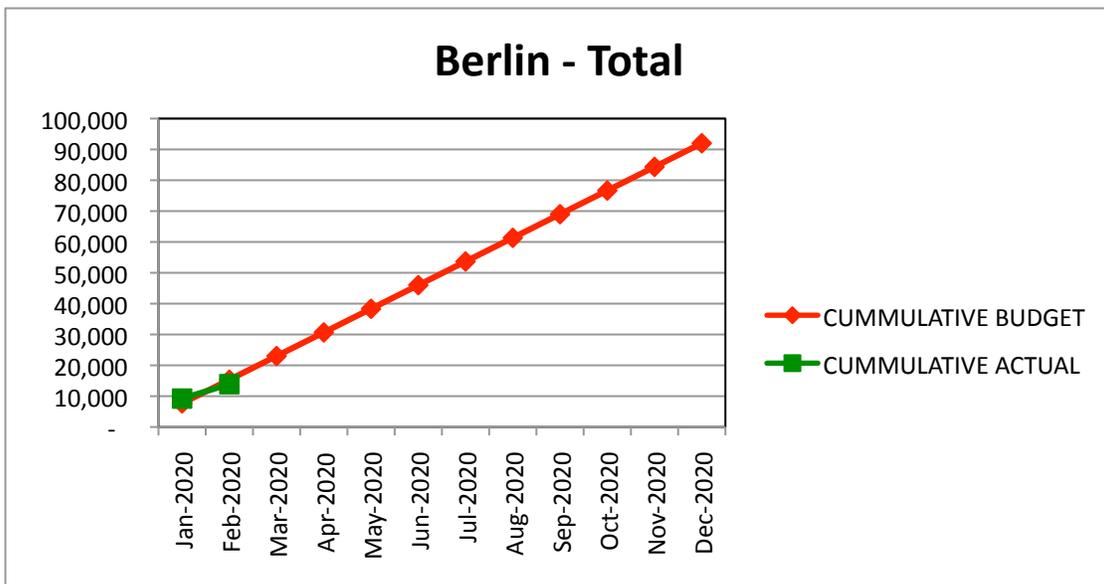
Month of: **Mar-2020**

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	1,250	0	1,250	0%
Rens - Other	0	0	0	0%
Reg & Comp	6,250	0	6,250	0%
Administrative	167	0	167	0%
Total	7,667	0	7,667	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	3,750	5,070	(1,320)	135%
Rens - Other	0	0	0	0%
Reg & Comp	18,750	8,826	9,924	47%
Administrative	500	0	500	0%
Total	23,000	13,896	9,104	60%



M-S-R PPA Berlin Summary

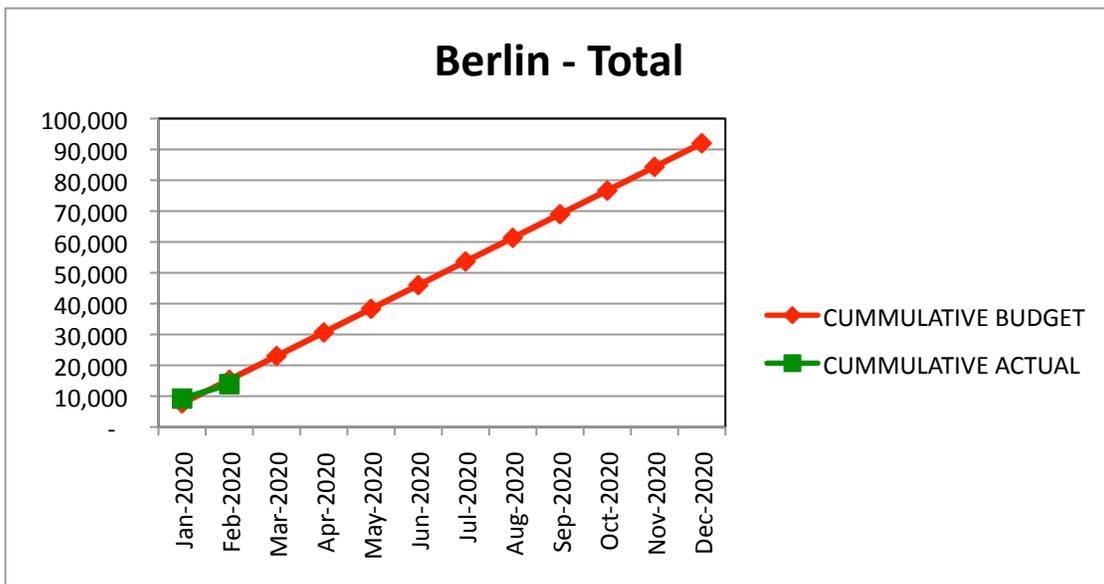
Month of: **Mar-2020**

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	1,250	0	1,250	0%
Rens - Other	0	0	0	0%
Reg & Comp	6,250	0	6,250	0%
Administrative	167	0	167	0%
Total	7,667	0	7,667	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	3,750	5,070	(1,320)	135%
Rens - Other	0	0	0	0%
Reg & Comp	18,750	8,826	9,924	47%
Administrative	500	0	500	0%
Total	23,000	13,896	9,104	60%



M-S-R PPA Misc Legal Summary

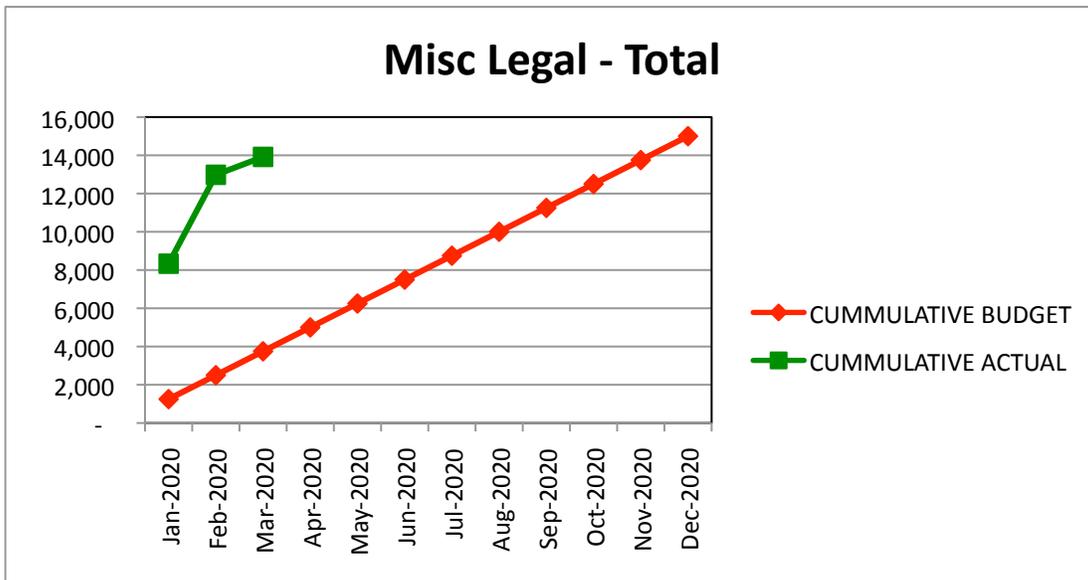
Month of: **Mar-2020**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	1,250	936	314	75%
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	936	314	75%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	3,750	13,917	(10,167)	371%
Renewables	0	0	0	0%
Rens - Other	0	0	0	0%
Reg & Comp	0	0	0	0%
Administrative	0	0	0	0%
Total	3,750	13,917	(10,167)	371%



M-S-R PPA Porter Simon Summary

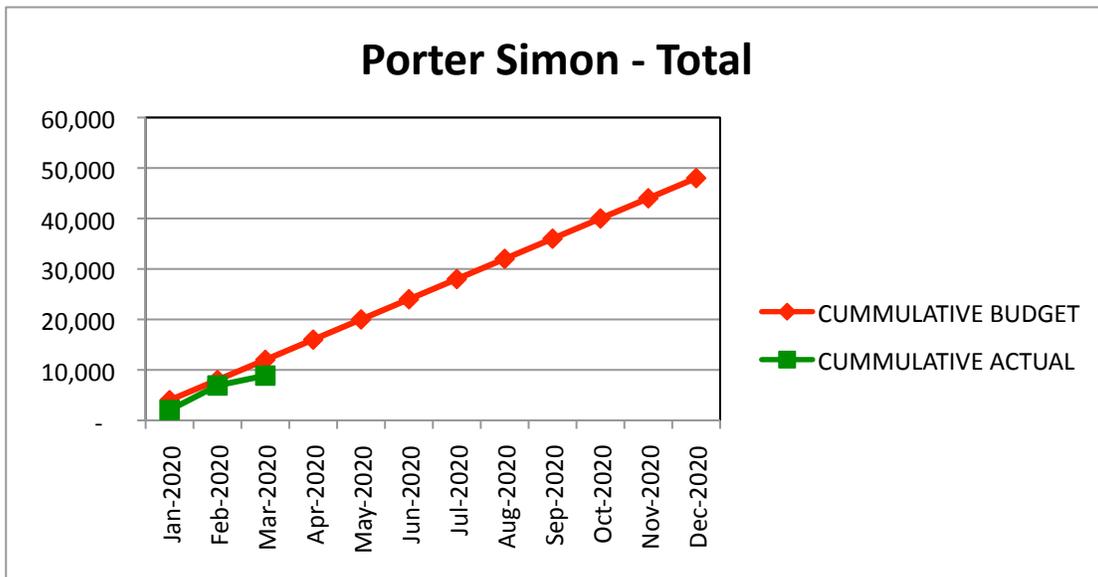
Month of: **Mar-2020**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	1,250	1,716	(466)	137%
Gen - Other	0	0	0	0%
Renewables	167	0	167	0%
Rens - Other	0	0	0	0%
Reg & Comp	83	0	83	0%
Administrative	2,500	242	2,258	10%
Total	4,000	1,958	2,042	49%

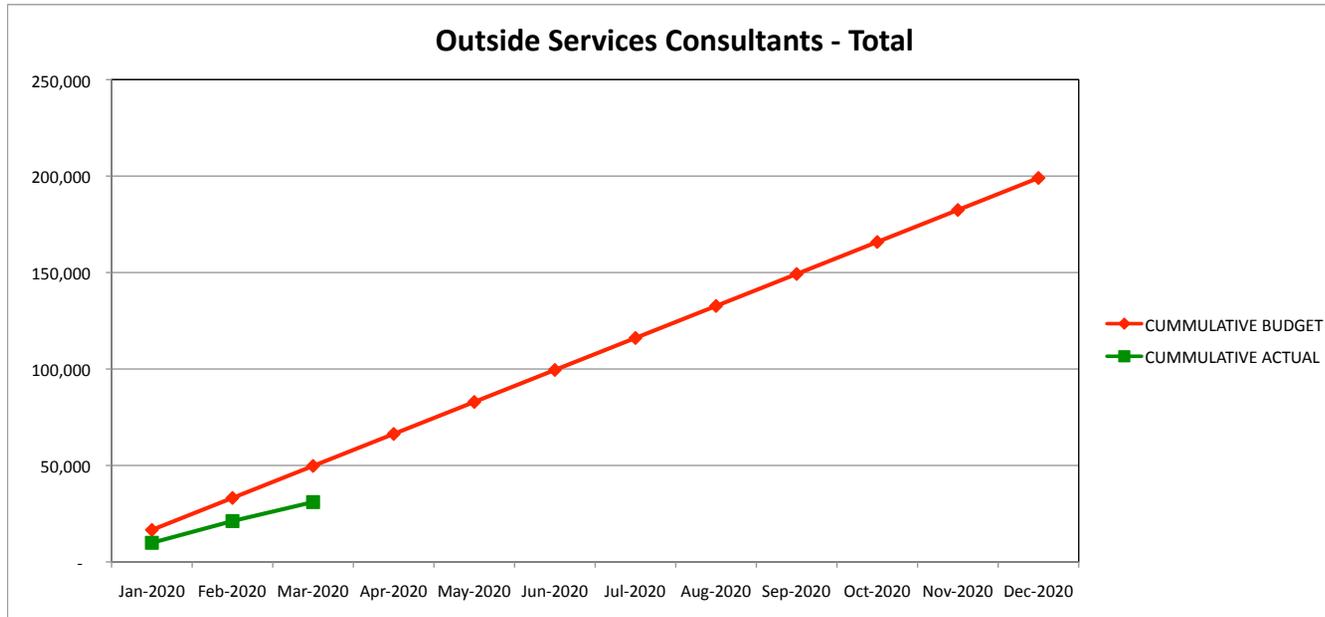
YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	3,750	5,852	(2,102)	156%
Gen - Other	0	0	0	0%
Renewables	500	0	500	0%
Rens - Other	0	0	0	0%
Reg & Comp	250	0	250	0%
Administrative	7,500	3,021	4,479	40%
Total	12,000	8,873	3,127	74%



M-S-R PPA Total Outside Consult Summary

Month of: **Mar-2020**



CURRENT MONTH				
By Function	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	1,750	3,392	(1,642)	194%
Gen - Other	0	0	0	0%
Renewables	5,750	3,968	1,782	69%
Rens - Other	5,833	637	5,196	11%
Reg & Comp	1,583	1,000	583	63%
Administrative	1,667	848	819	51%
Total	16,583	9,845	6,738	59%

YEAR TO DATE				
By Function	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	5,250	8,692	(3,442)	166%
Gen - Other	0	0	0	0%
Renewables	17,250	13,274	3,977	77%
Rens - Other	17,500	3,003	14,497	17%
Reg & Comp	4,750	3,098	1,653	65%
Administrative	5,000	2,956	2,044	59%
Total	49,750	31,022	18,728	62%

By Provider	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Navigant	417	0	417	0%
KBT	13,000	7,845	5,155	60%
Others	3,167	2,000	1,167	63%
Total	16,583	9,845	6,738	59%

By Provider	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Navigant	1,250	412	838	33%
KBT	39,000	24,415	14,585	63%
Others	9,500	6,195	3,305	65%
Total	49,750	31,022	18,728	62%

M-S-R PPA Navigant Summary

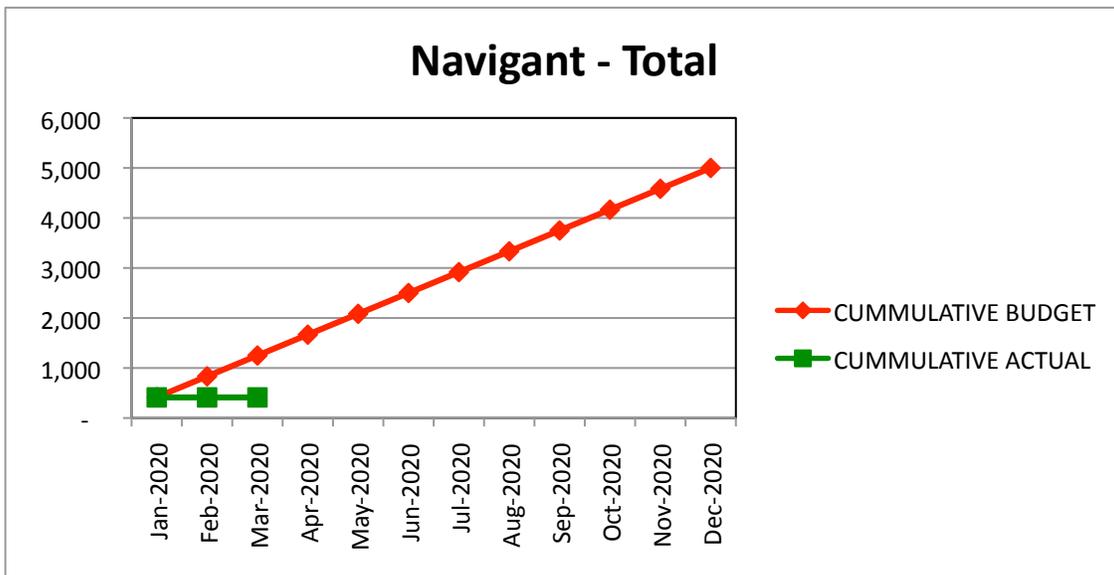
Month of: **Mar-2020**

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	417	0	417	0%
Total	417	0	417	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	1,250	412	838	33%
Total	1,250	412	838	33%



M-S-R PPA KBT Summary

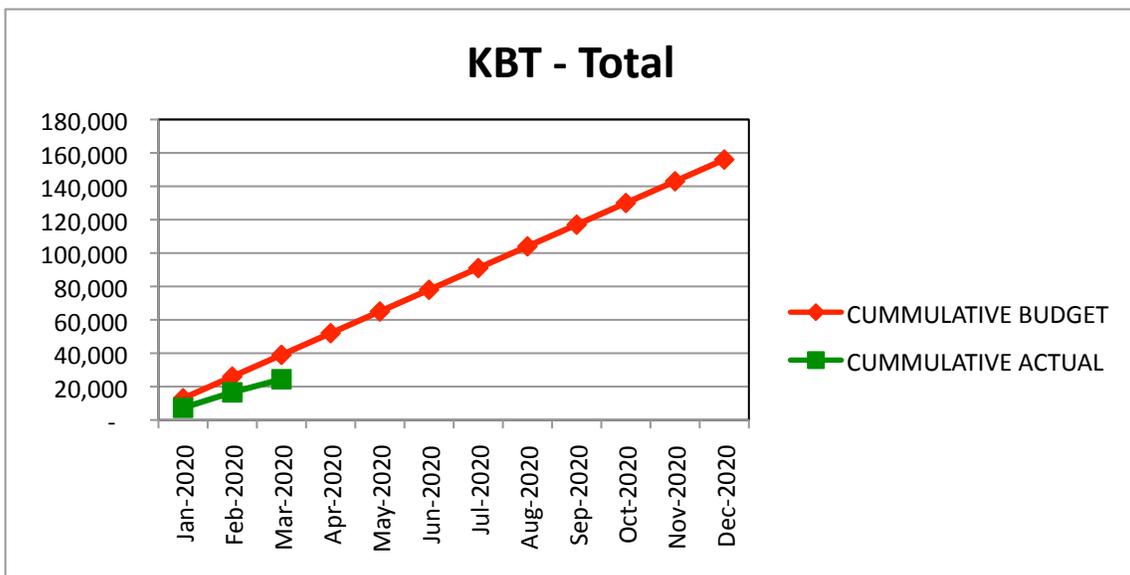
Month of: **Mar-2020**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	1,750	3,392	(1,642)	194%
Gen - Other	0	0	0	0%
Renewables	4,167	2,968	1,199	71%
Rens - Other	5,833	637	5,196	11%
Reg & Comp	0	0	0	0%
Administrative	1,250	848	402	68%
Total	13,000	7,845	5,155	60%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	5,250	8,692	(3,442)	166%
Gen - Other	0	0	0	0%
Renewables	12,500	10,176	2,324	81%
Rens - Other	17,500	3,003	14,497	17%
Reg & Comp	0	0	0	0%
Administrative	3,750	2,544	1,206	68%
Total	39,000	24,415	14,585	63%



M-S-R PPA

Misc Outside Services Summary

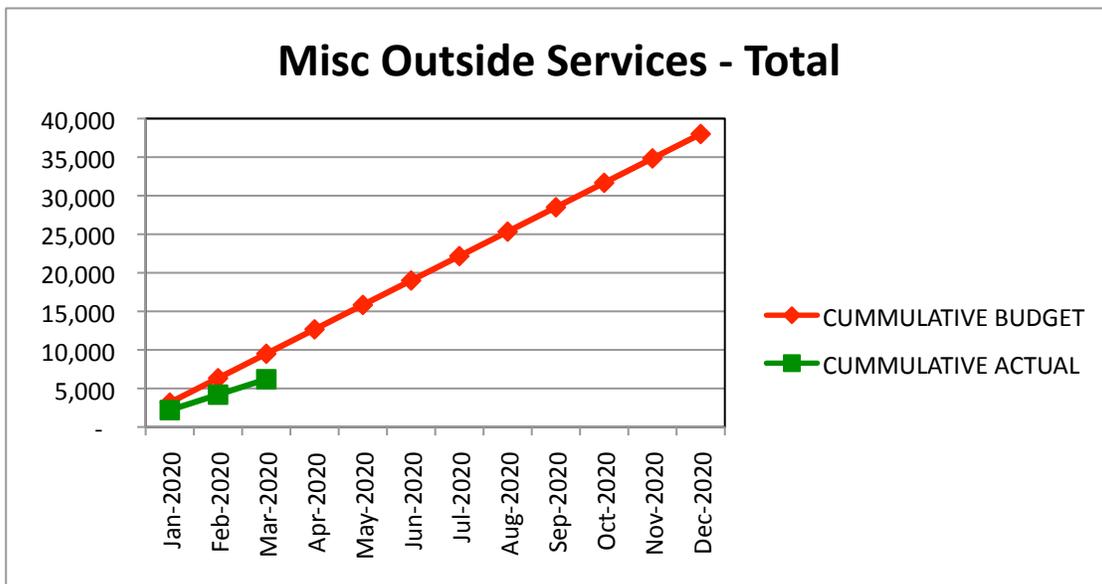
Month of: **Mar-2020**

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	1,000	583	63%
Rens - Other	0	0	0	0%
Reg & Comp	1,583	1,000	583	63%
Administrative	0	0	0	0%
Total	3,167	2,000	1,167	63%

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	4,750	3,098	1,653	65%
Rens - Other	0	0	0	0%
Reg & Comp	4,750	3,098	1,653	65%
Administrative	0	0	0	0%
Total	9,500	6,195	3,305	65%

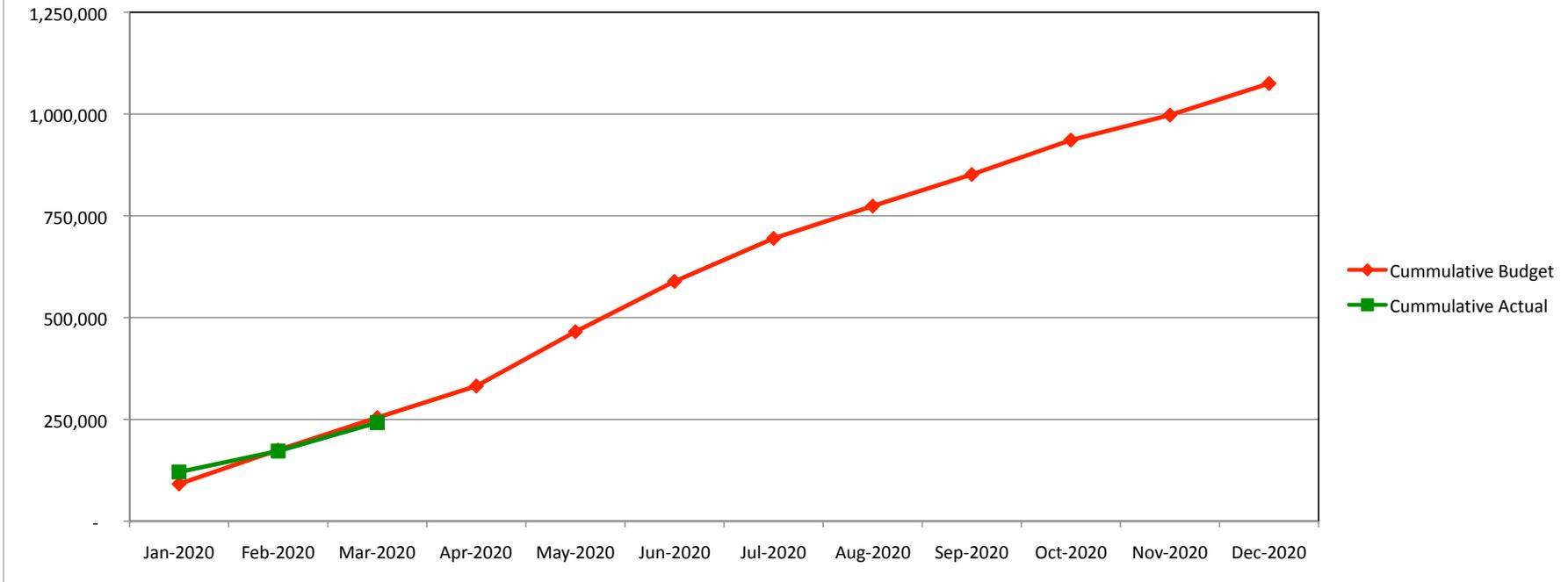


Consultant Costs - 2020	2020 Budget	Revised Budget	Task Orders	Jan-2020	Feb-2020	Mar-2020	Apr-2020	May-2020	Jun-2020	Jul-2020	Aug-2020	Sep-2020	Oct-2020	Nov-2020	Dec-2020	Total	Average	Year-End Projection	Notes
				8.33%	16.67%	25.00%	33.33%	41.67%	50.00%	58.33%	66.67%	75.00%	83.33%	91.67%	100.00%				
Navigant																			
Generation																			
General	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Renewables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Regulatory & Comp	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative	5,000	5,000		412.14	-	-	-	-	-	-	-	-	-	-	-	412	412	4,946	
	5,000	5,000		412.14	-	-	-	-	-	-	-	-	-	-	-	412	412	4,946	99%
				8.24%	8.24%	8.24%	8.24%	8.24%	8.24%	8.24%	8.24%	8.24%	8.24%	8.24%	8.24%				
KBT																			
Generation																			
General	21,000	21,000		2,120	3,180	3,392.00										8,692	2,897	34,768	
Gen - Other																			
SJGS Disposition				-												-	-	-	
Renewables																			
General	50,000	50,000		3,604	3,604	2,968.00										10,176	3,392	40,704	
Rens - Other																			
BP-20 Rate Case	70,000	70,000																	
KBT 2020-01			2,912	728	1,638											2,366	1,183	2,366	BP-20 Rate Case
KBT 2020-02			2,912			637.00	-									637	319	637	Mar - Apr
KBT 2020-0x																			May - Jun
KBT 2020-0x																			Jul - Aug
KBT 2020-0x																			Sep - Oct
KBT 2020-0x																			Nov - Dec
Sum			5,824													3,003		3,003	
Regulatory & Comp																			
Administrative	15,000	15,000		848	848	848.00										2,544	848	10,176	
	156,000	156,000	5,824	7,300	9,270	7,845.00	15.65%	15.65%	15.65%	15.65%	15.65%	15.65%	15.65%	15.65%	15.65%	24,415	8,639	88,651	57%
				4.68%	10.62%	15.65%										24,415			
SUBTOTAL	161,000	161,000		7,712	9,270	7,845										24,827	9,051	93,597	58%
				4.79%	10.55%	15.42%	15.42%	15.42%	15.42%	15.42%	15.42%	15.42%	15.42%	15.42%	15.42%				
Outside Services																			
Generation																			
Renewables																			
Ferguson Group	5,000	5,000																	
Politico Group	14,000	14,000		1,098	1,000	1,000.00										3,098	1,033	12,390	
Rens - Other																			
Regulatory & Comp																			
Ferguson Group	5,000	5,000																	
Politico Group	14,000	14,000		1,098	1,000	1,000.00										3,098	1,033	12,390	
Administrative	38,000	38,000		2,195	2,000	2,000.00										6,195	2,065	24,780	65%
				5.78%	11.04%	16.30%	16.30%	16.30%	16.30%	16.30%	16.30%	16.30%	16.30%	16.30%	16.30%				
GRAND TOTAL	199,000	199,000		9,907	11,270	9,845										31,022	11,116	118,377	59%
				4.98%	10.64%	15.59%	15.59%	15.59%	15.59%	15.59%	15.59%	15.59%	15.59%	15.59%	15.59%				
	Original 2020 Budget	Revised 2020 Budget																	
G	21,000	21,000																	34,768
G - Other																			
R	69,000	69,000																	53,094
R - Other	70,000	70,000																	3,003
R&C	19,000	19,000																	12,390
A	20,000	20,000																	15,122
	199,000	199,000																	118,377
50/35/15 Renew	41,000	41,000																	49,890
	139,000	139,000																	56,097

Legacy Liability - Total

Month of: **Mar-2020**

Legacy Liabilities - Total



CURRENT MONTH

By Function	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
PNM - Reclamation	3,500	1,012	2,488	29%
SJCC - Reclamation	76,000	68,861	7,139	91%
PNM - Decommission	0	0	0	0%
Total	79,500	69,873	9,627	88%

YEAR TO DATE

By Function	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
PNM - Reclamation	10,500	1,943	8,557	19%
SJCC - Reclamation	244,000	203,589	40,411	83%
PNM - Decommission	0	36,768	(36,768)	#DIV/0!
Total	254,500	242,299	12,201	95%

PNM - Reclamation

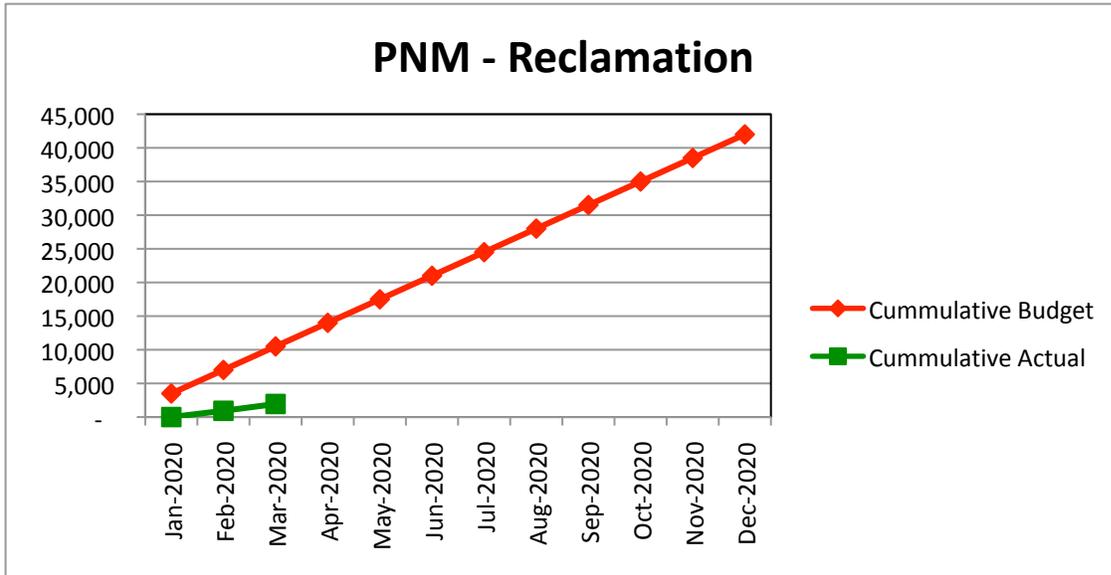
Month of: **Mar-2020**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	3,500	1,012	2,488	29%
Total	3,500	1,012	2,488	29%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	10,500	1,943	8,557	19%
Total	10,500	1,943	8,557	19%



SJCC - Reclamation

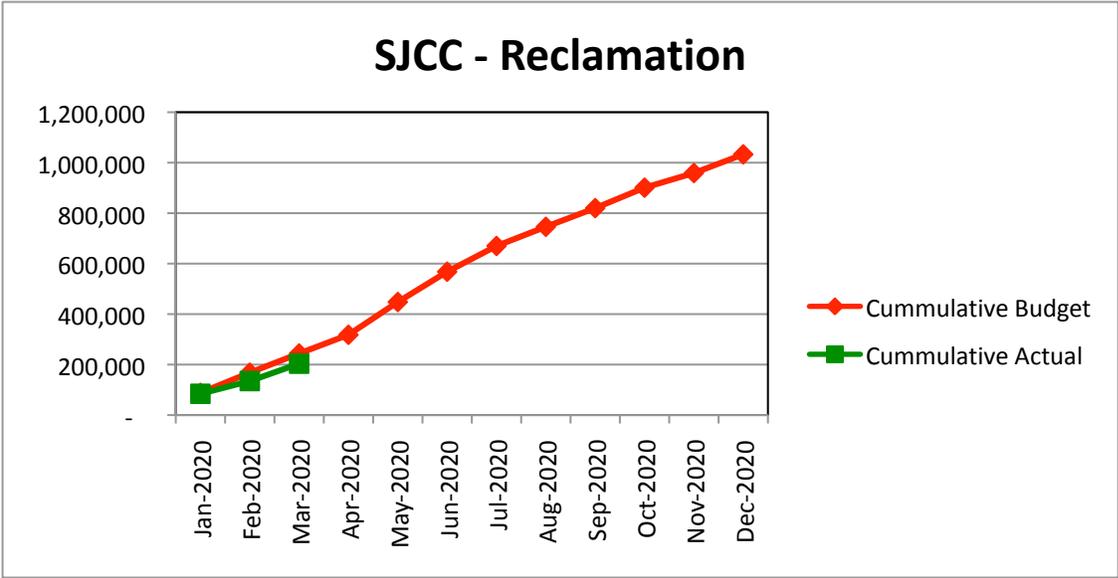
Month of: **Mar-2020**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	76,000	68,861	7,139	91%
Total	76,000	68,861	7,139	91%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	244,000	203,589	40,411	83%
Total	244,000	203,589	40,411	83%



PNM - Decommissioning

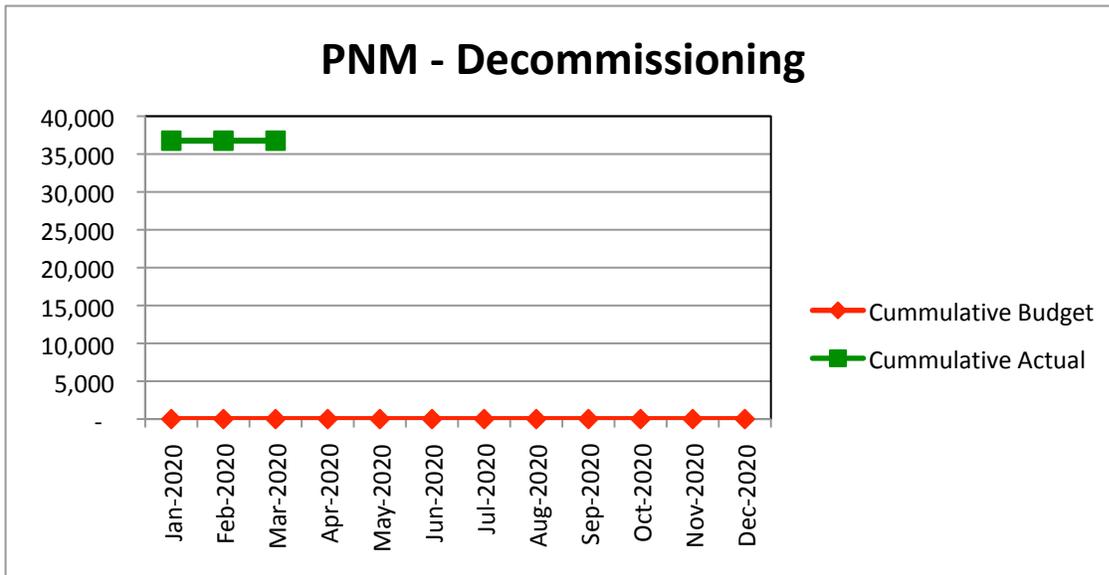
Month of: **Mar-2020**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Total	0	0	0	0%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	0	36,768	(36,768)	#DIV/0!
Total	0	36,768	(36,768)	#DIV/0!



Legacy Liability Costs - 2020	M-S-R 2020 Budget	Revised or A.O.P	Jan-2020 8.33%	Feb-2020 16.67%	Mar-2020 25.00%	Apr-2020 33.33%	May-2020 41.67%	Jun-2020 50.00%	Jul-2020 58.33%	Aug-2020 66.67%	Sep-2020 75.00%	Oct-2020 83.33%	Nov-2020 91.67%	Dec-2020 100.00%	Total	Average	Year-End 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	1,012.42										1,943	648	7,771
Cummulative Actual	42,000	42,000	-	930	1,012.42	-	-	-	-	-	-	-	-	-	1,943	648	7,771
			0.00%	2.22%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%			19%
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			
San Juan - Surface	1,033,000	1,033,000	84,228	50,500	68,860.85										203,589	67,863	814,355
San Juan - Underground			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cummulative Actual	1,033,000	1,033,000	84,228	50,500	68,860.85	-	-	-	-	-	-	-	-	-	203,589	67,863	814,355
			8.15%	13.04%	19.71%	19.71%	19.71%	19.71%	19.71%	19.71%	19.71%	19.71%	19.71%	19.71%			79%
PNM - Decommissioning																	
Cummulative Budget			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Initial Decommissioning			36,768	-	-										36,768	12,256	147,072
Cummulative Actual			36,768	36,768	36,768	36,768	36,768	36,768	36,768	36,768	36,768	36,768	36,768	36,768	36,768	12,256	147,072
			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!		#DIV/0!
Total Legacy Liability		1,075,000	120,996	51,430	69,873	-	-	-	-	-	-	-	-	-	242,299	80,766	969,197
			120,996	172,426	242,299	242,299	242,299	242,299	242,299	242,299	242,299	242,299	242,299	242,299	242,299		
			11.26%	16.04%	22.54%	22.54%	22.54%	22.54%	22.54%	22.54%	22.54%	22.54%	22.54%	22.54%			90%
Cummulative Budget			91,500	175,000	254,500	332,000	465,500	589,000	694,500	774,000	851,500	936,000	997,500	1,075,000			
Cummulative Actual			120,996	172,426	242,299	242,299	242,299	242,299	242,299	242,299	242,299	242,299	242,299	242,299			

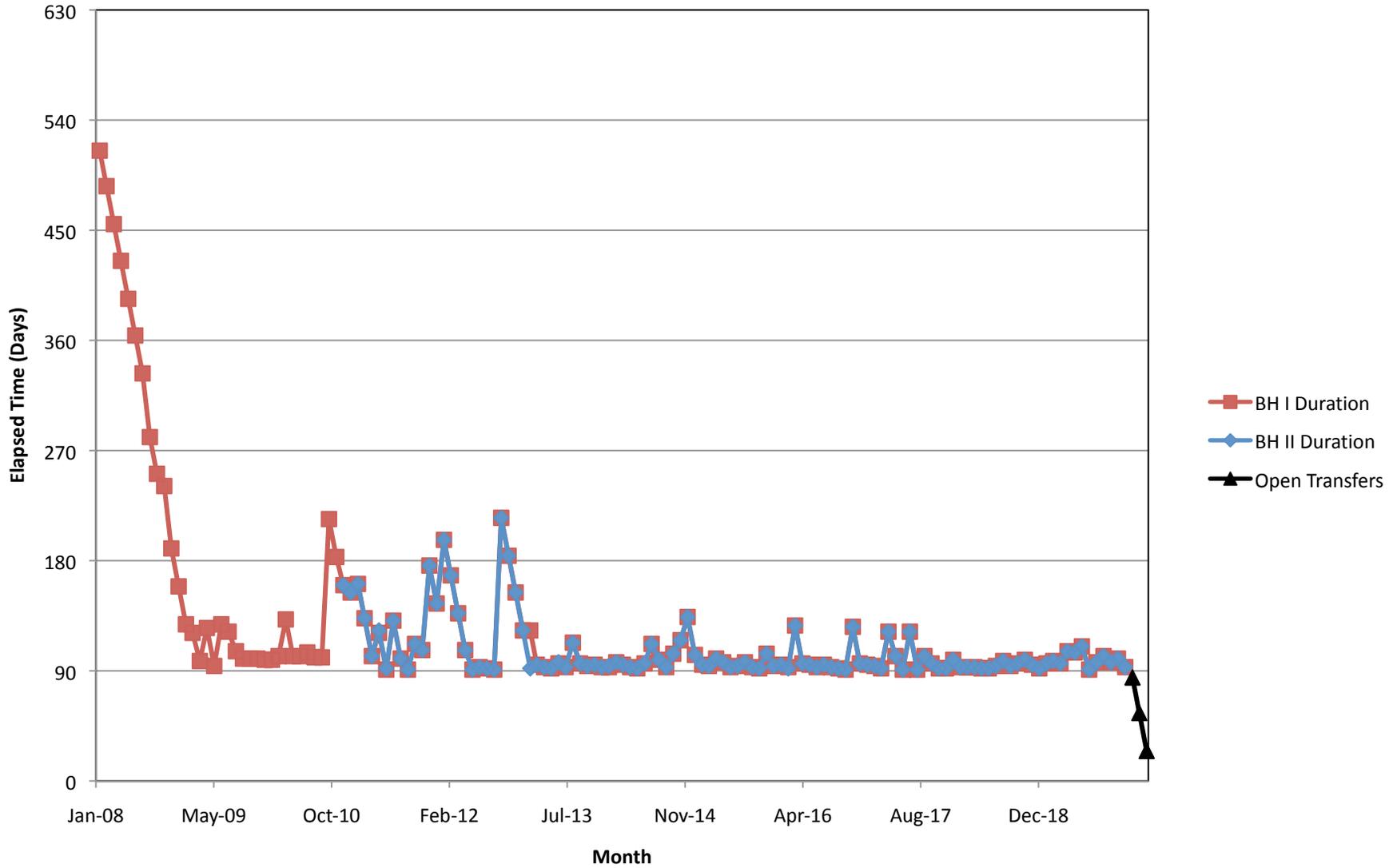
M-S-R Public Power Agency Staff Report

Date: April 24, 2020
From: Martin R. Hopper, General Manager
To: M-S-R PPA Commission
Subject: May 2020 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 May 2020 WREGIS REC Transfers Status Report.

Big Horn I & II REC Transfers



REC Transfer Timeliness

Month Ending	Big Horn I		Big Horn II		Today's Date	Open Transfers
	Date Transferred to Members	BH I Duration	Date Transferred to Members	BH II Duration		
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
Dec-14	13-Apr-15	103	13-Apr-15	103
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
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			24-Apr-20	85
Feb-20			24-Apr-20	56
Mar-20			24-Apr-20	25

Note: Rec'd from IRI 3-Mar-15
Note: Rec'd from IRI 1-Apr-15

Note: Rec'd from IRI 1-Feb-19

M-S-R Public Power Agency Staff Report

Date: April 29, 2020
From: Martin R. Hopper, General Manager
To: M-S-R PPA Commission
Subject: Discussion and Possible Action Regarding Agency Working Capital Policies

Introduction:

The Commission has requested the General Manager review the Agency's working capital policies and present recommended updates for consideration. This report provides an overview of existing policies, reconciles funds on-hand to existing policies, surveys best practices, makes recommendations regarding policy revisions, and recommends reconciliations of funds to proposed new policies.

Existing Policies:

The Agency's existing policies are described in Section III (B) Working Capital and Member Payments, of the Policies and Procedures Manual adopted by the M-S-R PPA Commission September 19, 2018, as follows:

“To allow the Agency to invoice the Members monthly for actual generation and variable costs incurred in the prior month and not utilize estimated invoices billed in advance of expenditures, the Agency maintains a nominal 60-day working capital reserve in its Operating Fund.¹ The Agency also has created a Member Cash Call Reserve Account (MCCRA) whereby funds may be accumulated at the direction of the Commission for unexpected operation and maintenance expenses, repair costs, capital improvements, replacements, or betterments related to M-S-R Projects, and to reduce debt or make debt

¹ Resolution No. 2013-07, Adopted October 16, 2013, Regarding Working Capital Policy.

service payments.² The Agency’s fixed costs, including Debt Service payments are invoiced monthly at one-twelfth of the total amounts adopted in the Annual Budget and trued-up after the close of the fiscal year. Working capital requirements are reviewed on an annual basis as part of the preparation of the Annual Budget. Member payments are made by wire transfer or electronic equivalent pursuant to a policy previously implemented for M-S-R PPA on the basis of administrative efficiency.³ In 2016, the Commission adopted a policy designating various uses and transfers of reserves and working capital related to the payment of existing and potential San Juan Project Legacy Liabilities.⁴

The Agency also maintains a Debt Service Coverage Revolving Fund as established pursuant to Resolutions 2016-01 and 2016-02 with a Funding Requirement of \$3,300,000 and is specified to be a sub-account of the Operating Fund.

Reconciliation of Operating Fund:

The following tabulation is based on funds reported in the February 29, 2020, M-S-R PPA Treasurer’s Report:

Description	Balance	Notes
General Fund, net of MCCRA	\$39,165,988	Market Value
Member Cash Call Reserve Account (MCCRA)	\$197,629	
Debt Service Coverage Revolving Fund	\$1,925,000	Annual Funding Requirement of \$3,300,000 collected \$275,000 per month – Disbursed July 1 each year
San Juan Legacy Liability Designation per Resolution 2016-04 – Remaining Balance	\$6,048,985	Original Amount \$14,300,000 less disbursements of \$8,251,015 to Trusts and on-going Legacy Liability expenses to date
Reserve & Contingency Fund (Per Indenture)	\$4,391,000	
Net Working Capital Available	\$26,603,374	
Budgeted Expenses	\$82,332,802	
Days On-Hand	118	

² Resolution No. 99-01, Adopted November 17, 1999 Establishing a Member Cash Call Reserve Account Policy and a Member Cash Call Reserve Account.

³ M-S-R PPA Director’s administrative directive dated June 8, 2007.

⁴ Resolution No. 2016-04, Adopted November 16, 2016, Regarding Use and Transfers of Reserves and Working Capital.

Best Practices:

The Agency's Financial Advisor has surveyed industry standards and notes Government Finance Offices Association baseline 90-days of operating expenses, S&P looks for a range of 90 – 150 days for A-rated retail electric utilities, or a median of 220-days for A+ rated utilities, Moody's specifies a range of 90 – 150 days for A-rated joint action agencies and Fitch specifies a minimum of 90 days liquidity in its public power rating criteria. Although M-S-R PPA's historic 60-day criteria has proven sufficient to maintain an A-rating (or better), the Agency's credit strength has relied on strong take-or-pay off-take contracts with its Members coupled with a comprehensive rate covenant. As the avowed goal of the Agency is to never cash-call the Members for future Legacy Liability expense and to maintain after-the-fact billings to the members for operating expenses and purchase power, the Agency would be advised to maintain conservative rather than aggressive liquidity levels.

The Agency's Financial Advisor has suggested the Agency consider a Master or Strategic Reserve consisting of Sub-Reserves for working capital for day-to-day Agency operations (non-purchase power), purchase power, and legacy liabilities. The criteria for the Strategic Reserve can be specified in simple terms of days O&M expenses or built-up from the specifics of the three sub-reserves.

An example of such a build-up follows:

Fund	Low Range	High Range	Notes
General Working Capital	\$8,155,000	\$13,591,000	Low/High = 90-days/150 days
Purchase Power	\$12,146,000	\$20,244,000	Low/High = 90-days/150 days
Legacy Liabilities:			
Reclamation - WSJM	\$17,724,000	\$19,494,000	Low/High = Existing Trust/10% Premium Over Existing Trust YE 12/31/20 Requirement
Reclamation Mgmt - PNM	\$462,000	\$681,000	Low/High = PV PNM Mgmt/Nominal PNM Mgmt
Reclamation Trust Balance	(\$17,682,000)	(\$17,682,000)	As of 2/29/20
Decommissioning	\$9,658,000	\$21,468,000	RIP Followed by Demolition @ 25-Years: Low/High = NPV ARO/Nominal ARO
Liability Insurance	\$1,218,000	\$2,743,000	Low/High = 30-Year PV Premiums/30-Year Nominal Premiums
Decommissioning Trust Balance	(\$2,187,000)	(\$2,187,000)	As of 2/29/20
Environmental	\$281,000	\$633,000	Low/High = 30-Year PV Premiums/30-Year Nominal Premiums
Total Net Legacy Liability	\$9,474,000	\$25,150,000	
Total Strategic Reserve	\$29,775,000	\$58,985,000	
Budgeted Expenses	\$82,333,000	\$82,333,000	
O&M Days	132	261	

Recommendation:

[TBD]