

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

Date: August 29, 2019

To: M-S-R PPA Technical Committee

From: Martin R. Hopper, General Manager

Subject: Thursday, September 5, 2019, M-S-R PPA Technical Committee Meeting

Please find enclosed the agenda for the Thursday, September 5, 2019, M-S-R PPA Technical Committee Meeting to be held in Truckee, CA at 9:00 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
Kathleen Hughes – SVP
Yanmei Qiu – SVP
Steve Handy – Redding
Lowell Watros – Redding

M-S-R Public Power Agency

MEETING OF THE TECHNICAL COMMITTEE

Thursday, September 5, 2019, 9:00 AM

Porter Simon Law Offices
40200 Truckee Airport Road, Suite 1
Truckee, CA 96161

Remote Telephonic Location:

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

GoTo Meeting Information:

<https://global.gotomeeting.com/join/654096773>
Dial-In Audio: (312) 757-3121
Meeting ID: 654-096-773

AGENDA

<p>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.</p>
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1. Call to Order
2. Roll Call
3. Approval of Minutes of July 11, 2019 Meeting (attached)
4. ***Discussion and Possible Action Regarding 2020 Strategic Plan Review*** (attached, Martin Hopper)
5. General Manager Reports (attached, Martin Hopper)
6. Big Horn Wind Energy Project Operating Statistics (attached, Martin Hopper)
7. San Juan Decommissioning Status Report (attached, Martin Hopper)

8. ***Discussion and Possible Action Regarding September 2019 Outside Services Budget Versus Actual*** (attached)
9. ***Discussion and Possible Action Regarding September 2019 WREGIS REC Status Report*** (attached, Martin Hopper)
10. ***Discussion and Possible Action Regarding Resolution 2019-01 - Wildfire Mitigation Plan*** (attached, Martin Hopper)
11. **Closed Session**
 - a. Existing Litigation: Government Code §54956.9 (d)(1) – 5 Cases (NM-PRC Case 19-00018-UT, NM-PRC Case 19-00195-UT, BP-16-BPA, BP-18-BPA, BP-20-BPA)
12. Announcement from Closed Session
13. ***Discussion and Possible Action Regarding Amendments to Big Horn Wind Energy Project Agreements*** (attached, Martin Hopper)
14. Member Reports
15. Public Comment
16. ***Confirm date and time of next meeting***
17. Adjourn

ALTERNATE FORMATS OF THIS AGENDA WILL BE MADE AVAILABLE UPON REQUEST TO QUALIFIED INDIVIDUALS WITH DISABILITIES.
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DRAFT MINUTES OF THE
M-S-R PUBLIC POWER AGENCY
TECHNICAL COMMITTEE
JULY 11, 2019

The M-S-R Public Power Agency (M-S-R PPA) Technical Committee held a regular meeting on July 11, 2019 at the offices of Navigant Consulting, Inc. in Folsom, California. 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 – Martin Caballero, City of Santa Clara – Steve Hance (by telephone at non-noticed location), City of Redding – Steve Handy. The meeting was called to order at 10:15 a.m.

Approval of Minutes

Upon a motion by Mr. Caballero, seconded by Mr. Handy, the minutes of the meeting held on May 9, 2019 were approved by unanimous vote.

General Manager Report

The General Manager noted the May and June 2018 reports included in the package covering April and May activities had previously been provided to the Commission Members. The draft July 2019 General Manager Report was reviewed and Mr. Hopper noted that the report will be provided in final form to the Commissioners next week.

Big Horn Operating Statistics Report

Mr. Hopper noted that after historic low levels of Big Horn Project energy production for February and March, that May, June, and July production returned to typical levels. Mr. Hopper noted the reports now contain additional information regarding expected and average production and curtailment statistics.

Outside Services Budget versus Actual Report and Mid-Year Budget and Goals Review

Mr. Hopper indicated that through June 30, with 50% of the year elapsed, overall legal and consulting expenditures are at 42% of budget and are projected to end the year at 81% of budget. Minor rebalancings of line items were reviewed and are recommended to be implemented administratively in accordance with previously expressed consensus of the Commission. Mr. Hopper then commenced an item by item review of the goals set for him by the Commission and his progress in meeting each one. This discussion was then suspended for the Closed Session.

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 11:00 a.m. to Conference with Legal Counsel – 3 cases of Existing Litigation (BP-16-BPA, BP-18-BPA, and BP-20-BPA) and pursuant to Government Code §54956.9(d)(4), decision on whether to initiate litigation – 1 case.

Announcement from Closed Session

Upon returning to open session at 12:17 p.m., Mr. Gross reported that there were no reportable actions.

Goals Review (Continued)

Mr. Hopper then completed his review of the goals set forth by the Commission and his progress in meeting each one. The Technical Committee requested the General Manager investigate future electronic distribution of minutes as may be compatible with the Joint Powers Agreement and Public Records Act requirements.

WREGIS REC Status Report

Mr. Hopper reported that all transfers are currently meeting their expected delivery schedules. Mr. Hopper also confirmed that the March 2019 credits had been transferred to the Members on July 5, 2019 after this Agenda and Report were posted.

White Paper on Allocation of San Juan Project Insurance Costs

Mr. Hopper reviewed the report on the issues and recommended actions regarding the equitable allocation of post-divestiture San Juan Generating Station general and environmental liability insurance costs pursuant to the requirements of the Restructuring and Decommissioning Agreements. Mr. Hopper will work through the recommended actions with the assistance of the Agency's Insurance Brokers and report back to the Technical Committee and Commission as needed for further directions.

M-S-R 2019 Insurance Renewals

Mr. Hopper reported that the Agency's renewals for Directors and Officer coverage and crime coverage were renewed at no additional cost over the 2018 Insurance Renewals. However, the Agency's Liability Insurance premiums soared 59% due to market perceptions of California Wildfire risks even though the Agency no longer directly owns any transmission facilities. The Committee discussed the need for wildfire liability reform and other actions that may reduce this cost area in the future.

Member Reports

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

Public Comment

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

Next Meeting

The next regular meeting date will be held September 5, 2019, at 9:00 A.M at the offices of Porter Simon in Truckee, CA. The meeting was adjourned at 1:30 p.m.

Respectfully submitted.

Martin R. Hopper
General Manager

Attachment 1

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

July 11, 2019
10:15 AM

<u>NAME</u>	<u>STATUS</u>	<u>ORGANIZATION</u>
Martin Caballero	Member	Modesto
Steve Hance	Guest	Santa Clara (by telephone at non-noticed location)
Steven Handy	Member	Redding
Steve Gross	Guest	General Counsel
Pete Scanlon	Guest	FERC and BPA Counsel (by telephone)
Martin Hopper	Chair	General Manager

DRAFT

M-S-R Public Power Agency Staff Report

Date: September 9, 2019
From: Martin R. Hopper, General Manager
To: M-S-R PPA Commission
Subject: 2020 M-S-R PPA Strategic Plan

Each year the M-S-R PPA Commission considers an update to the M-S-R PPA Strategic Plan to provide guidance for the preparation of the M-S-R PPA Budget and for the operations of the Agency. The proposed update aims to more explicitly identify goals, possible actions, and recommendations for each major issue or responsibility of the Agency. Although the major policy directions are consistent with past plans, the tenor of the Agency evolves towards custodian rather than developer of projects.

Major work areas for the coming year focus on:

- I. Actions necessary for the continued mitigation and management of M-S-R PPA's legacy liabilities pertaining to its former interests in the San Juan Generating Station; and
- II. Continued participation in BPA's rate proceedings, and related FERC and judicial hearings to mitigate cost impacts on Big Horn Wind Energy Project deliveries; and
- III. Continued participation in proceedings before the CEC, CARB and CPUC regarding greenhouse gas controls, cap-and-trade programs, CARB Mandatory Reporting Requirements and regarding SB 350, AB 398, and SB 100 implementation to mitigate impacts on benefits of the Big Horn Wind Energy Projects; and

- IV. Continued examination of any reasonable options to reduce costs regarding the Big Horn Wind Energy Projects, provided all economic, legislative, and regulatory risks and benefits can be appropriately quantified for consideration by the Agency and its Members.

The discussions and analysis of issues within the M-S-R PPA (and M-S-R EA) Strategic Plans have also been reviewed by General Counsel for conformity with disclosure requirements and applicable legislative and regulatory obligations of the Agency and the Authority. The M-S-R PPA Technical Committee reviewed the draft plans in workshops held September 5, 2019 and will further review and update detailed status reports and workplans pertaining to BPA activities in a workshop to be held September 24, 2019.

I recommend the Commission adopt the proposed 2020 M-S-R PPA Strategic Plan.

**M-S-R PUBLIC POWER AGENCY
2020 STRATEGIC PLAN**



Effective January 1, 2020

ADOPTED BY COMMISSION
SEPTEMBER xx, 2019

M-S-R PUBLIC POWER AGENCY STRATEGIC PLAN

Effective January 1, 2020

In 1997 the M-S-R PPA Commission directed the annual development of a strategic plan to address the issues faced by the Agency in the ensuing five-year period. The plan is updated and reviewed by the M-S-R PPA Commission in September of each year prior to the development of the annual M-S-R PPA Budget. The issues of Organizational Structure and Philosophy; Managing and Maintaining Assets; Financial Matters; and Joint Action Opportunities presented below characterize M-S-R PPA’s strategic vision through 2024.

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DRAFT

M-S-R PPA STRATEGIC PLAN

Effective January 1, 2020

I. INTRODUCTION

The M-S-R Public Power Agency (M-S-R PPA or Agency) was created on April 29, 1980, through a Joint Exercise of Powers Agreement among Modesto Irrigation District (Modesto or MID), the City of Santa Clara (Santa Clara or SVP), and the City of Redding (Redding or REU) – individually “Member” or collectively “Members,” for the purposes of acquiring, constructing, operating and maintaining any Project for the purpose of providing electrical energy or other Project benefits for public or private uses.

M-S-R PPA’s activities span the Pacific Northwest Project, including the Big Horn Wind Energy Projects, and certain plant decommissioning, mine reclamation, or environmental remediation obligations related to its former interests in Unit No. 4 of the San Juan Generating Station (SJGS). Unless otherwise provided in separate agreements the Joint Powers Agreement specifies participation in M-S-R PPA Projects is Modesto 50%, Santa Clara 35%, and Redding 15%.

M-S-R PPA’s purpose is to maximize the value of its existing assets for the benefit of the Members and to respond to Member needs where joint action rather than individual action is deemed to be in the Member’s best interests. M-S-R PPA is also intended to provide more responsive services to its Members than may be possible from larger or state-wide agencies or associations.

II. ORGANIZATIONAL STRUCTURE AND PHILOSOPHY

Since its formation, M-S-R PPA has been a member-directed, member-supported organization. M-S-R PPA is governed by a three-member Commission appointed by and representing the governing bodies of Modesto, Santa Clara, and Redding. The General Manager and Commission are advised by the Technical Committee and the Financial Management Committee, each comprised of representatives of the technical and management staff of the Members. The Technical Committee's purview includes engineering, technical, and economic aspects of the Agency's Big Horn Wind Energy Projects, and San Juan Project Legacy Liabilities. The Financial Management Committee's purview includes the Agency's bonded debt and investments. Additionally, the Risk Management Committee was established by and administers the Agency's Risk Management Policy (pertaining to energy transactions) and reports to both the General Manager and the Financial Management Committee. A copy of the Agency's current organization chart is attached as Exhibit "A."

The organization of the Agency and descriptions of its authorities and delegations are documented in a comprehensive Policies and Procedures Manual. Key enabling documents and controls are appended to the manual to provide a one-stop operations and governance resource. The manual was completed in December 2013 and is reviewed on a biennial basis in even-numbered years in conjunction with the annual review of this strategic plan.

Recommendations:

1. No changes are recommended to the Agency's organization structure at this time.

III. MANAGE AND MAINTAIN ASSETS

San Juan Project:

Project Description and History:

M-S-R PPA held a 28.8% ownership interest (or about 146 MW) in the 507 MW_{net} SJGS Unit 4 (San Juan Unit 4) operated by the Public Service Company of New Mexico (PNM). These interests and related assets and liabilities are referred to as the San Juan Project.

M-S-R PPA purchased its interest in the San Juan Project on December 31, 1983, began taking direct deliveries of energy and capacity on May 1, 1995, and divested its interests on December 31, 2017. The Agency retains certain liabilities pertaining to its share of the costs of Mine Reclamation, Plant Decommissioning, and potential environmental contamination. Collectively these obligations are referred to as the “Legacy Liabilities.”

M-S-R PPA’s rights and obligations for this project are governed by the San Juan Project Restructuring Agreement (Restructuring Agreement), the Amended and Restated Mine Reclamation and Trust Funds Agreement (Reclamation Agreement), the San Juan Plant Decommissioning and Trust Funds Agreement (Decommissioning Agreement) and M-S-R PPA’s Bond Indentures (while any M-S-R PPA bonds remain in effect). The Members’ rights and obligations pertaining to the San Juan Project are specified in the Tucson/San Juan Project Power Sales Agreement.

The San Juan Project was purchased to provide baseload power and act as a hedge against rising costs of wholesale power purchases. The San Juan Project also played a critical role in meeting Member power needs through the California Energy Crisis (2000 – 2001).

Goals:

The Agency’s goals are to efficiently and economically discharge Legacy Liabilities at the least net cost to the Members.

On-Going Management:

Legacy Liabilities – Mine Reclamation:

Pursuant to the Reclamation Agreement, M-S-R PPA retains liability for 8.7% of the pre-Exit Date Mine Reclamation costs until such time as the mine site is reclaimed and any Reclamation Bonds held by the State of New Mexico are released. The scope and timing of final reclamation is set by the Mine Permit and State and Federal law. However, if the Farmington/Enchant SJGS life extension project¹ is successful, an additional 13-years of SJGS operations could generate about 10,000,000 cubic yards of coal combustion residuals for burial in the mine which could reduce remaining reclamation volumes by about 25%.

M-S-R PPA pays its share of both ongoing and final reclamation from funds on deposit in its Mine Reclamation Trust. Pursuant to the Reclamation Agreement, the value of M-S-R PPA's Mine Reclamation Trust needs to be sufficient as of the end of each calendar year to make all future payments as projected pursuant to the Reclamation Agreement. M-S-R PPA's Mine Reclamation Trust value requirement as of December 31, 2019 is about \$17.8 million. As discussed below (Section 4. Financial Matters – Legacy Liability Funding) the Agency has sufficient funds available to make any necessary future deposits and additions to the Mine Reclamation Trust without additional cash calls on the Members.

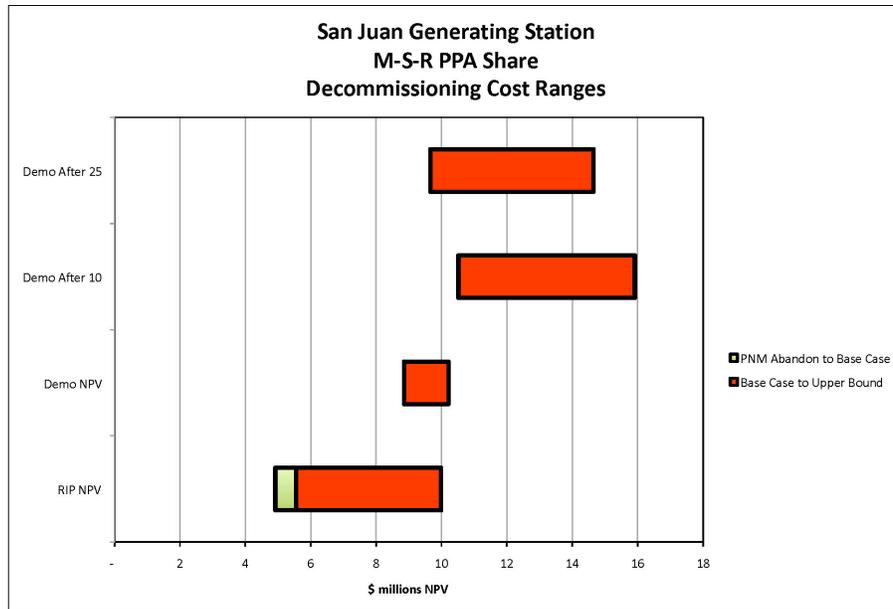
Potential Actions:

1. Continue to manage reclamation liabilities pursuant to existing agreements.
2. Encourage/promote Farmington/Enchant SJGS life extension project to potentially reduce reclamation liabilities.
3. Assign reclamation liabilities to third party at reasonable cost at reasonable cost without recourse to M-S-R PPA.

Legacy Liabilities – Plant Decommissioning:

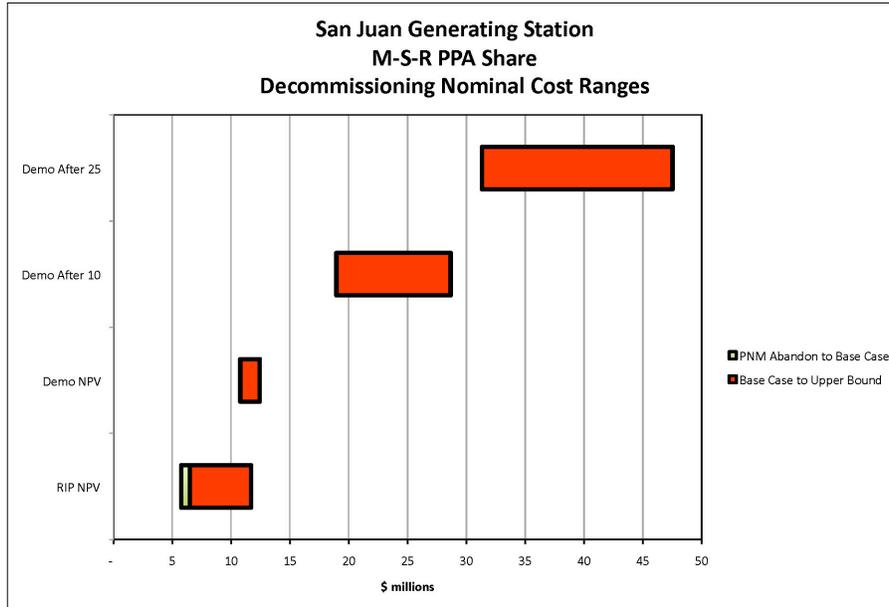
Pursuant to the Decommissioning Agreement, M-S-R PPA retains liability for a share of the cost of SJGS decommissioning and demolition costs. This share started at 8.7% in 2018 and declines to about 7.6% given a 2022 SJGS shutdown. If Farmington/Enchant successfully operate the SJGS for an additional 13-years, M-S-R PPA’s share of SJGS decommissioning and demolition costs would further decline to 5.8% in 2035.

A detailed decommissioning study performed in 2019 by Burns and McDonnell indicates that unless it is presumed the SJGS is never demolished at any future time, the least cost alternative is to demolish the SJGS as soon as possible after final shut-down and that the highest cost alternatives are to retire the SJGS in-place and demolish at some future time. The ranges of decommissioning cost shares allocable to M-S-R PPA assuming cessation of generation in 2022 are illustrated below:



8/22/19

¹ Pursuant to a San Juan Project Extender Rights Transfer Agreement dated August 16, 2019, the City of Farmington, NM and Enchant Energy LLC propose to continue to operate the SJGS after June 30, 2022 for a 13-year period utilizing carbon capture technology.



8/27/19

Pursuant to the Decommissioning Agreement, the SJGS Participants are required to fund a share of \$30 million (M-S-R PPA’s share = \$2.3 million – which has been deposited in its Decommissioning Trust) for an initial phase of asset removal and remediation activities (which are included in all the above estimated costs.) At such time as the SJGS Participants reach agreement on a Decommissioning Plan, the funding requirements in the Decommissioning Agreement will be updated. As discussed below (Section 4. Financial Matters – Legacy Liability Funding) the Agency has sufficient funds available to fund all decommissioning and demolition scenarios studied by Burns and McDonnell without additional cash calls on the Members.

Potential Actions:

1. Continue to manage liabilities pursuant to existing agreements.
2. Encourage/promote Farmington/Enchant SJGS life extension project to reduce decommissioning liability shares.

3. Promote immediate full decommissioning and demolition of SJGS upon cessation of generation activities and discourage retirement in place scenarios.
4. Assign liabilities to a third party at reasonable cost without recourse to M-S-R PPA.

Legacy Liabilities – Potential Environmental Remediation:

Pursuant to the Restructuring Agreement, M-S-R PPA is potentially liable for pre-Exit Date environmental conditions requiring remediation. M-S-R PPA would not have responsibility for any remediation required as a result of post-Exit Date operations. At this time it does not appear M-S-R PPA has any additional environmental remediation liabilities beyond those anticipated in the estimates for Decommissioning Liabilities. However, liability under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) although not currently identified, may exist. To mitigate environmental remediation risk, M-S-R PPA elected to maintain Continuing Coverage insurance regarding SJGS general and environmental liabilities pursuant to the Restructuring Agreement.

Potential Actions:

1. Continue to maintain Continuing Coverage insurance at reasonably allocated costs to mitigate potential environmental remediation liabilities.

Recommendations:

1. M-S-R PPA should continue to take all reasonable actions necessary to protect Members and bondholders from financial risk through final retirement of all San Juan Project bonds and through extinguishment of San Juan Legacy Liabilities, including cost reduction and mitigation of risk through insurance and assignments of liability.
2. M-S-R PPA should support efforts to transfer contractual liability for completion of mine reclamation requirements from the SJGS Participants to Westmoreland San Juan

Mining (WSJM) at a cost less than or equal to current Reclamation Trust Balances provided such transfer can be made irrevocably and without recourse to M-S-R PPA.

3. M-S-R PPA should take all reasonable steps to advocate for adoption of contemporary rather than deferred demolition in the approved Decommissioning Plan for SJGS.
4. M-S-R PPA should support efforts to explore transfers of contractual liability for completion of SJGS decommissioning and demolition liability to qualified third parties at a cost less than or equal to current cost projections, provided such transfers can be made irrevocably and without recourse to M-S-R PPA.
5. M-S-R PPA should support the successful implementation of the Farmington/Enchant SJGS life extension project and resulting reductions in estimated reclamation and decommissioning reclamation liabilities.

Pacific Northwest Project:

The Pacific Northwest Project initially consisted of contracts with the Bonneville Power Administration (BPA) for the delivery of power to the California-Oregon Border (COB) and thence via the California-Oregon Transmission Project (COTP.) The final agreement with BPA terminated on September 30, 2005. Currently the Pacific Northwest Project consists of the Big Horn Wind Energy Projects.

Big Horn Wind Energy Project:

Project Description and History:

On June 1, 2005, M-S-R PPA entered into a series of agreements (as subsequently amended) with PPM Energy, Inc. – now known as Avangrid Renewables, LLC (Avangrid) – to purchase wind power energy at a negotiated price, with a nominal installed capacity of approximately 199.5 MW and an expected annual capacity factor of about 35%, as firmed, shaped, and delivered to COB for an initial 20-year period. Power deliveries commenced on October 1, 2006. M-S-R PPA has the right and obligation to continue to take the same output through September 30, 2031, or if the Big Horn Wind Energy Project is repowered before September 30, 2026, M-S-R PPA will have a right of first offer to negotiate a long-term power purchase for such repowered project.

On December 2, 2009, M-S-R PPA entered into a further series of agreements with Avangrid to purchase wind power energy from the 50 MW Big Horn II Wind Energy Project for a 25-year term from November 1, 2010 through October 31, 2035.

Although the costs of the Big Horn Wind Energy Projects were competitive with other renewable energy projects at the time the power purchase agreements were originally consummated, the market price for wind energy resources has relaxed in recent years.

Goals:

M-S-R PPA will continue to evaluate any options to reduce Big Horn Wind Energy Project costs without placing the structure or benefits of the Firming and Shaping Agreement (Big Horn I) or Redelivery Agreement (Big Horn II) with Avangrid at risk.

The Agency also needs to maintain the significant benefits of the Big Horn Wind Energy Projects in meeting the Members Renewable Portfolio Standards (RPS) and carbon content requirements as laws and regulations evolve.

On-Going Management:

Cost Containment – BPA Proceedings:

BPA Transmission and Ancillary Service rates directly and indirectly affect the costs paid by M-S-R PPA to Avangrid for Firming and Shaping Services for the Big Horn Wind Energy Project and for pass-throughs by Avangrid of BPA Transmission and Ancillary Services charges for the Big Horn II Wind Energy Project². The annual costs paid for these services by M-S-R PPA are about \$13 million.

BPA issued its Final Record of Decision (ROD) in rate case BP-20 on July xx, 2019, which included modest increases in BPA transmission and ancillary services rates. The Agency remains concerned that rates charged for these services remain excessive and that BPA cost allocations remain biased to the benefit of power rather than transmission customers. Other issues including the misallocation of costs between BPA power and transmission business units, as illustrated by a recent \$331 million “accounting error,” remain active in workshops and other proceedings. BPA will begin preparing its BP-22 rate case during 2020.

Potential Actions:

1. Continue to participate in the workshops and filings related to BPA rate cases to ensure costs are not allocated in a discriminatory manner for transmission and ancillary services.
2. Prepare annual Priorities Matrix and Action Plans in conjunction with BPA Counsel and use to manage the efforts of Staff, Counsel, and Consultants in BPA Rate Cases.

Cost Containment – EIM Proceedings:

The California Independent System Operator (CAISO) has developed a market-based energy imbalance market (EIM) operating in the western interconnection. The operation of the EIM may affect the costs and deliverability of energy from the Big Horn Wind Energy Projects and other Member resources. As of December 31, 2019, 18 entities notably including Puget Sound Energy, Portland General Electric, PowerEx, Balancing Authority of Northern California/Sacramento Municipal Utility District (BANC/SMUD) are active EIM participants or have indicated (including Avangrid and BPA) they are investigating joining the EIM in the near future. Of particular concern to M-S-R PPA, activities of the EIM may affect access to and pricing of energy deliveries across the BPA system or the Pacific Northwest Interties. Furthermore, to most efficiently accommodate EIM activities, various BPA grid modernization projects have been proposed.

Potential Actions:

1. Monitor EIM development activities and filings and intervene in cases where EIM costs may be assigned to non-EIM participants especially regarding use of, or additions to, BPA transmission system.

Cost Containment – M-S-R Coordinator:

M-S-R PPA awarded a contract to Modesto in 1999 to provide Coordinator services. This agreement was for a three-year term with three optional one-year extensions and expired April 1, 2005. The M-S-R PPA Commission awarded similarly structured successor contracts to Modesto in 2004, 2011 and 2018. The M-S-R Coordinator currently provides pre-

² The cost reimbursement provisions of Modesto's Star Point Wind Energy Project contract with Avangrid are essentially identical to those in the Big Horn II Wind Energy Project.

scheduling, scheduling, real-time dispatch and settlements services for the Big Horn Wind Energy Projects.

Potential Actions:

1. Review cost efficacy of continued Modesto provision of M-S-R Coordinator services prior to the December 31, 2020 deadline to notify Modesto of the first one-year extension of the current agreement.

RPS Compliance – Qualifications:

Over the past decade, California Law has imposed ever more stringent RPS and carbon content requirements on electrical energy trading and generation. The most recent law, SB 100 adopted in 2018, further modified the RPS to a 60% obligation by December 31, 2030, and set a target of a 100% carbon-free emissions portfolio by 2045. RPS laws also require renewable energy projects to be “certified” by the California Energy Commission (CEC). In addition, the CEC requires renewable projects to be tracked through the Western Renewable Energy Generation Information System (WREGIS). Both the Big Horn Wind Project and Big Horn II Wind Energy Project have been certified as eligible by the CEC. Avangrid/Big Horn Wind Project LLC/Big Horn II Wind Project LLC has registered the Projects with WREGIS as generators, BPA has registered as the qualified reporting entity for the Projects, and M-S-R PPA has adopted procedures for the verification, accounting, and distribution of WREGIS RECs for these and future projects.

The Big Horn Projects are significant elements in each Member’s renewable energy portfolio as tabulated below:

Member	Big Horn I Participation	Big Horn II Participation	Wind Energy (GWh)	Fraction of 60% RPS²
Modesto	12.5%	65%	143	8%
Santa Clara	52.5%	35%	308	12%
Redding	35.0%	-	180	42%

² Estimates are based on average annual Big Horn I & II production compared with 60% RPS requirement applied to projected 2030 load.

Potential Actions:

1. Monitor regulatory/legislative changes to assure Big Horn Wind Energy Projects remain as eligible RPS Resources through at least their current September 30, 2031 and October 30, 2035 contract maturities.
2. Evaluate actions to allow Big Horn I and Big Horn II to continue to meet Member RPS requirements beyond current September 30, 2031 and October 30, 2035 contract maturities.

RPS Compliance – Reporting and Certification:

The qualifications and reporting of emissions under California Air Resources Board (CARB) and CEC regulations and the accounting of the RECs associated with the Big Horn (and Star Point) Wind Energy Projects represent the majority of the Agency’s benefits under these contracts. Specifically, the treatment of the RECs as being so-called Bucket “0” must be preserved, to avoid reducing the benefits and economic value of these projects in satisfying Member RPS compliance requirements. Similarly, preservation of the RPS Adjustment under the CARB Mandatory Reporting Regulation (MRR) has substantial value to the Members. On April 13, 2018, M-S-R PPA entered into letter agreements with Avangrid for both the Big Horn and Big Horn II Wind Energy Projects regarding “Process for Addressing RECs and California Carbon Allowances” and accounting for RPS Adjustments under CARB’s MRR.

Potential Actions:

1. Continue to assure Big Horn Wind Energy Projects remain grandfathered as Bucket 0 RPS Resources.
2. Pursue regulatory/legislative changes to allow Big Horn Wind Energy Projects to be deemed Bucket 1 RPS Resources.

Recommendations

1. M-S-R PPA should continue to administer the Big Horn I and II Wind Energy Project agreements to reduce costs and fees and maintain use of the Projects’ environmental attributes in satisfying the Members’ RPS or other requirements.

2. M-S-R PPA should continue to track and allocate renewable energy production and associated WREGIS RECs from the Big Horn I and II Wind Energy Projects for the benefit of the Members and take all necessary steps to ensure that such generation and credits remain eligible to meet all applicable California renewable energy production requirements.
3. M-S-R should continue to examine any reasonable options to reduce costs regarding the Big Horn Wind Energy Projects, but not recommend further action upon such proposals until all economic, legislative, and regulatory risks and benefits can be appropriately quantified for consideration by the Members.
4. M-S-R PPA should continue to follow and to actively participate (as directed by the M-S-R Commission) in BPA's rate proceedings, and related Federal Energy Regulatory (FERC) and judicial hearings. Reports to Members and solicitation of direction regarding filings, positions, and meeting representation shall be timely and proactive. Periodic conference calls among Member staff will continue to solicit Member input and discuss the implications and appropriate responses to these emerging threats. Priorities have been identified as follows, and will be periodically ranked in annual Priorities Matrix and Action Plans:
 - a. M-S-R PPA will continue to work to minimize inappropriate cost shifts between BPA business units,
 - b. M-S-R PPA will advocate for cost causation principles with emphasis on transmission and ancillary services customers paying only for services they actually receive,
 - c. M-S-R PPA will support BPA initiatives to maintain the reliability of the transmission and hydro generation system.
5. M-S-R PPA should actively monitor Avangrid Renewables' obligations and performance under the current agreements with respect to changing rules and

regulations. Additionally, M-S-R PPA should monitor Avangrid's financial structure and capitalization.

6. M-S-R PPA should track and actively comment upon proposed legislation and regulations as they may affect uses and benefits of M-S-R PPA wind contracts to meet California RPS requirements and carbon reporting regulations.

DRAFT

IV. FINANCIAL MATTERS

The Financial Management Committee monitors the financial markets and advises the General Manager regarding the issuance and management of the Agency's debt and similar liabilities. The activities of the Financial Management Committee are supported by an independent Financial Advisor, currently the firm of Montague, DeRose and Associates, LLC. M-S-R PPA maintains a minimum of 60-days operating cash, including certain reserved funds, and accrues other reserves as required by Bond Indentures, to fund contingent liabilities, and to manage Member cash call requirements. As reported in the April 30, 2019, Treasurer's Report, M-S-R PPA holds about \$83 million in operating funds and restricted and un-restricted reserves .

Goals:

Maintain sufficient operating cash and reserves to meet the liquidity requirements of the Agency, fund current and contingent liabilities as they become due and to meet all requirements of Bond Indentures and State Law regarding debt issuances and investments while minimizing risk and cash calls upon Members and maximizing returns on invested funds.

Debt Management:

M-S-R PPA will have approximately \$52 million of outstanding debt on its San Luan Project Revenue Bonds as of July 1, 2020. Other bonds previously issued by the Agency have either been retired or defeased. Outstanding Series 2018R Bonds yield about 1.78% and are not callable before maturity.

Potential Actions:

1. Make all debt service payments and file reports as required by Continuing Disclosure Agreement.

Funding of Legacy Liabilities:

Pursuant to Resolution 2016-04, the Agency will fund the balance of the costs of San Juan Project Legacy Liabilities from various reserve funds held by the Agency and associated with the San Juan Project. Those reserves may include working capital in the Operating Fund, the Debt Service Coverage Revolving Fund, existing balances in the Reclamation and Decommissioning Trust Funds, and other non-designated reserves and funds.

M-S-R PPA’s Mine Reclamation Trust value requirement as of December 31, 2019 is about \$17.8 million and is currently projected to end the year with a balance of \$17.7 million which, depending on the effect of unrealized investment valuation adjustments, may indicate the need for a minor Reclamation Recovery Deposit.

As shown below in the tabulation of funds available to satisfy Decommissioning Cost requirements, sufficient funds are available to make any necessary future deposits and additions without additional cash calls on the Members:

Decommissioning Cases	NPV Costs (\$2018)	Balance Held December 31, 2018	Funds Notes
Retire in Place – Base Case	\$5,600,000		
Retire in Place – Upper Bound	\$10,000,000		
Full Demolition – Base Case	\$8,600,000		
Full Demolition – Upper Bound	\$9,700,000		
Demolition After 10-Years – Upper Bound	\$15,900,000		
Demolition After 25-Years – Upper Bound	\$14,700,000		
		\$2,234,515	Held in Decommissioning Trust
		\$6,534,935	Remaining Resolution 2016-04 Reservation
		\$3,300,000	Debt/Service Coverage Revolving Fund
		\$14,900,000	MCCRA & Other Agency Reserves/Operating Fund
		\$26,968,550	Total Available/Applicable Funds

Potential Actions:

1. Satisfy any funding requirements for either the Reclamation Trust Fund or Decommissioning Trust Fund from reserves currently held by the Agency.
2. Consider disbursements to the Members or other use of funds accessible to the Agency that are greater in amount than the highest projected remaining nominal cost of Decommissioning or Reclamation activities.

Recommendations

1. M-S-R PPA's debt and investment structures should be periodically reviewed to maximize the benefits to M-S-R PPA and its members.
2. As required in Resolution 2016-04, M-S-R PPA should continue to reserve funds to cover future Legacy Liability payments.

V. JOINT ACTION OPPORTUNITIES

Background

Although M-S-R PPA has been instructed in the past by its Members to prefer individual pursuit of new projects rather than joint M-S-R PPA efforts, there are collective synergies between the Members for continuing and future joint action. The role of the Agency in managing Legacy Liabilities and the Big Horn Wind Energy Projects, as well as the role of the M-S-R Energy Authority in managing the Natural Gas Project, is expected to continue for at least two more decades.

Goals:

Utilize the organizational infrastructure of M-S-R PPA to efficiently and economically provide project management services to the Members.

Potential Actions:

1. Develop a special services agreement to allow the Agency to undertake specific services at the cost and direction of one or more members.

Recommendations

1. Upon the specific request of the Members, undertake tasks utilizing existing organization infrastructure to spread existing costs over greater basis.

Regulatory Monitoring and Compliance Program

On behalf of its Members the Agency has actively participated in regulatory forums before the FERC, the CEC, the CARB, the California Public Utilities Commission (CPUC). Proceedings before the CEC, CARB and CPUC regarding RPS compliance matters are included in the Agency's Pacific Northwest Project (Big Horn Wind Energy Projects) as described above. Proceedings before these same agencies regarding greenhouse gas controls,

cap-and-trade programs, and CARB Mandatory Reporting Requirements (MRR) have broad impact on the Agency and its Members and are allocated to the Regulatory and Compliance Program established pursuant to Resolution 2017-04.

To the extent possible, other entities such as TANC, BANC, or NCPA should take the lead role on activities such as PG&E, SCE, or SDG&E Transmission Revenue Requirement (TRR) filings. Only when specifically directed by the Members would M-S-R PPA support interventions before the FERC related to general or state-wide transmission cost issues. Remaining activities would typically only apply to issues potentially impacting deliveries of renewable wind energy beyond the BPA system.

Goals:

In harmony with the project-specific regulatory monitoring and compliance activities, participate in market-wide regulatory and compliance forums to safeguard the relevance of the Agency and Member's early action in renewable resource development and carbon reduction programs.

Potential Actions:

1. Monitor FERC filings regarding transmission rates and act in a clearinghouse role for the Members.
2. Complete existing interventions and protests before the FERC regarding transmission rates.
3. New interventions and protests before the FERC regarding transmission rates should only be entertained when the Members determine there is a common interest that can be more efficiently and effectively prosecuted by joint action.

Recommendations

1. Existing interventions and protests before the FERC regarding transmission rates should be completed, but new interventions and protests regarding state-wide or specific transmission rate issues should only be entertained when the Members

determine there is a common interest that can be more efficiently and effectively prosecuted by joint action.

2. M-S-R PPA should continue to participate in proceedings before the CEC, CARB and CPUC regarding greenhouse gas controls, cap-and-trade programs, and CARB Mandatory Reporting Requirements and regarding SB 350, AB 398, and SB 100 implementation as directed by the Members.

Legislative and Regulatory Advocacy Program

M-S-R PPA has actively participated in the past nine California legislative sessions in the monitoring and amendment of renewable resources legislation and other bills affecting the operation of M-S-R PPA and Member resources. Legislative advocates were retained and an informal structure for obtaining Member positions has evolved. M-S-R PPA has also participated as a non-voting member of the California Municipal Utilities Association (CMUA) Legislative and Regulatory Committee and CMUA Energy Policy Committee.

Goals:

Support legislative initiatives that preserve or enhance the value of early action renewable energy or carbon reduction projects, that simplify or streamline regulatory reporting requirements, and that respect the value of local control and decision-making.

Potential Actions:

1. Maintain legislative advocacy roles as updated in annual California and Federal Legislative and Regulatory Representative Workplans.
2. Adopt and support CMUA legislative and regulatory positions where possible.
3. Rely on Member coverage for Federal Legislative or Regulatory matters unless otherwise directed for specific issues.

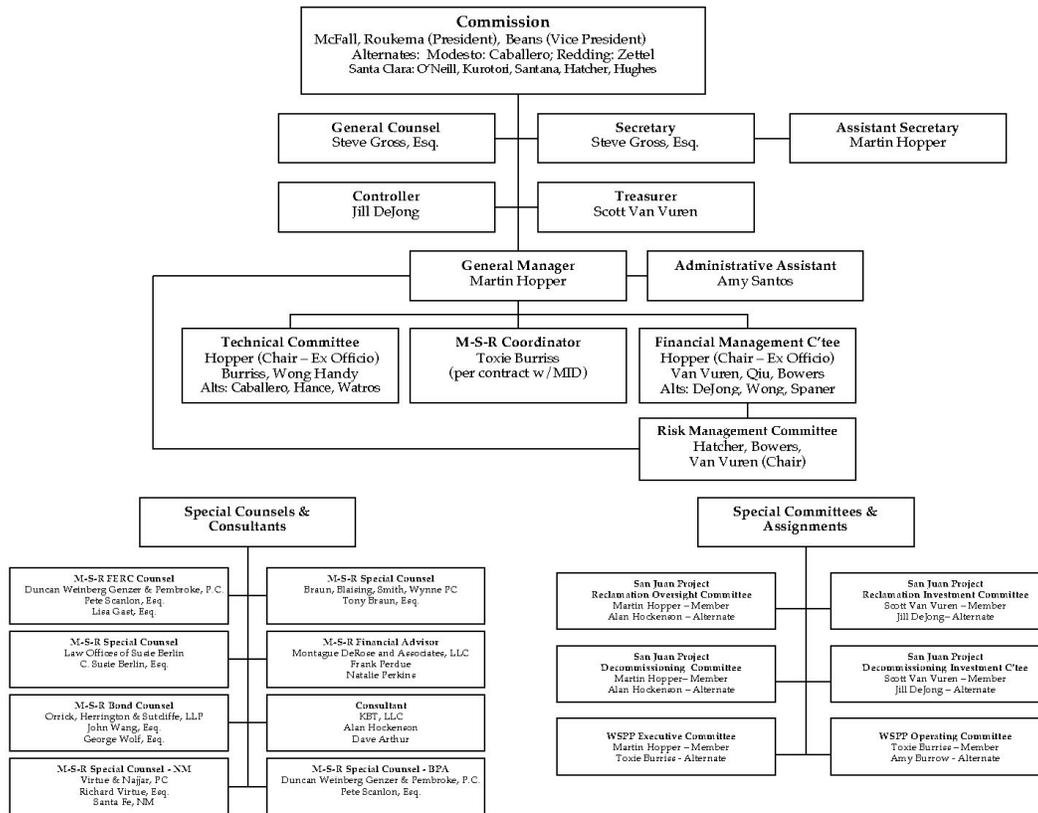
Recommendations

1. M-S-R PPA will take positions on only those bills and regulatory matters directly affecting M-S-R PPA resources or M-S-R PPA's duties to its Members. M-S-R PPA may also, by request of the Members, take positions on bills of common interest to the entire M-S-R PPA membership.
2. The M-S-R PPA General Manager will regularly consult with the Members to coordinate Agency and Member positions on bills and regulatory matters and to develop annual work plans for State and Federal legislative advocacy.
3. M-S-R PPA will retain legislative and regulatory advocates as needed to support its positions on proposed bills and regulations and will coordinate with Members and like-positioned entities and trade associations to promote M-S-R PPA's interests.

Exhibit "A"

M-S-R Public Power Agency Organization Chart

M-S-R Public Power Agency Organization Chart



Revised: September 18, 2019

M-S-R Public Power Agency Staff Report

Date: August 28, 2019
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:

- July 2019 – Covering June 2019 Activities
- August 2019 – Covering July 2019 Activities

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M-S-R Public Power Agency Staff Report

Date: July 9, 2019
From: Martin R. Hopper, General Manager
To: M-S-R PPA Commission
Subject: July 2019 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 – June 2019 (Approx. 36 hours)

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

Issued February Commission minutes.

Reviewed CRs and updated Budget v. Actuals tracking.

Reviewed annual Agency insurance renewal proposals and discuss same w/ General Counsel and Turner (MID.)

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.

The General Manager also attended one-week intensive Organization Development short-course – no charge or allocation to Agency.

Project Activities:

San Juan – June 2019 (Approx 34 hours):

Reviewed further draft Decommissioning report updates by Burns and McDonnell and presentation of findings and recommendations. Prepared analyses, comments and questions thereon and coordinated with other participants. Attended

telephonic meeting of Decommissioning Committee to receive report and provide feedback. Enquired re status of PNM's abandonment filing and status of new mine reclamation proposal.

Prepared White Paper regarding options for allocation of costs of SJGS Continuing Coverage liability and environmental liability insurance.

The General Manager reviewed extensive filings and teleconferences regarding PNM and San Juan Project abandonment matters.

Big Horn – June 2019 (Approx 32 hours):

Review documents regarding BPA rates and reserve accounting errors and impacts. Teleconfs w/ Scanlon re same and provide direction thereon.

Consolidate mark-ups of proposed amendments to Big Horn agreements and correspond with Avangrid re same. Attend negotiation mtg w/ Avangrid and reach agreement on majority of mark-ups.

Meetings – June 2019

Avangrid Renewables, Portland, OR. June 12 – 13, 2019. Key issues: review draft amendments to Big Horn I & II Agreements to implement settlement of F&S and VERBS rate issues and elimination of lock-boxes.

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 June 2019 report is attached regarding 32 hours of support.

BPA Consultant:

Our BPA Consultant, Dr. David Arthur, has prepared a report summarizing his key activities and issues covered in June 2019. A copy of his report regarding 15 hours of support is attached.

Other Contractors and Counsel:

FERC Counsel, BPA Counsel, and Regulatory Counsel status reports will be prepared at a similar level of detail to the General Consultant's Monthly summary and are under development for initial content.

M-S-R Public Power Agency Staff Report

Date: July 1, 2019
From: Alan Hockenson
To: Martin Hopper
Subject: Specific Work Tasks for June 2019

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

Generation (13 hours) – In late 2018, PNM contracted with Burns & McDonnell (B&M) to prepare a Cost Estimate for the alternatives to decommission the San Juan Generation Station (SJGS). The most recent draft Cost Estimate was reviewed as well as the Final Draft which attempted to reflect comments from the San Juan Generating Station (San Juan) Decommissioning Committee (SJDC). Comments on these drafts were summarized and provided to the General Manager for review. In addition, the SJDC had its monthly telephonic meeting on June 27, 2019. Little decommissioning work was performed in June but work on multiple work items are scheduled for July.

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 (18 hours) – Monthly operating data was received from Avangrid Renewables, Inc. (AR) was reviewed and curtailment details were confirmed.

I received copies of documents from Special Counsel which were briefly reviewed to assure I am familiar with the issues of importance to M-S-R PPA. These documents pertain to the weekly issuances of the Federal Energy Regulatory Commission (FERC), including the April operational report by the California Independent System Operator (CAISO) regarding the compliance of the Balancing Authority of Northern California (BANC) to its participation in the Energy Imbalance Market (EIM).

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.

The final notice regarding the sunset of the Enhanced Curtailment Calculator Task Force (ECCTF) was received. Any similar future initiative will be led by Dede Subakti of the CAISO.

The Northern Tier Transmission Group (NTTG) issued its quarterly update which announced a new transmission request from “Joint Users” (including the Utah Association of Municipal Power Systems, UAMPS) to add transmission to support delivery of Wyoming wind energy to utilities reducing their reliance on coal power.

Administrative (1 hour) – The Quarterly Status Reports were updated to reflect May activities.

All meetings were attended telephonically.

Date: July 8, 2019
From: David Arthur
To: Martin Hopper
Subject: **June Update to BPA Tasks: Total 15 hours**

June started as a relatively routine month and culminated with the much-anticipated BPA EIM Letter to the Region.

In mid-June BPA held its monthly EIM stakeholder meeting which was closely followed by the monthly update to the TC-20 rate settlement. I participated in both meetings by phone.

The EIM meeting addressed questions and updated details regarding the previously discussed cost-benefit study. It also previewed the forthcoming EIM Letter to the Region.

The TC-20 update continued the discussion regarding the measurement of ATC (Available Transmission Capacity) and discussed different time frames for its updates.

Stakeholders continued to express concerns regarding the criteria to be used for evaluating the efficacy of hourly firm transmission.

EIM Letter to the Region:

The major item for June was BPA's release of its EIM Letter to the Region (The Letter). The Letter was a 100-page+ document that detailed BPA's perception of industry changes, regional opportunities, costs/benefits of EIM, legal issues, and various other considerations.

The Letter was quite comprehensive and indicated BPA's current intention (subject to stakeholder comments) to allocate funds with the intent to join the CAISO EIM in 2022. Throughout the letter BPA emphasized that whether or not it joined the EIM was voluntary and BPA could be change or modify its participation at any time should circumstances change.

The Letter did not address the allocation of cost/benefits between stakeholders, which will be addressed in the BP-22 and TC-22 rate cases. For M-S-R this is a substantive issue that ideally would be addressed on a preliminary level in a more contemporaneous manner. (The concern is that BPA will shift costs to TBL from PBL.)

With respect to TBL, The Letter indicated that participation in the EIM should provide significant qualitative benefits in the form of congestion relief, better “visibility”, and hopefully avoided transmission builds. The commercial benefits in the form of future net revenues likely will be energy related. The costs in the form of new software and additional labor requirements will be monetary and may or may not be netted against the additional revenues. (The concern is some portion of additional costs will be allocated to TBL without any offsetting allocation of the new EIM net revenues, thus putting rate pressure on TBL customers.)

BPA persistently emphasized that it could opt out at any time. Contractually this may be accurate. However, given the assumed benefits (reduced congestion and avoided builds) it is unclear whether future withdrawal from the CAISO EIM will remain a practical option. Once in, it may be more difficult for BPA to subsequently withdraw than BPA has represented.

M-S-R’s BPA attorney and I are drafting comments on The Letter, which are due in late July.

M-S-R Public Power Agency Staff Report

Date: August 15, 2019
From: Martin R. Hopper, General Manager
To: M-S-R PPA Commission
Subject: August 2019 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 – July 2019 (Approx. 69 hours)

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

Issued May 2019 Technical Committee and Commission minutes.

Prepared Agenda packages and conducted meetings of Technical Committee and Commission.

Prepared detailed mid-year budget and goals status reviews and presented same to Technical Committee and Commission.

Began review and edits on 2020 Annual Strategic Plan.

Reviewed requirements regarding Wildfire Mitigation Plans and pending legislation regarding same.

Reviewed M-S-R EA Forward Delivery Agreement status and prepared draft report and action plan regarding same. Met with Financial Advisor and developed proposed renewal/replacement strategies. Set meeting of Financial Management Committees and prepared Agenda Packages regarding 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.

Project Activities:

San Juan – July 2019 (Approx 44 hours):

Monitored NM-PRC filings regarding PNM's abandonment filing and coordinated with New Mexico Counsel regarding intervention.

Performed detailed analysis of cost impacts of alternative cases Burns and Decommissioning report.

Participated in PNM Stakeholder meeting regarding Abandonment Case.

Big Horn – July 2019 (Approx 30 hours):

Prepare final mark-ups of proposed amendments to Big Horn agreements, coordinate with General Counsel regarding same and transmit to Avangrid. Coordinate with US Bank for review of lockbox termination letter agreements.

Review Big Horn energy production records and trends and develop new format for periodic status reports.

Further review of documents regarding BPA rates and reserve accounting errors and impacts. Teleconfs w/ Scanlon regarding same and provide direction thereon.

Key Meetings – July 2019

PPA & EA Technical Committees, Folsom, CA. July 11, 2019. Key Issues: San Juan Continuing Coverage Insurance White Paper. Wildfire impacts on liability insurance costs. Mid-year budget and goals review.

PPA & EA Commissions, Folsom, CA July 17, 2019. Key Issues: Mid-Year Budget and goals review.

PNM Stakeholder Meeting, Albuquerque, NM. July 18, 2019. Key Issues: San Juan decommissioning scenarios and costs.

Financial Advisor, Sacramento, CA. July 23, 2019. Key Issues: M-S-R EA Forward Delivery Agreement renewal strategies.

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 July 2019 report is attached regarding 30 hours of support.

BPA Consultant:

Our BPA Consultant, Dr. David Arthur, has prepared a report summarizing his key activities and issues covered in July 2019. A copy of his report regarding 16 hours of support is attached.

Other Contractors and Counsel:

FERC Counsel, BPA Counsel, and Regulatory Counsel status reports will be prepared at a similar level of detail to the General Consultant's Monthly summary and are under development for initial content.

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M-S-R Public Power Agency Staff Report

Date: August 1, 2019
From: Alan Hockenson
To: Martin Hopper
Subject: Specific Work Tasks for July 2019

During July, 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 (5 hours) – July efforts centered on the San Juan Generating Station (San Juan) Decommissioning Committee (SJDC) held on July 25, 2019. Meeting documents were reviewed prior to the meeting. The meeting was attended telephonically and a summary was prepared for the General Manager. Most of the outstanding decommissioning work will be completed during the third quarter of 2019.

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 and curtailment details were confirmed. Transmission curtailments occurred at the end of July due to wildfire activity in Modoc County.

I received copies of documents from Special Counsel which were briefly reviewed to assure I am familiar with the issues of importance to M-S-R PPA. These documents pertain to the weekly issuances of the Federal Energy Regulatory Commission (FERC), including those relating to the Pacific Gas and Electric Company (PG&E), Wildfire Legislation, and ongoing Transmission Owner (TO) Cases.

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.

The Northern Tier Transmission Group (NTTG) issued its 2018-2019 Draft Final Regional Transmission Plan.

Administrative (5 hours) – The Quarterly Status Reports were updated to reflect June activities. Materials for the Technical Committee and Commission were reviewed.

Date: August 14, 2019
From: David Arthur
To: Martin Hopper, M-S-R General Manager
Subject: July Update to BPA Tasks

During July I continued to monitor and participate in the BPA stake holder processes related to: Evaluation and options regarding the \$300 million accounting error, Potential BPA participation in the CAISO EIM, and follow-up discussions regarding the TC-20 Tariff Settlement. Total – 16 hours.

\$300 Million Accounting Error

There were significant developments during July regarding the \$300 Million Accounting Error. BPA and BPA's outside accountant completed the review of all the accounts that potentially were subject to error. The result was a change to 4 accounts with the net result that the \$300 million error was revised to \$180 million. The QBR for the third quarter reflects BPA's \$180 million proposal and which is subject to revision based on customer comments due August 21, 2019.

I participated in the meeting(s) and consulted with M-S-R's attorney regarding the development of comments due in late August.

BPA Participation in the CAISO EIM

In July BPA held a conference call and published their initial findings regarding their possible participation in the CAISO EIM. They also solicited comments. I participated in the call, reviewed the white paper, discussed the meeting with M-S-R's BPA attorney, and drafted initial comments for review and revisions by M-S-R's BPA attorney. The comments as revised were filed with BPA in late July.

Implementation of TC-20 Settlement

Lastly, I monitored BPA's monthly update on implementation of the TC-20 Settlement. Currently, BPA is in the second stage of the 3-stage effort to evaluate the best approach to hourly firm products. In this stage BPA has imposed some limits on the availability of network hourly firm. In the first stage the status quo, no limits were imposed.

Stakeholders continue to express concern that there is a lack of clarity regarding the criteria to be adopted for evaluation across the three stages. Stakeholders also continue to assert the need for an hourly firm product.

M-S-R Public Power Agency Big Horn Operations

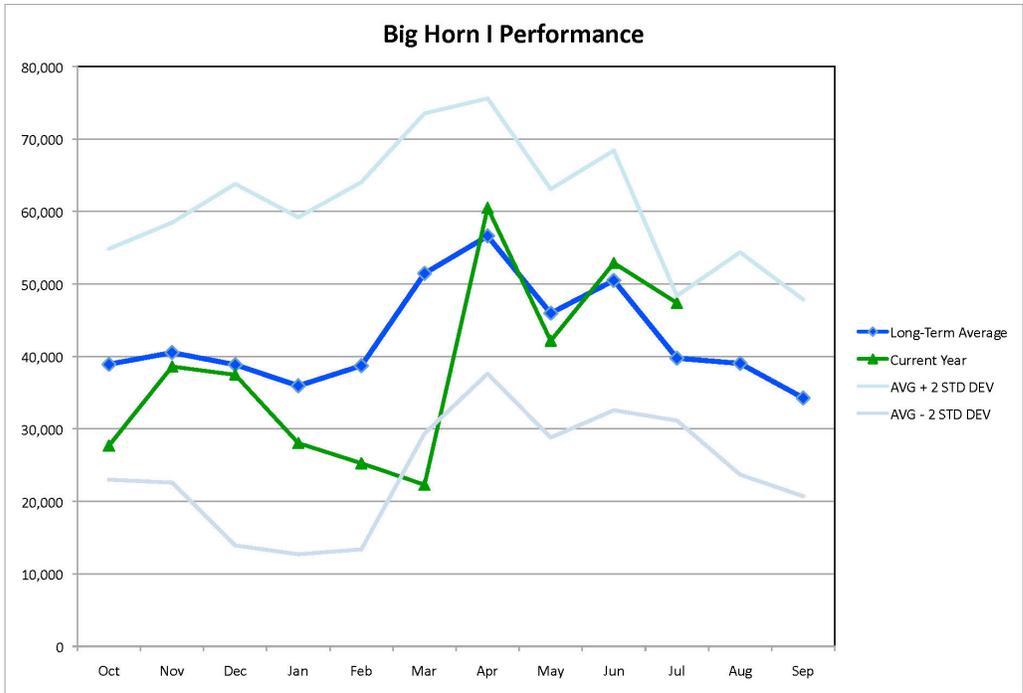
Date: August 28, 2019
From: Martin Hopper, General Manager
To: Technical Committee
Subject: Big Horn Operations Statistics

Energy Production Statistics for the Big Horn Wind Energy Project:

Big Horn I Operations	Production (MWh)	Monthly % of Forecast – Contract (5-Year)	Cumulative Wind Year Production (MWh)
May	42,159	107.8%	282,030
June	52,885	112.3%	334,914
July	47,385	120.3%	382,299
Annual Contract Forecast	N/A	N/A	482,910
Annual Budget Forecast	N/A	N/A	515,000
Life of Project Production	N/A	N/A	7,027,353

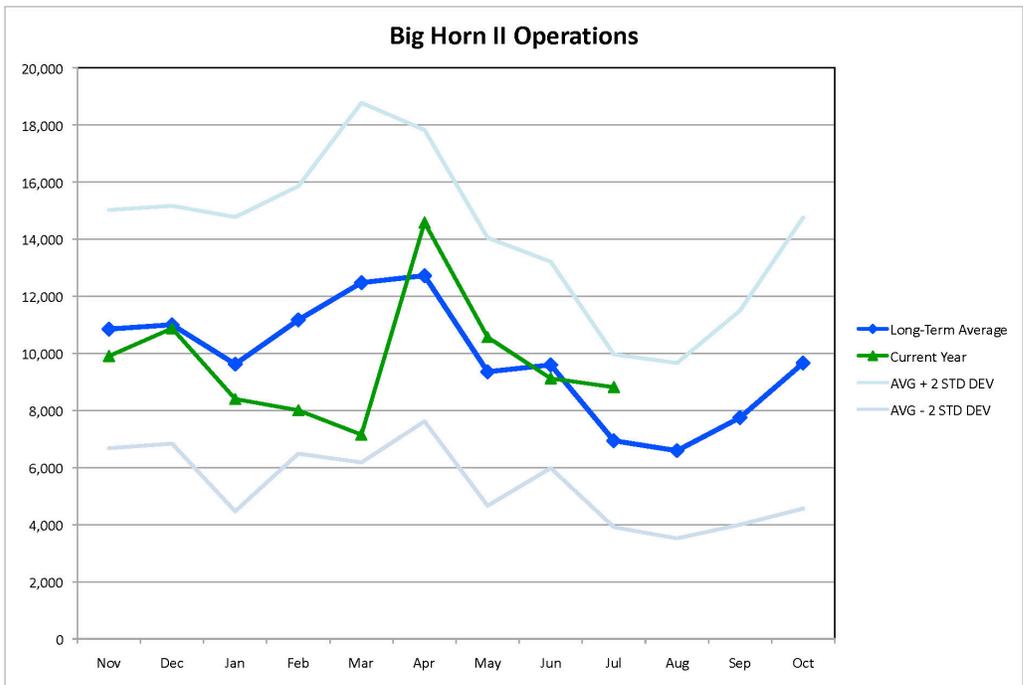
Big Horn II Operations	Production (MWh)	Monthly % of Forecast – Contract (5-Year)	Cumulative Wind Year Production (MWh)
May	10,563	127.1%	69,476
June	9,120	93.7%	78,595
July	8,814	116.9%	87,409
Annual Contract Forecast	N/A	N/A	117,772
Annual Budget Forecast	N/A	N/A	115,000
Life of Project Production	N/A	N/A	1,159,106

After poor energy production from both Big Horn I and Big Horn II projects during the first half of the production year, the energy production during the second half has been good enough to estimate with confidence that both projects should perform near historical averages by the end of year. Also attached are plots of current year wind energy production compared with long-term averages for both Big Horn I and Big Horn II Wind Energy Projects.



8/28/19

Big Horn I Projections 2019.xlsx



8/28/19

Big Horn II Projections 2019.xlsx

Transmission Curtailments:

Curtailments	On-Peak (MWh)	Off-Peak (MWh)	Total (MWh)
May	37	0	37
June	36	2	38
July	1,146	1,221	2,367
Year To Date	3,482	2,621	3,736
Historic Annual Average	1,425	866	2,291

Curtailments spiked in July due to the Tucker Fire in Modoc County, about 15 miles southeast of the town of Tulelake, CA. The fire began on July 28, 2019 and burned 14,217 acres before being completely contained on August 12, 2019. During this period, operations of the Pacific AC Intertie were constrained. Additional curtailments are expected in the August report when it becomes available. This will likely make 2019 the year with the highest amount of annual curtailments in the operating life of Big Horn I, breaking the record for the third consecutive year.

DRAFT

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

Date: August 23, 2019
To: Martin Hopper, General Manager
From: Alan Hockenson, Consultant
Subject: San Juan Decommissioning Periodic Update

Decommissioning Committee Meetings:

May 23, 2019:

The Public Service Company of New Mexico (PNM) hosted a conference call for the San Juan Decommissioning Committee (SJDC) on May 23, 2019. Progress on the left over decommissioning work from 2019 had been delayed as PNM has focused on the maintenance outage of an operating unit. PNM outlined the work scheduled to be completed by the end of July. The SJDC asked PNM to act on two specific issues: (1) why there was such an imbalance of expenditures for the ash clean up between Units 2 and 3, and (2) to specify in the records which of the four projects in the 2019 Decommissioning Work Scope were deferred until all units at the San Juan Generating Station (San Juan) ceased operations.

Previously, PNM had pressed the SJDC for the approval of a resolution specifying the preferred plan for decommissioning based on the recent Decommissioning Cost Estimate Study performed by Burns and McDonald (B&M). At this meeting, PNM indicated it would no longer be pressing for such a resolution but would accept further comments on the B&M study. When PNM was asked when it would be making its Abandonment Filing, PNM's answer was vague and evasive. There will be issues before the New Mexico Supreme Court in July 2019. The City of Farmington indicated its efforts to have the current San Juan units operating beyond 2022 will reach its next decision point in September 2019.

June 27, 2019:

PNM indicated there was very little progress on decommissioning activities this month. However, substantial contract work will begin after the July 4th holiday weekend. All work on the stack design is complete but further progress will be stalled until the PNM Abandonment Filing process is settled. It was pointed out to PNM that the "project complete dates" for deferred projects had no meaning and PNM will clear this up for the benefit of all participants. PNM also indicated its Abandonment Filing will likely be delivered by mid-July.

July 25, 2019:

PNM provided the SJDC with an update on eight active projects remaining for 2019:

- 1-3. One contract has been executed with a local firm, Electrical Energy Services Inc. (EESI) and work commenced on three projects related to Ductwork and Miscellaneous Equipment Installation, Physical Barriers, and Miscellaneous Structural and Environmental Issues to be completed in August.
4. Regarding Precipitator Transformer/Rectifier Sets, PNM is waiting for a tank delivery and the project should be finished by the end of August.
5. Dismantlement of the Chemical Plant Control Room has begun and should take two months to complete. PNM has held out enough funds from this project to address the demolition of the Southside Wastewater Building roof in October.
6. Regarding caps for the Unit 2 & 3 Stacks, design has been completed by the contractor, Coleman, and plans sent for fabrication. This project is expected to be completed by the end of September.
7. The Electrical Disconnect from the Substation will occur in the switchyard in conjunction with a capital project likely in September.
8. Work on the DCS Logic Changes is completed and should be closed out by the end of July.

After 2019, the only future work scheduled will be future routine inspections (total of \$50,000) and stack inspections and possible repairs (\$200,000). PNM also indicated a review of the ash removal projects exposed that certain costs had been misallocated. The initial \$120,000 difference has been reduced to \$20,000.

PNM announced it made its Abandonment Filing on July 1, 2019 and that it contains four options or scenarios for consideration. At the time of this meeting, the comment period is underway in the New Mexico Public Regulation Commission (NMPRC) process.

August 22, 2019:

PNM provided the SJDC with an update on seven active projects remaining for 2019:

- 1-3. EESI is scheduled to complete its three projects (Ductwork and Miscellaneous Equipment Installation, Physical Barriers, and Miscellaneous Structural and Environmental Issues) by the end of August.

4. Regarding Precipitator Transformer/Rectifier Sets, PNM is waiting for a tank delivery and project completion is delayed to the end of September.
5. Dismantlement of the Chemical Plant Control Room was completed under budget.
6. Regarding caps for the Unit 2 & 3 Stacks, design has been completed and the installer, Pullman, is schedule to be on site on September 9, 2019. PNM admits the targeted completion date of September 26, 2019 may be optimistic. Although PNM unilaterally made the decision to install the stack caps, the Exiting Participants will have no cost responsibility for this project.
7. The Electrical Disconnect from the Substation is scheduled for the week of September 23, 2019.

There are two projects scheduled to extend beyond 2019 involving the (1) inspection of stacks and (2) general safety inspections. Contingency budgets have been established in the event the results of the inspections mandate remedial actions.

The next SJDC conference call has been scheduled for September 26, 2019. The annual budget meeting will likely be a face-to-face meeting in Albuquerque, NM on October 24, 2019. Other related meetings will be clustered in that time frame.

M-S-R Public Power Agency Staff Report

Date: August 28, 2019
From: Martin R. Hopper, General Manager
To: M-S-R PPA Commission
Subject: September 2019 Outside Services Budget versus Actual Report

FISCAL YEAR 2019:

Major Legal Providers Reporting Are:

Duncan, Weinberg, Genzer, and Pembroke:	Through:	June 30, 2019
Law Offices of Susie Berlin:	Through:	June 30, 2019
Porter Simon:	Through:	July 31, 2019

Major Consulting Providers Reporting Are:

Navigant Consulting:	Through:	July 31, 2019
KBT LLC:	Through:	July 31, 2019

Legacy Liability Providers Reporting Are:

PNM – Reclamation Management:	Through:	July 31, 2019
Reclamation:	Through:	July 31, 2019
Decommissioning:	Through:	July 31, 2019

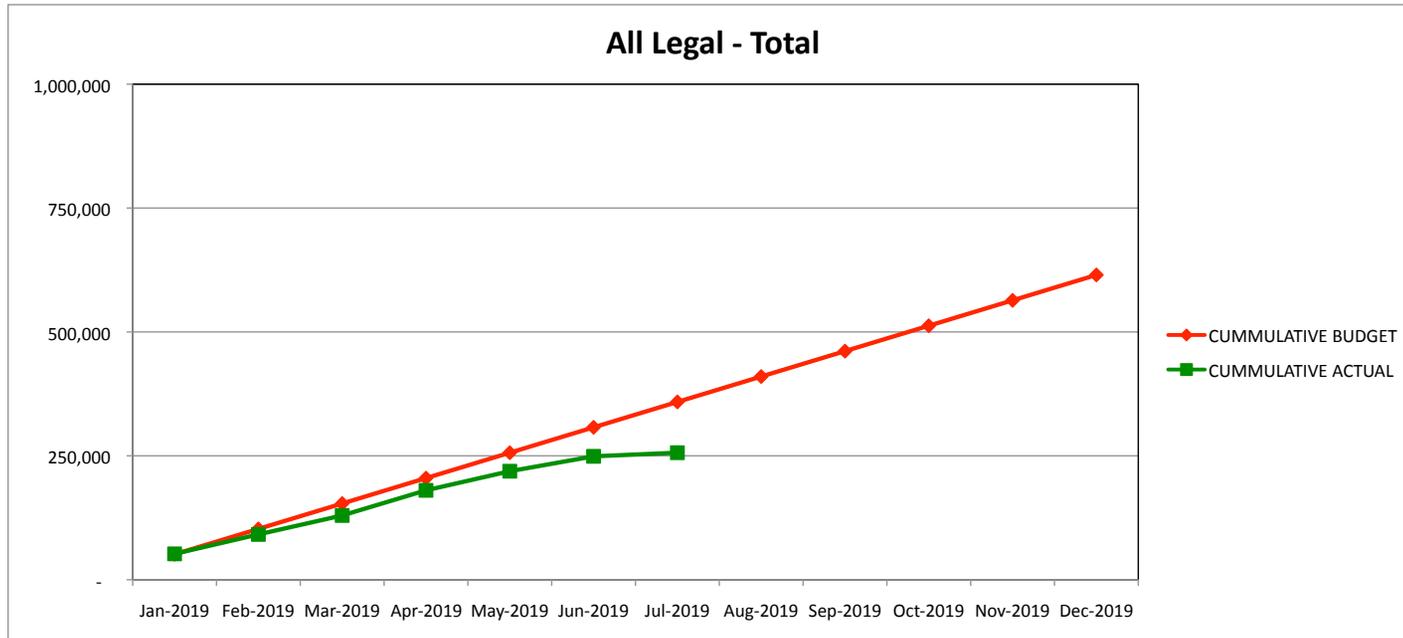
Detailed charts of monthly budget versus actual cost comparisons for each provider are attached in their usual format.

Recommendation:

I recommend the Commission note and file this report.

M-S-R PPA All Legal Summary

Month of: Jul-2019



CURRENT MONTH

By Function	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	1,000	517	483	52%
Gen - Other	1,167	3,691	(2,525)	316%
Renewables	3,083	407	2,676	13%
Rens - Other	24,167	0	24,167	0%
Reg & Comp	18,917	0	18,917	0%
Administrative	2,917	2,698	219	93%
Total	51,250	7,313	43,937	14%

YEAR TO DATE

By Function	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	7,000	6,017	983	86%
Gen - Other	8,167	5,868	2,299	72%
Renewables	21,583	7,743	13,840	36%
Rens - Other	169,167	95,319	73,848	56%
Reg & Comp	132,417	134,031	(1,614)	101%
Administrative	20,417	7,318	13,099	36%
Total	358,750	256,295	102,455	71%

By Provider	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Duncan	37,500	0	37,500	0%
Berlin	8,333	0	8,333	0%
Porter Simon	4,250	3,622	628	85%
Others	1,167	3,691	(2,525)	316%
Total	51,250	7,313	43,937	14%

By Provider	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Duncan	262,500	187,611	74,889	71%
Berlin	58,333	48,562	9,771	83%
Porter Simon	29,750	14,254	15,496	48%
Others	8,167	5,868	2,299	72%
Total	358,750	256,295	102,455	71%

M-S-R PPA Duncan Summary

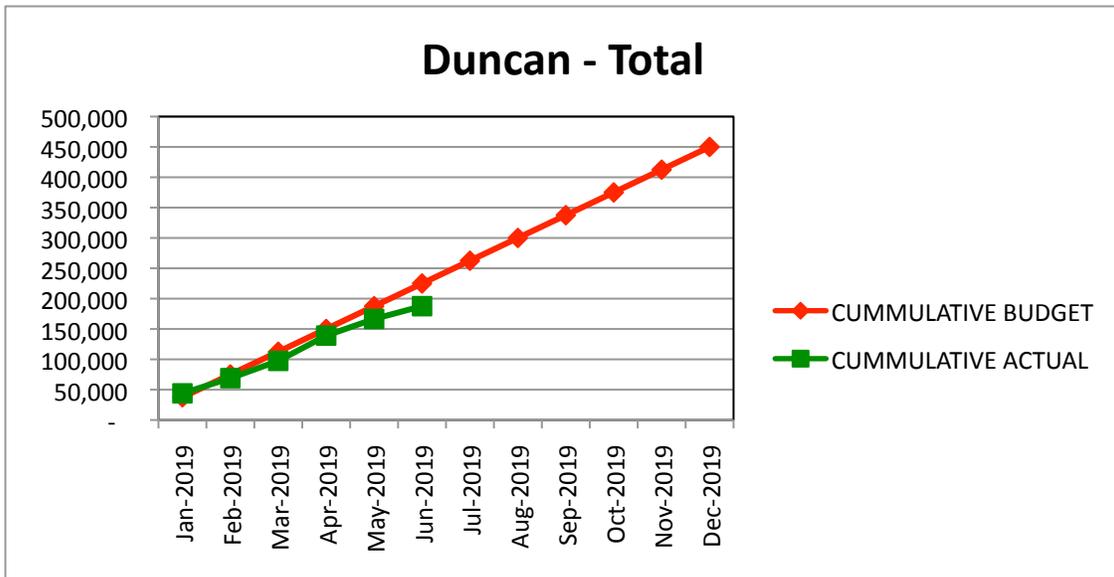
Month of: **Jul-2019**

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	24,167	0	24,167	0%
Reg & Comp	12,500	0	12,500	0%
Administrative	0	0	0	0%
Total	37,500	0	37,500	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	5,833	0	5,833	0%
Rens - Other	169,167	95,319	73,848	56%
Reg & Comp	87,500	92,292	(4,792)	105%
Administrative	0	0	0	0%
Total	262,500	187,611	74,889	71%



M-S-R PPA Berlin Summary

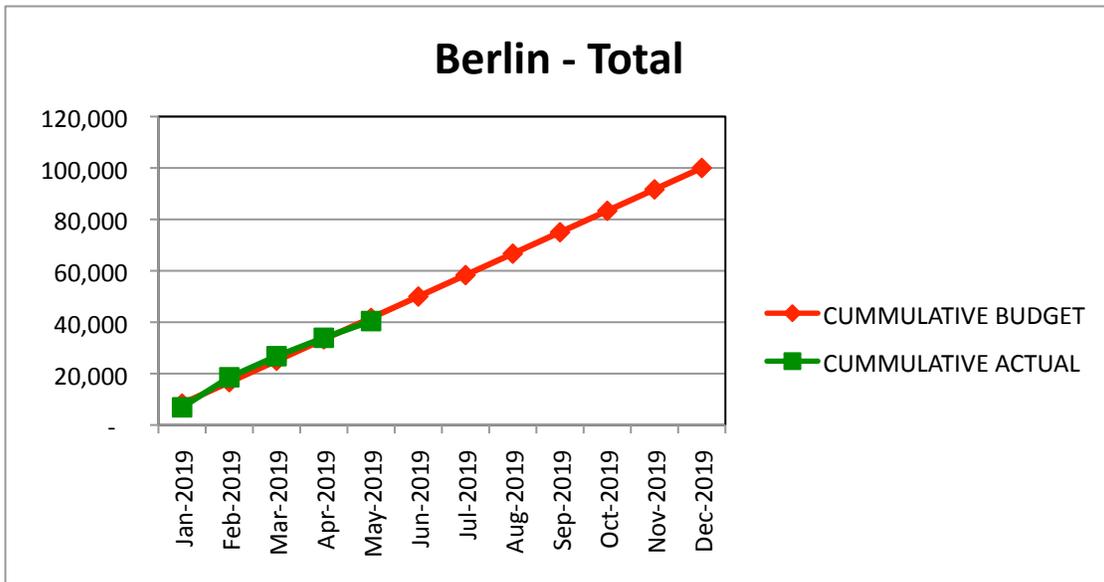
Month of: **Jul-2019**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	0	0	0	0%
Renewables	1,667	0	1,667	0%
Rens - Other	0	0	0	0%
Reg & Comp	6,250	0	6,250	0%
Administrative	417	0	417	0%
Total	8,333	0	8,333	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	11,667	6,764	4,903	58%
Rens - Other	0	0	0	0%
Reg & Comp	43,750	41,739	2,011	95%
Administrative	2,917	60	2,857	2%
Total	58,333	48,562	9,771	83%



M-S-R PPA Misc Legal Summary

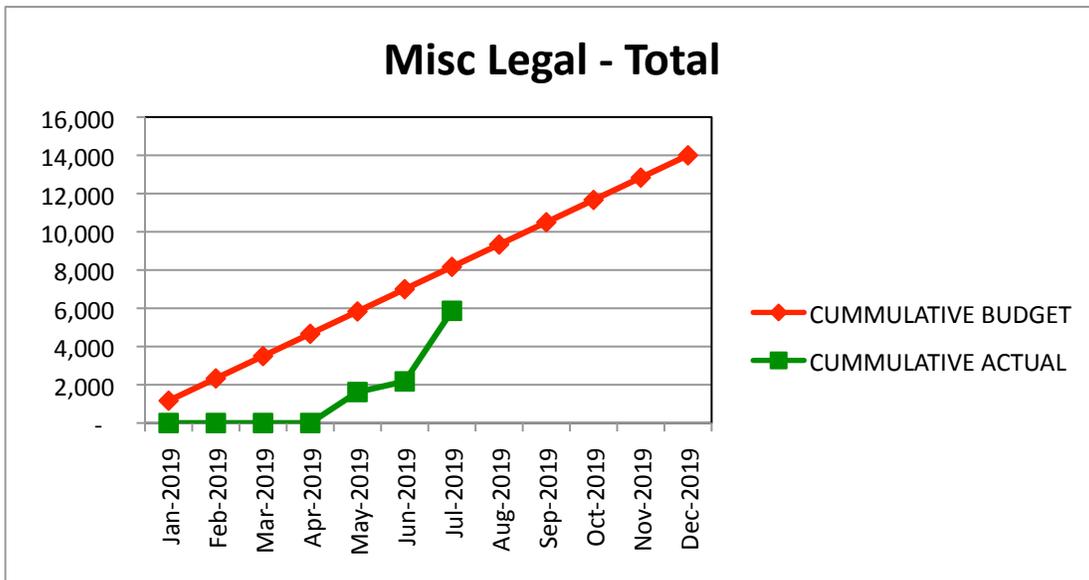
Month of: **Jul-2019**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	1,167	3,691	(2,525)	316%
Renewables	0	0	0	0%
Rens - Other	0	0	0	0%
Reg & Comp	0	0	0	0%
Administrative	0	0	0	0%
Total	1,167	3,691	(2,525)	316%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	8,167	5,868	2,299	72%
Renewables	0	0	0	0%
Rens - Other	0	0	0	0%
Reg & Comp	0	0	0	0%
Administrative	0	0	0	0%
Total	8,167	5,868	2,299	72%



M-S-R PPA Porter Simon Summary

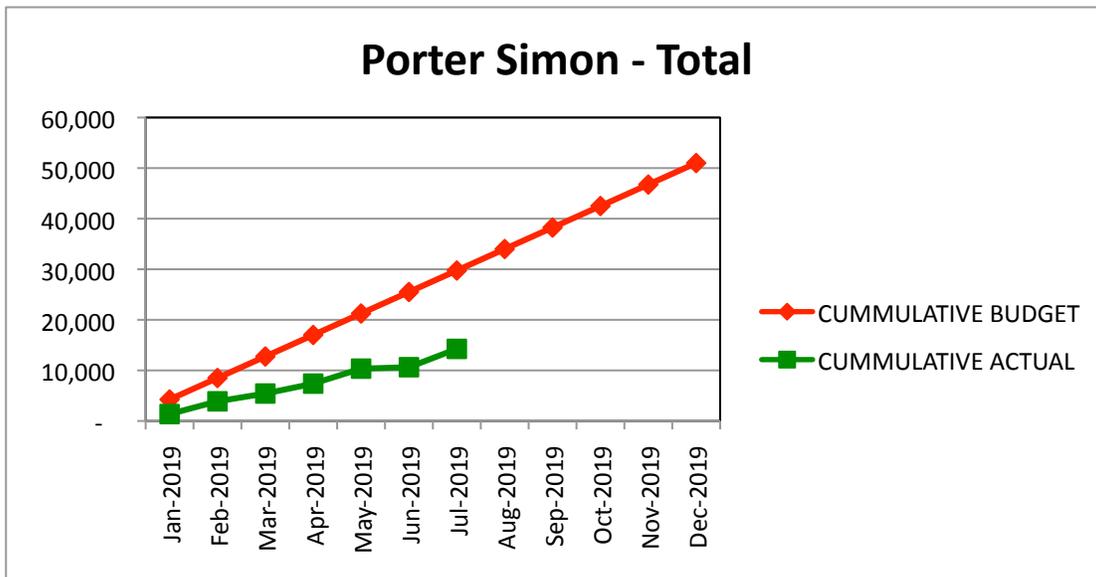
Month of: **Jul-2019**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	1,000	517	483	52%
Gen - Other	0	0	0	0%
Renewables	583	407	176	70%
Rens - Other	0	0	0	0%
Reg & Comp	167	0	167	0%
Administrative	2,500	2,698	(198)	108%
Total	4,250	3,622	628	85%

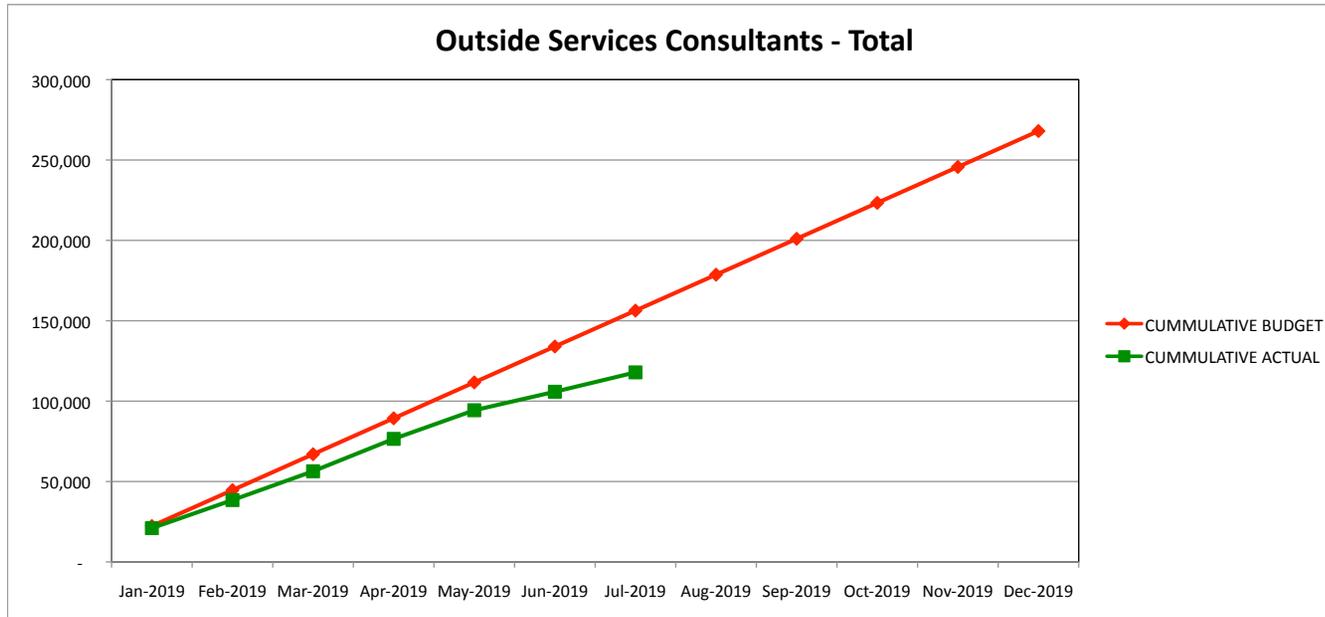
YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	7,000	6,017	983	86%
Gen - Other	0	0	0	0%
Renewables	4,083	979	3,104	24%
Rens - Other	0	0	0	0%
Reg & Comp	1,167	0	1,167	0%
Administrative	17,500	7,258	10,242	41%
Total	29,750	14,254	15,496	48%



M-S-R PPA Total Outside Consult Summary

Month of: **Jul-2019**



CURRENT MONTH				
By Function	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	2,500	1,696	804	68%
Gen - Other	0	0	0	0%
Renewables	9,500	4,604	4,896	48%
Rens - Other	5,833	2,912	2,921	50%
Reg & Comp	2,417	1,000	1,417	41%
Administrative	2,083	1,836	248	88%
Total	22,333	12,048	10,286	54%

YEAR TO DATE				
By Function	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	17,500	20,776	(3,276)	119%
Gen - Other	0	0	0	0%
Renewables	66,500	51,458	15,042	77%
Rens - Other	40,833	27,664	13,169	68%
Reg & Comp	16,917	8,210	8,707	49%
Administrative	14,583	9,798	4,786	67%
Total	156,333	117,905	38,429	75%

By Provider	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Navigant	3,333	776	2,558	23%
KBT	15,833	9,272	6,561	59%
Others	3,167	2,000	1,167	63%
Total	22,333	12,048	10,286	54%

By Provider	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Navigant	23,333	1,677	21,657	7%
KBT	110,833	99,809	11,024	90%
Others	22,167	16,419	5,747	74%
Total	156,333	117,905	38,429	75%

M-S-R PPA Navigant Summary

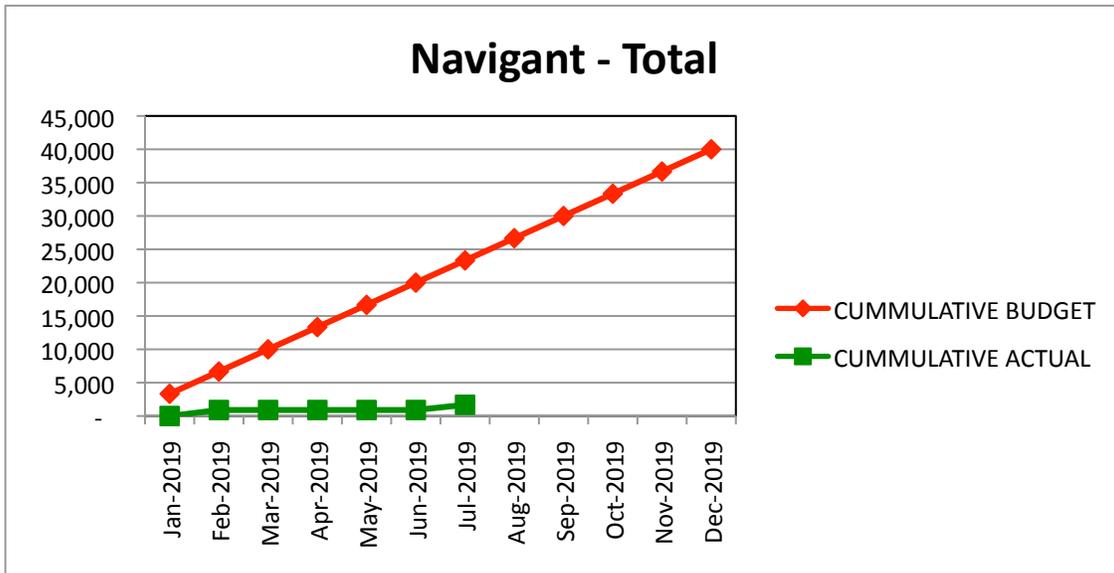
Month of: **Jul-2019**

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	2,083	0	2,083	0%
Rens - Other	0	0	0	0%
Reg & Comp	833	0	833	0%
Administrative	417	776	(359)	186%
Total	3,333	776	2,558	23%

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	14,583	0	14,583	0%
Rens - Other	0	0	0	0%
Reg & Comp	5,833	0	5,833	0%
Administrative	2,917	1,677	1,240	57%
Total	23,333	1,677	21,657	7%



M-S-R PPA KBT Summary

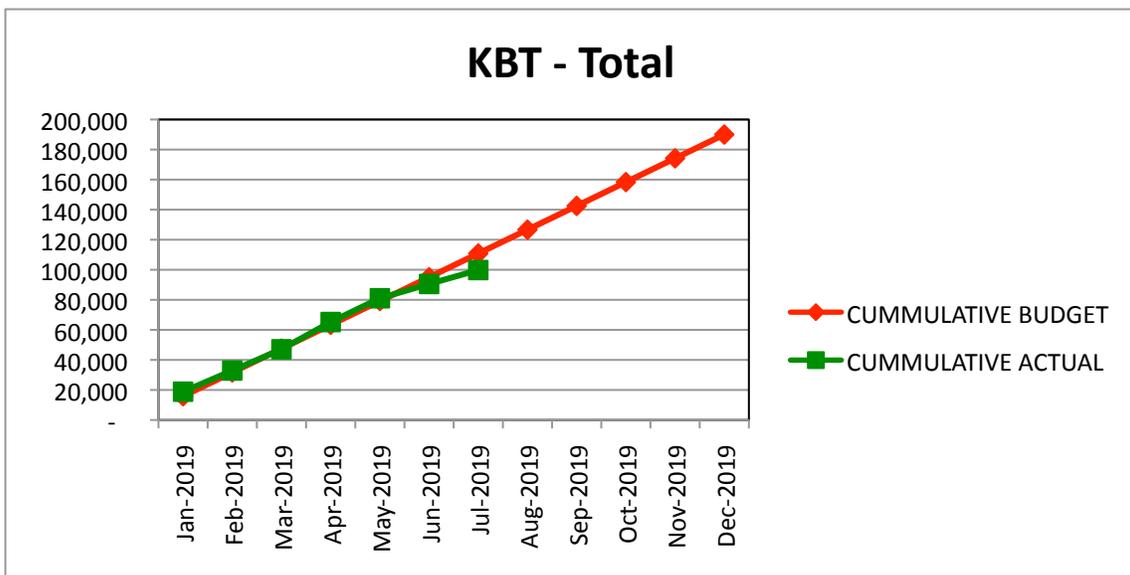
Month of: **Jul-2019**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	2,500	1,696	804	68%
Gen - Other	0	0	0	0%
Renewables	5,833	3,604	2,229	62%
Rens - Other	5,833	2,912	2,921	50%
Reg & Comp	0	0	0	0%
Administrative	1,667	1,060	607	64%
Total	15,833	9,272	6,561	59%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	17,500	20,776	(3,276)	119%
Gen - Other	0	0	0	0%
Renewables	40,833	43,248	(2,415)	106%
Rens - Other	40,833	27,664	13,169	68%
Reg & Comp	0	0	0	0%
Administrative	11,667	8,121	3,546	70%
Total	110,833	99,809	11,024	90%



M-S-R PPA

Misc Outside Services Summary

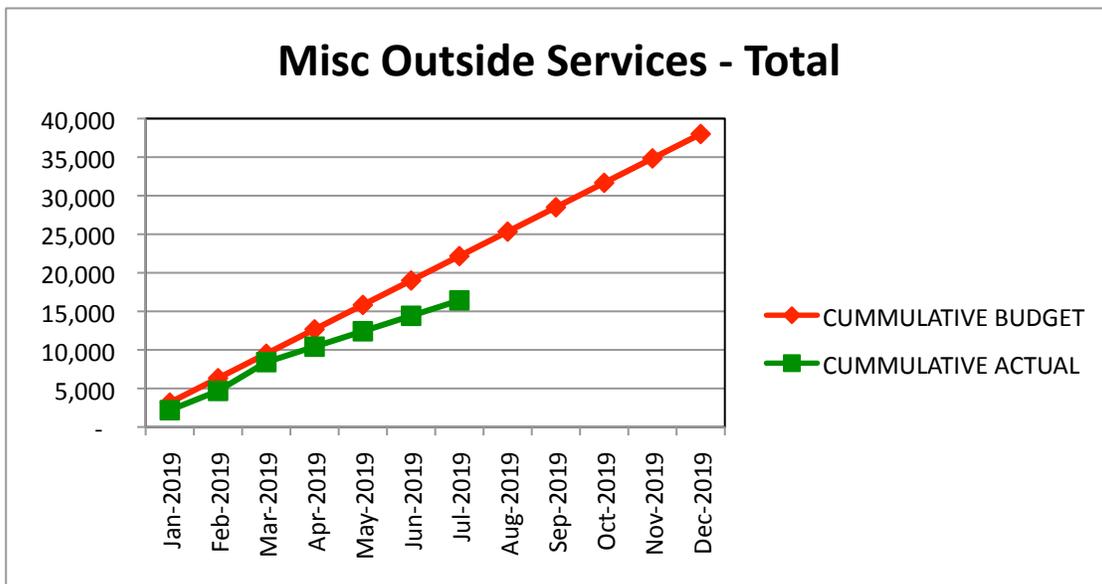
Month of: **Jul-2019**

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

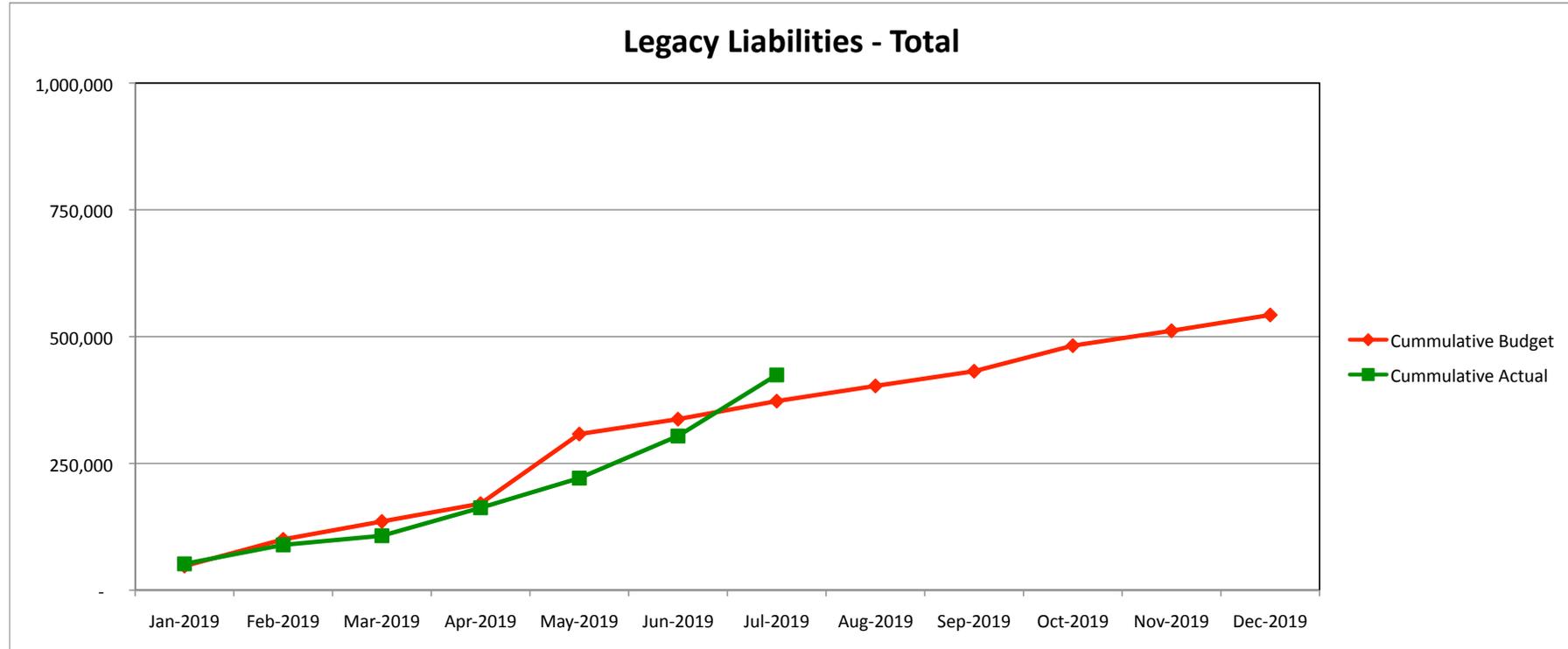
	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	0	0	0	0%
Renewables	11,083	8,210	2,874	74%
Rens - Other	0	0	0	0%
Reg & Comp	11,083	8,210	2,874	74%
Administrative	0	0	0	0%
Total	22,167	16,419	5,747	74%



Consultant Costs - 2019	2019 Budget	Revised Budget	Task Orders	Jan-2019	Feb-2019	Mar-2019	Apr-2019	May-2019	Jun-2019	Jul-2019	Aug-2019	Sep-2019	Oct-2019	Nov-2019	Dec-2019	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	-	-	-	-	-	-	-	-	-	775.80	-	-	-	-	-	1,677	240	2,874	
Renewables	25,000	25,000	-	-	-	-	-	-	-	775.80	-	-	-	-	-	1,677	240	2,874	
Regulatory & Comp	10,000	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Administrative	5,000	5,000	-	901	-	-	-	-	-	775.80	-	-	-	-	-	1,677	240	2,874	
	40,000	40,000	-	901	-	-	-	-	-	775.80	-	-	-	-	-	1,677	240	2,874	7%
KBT																			
Generation																			
General	20,000	30,000	3,180	3,392	2,544	4,452.00	2,756	2,756	1,696.00							20,776	2,968	35,616	
Gen - Other																			
SJGS Disposition			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Renewables																			
General	70,000	70,000	8,064	5,309	6,506	7,679.72	8,268	3,816	3,604.00							43,248	6,178	74,140	
Rens - Other																			
BP-20 Rate Case	70,000	70,000																	
KBT 2019-01			14,560	6,734	3,640											10,374	5,187	10,374	BP-18 Rate Case
KBT 2019-02			14,560			3,822	4,732.00									8,554	4,277	8,554	Jan - Feb
KBT 2019-03			14,560					3,094	2,730							5,824	2,912	5,824	Mar - Apr
KBT 2019-04			14,560							2,912.00						2,912	1,456	2,912	May - Jun
KBT 2019-0x																			Jul - Aug
KBT 2019-0x																			Sep - Oct
Sum			58,240													27,664		27,664	Nov - Dec
Regulatory & Comp																			
Administrative	20,000	20,000	848	1,728	1,304	1,272.00	1,696	212	1,060.00							8,121	1,160	13,921	
	180,000	190,000	58,240	18,826	14,070	14,177	18,135.72	15,814	9,514	9,272.00						99,809	24,138	151,341	
				9.91%	17.31%	24.78%	34.32%	42.64%	47.65%	52.53%	52.53%	52.53%	52.53%	52.53%	52.53%	99,809		151,341	80%
SUBTOTAL	220,000	230,000	18,826	14,971	14,177	18,136	15,814	9,514	10,048							101,486	24,378	154,215	
			8.56%	15.36%	21.81%	30.05%	37.24%	41.56%	46.13%	46.13%	46.13%	46.13%	46.13%	46.13%				154,215	67%
Outside Services																			
Generation																			
Renewables																			
Ferguson Group	5,000	5,000																	
Politico Group	14,000	14,000	1,093	1,249	1,868	1,000	1,000	1,000	1,000.00							8,210	1,173	14,074	
Rens - Other																			
Ferguson Group	5,000	5,000																	
Politico Group	14,000	14,000	1,093	1,249	1,868	1,000	1,000	1,000	1,000.00							8,210	1,173	14,074	
Regulatory & Comp																			
Administrative	38,000	38,000	2,185	2,498	3,737	2,000	2,000	2,000	2,000.00							16,419	2,346	28,147	
			5.75%	12.32%	22.16%	27.42%	32.68%	37.95%	43.21%	43.21%	43.21%	43.21%	43.21%	43.21%	43.21%			28,147	74%
GRAND TOTAL	258,000	268,000	21,011	17,468	17,913	20,136	17,814	11,514	12,048							117,905	26,724	182,362	
			8.14%	14.91%	21.86%	29.66%	36.57%	41.03%	45.70%	45.70%	45.70%	45.70%	45.70%	45.70%	45.70%			182,362	68%
	Original 2019 Budget	Revised 2019 Budget																	
G	20,000	30,000																	35,616
G - Other	-	-																	-
R	114,000	114,000																	88,213
R - Other	70,000	70,000																	27,664
R&C	29,000	29,000																	14,074
A	25,000	25,000																	16,796
	258,000	268,000																	182,362
50/35/15	45,000	55,000																	52,412
Renew	184,000	184,000																	115,877

Legacy Liability - Total

Month of: Jul-2019



By Function	CURRENT MONTH			
	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
PNM - Reclamation	4,083	318	3,766	8%
SJCC - Reclamation	30,971	89,979	(59,008)	291%
PNM - Decommission	529	30,149	(29,620)	5700%
Total	35,583	120,445	(84,863)	338%

By Function	YEAR TO DATE			
	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
PNM - Reclamation	28,583	9,288	19,296	32%
SJCC - Reclamation	302,219	361,877	(59,658)	120%
PNM - Decommission	42,029	53,304	(11,275)	127%
Total	372,831	424,469	(51,638)	114%

PNM - Reclamation

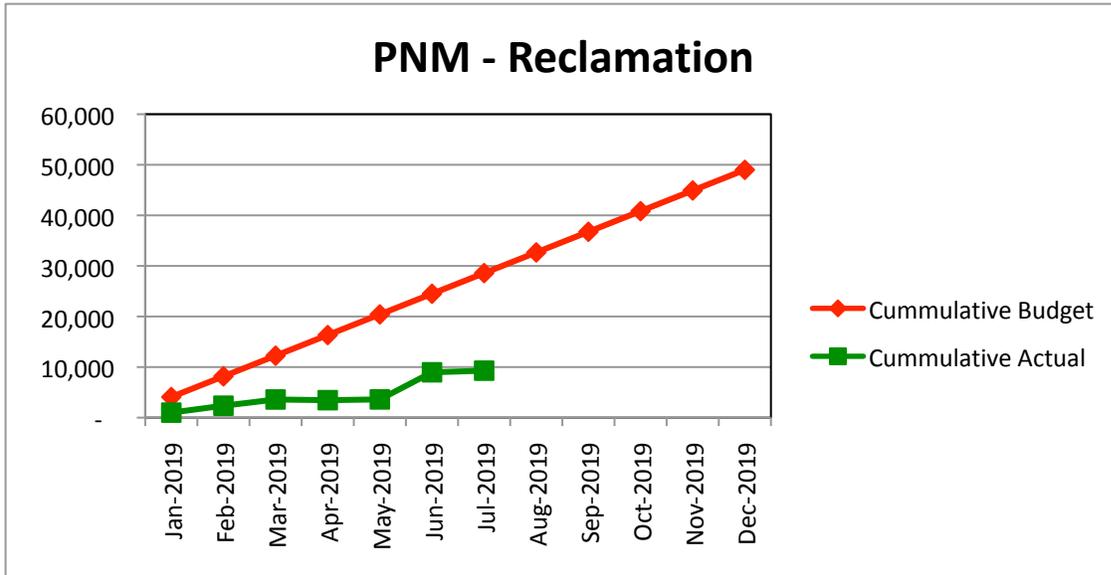
Month of: **Jul-2019**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	4,083	318	3,766	8%
Total	4,083	318	3,766	8%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	28,583	9,288	19,296	32%
Total	28,583	9,288	19,296	32%



SJCC - Reclamation

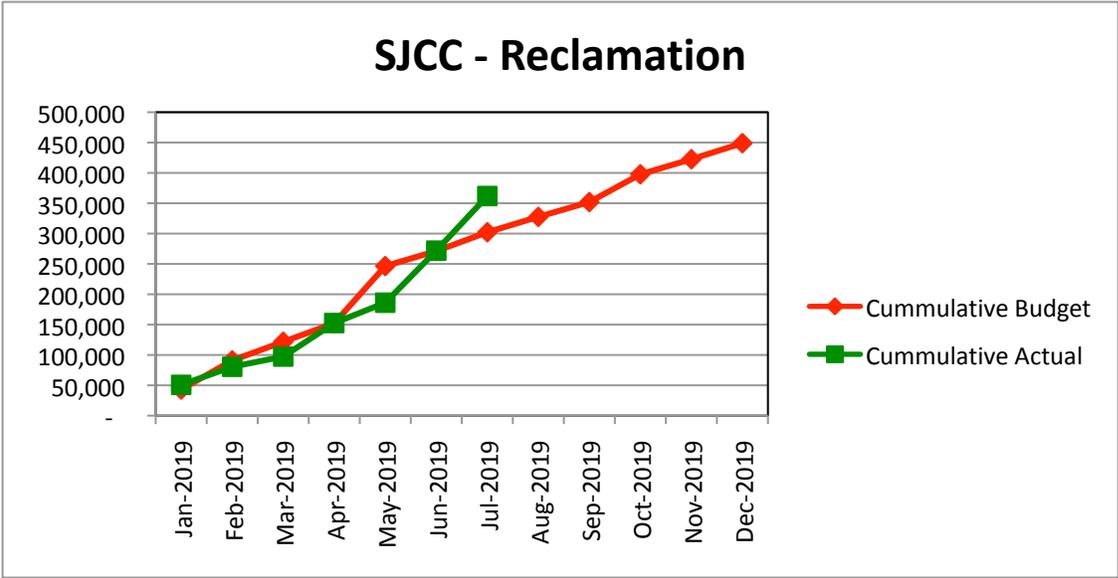
Month of: **Jul-2019**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	30,971	89,979	(59,008)	291%
Total	30,971	89,979	(59,008)	291%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	302,219	361,877	(59,658)	120%
Total	302,219	361,877	(59,658)	120%



PNM - Decommissioning

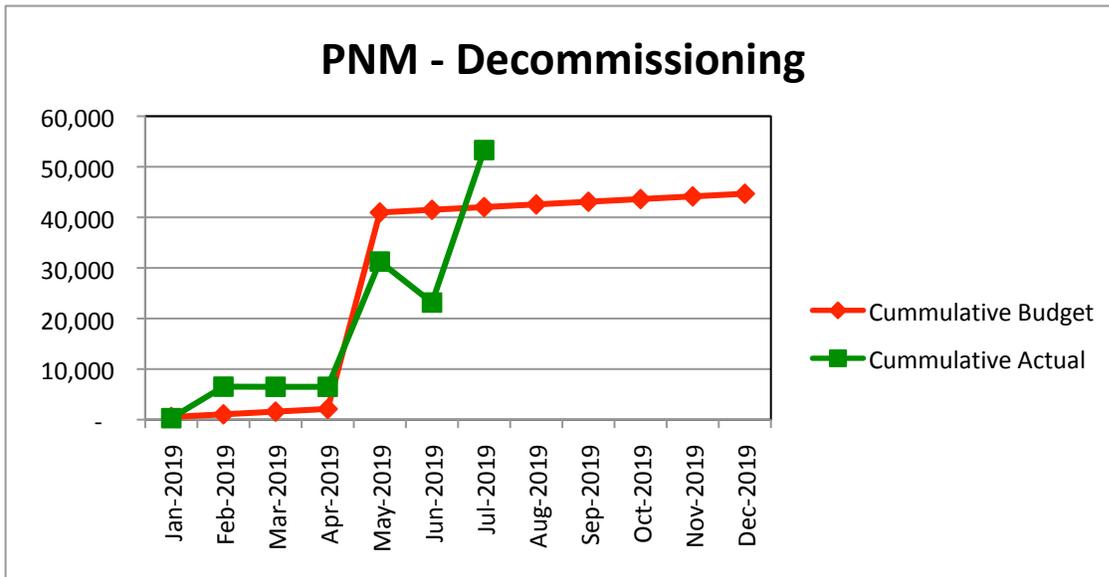
Month of: **Jul-2019**

CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	529	30,149	(29,620)	5700%
Total	529	30,149	(29,620)	5700%

YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	42,029	53,304	(11,275)	127%
Total	42,029	53,304	(11,275)	127%



Legacy Liability Costs - 2019	M-S-R 2019 Budget	Revised or A.O.P	Jan-2019 8.33%	Feb-2019 16.67%	Mar-2019 25.00%	Apr-2019 33.33%	May-2019 41.67%	Jun-2019 50.00%	Jul-2019 58.33%	Aug-2019 66.67%	Sep-2019 75.00%	Oct-2019 83.33%	Nov-2019 91.67%	Dec-2019 100.00%	Total	Average	Year-End Projection
PNM - Reclamation - Budget	49,000	49,000	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	49,000		
Cummulative Budget			4,083	8,167	12,250	16,333	20,417	24,500	28,583	32,667	36,750	40,833	44,917	49,000			
Reclamation Trust																	
Funds Operating Agent			993	1,366	1,229.53	(132)	148	5,366	317.66						9,288	1,327	15,922
Cummulative Actual	49,000	49,000	993	1,366	1,229.53	(132)	148	5,366	317.66	-	-	-	-	-	9,288	1,327	15,922
			2.03%	4.82%	7.32%	7.05%	7.36%	18.31%	18.95%	18.95%	18.95%	18.95%	18.95%	18.95%			32%
SJCC - Reclamation - Budget			42,985	48,053	30,691	30,576	94,172	24,772	30,971	25,348	24,401	45,771	24,804	26,456	449,000		
Cummulative Budget			42,985	91,038	121,729	152,305	246,477	271,248	302,219	327,568	351,969	397,740	422,544	449,000			
			41,886	88,711	118,617	148,411	240,176	264,314	294,493	319,194	342,971	387,572	411,742	437,522			
LaPlata	51,687	51,687	4,047	4,389	5,316	4,577	4,739	4,515	4,555.10						32,139	4,591	55,096
San Juan - Surface	397,313	397,313	30,778	25,417	11,485	50,681	28,789	81,278	85,423.78						313,851	44,836	538,031
San Juan - Underground			15,887	-	-	-	-	-	-						15,887	2,648	31,773
Cummulative Actual	449,000	449,000	50,712	29,806	16,801	55,258	33,528	85,793	89,978.88	-	-	-	-	-	361,877	52,075	624,900
			50,712	80,518	97,319	152,577	186,105	271,898	361,877	361,877	361,877	361,877	361,877	361,877			139%
			11.29%	17.93%	21.67%	33.98%	41.45%	60.56%	80.60%	80.60%	80.60%	80.60%	80.60%	80.60%			
PNM - Decommissioning	6,347	38,327	529	529	529	529	38,856	529	529	529	529	529	529	529	44,673		
Cummulative Budget			529	1,058	1,587	2,116	40,971	41,500	42,029	42,558	43,087	43,616	44,144	44,673			
Initial Decommissioning			297	6,225	(30.58)	-	24,772	(8,108)	30,148.91						53,304	7,615	91,378
Cummulative Actual	6,347	38,327	297	6,225	(30.58)	-	24,772	(8,108)	30,148.91	-	-	-	-	-	53,304	7,615	91,378
			297	6,522	6,491	6,491	31,263	23,155	53,304	53,304	53,304	53,304	53,304	53,304			238.42%
			0.78%	17.02%	16.94%	16.94%	81.57%	60.42%	139.08%	139.08%	139.08%	139.08%	139.08%	139.08%			
Total Legacy Liability		536,326	52,002	37,397	18,000	55,125	58,447	83,051	120,445	-	-	-	-	-	424,469	61,017	732,200
			52,002	89,399	107,399	162,525	220,972	304,024	424,469	424,469	424,469	424,469	424,469	424,469			137%
			9.70%	16.67%	20.03%	30.30%	41.20%	56.69%	79.14%	79.14%	79.14%	79.14%	79.14%	79.14%			
Cummulative Budget			47,597	100,262	135,565	170,753	307,864	337,248	372,831	402,792	431,805	482,188	511,605	542,673			
Cummulative Actual			52,002	89,399	107,399	162,525	220,972	304,024	424,469	424,469	424,469	424,469	424,469	424,469			

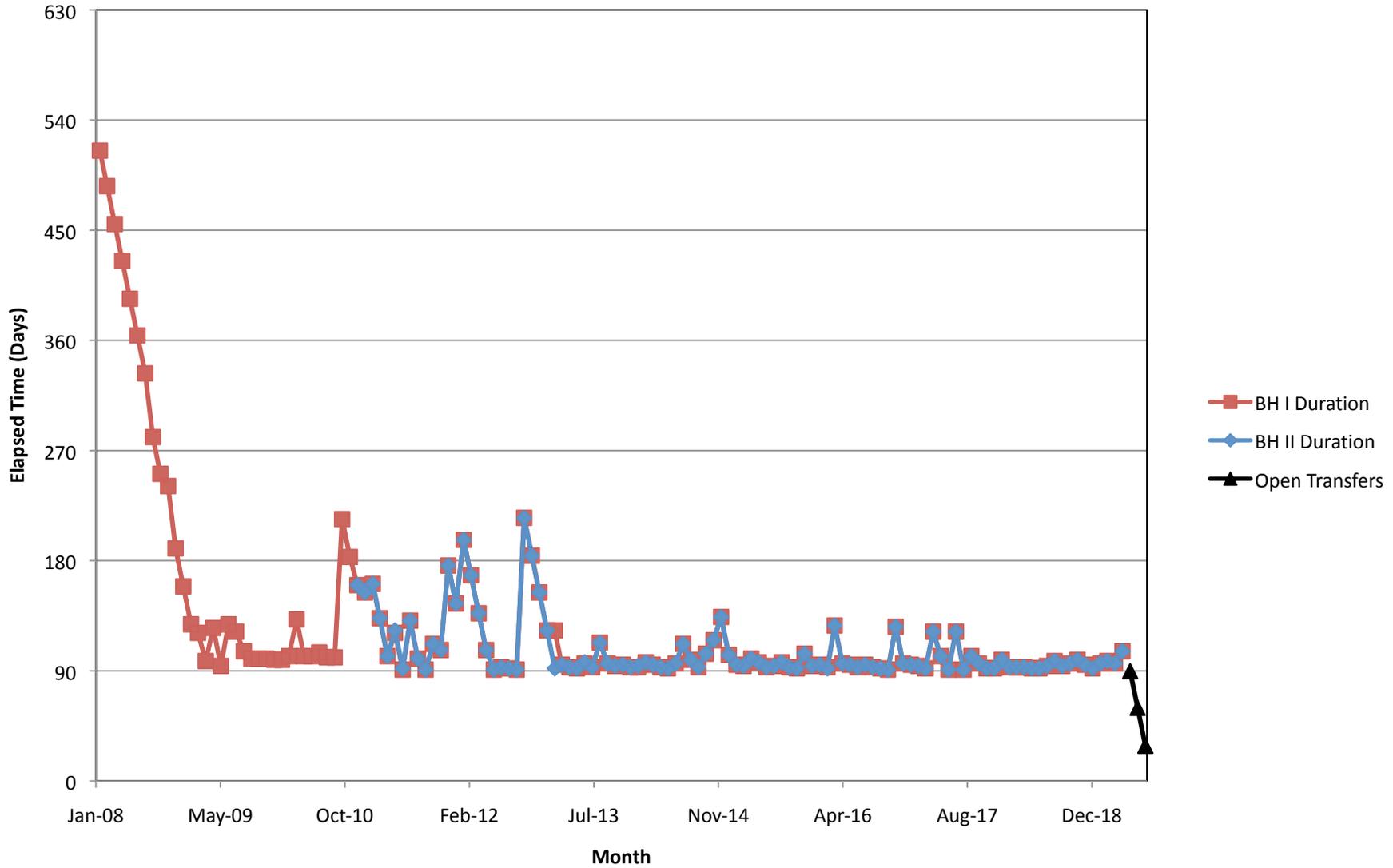
M-S-R Public Power Agency Staff Report

Date: August 28, 2019
From: Martin R. Hopper, General Manager
To: M-S-R PPA Commission
Subject: September 2019 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 September 2019 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			28-Aug-19	90
Jun-19			28-Aug-19	60
Jul-19			28-Aug-19	29

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: September 9, 2019
From: Martin R. Hopper, General Manager
To: M-S-R PPA Commission
Subject: Resolution 2019-01 Regarding Wildfire Mitigation Plans

In response to recent catastrophic wildfires, new California laws impose requirements on the State's electric utilities to prepare and adopt wildfire mitigation plans addressing how they will construct, operate, and maintain their electrical lines and equipment in a manner that will minimize the risk of wildfires.

Local publically owned utilities, which include M-S-R Public Power Agency, are required to prepare and adopt wildfire mitigation plans before January 1, 2020, to submit their wildfire mitigation plan to the California Wildfire Safety Advisory Board on or before July 1, 2020, and to obtain further review by an independent evaluator that their plan complies with specified criteria.

However, M-S-R Public Power Agency does not currently own, lease, operate, or maintain any electrical lines or equipment. Therefore, it is reasonable to conclude that M-S-R Public Power Agency is not required to prepare a wildfire mitigation plan. The proposed Resolution 2019-01 makes findings to this effect and further commits that if in the future the Agency constructs, acquires, leases, operates or maintains any electrical lines or equipment, it will adopt a wildfire mitigation plan compliant with the law concurrently with any such action.

I recommend the Commission adopt Resolution 2019-01 Regarding Wildfire Mitigation Plans.

RESOLUTION No. 2019 – 01

RESOLUTION OF THE COMMISSION OF THE
M-S-R PUBLIC POWER AGENCY
REGARDING WILDFIRE MITIGATION PLANS

WHEREAS, Local publically owned electric utilities are required to construct, operate and maintain their electrical lines and equipment in a manner that will minimize the risk of catastrophic wildfire posed by those electrical lines and equipment; and

WHEREAS, California Public Utilities Code Section 8387 (b) requires local publically owned electric utilities to prepare a wildfire mitigation plan before January 1, 2020, and annually thereafter, and that each wildfire mitigation plan be presented to and adopted by its governing board at an appropriately noticed public meeting; and

WHEREAS, California Public Utilities Code Section 8387 (b) further requires local publically owned electric utilities to submit their wildfire mitigation plan to the California Wildfire Safety Advisory Board on or before July 1, 2020, and annually thereafter, and that such wildfire mitigation plans be further reviewed by an independent evaluator for compliance with certain criteria; and

WHEREAS, Wildfire mitigation plans are to, among other purposes, address the risks of the local publically owned electric utility's electrical lines and equipment causing catastrophic wildfires; and

WHEREAS, M-S-R Public Power Agency does not currently own, lease, operate or maintain any electrical lines or equipment.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION of the M-S-R PUBLIC POWER AGENCY that:

1. The M-S-R Public Power Agency does not currently own, lease, operate or maintain any electrical lines or equipment.
2. The M-S-R Public Power Agency is not required to prepare a wildfire mitigation plan because it does not currently own, lease, operate or maintain any electrical lines or equipment.
3. If in the future the M-S-R Public Power Agency constructs, acquires, leases, operates or maintains any electrical lines or equipment, it will adopt a wildfire mitigation plan compliant with California Public Utilities Code Section 8387 (b) concurrently with any such action.

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PASSED AND ADOPTED this 18th day of September, 2019, upon the following vote of the Members:

Modesto Irrigation District
City of Santa Clara
City of Redding

ATTEST:

PRESIDENT

SECRETARY

DRAFT

M-S-R Public Power Agency Staff Report

Date: August 28, 2019
From: Martin R. Hopper, General Manager
To: M-S-R PPA Commission
Subject: Amendments of Big Horn and Big Horn II Wind Energy Project Agreements

Summary:

Over the past three years the Agency and Iberdrola Renewables, LLC (now Avangrid Renewables, LLC) have negotiated the settlement of number of controversies and accommodations regarding future and past billings rates used for Wind Integration Charges under the Big Horn I and Big Horn II power purchase agreements, adjustments to the Big Horn I Firming and Shaping Rate associated with changes in BPA transmission rates starting with Rate Case BP-16, the definition of “Repower” in the Big Horn I agreements, the elimination of the “lockboxes” associated with the Big Horn I agreements, and other miscellaneous clarifications. The nine agreements implementing the settlement are summarized below have been reviewed by Counsel and the Technical Committee, and are ready for approval by the Agency. The first five agreements listed below are in final form and the later four agreements are in substantially final form.

Principal Terms of Agreements and Draft Agreements:

1. Settlement Agreement:
 - a. Outlines particulars of settlement and ties effective dates of all agreements together.
 - b. M-S-R agrees to pay Avangrid Renewables, LLC an amount equal to Four Hundred Fifty Thousand Dollars (\$450,000) and Avangrid Renewables, LLC waives all adjustments to Firming and Shaping Rate which would otherwise have been triggered under BPA Rate Cases BP-14, BP-16 and BP-18.

2. Amendment No. 4 to Amended and Restated Wholesale Purchase and Sale Agreement for Wind Energy (Big Horn I PSA):
 - a. Reduces and locks-in Wind Integration Charge at \$1.10/kW-mo from July 31, 2018 through December 31, 2018, and \$1.01/kW-mo from January 1, 2019 forward.
 - b. Replaces lockbox requirement with credit terms identical to Big Horn II agreements.
 - c. Defines the term “Repower” consistent with general renewable energy industry practice.
 - d. Makes miscellaneous conforming amendments regarding operations of the Avangrid Balancing Authority.
3. Amendment No. 3 to Amended and Restated Third Amendment Shaping and Firming Agreement (Big Horn I SFA)
 - a. Clarifies the process by which changes in BPA transmission rates are used to prospectively adjust and share in changes of the Shaping Charge and provides clear examples to illustrate the intent of the Parties. Prior changes in Shaping Charge payable by the Agency are addressed through the Settlement Agreement.
 - b. Makes miscellaneous conforming amendments regarding operations of the Avangrid Balancing Authority.
4. Amendment No. 1 to Power Purchase Agreement (Big Horn II PPA)
 - a. Reduces and locks-in Wind Integration Charge at \$1.10/kW-mo from July 31, 2018 through December 31, 2018, and \$1.05/kW-mo from January 1, 2019 forward.
 - b. Defines the cost for generator operating reserves to be equal to the applicable BPA Rate whether provided by BPA or Avangrid Renewables, LLC, if not provided under the Big Horn II RDA.
 - c. Makes miscellaneous conforming amendments regarding operations of the Avangrid Balancing Authority.
5. Amendment No. 1 to Redelivery Agreement (Big Horn II RDA)
 - a. Defines the cost for generator operating reserves to be equal to the applicable BPA Rate whether provided by BPA or Avangrid.
 - b. Makes miscellaneous conforming amendments regarding operations of the Avangrid Balancing Authority.
6. Termination of Security Agreement between M-S-R and Big Horn Wind Project LLC (Big Horn I PSA):
 - a. Eliminates requirement to make payments through lockbox.

7. Termination of Custodian Agreement among M-S-R, Big Horn Wind Project LLC, Avangrid Renewables, LLC, and U.S. Bank (Big Horn I PSA):
 - a. Closes lockbox and disburses remaining funds.
8. Termination of Security Agreement among M-S-R and Avangrid Renewables, LLC (Big Horn I FSA):
 - a. Eliminates requirement to make payments through lockbox.
9. Termination of Custodian Agreement by and among M-S-R, Avangrid Renewables, LLC, and U.S. Bank (Big Horn I FSA):
 - a. Closes lockbox and disburses remaining funds.

I recommend the Commission authorize and direct the Agency's General Manager to execute and deliver the following agreements, in such form as may be recommended by General Counsel, and approved by the General Manager executing the same, said execution being conclusive evidence of such approval:

1. Settlement Agreement Among Big Horn Wind Project, LLC, Big Horn II Wind Project, LLC, Avangrid Renewables, LLC, and M-S-R Public Power Agency;
2. Amendment No. 4 to Amended and Restated Wholesale Purchase and Sale Agreement for Wind Energy between Big Horn Wind Project, LLC, and M-S-R Public Power Agency;
3. Amendment No. 3 to Amended and Restated Shaping and Firming Agreement between Avangrid Renewables, LLC, and M-S-R Public Power Agency;
4. Amendment No. 1 to Power Purchase Agreement between Big Horn II Wind Project, LLC, and M-S-R Public Power Agency;
5. Amendment No. 1 to Redelivery Agreement between Avangrid Renewables, LLC, and M-S-R Public Power Agency;
6. Termination of Security Agreement between M-S-R Public Power Agency and Big Horn Wind Project, LLC;
7. Termination of Custodian Agreement among M-S-R Public Power Agency, Big Horn Wind Project, LLC, Avangrid Renewables, LLC, and U.S. Bank National Association;
8. Termination of Security Agreement between M-S-R Public Power Agency and Avangrid Renewables, LLC; and
9. Termination of Custodian Agreement by and among M-S-R Public Power Agency, Avangrid Renewables, LLC, and U.S. Bank National Association.