

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

**Date:** August 27, 2021

**To:** M-S-R PPA Technical Committee

**From:** Martin R. Hopper, General Manager

**Subject:** Thursday, September 2, 2021, M-S-R PPA Technical Committee Meeting

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Please find enclosed the agenda for the Thursday, September 2, 2021, M-S-R PPA Technical Committee Meeting to be held remotely at 9:00 AM and with an option for in-person attendance. Please note that if you choose to attend in-person you will be required to comply with the COVID-19 protocols of the Porter Simon Law Office including proof of vaccination and masking. Please post the Agenda Package as required for Brown Act compliance.

Distribution:

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

## **M-S-R Public Power Agency**

### MEETING OF THE TECHNICAL COMMITTEE

Thursday, September 2, 2021, 9:00 AM

#### WEBINAR DIGITAL PLATFORM OR PHONE MEETING

GoTo Meeting Information:

<https://global.gotomeeting.com/join/161591757>

Telephonic Only:

United States: +1 (571) 317-3122

Access Code: 161-591-757

#### OPTIONAL IN-PERSON MEETING

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

### **AGENDA**

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

1. Call to Order
2. Roll Call
3. *Approval of Minutes of July 15, 2021 Meetings* (attached)

4. General Manager Reports (attached, Martin Hopper)
5. Big Horn Wind Energy Project Operating Statistics (attached, Martin Hopper – Note: Previously distributed to primary representatives on August 13, 2021. New data will not be available until September 13, 2021 and will be provided in Commission package.)
6. September 2021 Status Report Regarding WREGIS REC Transfers (attached, Martin Hopper)
7. ***Discussion and Possible Action Regarding Agency Annual Strategic Plan*** (attached, Martin Hopper)
8. ***Discussion and Possible Action Regarding September 2021 Outside Services Budget Versus Actual Report*** (attached)
9. ***Discussion and Possible Action Regarding Extension of M-S-R Coordinator Contract (attached, Martin Hopper)***
10. **Closed Session**
  - a. Existing Litigation: Government Code §54956.9 (d)(1) – 2 Cases (NM-PRC 20-00222-UT, and BP-22-BPA)
  - b. Significant Exposure To Litigation: Government Code §54956.9 (d)(2) – 1 Case
  - c. Threat To Public Services Or Facilities: Government Code § 54957 (a)
  - d. Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8, Property: Lake and River Stations and connecting pipelines and rights-of-way, CR 6800 N, Waterflow, NM 87421. Negotiating Parties: Public Service Company of New Mexico and United States Bureau of Reclamation. Agency Negotiators: Martin Hopper, General Manager and Steve Gross, General Counsel. Under Negotiation: Purchase/Sale/Exchange/Lease of Real Property (provisions, price and terms of payment)
11. Announcement from Closed Session
12. Member Reports
13. Public Comment
14. ***Confirm date and time of next meeting***
15. Adjourn

ALTERNATE FORMATS OF THIS AGENDA WILL BE MADE AVAILABLE UPON REQUEST TO QUALIFIED INDIVIDUALS WITH DISABILITIES.
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DRAFT MINUTES OF THE  
M-S-R PUBLIC POWER AGENCY  
TECHNICAL COMMITTEE  
JULY 15, 2021

The M-S-R Public Power Agency (M-S-R PPA) Technical Committee held a regular meeting on July 15, 2021 via webinar. A list of the attendees is provided as Attachment

1. Mr. Hopper chaired the meeting.

Roll Call/Call to Order

The following M-S-R Members were represented: Modesto Irrigation District – Toxie Burriss, City of Santa Clara – Basil Wong, and City of Redding – Lisa Casner. The meeting was called to order at 10:04 a.m.

Approval of Minutes

Upon a motion by Mr. Wong, seconded by Ms. Casner, the minutes of the meetings held on May 6, 2021 and June 10, 2021 were approved unanimously on the call of the roll.

General Manager Report

The General Manager briefly reviewed his May 2021 and June 2021 reports included in the package covering April 2021 and May 2021 activities. The Committee noted and filed the reports.

Big Horn Operating Statistics Report

Mr. Hopper reviewed the updated Big Horn Wind Energy Project Statistics covering operations through June 2021. He noted that with the below average energy production in June, the Residual Energy balances for both peak and off-peak hours decreased. The Committee noted and filed the report.

WREGIS REC Status Report

Mr. Hopper reported that all transfers are currently meeting their expected delivery schedules and that it has now been four years since the last occurrence of a delivery delay. The Committee noted and filed the report.

### 2020 Insurance Renewals

Mr. Hopper reported the Agency has completed its annual insurance renewals. Renewal costs increased about 10% over the prior year. However, he noted that other public power entities that retained wildfire coverage have again faced cost increases greater than 30% demonstrating the benefits of the decision M-S-R PPA made last year to accept a wildfire exclusion on our General Liability Policy. The Committee noted and filed the report.

### Annual Strategic Plan Review

Mr. Hopper presented the schedule for the annual review of the Agency's Strategic Plan. Key issues were briefly reviewed and noted for further discussion. Member comments on the Key Issues were requested to be forwarded to the General Manager by August 6, 2021. The General Manager mark-ups will be distributed by August 13, 2021 and Member comments thereon are requested by August 27, 2021 for review at the September 2, 2021 Technical Committee meeting. The September meetings, including BPA Day, will likely be conducted as a hybrid of in-person and virtual attendance. Further details will be presented as they evolve with Agency and Member return-to-work plans.

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

Mr. Hopper reviewed overall trends and indicated that the fiscal year 2021 activities will conclude the year at about 98% of budget. He reminded the Members that the Agency elected not to include an allowance for San Juan activities related to the PNM/Avangrid merger, but planned to address them as the scope and timing developed. As settlement negotiations have significantly advanced, the final scope is now clearer and can be addressed within the mid-year review. Activities related to the BPA rate case have also been heavily weighted to the first half of the year and budget projections were made on a linear basis. However, there is no need for an overall budget augmentation. He then reviewed his recommended rebalancing of line items within the Budget and noted they would be handled administratively in accordance with previously expressed consensus of the Commission. This report will be presented to the Commission at its August 18, 2021

meeting and will be updated as further invoices are received. The Committee noted and filed the report.

#### Strategic Reserve Funding Status

Mr. Hopper reviewed the report on the status of the Agency's Working Capital Policy's Strategic Reserves and indicated the costs and available funds were computed in accordance with Resolution 2020-01 as based on the adopted 2021 Budget and costs and activities completed to date. The Agency's General Fund Balance is projected to remain between the Minimum and Target levels for the next three years and would exceed the Target beginning in 2025. This would suggest the Commission may consider disbursement of such funds or other actions in 2026 as specified in Section E of the Resolution. The Committee noted and filed the report.

#### Closed Session Conference with Legal Counsel

M-S-R PPA Technical Committee retired to closed session at 10:43 a.m. pursuant to Government Code §54956.9(d)(1) – Conference with Legal Counsel – 2 cases of Existing Litigation (NM-PRC 20-00222-UT and BP-22-BPA), pursuant to Government Code §54956.9(d)(2) – 1 case, pursuant to Government Code §54957(a) – Threat to Public Services or Facilities, and Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8, Property: Lake and River Stations and connecting pipelines and rights-of-way, CR 6800 N, Waterflow, NM 87421. Negotiating Parties: Public Service Company of New Mexico and United States Bureau of Reclamation. Agency Negotiators: Martin Hopper, General Manager and Steve Gross, General Counsel. Under Negotiation: Purchase/Sale/Exchange/Lease of Real Property (provisions, price and terms of payment).

#### Announcement from Closed Session

Upon returning to open session at 11:49 A.M., Mr. Gross reported that there were no reportable actions.

#### Member Reports

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

Public Comment

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

Next Meeting

The next regular meeting date will be at 9:00 a.m. on Thursday September 2, 2021 and will be held virtually or as a hybrid of in-person and virtual attendance as may be required due to public health considerations. The meeting was adjourned at 11:50 A.M.

Respectfully submitted.

Martin R. Hopper  
General Manager

DRAFT

Attachment 1

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

July 15, 2021  
10:04 AM

<u>NAME</u>	<u>STATUS</u>	<u>ORGANIZATION</u>
Toxie Burriss	Member	Modesto
Basil Wong	Member	Santa Clara
Lisa Casner	Member	Redding
Martin Hopper	Chair	General Manager
Steve Gross	Guest	General Counsel
Pete Scanlon	Guest	BPA Counsel – attending Closed Session only

DRAFT

## **M-S-R Public Power Agency Staff Report**

**Date:** August 24, 2021  
**From:** Martin R. Hopper, General Manager  
**To:** M-S-R PPA Technical Committee  
**Subject:** General Manager Reports

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

- July 2021 – Covering June 2021 Activities
- August 2021 – Covering July 2021 Activities

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

## **M-S-R Public Power Agency Staff Report**

**Date:** July 26, 2021  
**From:** Martin R. Hopper, General Manager  
**To:** M-S-R PPA Commission  
**Subject:** July 2021 General Manager Report

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### **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 2021 (Approx. 37 hours)

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

Prepared for and conducted monthly status call with Commission President.

Researched Member Equity accounting issues and provided back-up schedules to Member staff.

Detailed analyses and update to Strategic Reserve models and preparation of semi-annual funding status update report.

Reviewed annual insurance renewal proposals and discussed same with Turner. Provided direction to Tyler (Gallagher) regarding proposal acceptance and executed documents re same. Provided disclosure regarding possible D&O policy exposure re Farmington/Enchant project.

Review CARB processes regarding 2022 Scoping Plan Update for Electricity Sector and participate in virtual workshop regarding same.

The General Manager also provided direction to consultants and counsel re emergent filings and regulatory matters. Reports on project activities and status were prepared as needed.

Project Activities:

San Juan – June 2021 (Approx. 72 hours):

Coordinated and reviewed final expert witness testimony regarding support of PNM/Avangrid merger stipulation terms regarding San Juan Decommissioning.

Reviewed WSJM reclamation activities and year-to-date billings and followed-up with PNM regarding budget implications and impacts on potential buyout. Performed initial review of 2021 Reclamation Annual Operating Plan and coordinated regarding review meeting.

Continued discussions with PNM and General Consultant regarding Retirement Order for pond remediation bonds and proposed alternate Special Purpose Trust solution for NMED assurances.

Reviewed revised scope for proposed Decommissioning Study incorporating Stipulation requirements for study process. Provided alternative concepts to address work scope and timeline for final studies. Attended (Virtual) Decommissioning C'tee meeting to provide M-S-R rationale for veto vote.

Reviewed correspondence from Farmington/Enchant regarding project status and good-faith negotiation requirements. Referred correspondence to counsel and insurance carriers.

Big Horn – June 2021 (Approx. 11 hours):

Reviewed materials and coordinated with BPA Counsel regarding review of BP-22 Draft Record of Decision. Provided direction to Counsel re same.

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

Reviewed Avangrid response regarding Big Horn I Wind Energy Project Residual Energy accumulations and their recommendation of continued monitoring. Created First-In/First Out Model of accumulations. Reviewed same with Member Staff in Special Tech C'tee Mtg.

Key Meetings – June 2021 (All telephonic – except as noted)

Commission President, Telephonic, June 2, 2021. Key Issues: PNM/Avangrid Merger and NM-PRC hearing processes and Settlement/Stipulation Issues, San Juan Decommissioning Clean-Break prospects, and BPA Rate Case status.

PPA Technical Committee, Virtual, June 10, 2021. Key Issue: Big Horn Residual Energy.

CARB Virtual Workshop, June 10, 2021. Key Issue: 2022 Scoping Plan for Electricity Sector.

San Juan Reclamation Negotiation Team, Virtual, June 21, 2021. Key Issue: Coordinate meeting for presentation of clean-break proposal.

San Juan Decommissioning Committee, Virtual, CA, June 24, 2021. Key Issues: Decommissioning Study Resolution.

**General Consultant:**

The General Consultant regularly prepares a summary of his activities as part of his monthly billing process. The General Consultant's July 2021 report is attached regarding 40 hours of support in June regarding San Juan, Renewable, and Administrative issues. Please note detailed review of Decommissioning Study proposals and issues.

## **M-S-R Public Power Agency Staff Report**

**Date:** July 1, 2021  
**From:** Alan Hockenson  
**To:** Martin Hopper  
**Subject:** Specific Work Tasks for July 2021

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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 (27 hours) – The San Juan Generating Station (San Juan) Decommissioning Committee (SJDC) was very busy in June as meetings were held on the 3<sup>rd</sup>, 10<sup>th</sup>, and 24<sup>th</sup>. Several discussions with the General Manager and communications with the Decommissioning Agent were held throughout June.

The primary topic on the 3<sup>rd</sup> was a proposal by the Public Service Company of New Mexico (PNM) to create a new Trust Fund to provide security to the New Mexico Environmental Department (NMED) instead of the annual Surety Bonds currently being required. This suggestion was developed in a side discussion between PNM and the Agency held on May 21<sup>st</sup>. At the SJDC meeting, PNM indicated its efforts were at a cross road. To continue, PNM wanted assurance that each of the SJDC Participants was willing to pursue this course of action. Once each of the Participants voiced its support, PNM indicated each of the Participants must be willing to fund their share of the funding requirement by the end of 2021. PNM subtly dropped the fact that the estimated fund would need to be approximately \$46 million – a substantial increase above what was previously thought to be the obligation. Dismay was voiced and additional information was requested. PNM later provided a link to a 2019 study which showed the figure cited by PNM. This document was reviewed and the issue has not yet been resolved.

PNM reported that the discussion with the United States Bureau of Reclamation (USBR) regarding the sale of the Lake and River Stations was proceeding with no “show stopper” being identified. Both PNM and the City of Farmington also indicated the discussions with the USBR regarding post-sale water supply contracts were also proceeding satisfactorily.

The SJDC meeting on the 10<sup>th</sup> focused on the Work Scope of the Decommissioning Study proposed by PNM. PNM addressed a number of minor concerns and made some unilateral changes it wanted to implement. PNM considered the draft of the Work Scope to be final and asked Participants to provide any additional comments on the draft Resolution to implement the Decommissioning Study. PNM’s intent was to secure approval at the meeting on the 24<sup>th</sup>. PNM was reminded that all documentation, including Retirement Order be distributed prior to the meeting to allow for adequate review.

Prior to the meeting on the 24<sup>th</sup>, PNM provided a Resolution, a Retirement Order, and a Work Scope addressing the need for a Decommissioning Study. PNM later retracted the Retirement due to technical errors. At the SJDC meeting on the 24<sup>th</sup>, PNM provided additional last minute changes to the Work Scope but failed to provide a corrected Retirement Order. PNM asked for a motion and second to approve the Resolution before discussion was opened. M-S-R PPA asked for a clarification on the need for a Resolution when the processing of a Retirement Order pursuant to the Decommissioning Agreement was appropriate. In addition, M-S-R PPA requested the Decommissioning Agent to identify what benefit the Resolution would provide M-S-R PPA beyond the work suggested in the Retirement Order. A vote was initiated on the Resolution without a responsive answer to the issues raised by M-S-R PPA. All SJDC Participants voted “yes” with the exception of M-S-R PPA who voted “no” and the Southern California Public Power Authority (SCPPA) abstained from voting. The Decommissioning Agent declared the Resolution had passed based upon the double-majority provisions of the Decommissioning Agreement. However, this declaration was instantly challenged as resolutions to override the Decommissioning Agreement needed to be unanimous. The meeting ended without the issue being settled as PNM needed to review its position.

SJDC meetings have been scheduled for July 8 and 22, 2021. PNM has provided no additional indication on what position it will take at these meetings.

Reclamation Committee documentation was distributed in advance of a Reclamation Committee meeting on July 21<sup>st</sup>.

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

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

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

Administrative (2 hours) – The activity in June was limited to updating the Renewables Status Report.

All meetings were attended telephonically.

## **M-S-R Public Power Agency Staff Report**

**Date:** August 24, 2021  
**From:** Martin R. Hopper, General Manager  
**To:** M-S-R PPA Commission  
**Subject:** August 2021 General Manager Report

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### **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 2021 (Approx. 44 hours)

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

Prepared for and conducted monthly status call with Commission President.

Completed update of Strategic Reserve models and preparation of semi-annual funding status report.

Prepared initial review draft (for Technical Committee review) of Mid-year Budget Review.

Prepared PPA & EA Technical Committee meeting agendas, chaired meetings, and prepared and issued final minutes re prior meetings and draft minutes re current meetings.

Attended APPA Virtual National Conference sessions regarding renewable energy, carbon reduction, coal retirement, and strategic planning issues (no charge to M-S-R).

Reviewed CMUA/Joint POU SB100 Scoping Plan Comments.

The General Manager also provided direction to consultants and counsel re emergent filings and regulatory matters. Reports on project activities and status were prepared as needed.

Project Activities:

San Juan – July 2021 (Approx. 102 hours):

Coordinated and reviewed motions and filings in support of PNM/Avangrid merger stipulation terms regarding San Juan Decommissioning. Attended (virtual) meetings regarding pre-hearing conference and briefs.

Reviewed WSJM reclamation activities and year-to-date billings and followed-up with PNM regarding budget implications and impacts on potential buyout. Attended review of 2021 Reclamation Annual Operating Plan and field inspection of SJGS Reclamation.

Continued discussions with PNM regarding pond remediation bonds and proposed alternate Special Purpose Trust solution for NMED assurances.

Negotiated letter agreement with PNM and SJGS owners for proposed 2021 Decommissioning Study incorporating Stipulation requirements for study process.

Reviewed correspondence from Farmington/Enchant regarding project status and good-faith negotiation requirements. Attended negotiation meeting with Farmington/Enchant and outlined terms of counter-offer incorporating clean-break provisions.

Attended negotiation meeting with WSJM regarding reclamation clean-break proposal and follow-up with PNM regarding terms and benefit analysis processes.

Monitored discussions and analysis of potential impacts of SJGS Unit 1 Cooling Tower collapse on decommissioning and Farmington/Enchant project issues.

Big Horn – July 2021 (Approx. 12 hours):

Reviewed materials and coordinated with BPA Counsel regarding review of BP-22 Final Record of Decision. Provided direction to Counsel re same.

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

Updated economic models and Big Horn cost projections using updated BP-22 rates for incorporation in Strategic Reserve models and to enumerate continued benefits of BPA Rate Case participation.

#### Key Meetings – July 2021

Commission President, Telephonic, July 7, 2021. Key Issues: PNM/Avangrid Merger and NM-PRC hearing processes and Settlement/Stipulation Issues, San Juan Decommissioning and Reclamation Clean-Break prospects, and BPA Rate Case status.

PPA & EA Technical Committees, Virtual, July 15, 2021. Key Issue: Mid-Year Budget review and Strategic Reserve Status.

Farmington/Enchant CCA Project Meeting, Albuquerque, NM, July 19, 2021. Key Issue: Project Status and Terms and Conditions of SJGS Owner's counter-proposal.

San Juan Mine Reclamation, Farmington, NM, July 20 & 21, 2021. Key Issues: Annual Operating Plan Review and Field Inspection of Reclamation Work.

San Juan Reclamation Negotiation Team, Denver, CO, July 26, 2021. Key Issue: WSJM presentation of clean-break proposal.

PNM Decommissioning Managers & Counsel, Virtual, July 28, 2021. Key Issues: Negotiation of terms of letter agreement regarding 2021 Reclamation Study.

M-S-R/LAC Oversight Team, Virtual, July 29, 2021. Key Issues: Merger status, pre-hearing briefings and stipulation implementation strategies.

#### **General Consultant:**

The General Consultant regularly prepares a summary of his activities as part of his monthly billing process. The General Consultant's August 2021 report is attached regarding 42 hours of support in July regarding San Juan, Renewable, and Administrative issues. Please note detailed review of Decommissioning Study proposals and issues.

## **M-S-R Public Power Agency Staff Report**

**Date:** August 2, 2021  
**From:** Alan Hockenson  
**To:** Martin Hopper  
**Subject:** Specific Work Tasks for July 2021

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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 (30 hours) – The San Juan Generating Station (San Juan) Decommissioning Committee (SJDC) originally scheduled two meetings for July. The first meeting for July 8<sup>th</sup> was cancelled by the Public Service Company of New Mexico (PNM). PNM then issued a request to the SJDC Participants for signatures on the June 24<sup>th</sup> Resolution and associated Retirement Order for a Decommissioning Study as they had been approved by the SJDC. One of the SJDC Participants withheld signature on the basis that the Resolution had not been approved ominously. M-S-R PPA had voted no and the Southern California Public Power Authority (SCPPA) abstained from voting.

The second meeting on July 22<sup>nd</sup> was held including a private pre-meeting with PNM in an effort to reach a unanimous position on the status of the Resolution. Agreement was ultimately reached in early August and documentation expected to be finalized by August 9, 2021. Notice to proceed will be given to the contractor shortly thereafter.

When PNM took its action on July 8<sup>th</sup> it became clear PNM was not being diligent in performing its duties as Decommissioning Agent and was not meeting its obligations under the Decommissioning Agreement. A series of data requests were developed and directed to PNM, including sets of questions on how PNM intended to fulfill its upcoming duties as Decommissioning Agent. It was suggested that these topics be discussed at upcoming SJDC meetings. Several of these topics were partially addressed by PNM at the July 22<sup>nd</sup> meeting but several topics were sidestepped or completely ignored. Concerns on these topics will continue to be voiced until satisfactory responses are received. PNM did confirm that the discussions with the New Mexico Environmental Department (NMED) on pond mitigation security and the negotiations with the United States Bureau of Reclamation (USBR) on the Lake and River Stations were continuing.

The Reclamation Committee met to discuss the 2022 Reclamation Services Agreement (RSA) Annual Operating Plan (AOP) on July 21<sup>st</sup>. A mine tour was also conducted and the General Manager participated. One key fact was the reclamation schedule at the La Plata Mine has been

delayed by two years. The cause for the delay is revegetation in certain areas has by stymied by drought conditions.

Another meeting was held on July 19<sup>th</sup> regarding the proposal by the City of Farmington and its partner, Enchant Energy, to purchase the San Juan Generating Station. The meeting was an effort to restart negotiations that were held on 2020; however, no activity had been noted in eight months. This meeting was also attended by the General Manager. This dialog is anticipated to continue over the next several months.

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

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

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

Administrative (1 hours) – The activity in July was limited to updating the Renewables Status Report.

All meetings were attended telephonically.

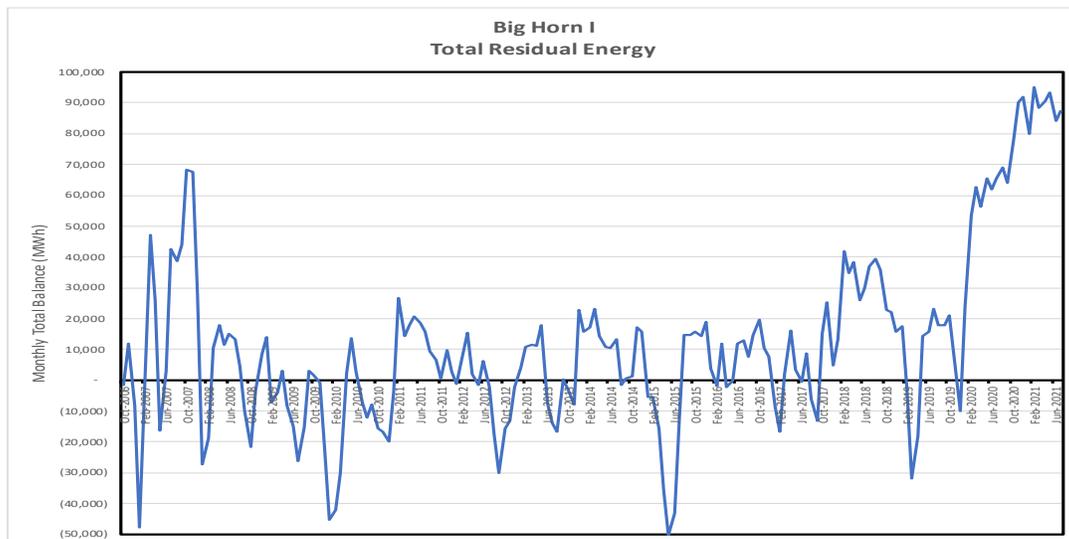
## M-S-R Public Power Agency Big Horn Operations

**Date:** August 11, 2021  
**From:** Martin Hopper, General Manager  
**To:** M-S-R PPA Commission  
**Subject:** Big Horn Operations Statistics

### Energy Production Statistics for the Big Horn Wind Energy Project:

Big Horn I Operations	Production (MWh)	Monthly % of Contract Forecast	Cumulative Wind Year <sup>1</sup> (MWh)	Residual Energy Owing <sup>2</sup> (MWh)
May	48,732	116.8%	398,266	93,387
June	45,199	90.0%	443,466	84,073
July	42,798	100.4%	486,264	87,346
Contract Forecast	N/A	N/A	501,381	N/A
Annual Budget Forecast	N/A	N/A	510,000	N/A
Life of Project	N/A	N/A	7,619,925	N/A

July Big Horn I energy production was essentially at average levels and the current Wind Year remains on pace to be the second highest on record. On-peak Residual Energy accumulations decreased and off-peak Residual Energy accumulations increased in July for a small net total increase as shown below.

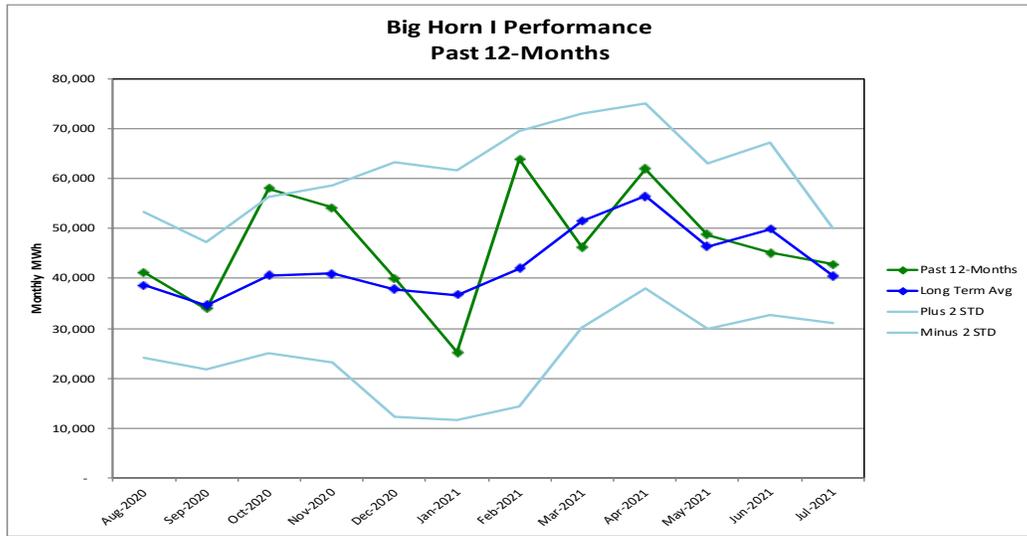


8/11/21

All Time - Total

Big Horn I Residual Accumulations.xlsx

<sup>1</sup> Big Horn I Wind Year runs October 1 through September 30.  
<sup>2</sup> Positive number owed by Avangrid. Negative number owed to Avangrid.



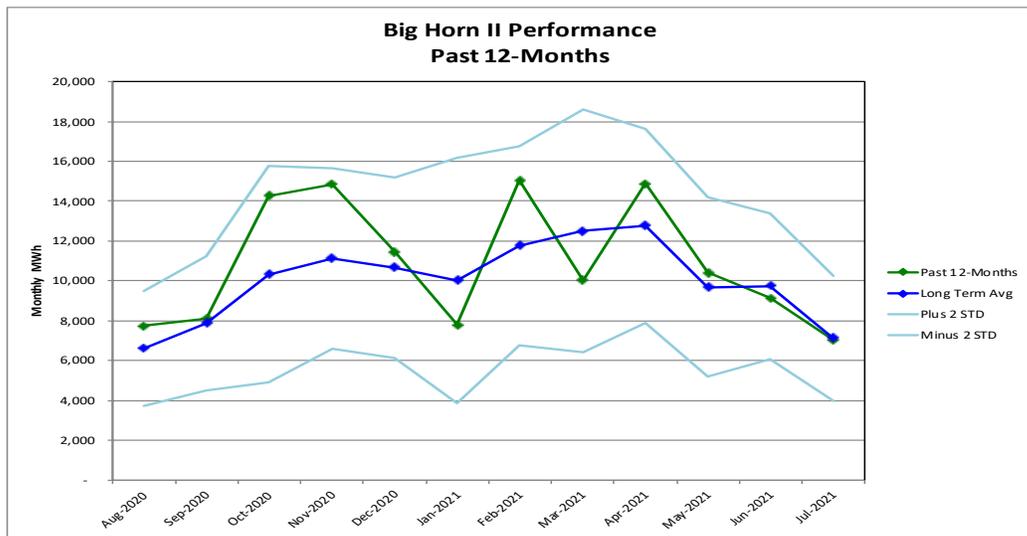
8/11/21

Past 12 Thru Jul 2021

Big Horn I Projections 2021.xlsx

Big Horn II Operations	Production (MWh)	Monthly % of Contract Forecast	Cumulative Wind Year <sup>3</sup> (MWh)
May	10,408	110.2%	84,460
June	9,143	86.5%	93,603
July	7,037	91.3%	100,640
Contract Forecast	N/A	N/A	123,088
Annual Budget Forecast	N/A	N/A	115,000
Life of Project Production	N/A	N/A	1,298,589

While July Big Horn II energy production was again below average, the current Wind Year is on pace to be the third highest on record.



8/11/21

Past 12 Thru Jul 2021

Big Horn II Projections 2021.xlsx

<sup>3</sup> Big Horn II Wind Year runs November 1 through October 31.

**Transmission Curtailments:**

<b>Curtailments</b>	<b>On-Peak (MWh)</b>	<b>Off-Peak (MWh)</b>	<b>Total (MWh)</b>
February	1	0	1
March	164	182	346
April	1	109	110
May	102	9	111
June	51	188	239
July	3,944	2,964	6,908
Year To Date	4,279	3,452	7,731
Historic Annual Average	1,698	1,112	2,810

The total amounts of curtailment in July 2021 were 6,908 MWh. This amount reflects a full 25% of all curtailments experienced for Big Horn 1 over the past 10 years. The cause of the excessive curtailments is clear. Record-setting forest fires have severely reduced the transfer capability over the California-Oregon Intertie (COI). Multiple fires continue to encroach on the transmission lines but reductions of transfer capability so far in August are not as severe as observed in July.

## **M-S-R Public Power Agency Staff Report**

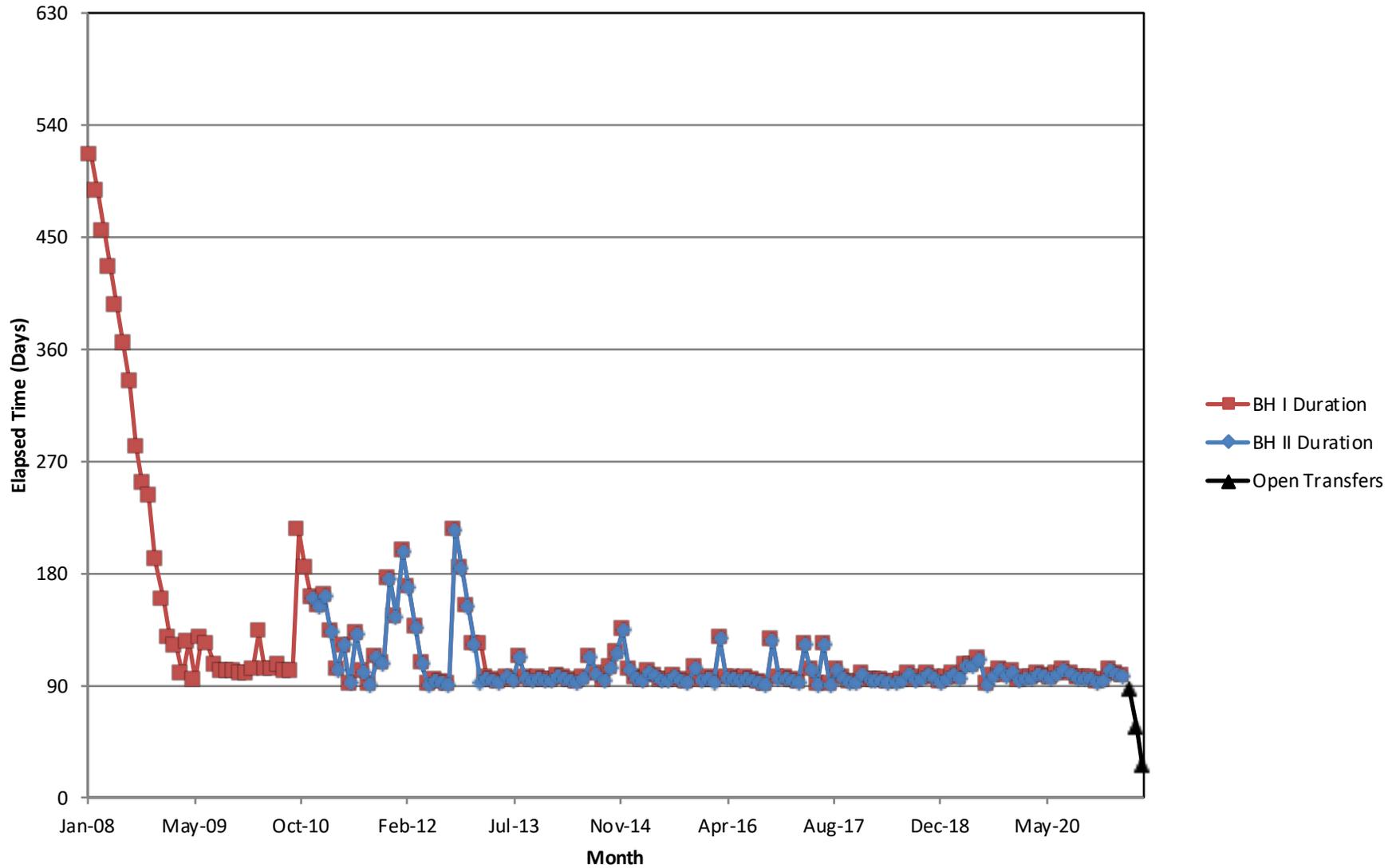
**Date:** August 25, 2021  
**From:** Martin R. Hopper, General Manager  
**To:** M-S-R PPA Commission  
**Subject:** September 2021 WREGIS REC Transfers Status Report

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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 2021 WREGIS REC Transfers Status Report.

# Big Horn I & II REC Transfers



REC Transfer Timeliness

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

Aug-14	2-Dec-14	93	2-Dec-14	93
Sep-14	12-Jan-15	104	12-Jan-15	104
Oct-14	23-Feb-15	115	23-Feb-15	115
Nov-14	13-Apr-15	134	13-Apr-15	134
Dec-14	13-Apr-15	103	13-Apr-15	103
Jan-15	6-May-15	95	6-May-15	95
Feb-15	2-Jun-15	94	2-Jun-15	94
Mar-15	9-Jul-15	100	9-Jul-15	100
Apr-15	5-Aug-15	97	5-Aug-15	97
May-15	1-Sep-15	93	1-Sep-15	93
Jun-15	2-Oct-15	94	2-Oct-15	94
Jul-15	5-Nov-15	97	5-Nov-15	97
Aug-15	2-Dec-15	93	2-Dec-15	93
Sep-15	31-Dec-15	92	31-Dec-15	92
Oct-15	12-Feb-16	104	12-Feb-16	104
Nov-15	3-Mar-16	94	3-Mar-16	94
Dec-15	4-Apr-16	95	4-Apr-16	95
Jan-16	3-May-16	93	2-May-16	92
Feb-16	5-Jul-16	127	5-Jul-16	127
Mar-16	5-Jul-16	96	5-Jul-16	96
Apr-16	3-Aug-16	95	3-Aug-16	95
May-16	1-Sep-16	93	1-Sep-16	93
Jun-16	3-Oct-16	95	3-Oct-16	95
Jul-16	1-Nov-16	93	1-Nov-16	93
Aug-16	1-Dec-16	92	1-Dec-16	92
Sep-16	30-Dec-16	91	30-Dec-16	91
Oct-16	6-Mar-17	126	6-Mar-17	126
Nov-16	6-Mar-17	96	6-Mar-17	96
Dec-16	5-Apr-17	95	5-Apr-17	95
Jan-17	5-May-17	94	5-May-17	94
Feb-17	31-May-17	92	31-May-17	92
Mar-17	31-Jul-17	122	31-Jul-17	122
Apr-17	10-Aug-17	102	10-Aug-17	102
May-17	30-Aug-17	91	30-Aug-17	91
Jun-17	30-Oct-17	122	30-Oct-17	122
Jul-17	30-Oct-17	91	30-Oct-17	91
Aug-17	11-Dec-17	102	11-Dec-17	102
Sep-17	4-Jan-18	96	4-Jan-18	96
Oct-17	31-Jan-18	92	31-Jan-18	92
Nov-17	2-Mar-18	92	2-Mar-18	92
Dec-17	9-Apr-18	99	9-Apr-18	99
Jan-18	4-May-18	93	4-May-18	93
Feb-18	1-Jun-18	93	1-Jun-18	93
Mar-18	2-Jul-18	93	2-Jul-18	93
Apr-18	31-Jul-18	92	31-Jul-18	92
May-18	31-Aug-18	92	31-Aug-18	92
Jun-18	2-Oct-18	94	2-Oct-18	94
Jul-18	6-Nov-18	98	6-Nov-18	98
Aug-18	3-Dec-18	94	3-Dec-18	94
Sep-18	4-Jan-19	96	4-Jan-19	96
Oct-18	7-Feb-19	99	7-Feb-19	99
Nov-18	5-Mar-19	95	5-Mar-19	95
Dec-18	2-Apr-19	92	2-Apr-19	92
Jan-19	7-May-19	96	7-May-19	96
Feb-19	6-Jun-19	98	6-Jun-19	98
Mar-19	5-Jul-19	96	5-Jul-19	96
Apr-19	14-Aug-19	106	14-Aug-19	106
May-19	13-Sep-19	105	13-Sep-19	105
Jun-19	18-Oct-19	110	18-Oct-19	110
Jul-19	30-Oct-19	91	30-Oct-19	91
Aug-19	6-Dec-19	97	6-Dec-19	97
Sep-19	10-Jan-20	102	10-Jan-20	102
Oct-19	5-Feb-20	97	5-Feb-20	97
Nov-19	9-Mar-20	100	9-Mar-20	100
Dec-19	2-Apr-20	93	2-Apr-20	93
Jan-20	5-May-20	95	5-May-20	95
Feb-20	4-Jun-20	96	4-Jun-20	96
Mar-20	7-Jul	98	7-Jul	98
Apr-20	5-Aug	97	5-Aug	97
May-20	3-Sep	95	3-Sep	95
Jun-20	6-Oct	98	6-Oct	98
Jul-20	10-Nov	102	10-Nov	102
Aug-20	7-Dec	98	7-Dec	98
Sep-20	4-Jan	96	4-Jan	96
Oct-20	3-Feb	95	3-Feb	95
Nov-20	5-Mar	95	5-Mar	95
Dec-20	2-Apr	92	2-Apr	92
Jan-21	4-May	93	4-May	93
Feb-21	10-Jun	102	10-Jun	102
Mar-21	7-Jul	98	7-Jul	98
Apr-21	5-Aug	97	5-Aug	97
May-21			25-Aug-21	86
Jun-21			25-Aug-21	56
Jul-21			25-Aug-21	25

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

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

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

## **M-S-R Public Power Agency Staff Report**

**Date:** August 27, 2021  
**From:** Martin R. Hopper, General Manager  
**To:** M-S-R PPA Commission  
**Subject:** 2022 M-S-R PPA Strategic Plan

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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 continues to evolve towards custodian rather than developer of projects.

The high-level goals of the Agency include:

- San Juan Mine Reclamation "Clean-Break":
  - Completion of negotiations with WSJM for buyout of liabilities.
- San Juan Decommissioning "Clean-Break":
  - Completion of negotiations for sale of Lake & River Station to USBR.
  - Approval of Demolition Plan or Sale to Farmington/Enchant for balance of facilities.
- Big Horn Wind Energy Projects:
  - Negotiation of conformed agreements and establishment/update of indices for Extension Period Operations.
  - Complete BPA Rate Case BP-22 post-decisional workshop processes and mitigate transmission rate impacts.
- Optimizing Agency governance and Member oversight:

- Implementing Working Capital Policies and maintaining specified Strategic Reserve Balances.
- Streamlining of meeting schedules.
- Reviewing territorial definitions to balance meeting location flexibility and reporting burdens.
- Implementing Succession Plans as-needed to avoid management and operational gaps.

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 2, 2021 and will further review and update detailed status reports and workplans pertaining to BPA activities in a workshop to be held September 28, 2021.

I recommend the Commission adopt the proposed 2022 M-S-R PPA Strategic Plan.

M-S-R PUBLIC POWER AGENCY  
2022 STRATEGIC PLAN

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Effective January 1, 2022

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TECHNICAL COMMITTEE REVIEW DRAFT  
SEPTEMBER 2, 2021

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

Effective January 1, 2022

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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 2026.

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## M-S-R PPA STRATEGIC PLAN

Effective January 1, 2022

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### 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.

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## 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. [The most recent update to the manual was completed in 2020.](#)

### Recommendations:

1. No changes are [recommended](#) to the Agency's organization structure at this time.

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## MANAGE AND MAINTAIN ASSETS

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### 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<sub>net</sub> 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 most efficiently and economically discharge Legacy Liabilities for the Members.

#### **On-Going Management:**

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**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. If the Farmington/Enchant SJGS project<sup>1</sup> occurs, an additional 13-years of SJGS operations could generate about 10,000,000 cubic yards of coal combustion residuals for burial in the mine and correspondingly delay final mine closure.

The San Juan owners are exploring a potential transaction where through the payment of a fixed sum, they will extinguish their outstanding reclamation obligations without further recourse. This transaction would become effective at or before the anticipated June 30, 2022 termination of SJGS operations and may also be applicable if the Farmington/Enchant SJGS project proceeds.

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, 2021 is about \$15.2 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.

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**Potential Actions:**

1. Continue to manage reclamation liabilities pursuant to existing agreements.
2. Mitigate potential impacts of Farmington/Enchant SJGS project on reclamation liabilities.

<sup>1</sup> 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.

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3. Assign reclamation liabilities to third party at reasonable cost and 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 operates the SJGS for an additional 13-years, M-S-R PPA’s share of SJGS decommissioning and demolition costs may decline pursuant to the Decommissioning Agreement and the scope of such liabilities may change.

The United States Bureau of Reclamation (USBR) has proposed purchasing certain SJGS water diversion facilities including the Lake and River Stations and associated pipelines to incorporate in the proposed Navajo Gallup Water Supply Project (NGWSP). This purchase is intended by PNM to be consummated in 2022 and would obviate the need for future decommissioning and demolition of these facilities.

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A detailed decommissioning study performed in 2019 by Burns and McDonnell indicated 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. In August 2021 Burns and McDonnell was commissioned to perform a successor study utilizing a whole-life cost analysis basis as required under a stipulated settlement of the PNM-Avangrid merger case before the NM-PRC in Docket 20-00222. This study is expected to confirm that the least cost decommissioning alternative will be full demolition and site restoration suitable for future industrial re-use.

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Pursuant to the Decommissioning Agreement, the SJGS Participants are required to fund a share of \$30 million (M-S-R PPA’s share at 7.6% is \$2.3 million – which has been deposited in its Decommissioning Trust) for an initial phase of asset removal and remediation activities (which are included as a part of the decommissioning costs estimated by Burns and McDonnell.) 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

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sufficient funds available to fund the 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. Mitigate potential impacts of Farmington/Enchant SJGS project on decommissioning liabilities.
3. Consummate a sale of the Lake and River Station and related facilities to the USBR.
4. Promote immediate full decommissioning and demolition of SJGS upon cessation of generation activities and discourage retirement in place scenarios.
5. Assign liabilities to a third party at reasonable cost and without recourse to M-S-R PPA.

**Legacy Liabilities – Potential Environmental Remediation:**

Pursuant to the Restructuring Agreement, M-S-R PPA is 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 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.

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**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 a responsible third party at a reasonable cost, 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, including any potential environmental liabilities, or sale or transfer of salvageable assets, to qualified third parties at a reasonable cost, provided such transfers can be made irrevocably and without recourse to M-S-R PPA.
5. M-S-R PPA should take all reasonable steps to mitigate potential impacts of Farmington/Enchant SJGS project on reclamation and decommissioning legacy liabilities.

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**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 firm, shaped, and delivered to COB for an initial 20-year period. Power deliveries commenced on October 1, 2006. Pursuant to amendments to these agreements effective December 1, 2008, 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.

**Goals:**

M-S-R PPA will continue to evaluate any options to reduce Big Horn Wind Energy Project costs and improve administrative efficiencies 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.

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**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 Project<sup>2</sup>. 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-22 on July 28, 2021, which increased BPA transmission and ancillary services rates, primarily applicable to the Big Horn projects by about 5.3%. 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, remain active in workshops and other proceedings. We also note BPA is collecting revenues for transmission capital projects significantly in excess of its actual expenditures and is applying short-term revenue financing to long-term projects.

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**Deleted:** began preparing its BP-22 rate case during 2020. Initial BP-22 proposals indicate power costs will be held flat, but

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**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

<sup>2</sup> 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.

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other Member resources. There are currently 15 active EIM participants<sup>3</sup> and 6 parties pending EIM participation in the near future<sup>4</sup>. Of particular concern to M-S-R PPA, BPA's participation in the EIM may affect costs of energy deliveries across the BPA system or the Pacific Northwest Interties. BPA's EIM implementation proposal indicates allocation of EIM costs to transmission functions such as those used by Avangrid to effect Big Horn Wind Energy Project deliveries. Furthermore, to most efficiently accommodate EIM activities, various BPA grid modernization projects have been proposed, including but not limited to a new transmission control center to be built in Vancouver, WA.

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**Potential Actions:**

1. Monitor EIM development activities, 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-scheduling, scheduling, real-time dispatch and settlements services for the Big Horn Wind Energy Projects.

**Potential Actions:**

1. Continue to review cost efficacy of continued Modesto provision of M-S-R Coordinator services prior to the December 31, 2022 deadline to notify Modesto of the third one-year extension of the current agreement.

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<sup>3</sup> Active EIM participants as of January 1, 2022: Salt Rive Project, Seattle City Light, BANC, Idaho Power Company, PowerEx, Portland General Electric, Puget Sound Energy, Arizona Public Service, NV Energy, PacifiCorp, LADWP, PNM, Northwestern Energy, Turlock Irrigation District, and California ISO.

<sup>4</sup> EIM participation pending 2022: Avista, Tucson Electric Power Company, Tacoma Power, and Bonneville Power Administration, EIM participation pending 2023: Avangrid and El Paso Electric.

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- Deleted:** 2021: LADWP, PNM, Northwestern Energy, Turlock Irrigation District, and BANC (Phase2) → EIM participation pending
- Deleted:** , and Xcel Energy – Colorado.
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**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) /5
Modesto	12.5%	65%	146
Santa Clara	52.5%	35%	308
Redding	35.0%	-	171

5 Estimates are based on average annual Big Horn I & II production.

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- Commented [MH2]: Santa Clara stills needs checking
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**Potential Actions:**

1. Monitor regulatory/legislative changes to assure Big Horn Wind Energy Projects remain as eligible RPS Resources through at least their respective 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

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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. [In July 2021 the CARB initiated its 2022 Scoping Plan update.](#)

**Potential Actions:**

1. Continue to assure Big Horn Wind Energy Projects remain grandfathered as Bucket 0 RPS Resources.
2. Support potential regulatory/legislative changes to allow Big Horn Wind Energy Projects to be deemed Bucket 1 RPS Resources and that do not endanger grandfathered Bucket 0 RPS status.

**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 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.
3. 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.
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 as long as such participation remains economically effective. 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

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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 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.
6. M-S-R PPA should track and actively comment, as appropriate, 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.

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## 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 Strategic Reserve as set forth in its Working Capital Policy to meet Bond Indenture requirements, to fund contingent liabilities, and to manage Member cash call requirements. As reported in the [April 30, 2021, Treasurer's Report](#), M-S-R PPA holds about \$84 million in operating funds and restricted and un-restricted reserves.

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### 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 [made its final debt service payments and retired all](#) San Juan Project Revenue Bonds as of July 1, [2022](#). Other bonds previously issued by the Agency have [also](#) been retired or defeased.

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### Potential Actions:

1. Make [final](#) debt service payments and file [closing](#) reports as required by Continuing Disclosure Agreement.

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### Funding of Legacy Liabilities:

Pursuant to Resolution 2020-01, regarding Working Capital Policy, the Agency will fund the balance of the costs of San Juan Project Legacy Liabilities from its Strategic Reserves, including those specifically associated with the San Juan Project Legacy Liabilities [Reserve tranches](#) pertaining to Mine Reclamation and to San Juan Decommissioning.

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M-S-R PPA’s Mine Reclamation Trust value requirement as of December 31, 2021 is about \$15.2 million and is currently projected to end the year with a balance of \$16.3 million. The Working Capital Policy sets the objectives for the Mine Reclamation Contingency and Administration reserve tranche at target and minimum levels as shown below based on the [Mid-Year 2021 M-S-R Strategic Reserve Funding Status Report](#).

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Similarly, Decommissioning Costs have been estimated for various scenarios and reserve requirements computed based on the same assumption (Retire-In-Place followed by demolition in 25-years) used in the preparation of the Agency’s Financial Statements. [Updates to these cost estimates resulting from the 2021 Decommissioning Study are not yet available.](#)

As illustrated below the estimated General Fund balances in 2022 are reasonably sufficient to satisfy minimum Reclamation and Decommissioning Cost Working Capital requirements (which are in addition to those amounts currently held in Trusts) without additional cash calls on the Members:

- Deleted: 2021

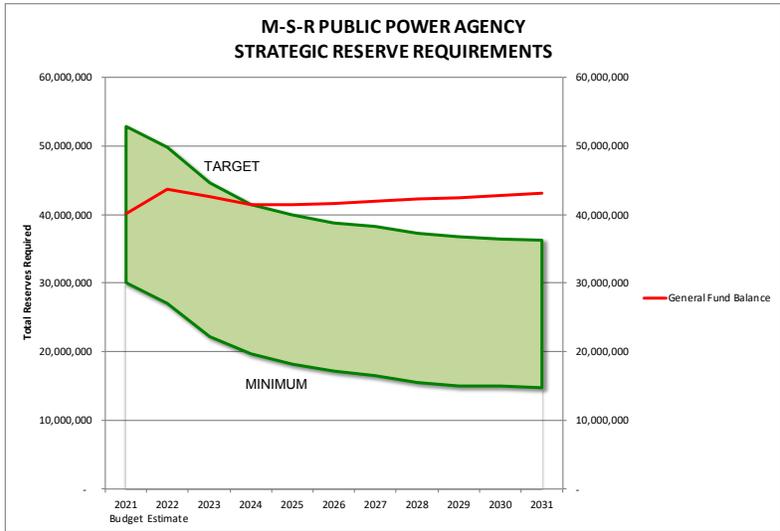
Year-End 2022	Target Working Capital	Minimum Working Capital
Net General Fund	\$43,685,000	\$43,685,000
Days of Working Capital Available	245	245
Working Capital Tranche 1 – Agency A&G	\$441,000	\$441,000
Working Capital Tranche 2 – Purchase Power	\$11,083,000	\$5,547,000
Working Capital Tranche 3 – San Juan Fixed	\$2,288,000	\$2,288,000
Working Capital Tranche 4 – Reclamation Legacy Liability Contingency	\$6,844,000	\$6,646,000
Working Capital Tranche 5 – Decommissioning Legacy Liability Cost	\$29,095,000	\$12,099,000
Sum of Tranches	\$49,752,000	\$27,021,000
Sum of Tranches in Days	279	152

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- Deleted: 465
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These factors are also illustrated below for the next 10-years:

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**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 reserve requirements for Decommissioning or Reclamation activities consistent with the Working Capital Policy. [Pursuant to Resolution 2020-01 Section E, the first such disbursement opportunity is projected to occur in 2026.](#)

**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 2020-01 regarding Working Capital Policy, M-S-R PPA should continue to reserve funds to cover future Legacy Liability payments.

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## JOINT ACTION MANAGEMENT AND 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.

### Agency Governance and Oversight

The Agency's Commission and its Committees (Technical, Financial and Risk Management) are required to meet at least annually pursuant to either the Joint Powers Agreement or their bylaws. Over the course of the year the mandatory functions of the Commission include election of officers, receipt of the audit, and approval of the budget. Discretionary functions of the Commission include a mid-year budget review and as prerequisites to the preparation of the annual budget, review and approval of an annual strategic plan, and biennial reviews of the Agency's policy manual and conflict of interest code. The only specified annual action of the Technical Committee is its review of the Agency's strategic plan. The Financial Management Committee has no time-triggered duties. The Risk Management Committee is to annually report on compliance with the Risk Management Policy. The duties of the Commission and Committees can be summarized as follows:

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<u>Commission - Mandatory</u>	<u>Duty</u>	<u>Timing</u>
	Election of Officers	Annual – First Meeting of year
	Receipt of Audit	Annual – Prior to May 31
	Approval of Budget	Annual – Prior to November 30
	Receipt of Treasurer’s Reports (Funds and Disbursements)	Quarterly – Next Regular Meeting
	Strategic Plan	Annual – Prior to Budget Preparation
	Policy and Procedure Manual Update	Biennial per Resolution
	Approval of Conflict-of-Interest Code	Biennial (Even-Numbered Years) – Prior to October 1
<u>Commission – Discretionary</u>	<u>Duty</u>	<u>Timing</u>
	Mid-Year Budget Review	Mid-Year
	General Manager Performance	Annual
	Year-End Budget Review	After close of fiscal year
	Project and Legal Matters	As-Needed

<u>Technical Committee – Mandatory</u>	<u>Duty</u>	<u>Timing</u>
	Strategic Plan	Annual – Prior to Budget Preparation per Bylaws
<u>Technical Committee – Discretionary</u>	<u>Duty</u>	<u>Timing</u>
	Budget Workshop	Annual – Prior to Commission Budget Review
	Project and Legal Matters	As-Needed

The Commission and Technical Committee currently meet on a modified quarterly schedule with an additional meeting in July to address the Mid-Year Budget Review and other emergent matters. The Technical Committee also schedules a single-day review of BPA-related activities

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as an adjunct to its annual Strategic Plan review. The Financial Management and Risk Management Committees meet only on an as-needed basis.

**Goals:**

Balance oversight roles of Commission and Committees with economy of meetings.

**Potential Actions:**

1. Maintain modified quarterly meeting schedules for Commission and Technical Committee and eliminate mid-year meetings.
2. Maintain Commission meetings when scheduled to be consecutive with TANC Commission meetings to minimize Commissioner travel.

**Recommendations**

1. Given that recent mid-year Budget reviews have not resulted in budget amendments or augmentations, eliminate mid-year budget review meetings. Consider elimination of winter Commission meeting and conduct officer elections in conjunction with review of annual audit.
2. Upon achievement of San Juan Legacy Liability Clean-Breaks, consider modifying strategic plan and other reviews to biennial or quadrennial bases.

**Commented [JM3]:** So the concept is the first meeting of the year would not occur until the annual audit is ready for review?

**Conflict of Interest Code**

Pursuant to California Law, the Agency has adopted a Conflict-of-Interest Code. The requirements of the code center around the disclosure of Commissioner and Committee Member financial interests within the Agency’s defined territory and are reported on FPPC Form 700. The Agency’s defined territory is broadly delineated as being all of Northern California to allow flexibility in setting meeting locations. Although currently waived by the Governor’s Executive Order pertaining to the COVID-19 pandemic, the Brown Act requires in-person meetings to be held within the Agency’s defined territory.

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**Goals:**

Balance the need for flexibility in meeting location with reporting burdens on Commissioners and Committee Members regarding financial interests in locations remote to the day-to-day activities of the Agency.

**Potential Actions:**

1. Eliminate remote locations from the Agency's defined territory to simplify financial interest reporting.

**Recommendations**

1. Consider elimination of far-northern counties from Agency's defined territory and retain central California, Central Valley, and Coastal locations.

**Succession Planning**

The Agency's Policy and Procedures Manual now includes a General Manager Succession Plan addressing circumstances of Temporary or Short-Term Absences, Unplanned Absences (Long-term), and Retirement of the General Manager. The plan addresses coverage for the General Manager's roles in case of absence and outlines a process for the definition of future General Manager roles and for the recruitment of future General Managers.

**Goals:**

Implement the Succession Plan to avoid interruptions in the conduct of the Agency's business and provide for a smooth transition to future management structures or roles.

**Potential Actions:**

1. Begin preparation of a revised strategic plan, General Manager job description, General Manager recruitment process upon receipt of notice of General Manger's intention to retire.

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**Recommendations**

1. Implement General Manager succession processes within timelines specified in the Succession Plan contained in Tab 15 of the Policies and Procedures Manual upon any applicable trigger event.

**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, and 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 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.

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**Potential Actions:**

1. Monitor FERC filings regarding transmission rates and act in a clearinghouse role for the Members.
2. 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. Given that existing interventions and protests before the FERC regarding transmission rates have been completed, 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 MMRs 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 ~~ten~~ 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.

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**Potential Actions:**

1. Update California and Federal Legislative and Regulatory Representative Workplans only as-needed.
2. Rely on Member coverage for California and Federal Legislative or Regulatory advocacy unless otherwise directed for specific issues, or as identified in Workplans.

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**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.

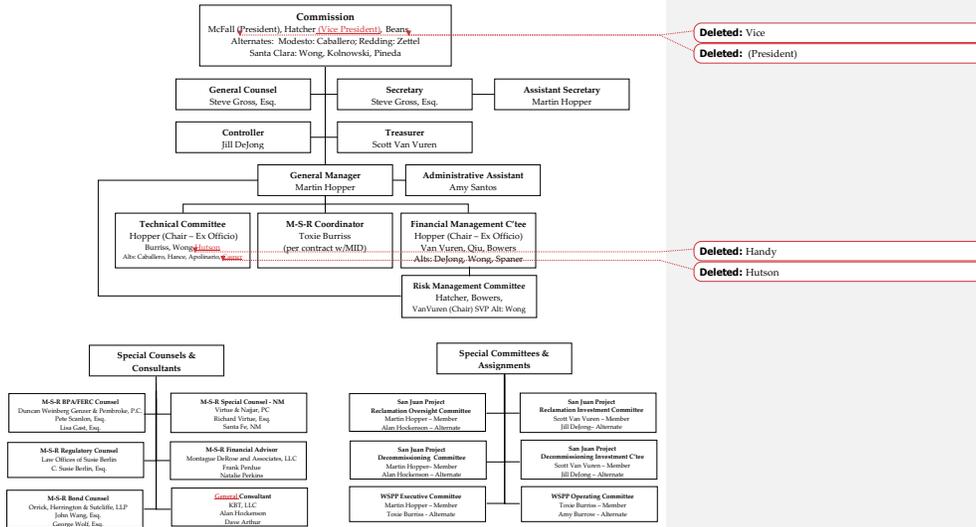
**Deleted:** Although M-S-R PPA no longer directly pays for transmission service from SCE or others, delivery of San Juan and Big Horn Project energy still incurs costs paid directly or indirectly by the Members. These costs result from services provided by the CAISO such as Transmission Access Charges (TAC), Wheeling Access Charges (WAC), etc. These charges may also be applicable to various deliveries of non-M-S-R related energy to the Mer[... [2]

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Exhibit "A"

M-S-R Public Power Agency Organization Chart



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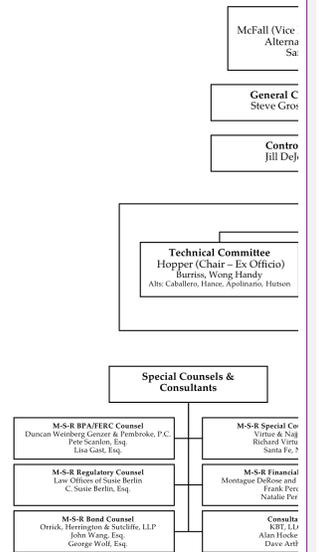
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**M-S-R Public Power Agency Organization Chart**

**M-S-R Public Po**



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## M-S-R Public Power Agency Staff Report

**Date:** August 27, 2021  
**From:** Martin R. Hopper, General Manager  
**To:** M-S-R PPA Commission  
**Subject:** September 2021 Outside Services Budget versus Actual Report

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### **FISCAL YEAR 2021:**

#### Major Legal and Consulting Providers Reporting Are:

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

#### Legacy Liability Providers Reporting Are:

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

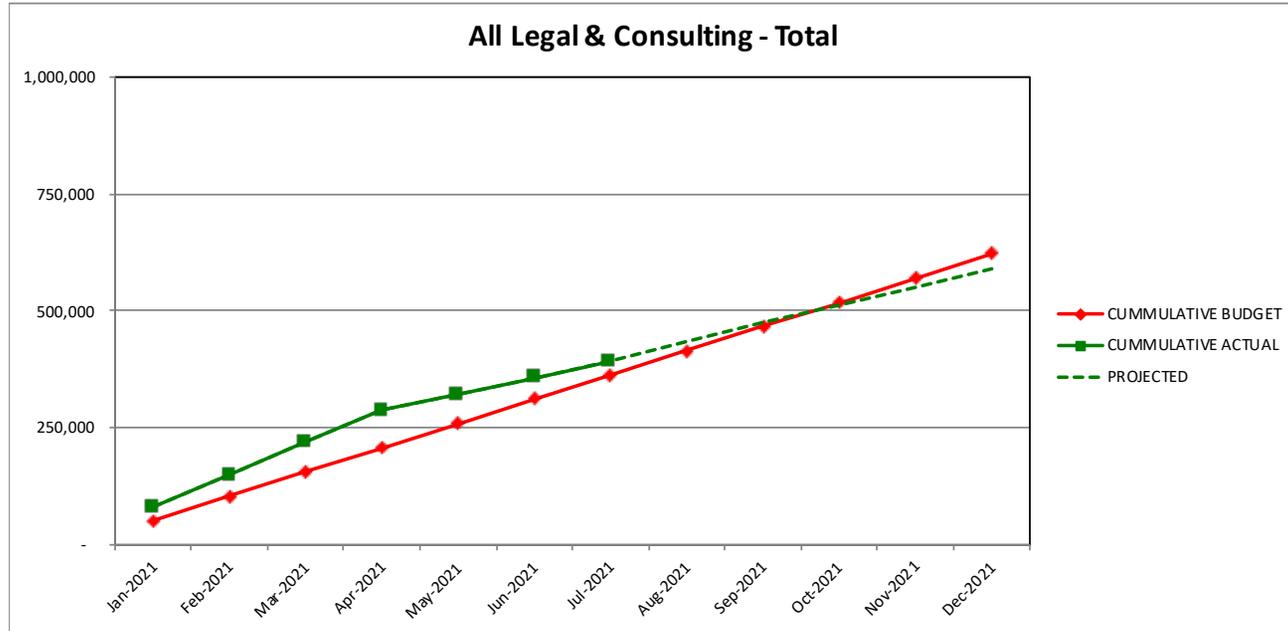
Detailed charts of monthly budget versus actual cost comparisons for each provider are attached. Please note the charts include projected costs printed in ***bold italics*** through year-end. Note: Legacy Liability WSJM Reclamation budget adjusted to revised Annual Operating Plan provided by PNM April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

### **Recommendation:**

I recommend the Commission note and file this report.

## M-S-R PPA All Legal & Consult Summary

Month of: Jul-2021



CURRENT MONTH				
By Function	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	6,750	9,550	(2,800)	141%
Gen - Other	5,500	3,150	2,350	57%
Renewables	3,667	2,832	835	77%
Rens - Other	28,750	14,465	14,285	50%
Reg & Comp	5,500	5,489	11	100%
Administrative	1,667	674	993	40%
<b>Total</b>	<b>51,833</b>	<b>36,160</b>	<b>15,674</b>	<b>70%</b>

YEAR TO DATE				
By Function	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	47,250	52,039	(4,789)	110%
Gen - Other	38,500	51,203	(12,703)	133%
Renewables	25,667	18,633	7,034	73%
Rens - Other	201,250	227,494	(26,244)	113%
Reg & Comp	38,500	36,242	2,258	94%
Administrative	11,667	6,436	5,231	55%
<b>Total</b>	<b>362,833</b>	<b>392,047</b>	<b>(29,214)</b>	<b>108%</b>

CURRENT MONTH				
By Provider	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Duncan	25,917	16,044	9,873	62%
Berlin	3,333	<b>3,500</b>	(167)	105%
Porter Simon	3,167	3,652	(485)	115%
KBT	13,917	9,814	4,103	71%
Others	5,500	3,150	2,350	57%
<b>Total</b>	<b>51,833</b>	<b>36,160</b>	<b>15,674</b>	<b>70%</b>

YEAR TO DATE				
By Provider	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Duncan	181,417	222,153	(40,736)	122%
Berlin	23,333	<b>19,139</b>	4,194	82%
Porter Simon	22,167	17,402	4,765	79%
KBT	97,417	83,242	14,175	85%
Others	38,500	50,111	(11,611)	130%
<b>Total</b>	<b>362,833</b>	<b>392,047</b>	<b>(29,214)</b>	<b>108%</b>

# M-S-R PPA Duncan Summary

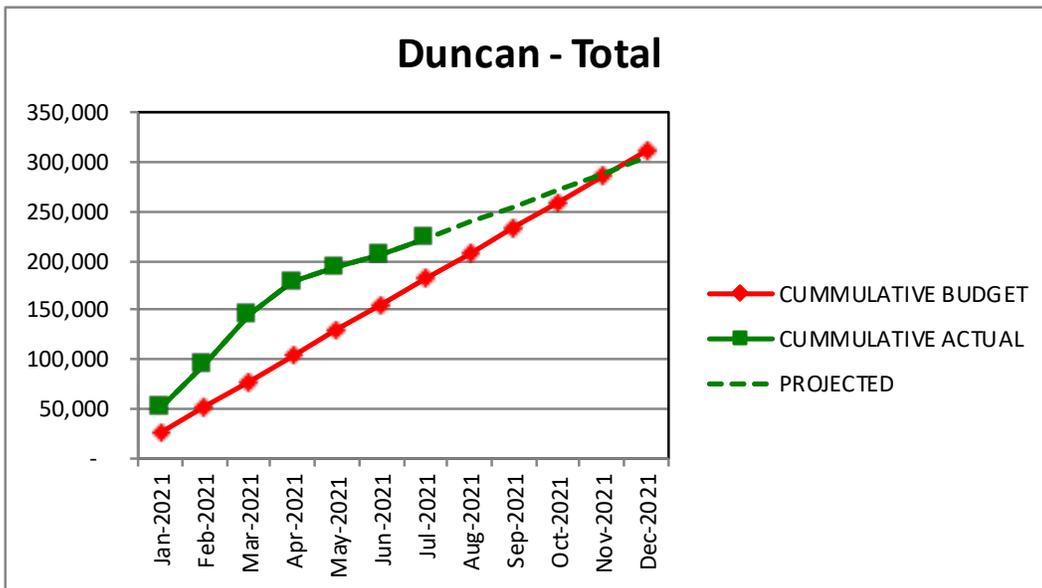
Month of: **Jul-2021**

## CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	500	0	500	0%
Gen - Other	0	0	0	0%
Renewables	0	0	0	0%
Rens - Other	22,917	13,555	9,362	59%
Reg & Comp	2,500	2,489	12	100%
Administrative	0	0	0	0%
<b>Total</b>	<b>25,917</b>	<b>16,044</b>	<b>9,873</b>	<b>62%</b>

## YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	3,500	5,955	(2,455)	170%
Gen - Other	0	0	0	0%
Renewables	0	0	0	0%
Rens - Other	160,417	198,556	(38,139)	124%
Reg & Comp	17,500	17,642	(142)	101%
Administrative	0	0	0	0%
<b>Total</b>	<b>181,417</b>	<b>222,153</b>	<b>(40,736)</b>	<b>122%</b>



# M-S-R PPA Berlin Summary

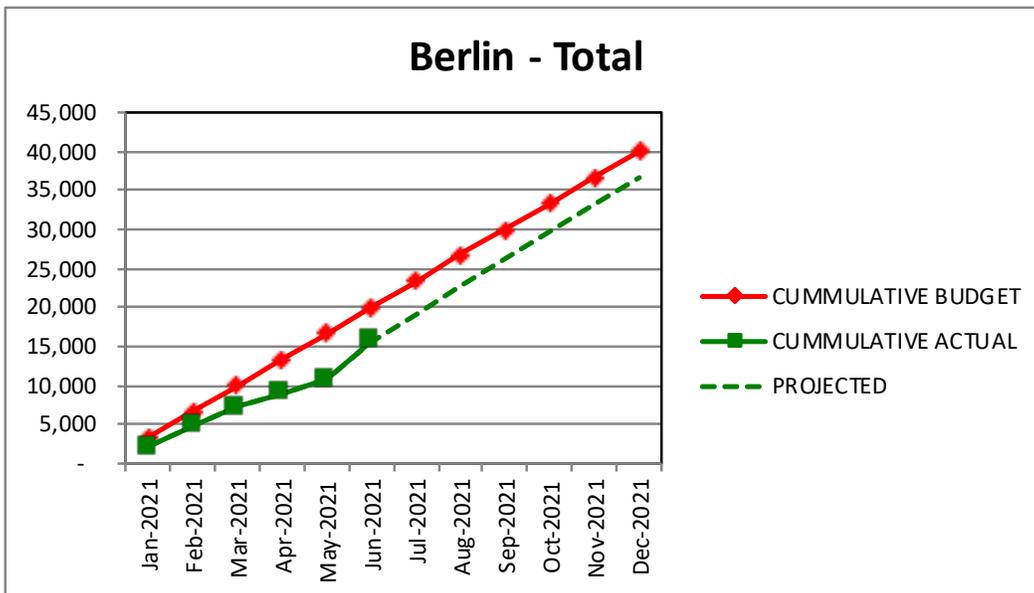
Month of: **Jul-2021**

## CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	0	0	0	0%
Renewables	417	<b>500</b>	<b>(83)</b>	120%
Rens - Other	0	0	0	0%
Reg & Comp	2,917	<b>3,000</b>	<b>(83)</b>	103%
Administrative	0	0	0	0%
<b>Total</b>	<b>3,333</b>	<b>3,500</b>	<b>(167)</b>	<b>105%</b>

## YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	0	0	0	0%
Renewables	2,917	<b>539</b>	2,378	18%
Rens - Other	0	0	0	0%
Reg & Comp	20,417	<b>18,600</b>	1,817	91%
Administrative	0	0	0	0%
<b>Total</b>	<b>23,333</b>	<b>19,139</b>	<b>4,194</b>	<b>82%</b>



# M-S-R PPA Misc Legal & Consult Summary

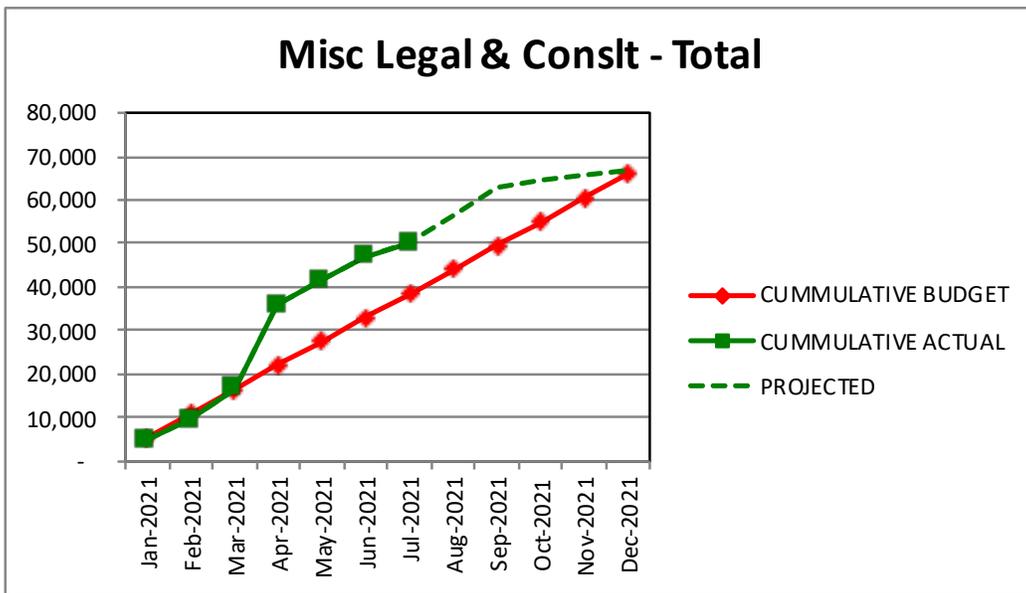
Month of: **Jul-2021**

## CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	5,417	3,150	2,267	58%
Renewables	0	0	0	0%
Rens - Other	0	0	0	0%
Reg & Comp	0	0	0	0%
Administrative	83	0	83	0%
<b>Total</b>	<b>5,500</b>	<b>3,150</b>	<b>2,350</b>	<b>57%</b>

## YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	37,917	50,111	(12,195)	132%
Renewables	0	0	0	0%
Rens - Other	0	0	0	0%
Reg & Comp	0	0	0	0%
Administrative	583	0	583	0%
<b>Total</b>	<b>38,500</b>	<b>50,111</b>	<b>(11,611)</b>	<b>130%</b>



# M-S-R PPA Porter Simon Summary

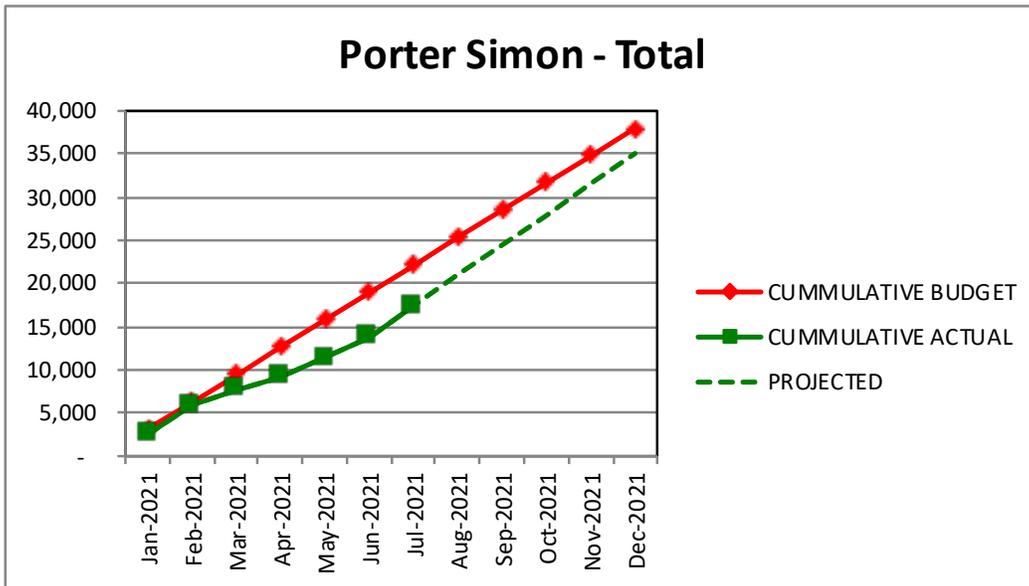
Month of: **Jul-2021**

## CURRENT MONTH

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

## YEAR TO DATE

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



# M-S-R PPA KBT Summary

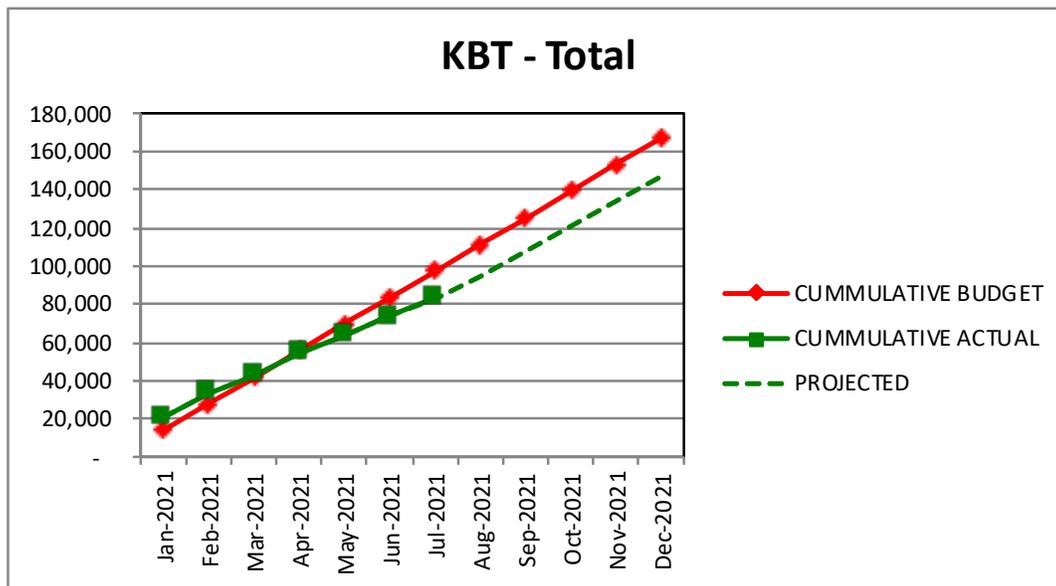
Month of: **Jul-2021**

## CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	4,167	6,360	(2,193)	153%
Gen - Other	83	0	83	0%
Renewables	3,083	2,332	751	76%
Rens - Other	5,833	910	4,923	16%
Reg & Comp	0	0	0	0%
Administrative	750	424	326	57%
<b>Total</b>	<b>13,917</b>	<b>10,026</b>	<b>3,891</b>	<b>72%</b>

## YEAR TO DATE

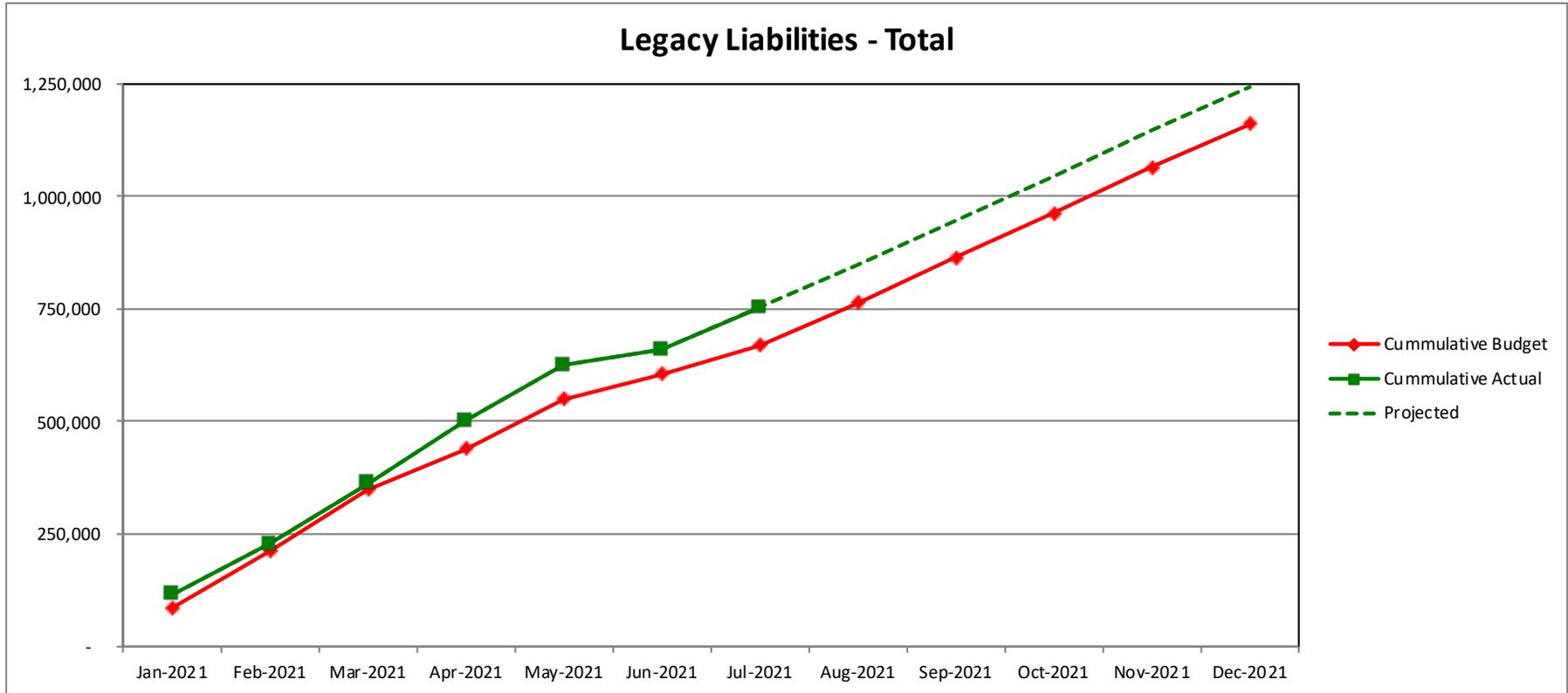
	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	29,167	32,224	(3,057)	110%
Gen - Other	583	1,092	(509)	187%
Renewables	21,583	17,808	3,775	83%
Rens - Other	40,833	28,938	11,895	71%
Reg & Comp	0	0	0	0%
Administrative	5,250	3,180	2,070	61%
<b>Total</b>	<b>97,417</b>	<b>83,242</b>	<b>14,175</b>	<b>85%</b>



Legal Costs - 2021	2021 Budget	Reallocated Budget	Jan-2021	Feb-2021	Mar-2021	Apr-2021	May-2021	Jun-2021	Jul-2021	Aug-2021	Sep-2021	Oct-2021	Nov-2021	Dec-2021	Total	Average	Year-End Projection	Notes
<b>Legal</b>			8.33%	16.67%	25.00%	33.33%	41.67%	50.00%	58.33%	66.67%	75.00%	83.33%	91.67%	100.00%				
<b>DWG&amp;P</b>																		
<b>Generation</b>																		
SJGS Agreements	-	6,000	-	-	-	1,629	4,326	-	-	-	-	-	-	-	5,955	496	5,955	
<b>Renewables</b>																		
BPA/PNW Gen1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Rens - Other</b>																		
BPA Rate Cases	275,000	275,000	48,455	42,128	46,840	28,432	7,926	11,220	13,555.00	14,000	14,000	14,000	14,000	14,000	268,556	22,380	268,556	
<b>Regulatory &amp; Comp</b>																		
FERC Gen1	75,000	30,000	2,343	2,291	2,751	3,249	2,212	2,309	2,488.50	2,500	2,500	2,500	2,500	2,500	30,142	2,512	30,142	
	350,000	311,000	50,798	44,419	49,590	33,310	14,464	13,528	16,043.50	16,500	16,500	16,500	16,500	16,500	304,653	25,388	304,653	98%
			16.33%	30.62%	46.56%	57.27%	61.92%	66.27%	71.43%	76.74%	82.04%	87.35%	92.65%	97.96%				
<b>Law Offices of Susie Berlin</b>																		
<b>Generation</b>																		
Renewables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Regulatory &amp; Comp</b>																		
RES/RPS	20,000	5,000	-	-	-	-	-	39.00	500	500	500	500	500	500	3,039	253	3,039	
<b>A&amp;G</b>																		
AB32/Cap & Trade/	40,000	35,000	2,145	2,652	2,496	1,677	1,872	4,758.00	3,000	3,000	3,000	3,000	3,000	3,000	33,600	2,800	33,600	
	60,000	40,000	2,145	2,652	2,496	1,677	1,872	4,797.00	3,500	3,500	3,500.00	3,500.00	3,500	3,500	36,639	3,053	36,639	
			5.36%	11.99%	18.23%	22.43%	27.11%	39.10%	47.85%	56.60%	65.35%	74.10%	82.85%	91.60%				
<b>Others</b>																		
<b>Generation - Other</b>																		
Najjar & Virtue	1,000	65,000	4,997	4,452	7,375	18,906	5,966	5,265	3,150.11	6,682	6,000	1,000	1,000	1,000	65,793	5,483	65,793	Richard Virtue
	1,000	65,000	4,997	4,452	7,375	18,906	5,966	5,265	3,150.11	6,682	6,000	1,000	1,000	1,000	65,793	5,483	65,793	
			7.69%	14.54%	25.88%	54.97%	64.15%	72.25%	77.09%	87.37%	96.61%	98.14%	99.68%	101.22%				101%
<b>Sub Total</b>	411,000	416,000	57,940	51,523	59,461	53,893	22,302	23,590	22,694	26,682	26,000	21,000	21,000	21,000	407,085	33,924	407,085	98%
			13.93%	26.31%	40.61%	53.56%	58.92%	64.59%	70.05%	76.46%	82.71%	87.76%	92.81%	97.86%				
<b>General Counsel</b>																		
<b>Porter Simon</b>																		
<b>M-S-R PPA</b>																		
<b>Generation</b>	25,000	25,000	2,068	2,068	1,584	1,430	1,232	2,288	3,190.00	2,083	2,083	2,083	2,083	2,083	24,277	2,023	24,277	
<b>Renewables</b>	2,000	2,000	-	220	-	-	66	-	-	167	167	167	167	167	1,119	93	1,119	
<b>Regulatory &amp; Comp</b>	1,000	1,000	-	-	-	-	-	-	-	83	83	83	83	83	417	35	417	
<b>A&amp;G</b>	20,000	10,000	440	1,034	264	22	990	44	462.00	1,200	1,200	1,200	1,200	1,200	9,256	771	9,256	
	48,000	38,000	2,508	3,322	1,848	1,452	2,288	2,332	3,652.00	3,533	3,533	3,533	3,533	3,533	35,069	2,922	35,069	92%
			6.60%	15.34%	20.21%	24.03%	30.05%	36.18%	45.79%	55.09%	64.39%	73.69%	82.99%	92.29%				
<b>Consulting</b>																		
<b>KBT</b>																		
<b>Generation</b>																		
General	35,000	50,000	3,604	3,604	3,392	5,088	4,452	5,724	6,360.00	3,500	3,500	3,500	3,500	3,500	49,724	4,144	49,724	
<b>Gen - Other</b>																		
SJGS Disposition	-	1,000	1,092	-	-	-	-	-	-	-	-	-	-	-	1,092	91	1,092	
<b>Renewables</b>																		
General	40,000	37,000	3,180	2,332	2,756	2,756	2,120	2,332	2,332.00	3,083	3,083	3,083	3,083	3,083	33,225	2,769	33,225	
<b>Rens - Other</b>																		
BP-22 Rate Case	70,000	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	BP-22 Rate Case
KBT 2021-01	-	-	21,840	12,376	6,552	-	-	-	-	-	-	-	-	-	18,928	9,464	18,928	Jan - Feb
KBT 2021-02	-	-	14,560	-	-	3,094	2,730	-	-	-	-	-	-	-	5,824	2,912	5,824	Mar - Apr
KBT 2021-04	-	-	7,280	-	-	-	-	-	-	-	-	-	-	-	3,276	1,638	3,276	May - Jun
KBT 2021-05	-	-	7,280	-	-	-	-	2,002	1,274	-	-	-	-	-	4,550	2,275	4,550	Jul - Aug
KBT 2021-0x	-	-	-	-	-	-	-	-	-	910.00	3,640	-	-	-	11,667	5,833	11,667	Sep - Oct
KBT 2021-0x	-	-	-	-	-	-	-	-	-	-	-	5,833	5,833	-	11,667	5,833	11,667	Nov - Dec
Sum	-	50,960	-	-	-	-	-	-	-	-	-	-	-	-	55,911		55,911	
<b>Regulatory &amp; Comp</b>																		
<b>Administrative</b>	15,000	9,000	424	424	212	1,060	424	424	212.00	750	750	750	750	750	6,930	578	6,930	
	160,000	167,000	50,960	20,676	12,912	9,454	11,634	8,998	9,754	9,814.00	10,973	13,167	13,167	13,167	146,882	35,537	146,882	88%
			12.38%	20.11%	25.77%	32.74%	38.13%	43.97%	49.85%	56.42%	64.30%	72.18%	80.07%	87.95%	146,882			
<b>Others</b>																		
<b>Administrative</b>																		
Navigant/Guidehou	3,000	1,000	-	-	-	-	-	-	-	-	250	250	250	250	1,000	83	1,000	Meetings
	3,000	1,000	-	-	-	-	-	-	-	-	250	250	250	250	1,000	83	1,000	
			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	50.00%	75.00%	100.00%				100%
<b>Sub Total</b>	163,000	168,000	20,676	12,912	9,454	11,634	8,998	9,754	9,814	10,973	13,417	13,417	13,417	13,417	147,882	35,620	147,882	88%
			12.31%	19.99%	25.62%	32.55%	37.90%	43.71%	49.55%	56.08%	64.07%	72.05%	80.04%	88.03%				
<b>GRAND TOTAL</b>	622,000	622,000	81,124	67,757	70,763	66,979	33,588	35,676	36,160	41,189	42,950	37,950	37,950	37,950	590,036	72,466	590,036	94.86%
			13.04%	23.94%	35.31%	46.08%	51.48%	57.22%	63.03%	69.65%	76.56%	82.66%	88.76%	94.86%				

# Legacy Liability - Total

Month of: Jul-2021



CURRENT MONTH					YEAR TO DATE				
By Function	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %	By Function	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
PNM - Reclamation	3,333	24	3,309	1%	PNM - Reclamation	23,333	9,564	13,769	41%
WSJM - Reclamation	57,341	93,784	(36,443)	164%	WSJM - Reclamation	618,804	705,677	(86,873)	114%
PNM - Decommission	4,000	223	3,777	6%	PNM - Decommission	28,000	38,054	(10,054)	136%
<b>Total</b>	<b>64,674</b>	<b>94,031</b>	<b>(29,357)</b>	<b>145%</b>	<b>Total</b>	<b>670,138</b>	<b>753,296</b>	<b>(83,158)</b>	<b>112%</b>

# PNM - Reclamation

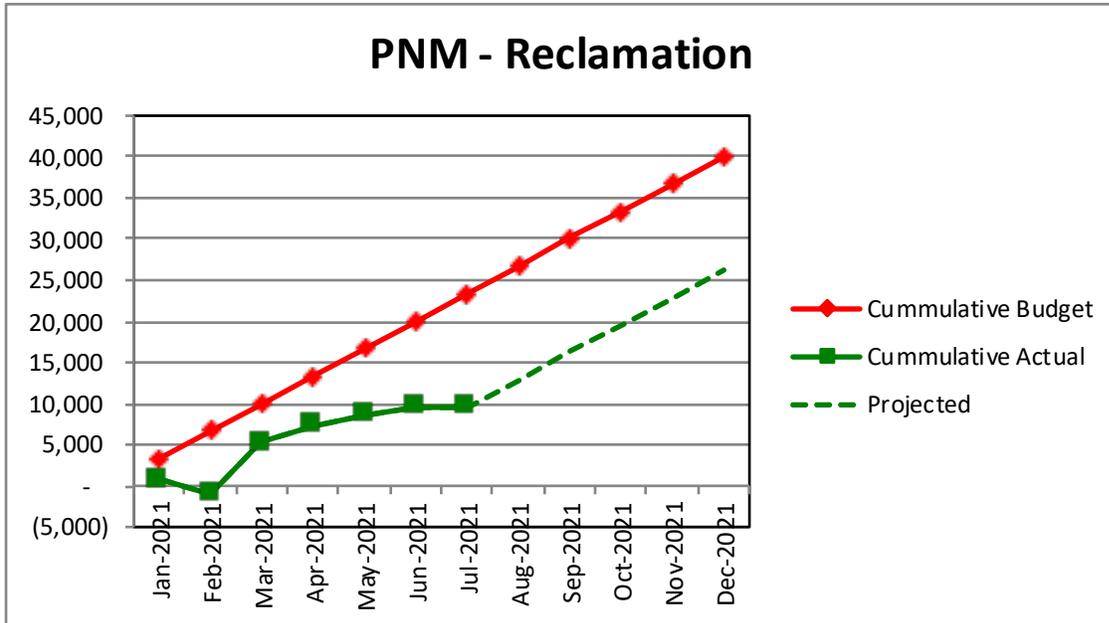
Month of: **Jul-2021**

## CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	3,333	24	3,309	1%
<b>Total</b>	<b>3,333</b>	<b>24</b>	<b>3,309</b>	<b>1%</b>

## YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	23,333	9,564	13,769	41%
<b>Total</b>	<b>23,333</b>	<b>9,564</b>	<b>13,769</b>	<b>41%</b>



# WSJM - Reclamation

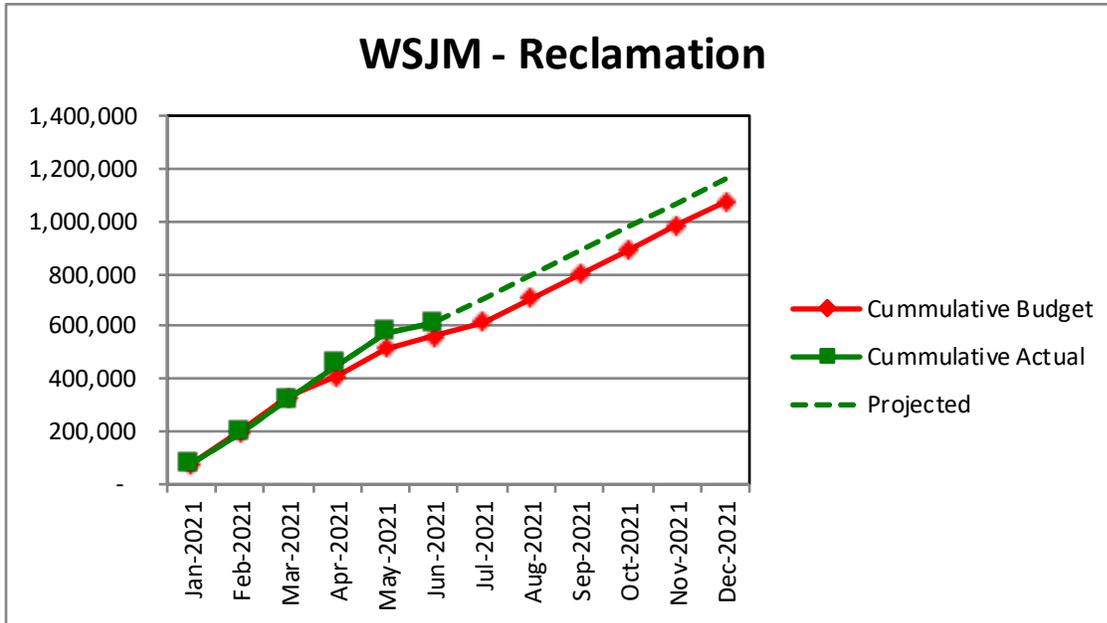
Month of: **Jul-2021**

## CURRENT MONTH

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

## YEAR TO DATE

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



# PNM - Decommissioning

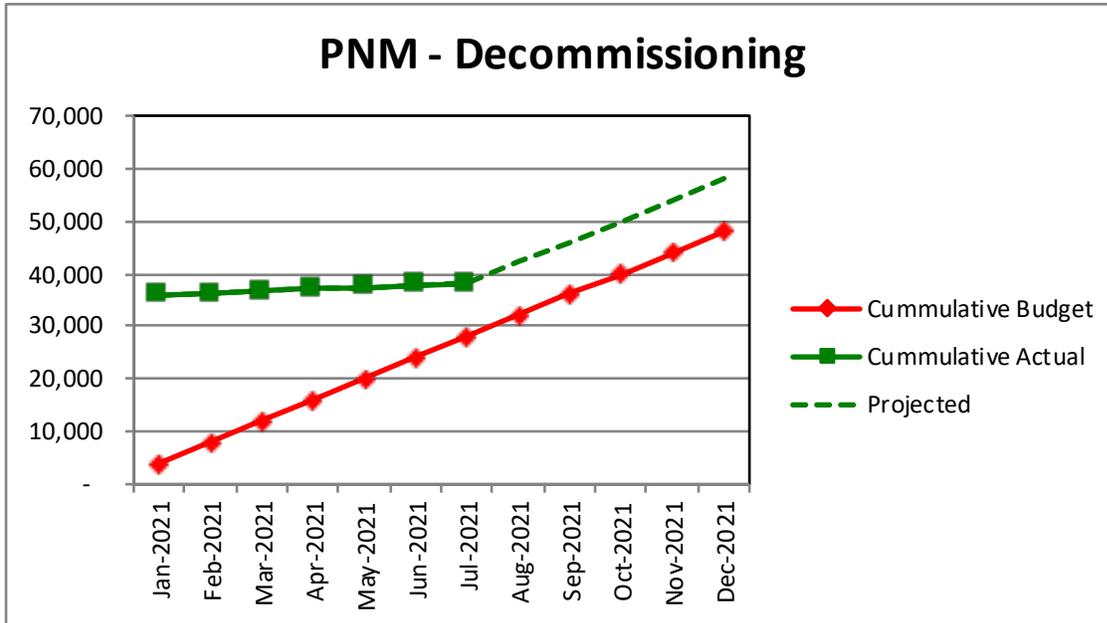
Month of: **Jul-2021**

## CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	4,000	223	3,777	6%
<b>Total</b>	<b>4,000</b>	<b>223</b>	<b>3,777</b>	<b>6%</b>

## YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	28,000	38,054	(10,054)	136%
<b>Total</b>	<b>28,000</b>	<b>38,054</b>	<b>(10,054)</b>	<b>136%</b>



Legacy Liability Costs - 2021	M-S-R 2021 Budget	Revised or A.O.P	Jan-2021 8.33%	Feb-2021 16.67%	Mar-2021 25.00%	Apr-2021 33.33%	May-2021 41.67%	Jun-2021 50.00%	Jul-2021 58.33%	Aug-2021 66.67%	Sep-2021 75.00%	Oct-2021 83.33%	Nov-2021 91.67%	Dec-2021 100.00%	Total	Average	Year-End Projection
<b>PNM - Reclamation - Budget</b>	40,000	40,000	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	40,000		
<b>Cummulative Budget</b>			3,333	6,667	10,000	13,333	16,667	20,000	23,333	26,667	30,000	33,333	36,667	40,000			
<b>Reclamation Trust Funds Operating Agent</b>			673	(1,691)	6,198	2,222	1,166	972	24.39	<b>3,333</b>	<b>3,333</b>	<b>3,333</b>	<b>3,333</b>	<b>3,333</b>	26,231	2,186	26,231
<b>Cummulative Actual</b>	40,000	40,000	673	(1,018)	5,180	7,402	8,568	9,540	9,564	<b>12,898</b>	<b>16,231</b>	<b>19,564</b>	<b>22,898</b>	<b>26,231</b>	26,231	2,186	26,231
			1.68%	-2.54%	12.95%	18.50%	21.42%	23.85%	23.91%	32.24%	40.58%	48.91%	57.24%	65.58%			66%
<b>WSJM - Reclamation - Budget</b>	925,000	1,072,463	78,389	120,172	128,336	82,729	104,568	47,270	57,341	85,926	94,355	90,726	94,927	87,725	1,072,463		
<b>Cummulative Budget</b>			78,389	198,561	326,897	409,626	514,193	561,463	618,804	704,731	799,085	889,811	984,738	1,072,463			
<b>San Juan - Surface San Juan - Underground</b>	925,000	1,072,463	78,389	113,437	128,336	135,985	122,346	33,401	93,784.23	<b>85,926</b>	<b>94,355</b>	<b>90,726</b>	<b>94,927</b>	<b>87,725</b>	<b>1,159,336</b>	96,611	1,159,336
<b>Cummulative Actual</b>	925,000	1,072,463	78,389	113,437	128,336	135,985	122,346	33,401	93,784.23	85,926	94,355	90,726	94,926.57	87,725	<b>1,159,336</b>	96,611	1,159,336
			7.31%	17.89%	29.85%	42.53%	53.94%	57.05%	65.80%	73.81%	82.61%	91.07%	99.92%	108.10%			108%
<b>PNM - Decommissioning Cummulative Budget</b>	48,000	48,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000		
<b>Initial Decommissioning</b>			35,902	276	408	492	368	385	222.82	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	58,054	4,838	58,054
<b>Cummulative Actual</b>	48,000	48,000	35,902	276	408	492	368	385	222.82	4,000	4,000	4,000.00	4,000.00	4,000	<b>58,054</b>	4,838	58,054
			74.80%	75.37%	76.22%	77.25%	78.01%	78.81%	79.28%	87.61%	95.95%	104.28%	112.61%	120.95%			120.95%
<b>Total Legacy Liability</b>	1,013,000	1,160,463	114,965	112,022	134,942	138,698	123,880	34,758	94,031	93,260	101,688	98,059	102,260	95,058	1,243,621	103,635	1,243,621
			9.91%	19.56%	31.19%	43.14%	53.82%	56.81%	64.91%	72.95%	81.71%	90.16%	98.97%	107.17%			107%
<b>Cummulative Budget</b>			85,723	213,228	348,897	438,959	550,860	605,463	670,138	763,397	865,085	963,145	1,065,404	1,160,463			
<b>Cummulative Actual</b>			114,965	226,987	361,929	<b>500,626</b>	<b>624,507</b>	<b>659,264</b>	<b>753,296</b>	<b>846,555</b>	<b>948,243</b>	<b>1,046,303</b>	<b>1,148,562</b>	<b>1,243,621</b>			

*Italics = Estimated*

## **M-S-R Public Power Agency Staff Report**

**Date:** August 25, 2021  
**From:** Martin R. Hopper, General Manager  
**To:** M-S-R PPA Commission  
**Subject:** 2022 M-S-R Coordinator Agreement Extension

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The term of the current M-S-R Coordinator agreement with MID as extended expires February 28, 2022 and the agreement specifies that if M-S-R PPA is to extend the agreement for the second (of three) optional one-year extensions, we are to provide notice to MID no later than December 31, 2021.

The 2021 M-S-R PPA Strategic Plan addresses this issue as follows:

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

### **Potential Actions:**

1. Continue to review cost efficacy of continued Modesto provision of M-S-R Coordinator services prior to the December 31, 2021 deadline to notify Modesto of the second one-year extension of the current agreement."

MID Staff has completed a review of the scope of services outlined in Exhibits A-1 and A-2 and concluded they remain complete and applicable to their duties regarding the Big Horn Wind Energy Projects and stated that they believe the payment provisions and amounts in Exhibit B remain fair and reasonable to MID and the Members.

I recommend the Commission approve a one-year extension of the M-S-R Coordinator Services Agreement for the period March 1, 2022 through February 28, 2023.