

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

**Date:** January 27, 2022  
**To:** M-S-R PPA Technical Committee  
**From:** Martin R. Hopper, General Manager  
**Subject:** Thursday, February 3, 2022, M-S-R PPA Technical Committee Meeting

---

Please find enclosed the agenda for the Thursday, February 3, 2022, M-S-R PPA Technical Committee Meeting to be held remotely at 10:00 AM. 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  
Kamryn Hutson – Redding  
Lisa Casner – Redding

# M-S-R Public Power Agency

## MEETING OF THE TECHNICAL COMMITTEE

Thursday, February 3, 2022, 10:00 AM

### WEBINAR DIGITAL PLATFORM OR PHONE MEETING

GoTo Meeting Information:  
<https://global.gotomeeting.com/join/963781789>

Telephonic Only:  
United States: +1 (872) 240-3212

Access Code: 963-781-789

## AGENDA

M-S-R Public Power Agency meetings are currently being conducted via webinar for all representatives pursuant to the requirements of AB 361. 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.

1. Call to Order
2. Roll Call
3. ***Discussion and Possible Action Regarding SB 361 Compliance and Resolution 2022-01*** (attached, Martin Hopper)
4. ***Approval of Minutes of October 28, 2021 Meetings*** (attached)
5. General Manager Reports (attached, Martin Hopper)
6. Big Horn Wind Energy Project Operating Statistics (attached, Martin Hopper.)

7. ***Discussion and Possible Action Regarding 2022 Ten-Year Resource and Legacy Liability Cost Forecast*** (attached, Martin Hopper)
8. ***Discussion and Possible Action Regarding Renewable Energy REC and Market Indices Forecasts*** (attached, Martin Hopper)
9. ***Discussion and Possible Action Regarding February 2021 Outside Services Budget Versus Actual Report*** (attached, Martin Hopper)
10. ***Discussion and Possible Action Regarding M-S-R Coordinator 2023 Contract*** (attached, Martin Hopper)
11. **Closed Session**
  - a. Existing Litigation: Government Code §54956.9 (d)(1) – 3 Cases (NM-PRC 20-00222-UT, Supreme Court of the State of New Mexico S-1-SC-39152, 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)
12. Announcement from Closed Session
13. Member Reports
14. Public Comment
15. ***Confirm date and time of next meeting***
16. Adjourn

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

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

**Date:** January 27, 2022

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

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

**Subject:** SB 361 Compliance and Adoption of Resolution 2022 - 01 Regarding Local Emergency and Re-Authorizing Remote Telephonic Meetings

---

For the past two years the Commission and Committees (Legislative Bodies) of the Agency have been meeting via remote telephonic meetings pursuant to emergency proclamations and Executive Orders issued by the Governor due to the COVID-19 Pandemic. The recently enacted AB 361 modifies the Government Code provisions often referenced as the Brown Act to temporarily accommodate continued remote meetings during the pendency of the pandemic and partially supersedes certain prior proclamations and orders.

On October 20, 2021 the Commission adopted Resolution 2021 – 02 “Proclaiming a Local Emergency, Ratifying the Proclamation of a State of Emergency by Governor Newsom on March 2, 2020, and Authorizing Remote Teleconference Meetings of the Legislative Bodies of the M-S-R Public Power Agency Pursuant to Brown Act Provisions” making the necessary findings to allow the Agency to continue using remote teleconference meetings for the next 30-days after the date of approval. The Government Code amendments then anticipate the Agency renewing its finding to cover each subsequent 30-day period.

Given the COVID-19 state of emergency has carried into 2022 and that the Agency desires to continue to avail itself of remote meetings to maintain public health and safety, readoption of the Resolution 2021-02 is required. As the Agency and its Legislative Bodies regularly meet only quarterly and the first meeting in each quarter is normally held by the Technical Committee, the Commission delegated specific authority to the Technical Committee to adopt successors to Resolution 2021-02 as-needed and for legislative economy. The proposed Resolution 2022-01 will cover the February 2022 meetings of the Technical Committee and the Commission.

I recommend the Technical Committee adopt on behalf of the Commission the proposed Resolution 2022 – 01 “Proclaiming a Local Emergency, Re-Ratifying the Proclamation of a State of Emergency by Governor Newsom on March 2, 2020, and Authorizing Remote Teleconference Meetings of the Legislative Bodies of the M-S-R Public Power Agency Pursuant to Brown Act Provisions.”

RESOLUTION No. 2022 – 01

RESOLUTION OF THE TECHNICAL COMMITTEE  
ON BEHALF OF THE COMMISSION OF THE  
M-S-R PUBLIC POWER AGENCY  
PROCLAIMING A LOCAL EMERGENCY, RE-RATIFYING THE PROCLAMATION OF A STATE OF  
EMERGENCY BY GOVERNOR NEWSOM ON MARCH 4, 2020, AND AUTHORIZING REMOTE  
TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODIES OF M-S-R PUBLIC POWER AGENCY  
PURSUANT TO BROWN ACT PROVISIONS.

WHEREAS, the M-S-R Public Power Agency is committed to preserving and nurturing public access and participation in meetings of the Commission, Technical Committee, and Financial Management Committee (herein “Legislative Bodies”); and

WHEREAS, all meetings of M-S-R Public Power Agency’s Legislative Bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the M-S-R Public Power Agency’s Legislative Bodies conduct their business; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a Legislative Body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the District’s boundaries, caused by natural, technological, or human-caused disasters; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, the Commission of the M-S-R Public Power Agency previously adopted a Resolution, No. 2022 – 02, on October 20, 2021, finding that the requisite conditions exist for the legislative bodies of the M-S-R Public Power Agency to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, as a condition of extending the use of the provisions found in section 54953(e), the Commission of the M-S-R Public Power Agency must reconsider the circumstances of the state

of emergency that exists in the state, and the Commission of the M-S-R Public Power Agency has done so; and

WHEREAS, such conditions persist in the state, specifically, a state of emergency was proclaimed by Governor Newsom on March 4, 2020; and

WHEREAS, the Commission of the M-S-R Public Power Agency does hereby find that the State of Emergency proclaimed by the Governor has caused, and will continue to cause, conditions of peril to the safety of persons within the State that are likely to be beyond the control of services, personnel, equipment, and facilities of the M-S-R Public Power Agency, and desires to proclaim a local emergency and re-ratify the proclamation of state of emergency by the Governor of the State of California; and

WHEREAS, as a consequence of the local emergency, the Commission of the M-S-R Public Power Agency does hereby find that the legislative bodies of M-S-R Public Power Agency shall conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that such legislative bodies shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

WHEREAS, for the duration of such local emergency, meetings of Legislative Bodies of the M-S-R Public Power Agency shall continue to be conducted via webinar and members of the public may join such meetings by utilizing the webinar feature or through phone lines identified in the meeting agenda and will have the opportunity to provide public input via the webinar or phone features. Additionally, members of the public may also email their comments to the General Manager at [m.s.r.general.manager@gmail.com](mailto:m.s.r.general.manager@gmail.com) by 3 p.m. on the day prior to the meeting of the Legislative Body and such comments will be read during the public input section of the agenda or at time of the Legislative Body's consideration of an agenda item identified in such comments; and

WHEREAS, the Commission of the M-S-R Public Power Agency previously adopted a Resolution, No. 2022 – 02, on October 20, 2021, finding that if a regular or special meeting of any Legislative Body of the M-S-R Public Power Agency occurs subsequent to November 19, 2021, and prior to the next regularly scheduled meeting of the Commission of the M-S-R Public Power Agency, such Legislative Body, if not the Commission of the M-S-R Public Power Agency, is hereby authorized to adopt on behalf of the Commission of the M-S-R Public Power Agency a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which all Legislative Bodies of M-S-R Public Power Agency may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

///

NOW, THEREFORE, THE COMMISSION OF THE M-S-R PUBLIC POWER AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Proclamation of Local Emergency. The Commission of the M-S-R Public Power Agency hereby proclaims that a local emergency now exists and will continue to cause, conditions of peril to the safety of persons within the State that are likely to be beyond the control of services, personnel, equipment, and facilities of the M-S-R Public Power Agency.

Section 3. Ratification of Governor's Proclamation of a State of Emergency. The Commission of the M-S-R Public Power Agency hereby ratifies the Governor of the State of California's Proclamation of State of Emergency, effective as of its issuance date of March 4, 2020.

Section 4. Remote Teleconference Meetings. The General Manager and Legislative Bodies of the M-S-R Public Power Agency are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) March 5, 2022, or such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the Legislative Bodies of M-S-R Public Power Agency may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

Section 6. Delegation of Authority. The regular February 2, 2022 meeting of the Technical Committee of the M-S-R Public Power Agency, a Legislative Body of the M-S-R Public Power Agency, occurs subsequent to November 19, 2021, and prior to the regularly scheduled meeting of the Commission of the M-S-R Public Power Agency set for February 23, 2022. Therefore, this Legislative Body is authorized by Resolution 2021 – 02 to adopt on behalf of the Commission of the M-S-R Public Power Agency this subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which all Legislative Bodies of M-S-R Public Power Agency may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

///

PASSED AND ADOPTED this 3<sup>rd</sup> day of February, 2022 upon the following vote of the Members:

Modesto Irrigation District	Aye
City of Santa Clara	Aye
City of Redding	Aye

ATTEST:

---

CHAIR

---

SECRETARY

DRAFT MINUTES OF THE  
M-S-R PUBLIC POWER AGENCY  
TECHNICAL COMMITTEE  
OCTOBER 27, 2021

The M-S-R Public Power Agency (M-S-R PPA) Technical Committee held a regular meeting on October 27, 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 – Steve Hance, and City of Redding – Kamryn Hutson. The meeting was called to order at 10:05 a.m.

2022 M-S-R PPA Budget

Mr. Hopper & Ms. Worley presented the proposed 2022 M-S-R PPA Budget. Mr. Hopper noted the proposed budget shows a slight increase in administrative costs due to anticipated increases in insurance premiums and costs associated with the wind-up of the Agency's San Juan Project Bonds, and a reduction in controllable costs associated with regulatory and compliance activities. Renewable power purchase costs associated with the Big Horn Projects are showing an increase due to higher energy production forecasts. The most significant change in the budget is the large decrease in San Juan Project cost associated with the retirement of the last of the Agency's Revenue Bonds on July 1, 2022. Mr. Hopper also noted that the Budget report includes tabulations of the status of the Agency's Strategic Reserves established pursuant to the Agency's Working Capital Policy. The proposed 2022 expenditures were reviewed in detail and the Committee concurred with recommendations to remove funding for legislative advocacy efforts in 2022, to include an allowance for a possible update of the Agency's REC and renewable energy market forecasts, and for a Big Horn site visit if permissible due to public health concerns. It was moved by Representative Burriss and seconded by Representative Hutson to recommend the Commission adopt the proposed 2022 M-S-R PPA Annual Budget. Upon the call of the roll, the motion carried unanimously.

The Committee then recessed at 10:41 AM to allow the M-S-R Energy Authority Technical Committee to meet and reconvened at 11:02 AM.

#### Approval of Minutes

Upon a motion by Mr. Burriss, seconded by Ms. Hutson, the minutes of the meetings held on September 2 and September 28, 2021 were approved unanimously on the call of the roll.

#### General Manager Report

The General Manager briefly reviewed his September 2021 and October 2021 reports included in the package covering August 2021 and September 2021 activities respectively. 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 September 2021. The Committee noted and filed the report.

#### Outside Services Budget versus Actual Report

Mr. Hopper reviewed overall trends and indicated that the fiscal year 2021 Legal and Consulting activities will conclude the year at about 98% of budget. However, the Trust-funded Mine Reclamation and Plant Decommissioning work is projected to conclude the year at 105% of Budget primarily due to acceleration of Westmoreland Coal Company's activities. He noted the Agency's Mine Reclamation Trust retains a surplus balance over the current funding requirement and acceleration of the performance of reclamation work is not detrimental to the Agency. The Committee noted and filed the report.

#### Extension of the M-S-R EA Financial Advisor Contract

Mr. Hopper reviewed the report regarding the proposed extension of the M-S-R PPA Financial Advisor contract. He noted that the incumbent advisor, Montague DeRose and Associates, LLC, was selected as a result of competitive solicitation previously

conducted by the Agency. Mr. Hopper noted the limited scope of services potentially required by the Agency related to the wind-up of the San Juan Project Bonds in 2022 and that the Agency reserves the right to competitively seek proposals for future services if deemed in our best interest. The agreement with the Financial Advisor is terminable at-will by the Authority on 10-days' notice. The term of the proposed extension is for 5-years to match the term recommended for M-S-R Energy Authority where there is a higher probability of requiring future financial advisor services. It was moved by Representative Burriss and seconded by Representative Hutson that the Commission approve Amendment No. 3 to the "Consulting Agreement for M-S-R Public Power Agency Financial Advisor Services" with Montague DeRose and Associates, LLC for the period January 1, 2022, through December 31, 2026. On the call of the roll, the motion carried unanimously.

#### 2022 Meeting Dates

Mr. Hopper reviewed the proposed 2022 meeting dates and noted the attached listings of other Joint Powers Agency meetings. He recommended that given new information on the schedule of CMUA meetings, the date of the September Technical Committee meeting be advanced by one-week. It was moved by Representative Hutson and seconded by Representative Burriss to recommend the Commission adopt the proposed schedule of 2022 Meeting Dates as modified. On the call of the roll, the motion carried unanimously.

#### Closed Session Conference with Legal Counsel

M-S-R PPA Technical Committee retired to closed session at 11:16 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) – Significant Exposure to Litigation – 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 12:01 P.M., Mr. Gross announced 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 will be held virtually at 10:00 a.m. on Thursday, February 3, 2023 (as may be required due to public health considerations.) The meeting was adjourned at 12:02 P.M.

Respectfully submitted.

Martin R. Hopper  
General Manager

Attachment 1

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

October 27, 2021  
10:05 AM

<u>NAME</u>	<u>STATUS</u>	<u>ORGANIZATION</u>
Toxie Burriss	Member	Modesto
Steve Hance	Member	Santa Clara
Kamryn Hutson	Member	Redding
Martin Hopper	Chair	General Manager
Steve Gross	Guest	General Counsel (Commencing at 11:02 AM)
Cindy Worley	Guest	Modesto

DRAFT

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

**Date:** January 27, 2022  
**From:** Martin R. Hopper, General Manager  
**To:** M-S-R PPA Technical Committee  
**Subject:** General Manager Reports

---

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

- November 2021 – Covering October 2021 Activities
- December 2021 – Covering November 2021 Activities
- January 2022 – Covering December 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:** November 11, 2021  
**From:** Martin R. Hopper, General Manager  
**To:** M-S-R PPA Commission  
**Subject:** November 2021 General Manager Report

---

### **Overview:**

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

### **General Manager:**

#### Administrative Activities – October 2021 (Approx. 76 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.

Prepared proposed 2022 PPA & EA Budgets and annual Strategic Reserve Updates for Budget Workshops.

Researched and prepared Resolutions regarding AB 361 Compliance and future virtual meetings for PPA & EA legislative bodies.

Prepared draft year-end PPA & EA Goals Reviews and supporting materials for annual General Manager Performance Reviews.

Hosted PPA & EA Technical Committee meetings and annual Budget Workshops and issued final minutes for September 2021 meetings and draft minutes for October meetings.

Hosted PPA & EA Commission meetings and issued draft minutes for October meetings.

Reviewed Late Payment Policy and provided direction to Staff regarding termination of waivers of late payment penalties and issuance of penalty invoices.

Coordinated with Assistant Treasurer regarding investment strategy for Reclamation Trust Funds.

Monitored CARB SB100 Scoping Plan Proposals.

Coordinated with Redding Staff regarding re-initiation of Natural Gas Program review.

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 – October 2021 (Approx. 42 hours):

Reviewed forms of Farmington/Enchant counter-offer proposals incorporating clean-break provisions regarding San Juan Reclamation, Decommissioning, and Environmental Liabilities. Attended (virtual) meetings regarding terms and strategies and Farmington/Enchant initial response.

Attended San Juan Decommissioning Committee meeting (virtual) and review and deferment of approvals of 2022 worksopes and budgets.

Attended San Juan Reclamation Committee meeting (virtual) and review and approvals of 2021 Reclamation Operating Plans and annual budgets.

Reviewed proposed San Juan County Ordinance regarding coal-fired generation facility retirement and demolition and coordinated development of comments.

##### Big Horn – August 2021 (Approx. 14 hours):

Reviewed materials and coordinated with BPA Counsel and Technical Committee regarding BPA Priority and Actions Matrix for 2022 activities.

Reviewed Big Horn energy production and REC transfer records and updated periodic status reports. Prepared annual production forecasts for budget input and year-end reporting.

Coordinated with Avangrid regarding review of Big Horn indices and agreement update processes.

#### Key Meetings – October 2021

San Juan Owners Working Group, Virtual, October 1, 25, & 29, 2021. Key Issues: Finalization of Terms, Conditions and responses to FMN/Enchant Counter-Proposals regarding future SJGS operations.

Commission President, Telephonic, October 12, 2021. Key Issues: Annual Goals and Strategy review process, AB 361 Implementation, PNM/Avangrid Merger and NM-PRC hearing and Settlement/Stipulation Issues, San Juan Decommissioning and Reclamation Clean-Break prospects, and Farmington/Enchant Counter-Proposals.

M-S-R PPA & EA Commissions, Virtual, October 17, 2021. Key Issues: AB 361 Resolutions and General Manager annual review processes.

San Juan Reclamation Committee, Virtual, October 21, 2021. Key Issue: Approval of annual workplans and budgets.

M-S-R PPA & EA Technical Committees, Virtual. October 27, 2021. Key Issues: Annual Budget Workshops, M-S-R Financial Advisor contract renewal.

San Juan Decommissioning Committee, Virtual, October 28, 2021. Key Issue: 2022 Work plans.

#### **General Consultant:**

The General Consultant regularly prepares a summary of his activities as part of his monthly billing process. The General Consultant's November 2021 report is attached regarding 39 hours of support in October regarding San Juan, Renewable, and Administrative issues. Please note all described meetings were attended telephonically.

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

**Date:** November 1, 2021

**From:** Alan Hockenson

**To:** Martin Hopper

**Subject:** Specific Work Tasks for October 2021

---

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

Generation (21 hours) – The San Juan Generating Station (San Juan) Decommissioning Committee (SJDC) held a meeting on October 23<sup>rd</sup>. The Decommissioning Agent was required to provide a list of projects to be performed in 2022 for approval by the Decommissioning Committee. Instead, the Decommissioning Agent provided a list of expenditures it wished to make in 2022. Although no items were approved, progress was made as the Decommissioning Agent agreed to provide in the notation of each cost item where in the Decommissioning Agreement the Decommissioning Agent had authority to invoice the Decommissioning Participants for such expenses. One listed item of expense is the annual purchase of a surety bond required by the New Mexico Environmental Department (NMED) relating the pond permits. No progress has been made with the NMED to avoid the need for a surety bond. The Agency has twice formally disputed this item of expense in previous years. No information was provided by the Decommissioning Agent to avoid another probable dispute. The next SJDC meeting is scheduled for November 18<sup>th</sup> and the approval of 2022 Decommissioning Work will again be reviewed. No progress was made on the Decommissioning Agent's obligation to provide minutes of past meetings.

A parallel activity of the current and past San Juan Owners is the negotiation with City of Farmington and Enchant Energy (COF/Enchant) that would allow for the extension of the operating life of San Juan beyond June 2022. Meetings were held with the San Juan Owners on October 1<sup>st</sup> and 29<sup>th</sup>. The purpose of the first meeting was to develop a Term Sheet to advance the transaction. A response was received and the second meeting was held to develop a response/counteroffer to the COF/Enchant response. In a tangential matter, San Juan County has issued a draft Remediation Ordinance relating to Power Plant Decommissioning. This issue has been reviewed and discussed by the San Juan Owners and coordinated responses to the draft ordinance are being developed.

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 (12 hours) – Monthly operating data was received from Avangrid Renewables, Inc. (AR), and was reviewed. Curtailment data for September was researched. Information supplied by the Special Counsel on the Bonneville Power Administration regarding its participation in the California Independent System Operator Energy Imbalance Market 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 (6 hours) – The meeting materials for the October Commission meeting were reviewed and, in particular, the 2022 Budget. Additional contact with Baytech Digital was made, including a zoom meeting, to develop updates to the agency website.

All meetings were attended telephonically.

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

**Date:** December 20, 2021  
**From:** Martin R. Hopper, General Manager  
**To:** M-S-R PPA Commission  
**Subject:** December 2021 General Manager Report

---

### **Overview:**

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

### **General Manager:**

#### Administrative Activities – November 2021 (Approx. 48 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.

Revised proposed 2022 PPA & EA Budgets and annual Strategic Reserve Updates as determined in Budget Workshops and finalized same based on Commission approval. Updated and finalized 2022 Budget v. Actual tracking models based on approved budgets.

Hosted PPA & EA Commission meetings and issued approved minutes for prior meetings.

Finalized 2022 General Manager workplans in coordination with Commissioners.

Coordinated with Assistant Treasurer regarding updated formats for monthly Treasurer Reports.

Met with auditors (telephonically) to coordinate 2021 review process and for SAS-99 interview.

Calendared 2022 Commission and Committee meetings and issued Outlook appointments re same.

Monitored CARB SB100 Scoping Plan update process.

Attended (virtually) CMUA Legislative and Regulatory Planning meeting and noted pending key issues regarding renewable energy and carbon reduction for 2022.

Researched prior Financial Advisor and Bond Counsel reviews of REU issues and concepts regarding Natural Gas Pre-pay restructuring and transmitted documents to Bowers.

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 – November 2021 (Approx. 58 hours):

Reviewed, provided written comments, and provided oral testimony before San Juan County Commission in favor of proposed Ordinance No. 121 requiring full demolition of San Juan Generating Station upon cessation of commercial operations. Coordinated with other favoring parties regarding comments and testimony. Ordinance No. 121 was unanimously adopted on November 9, 2021.

Reviewed proposed Hearing Examiner decision regarding PNM/Avangrid merger and coordinated w/ Counsel to prepare written exceptions and reviewed other parties' responses. Reviewed proposed Hearing Examiner decision regarding PNM's Four Corners abandonment and potential implications regarding SJGS decommissioning.

Coordinated with PNM regarding re-engagement with Westmoreland to discuss mine reclamation buyout proposals.

Big Horn – November 2021 (Approx. 15 hours):

Reviewed materials and coordinated with BPA Counsel regarding Quarterly Business Review workshop and Financial Plan review and attended (virtual) QBR workshop.

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

Coordinated with Avangrid regarding review of Big Horn indices and agreement update processes.

#### Key Meetings – November 2021

Commission President, Telephonic, November 3, 2021. Key Issues: Annual Goals and Strategy review process, AB 361 Implementation, PNM/Avangrid Merger and NM-PRC hearing and Settlement/Stipulation Issues, San Juan Decommissioning and Reclamation Clean-Break prospects, and Proposed San Juan County Ordinance re San Juan demolition.

CMUA L&R Planning Meeting, Virtual, November 4, 2021. Key Issues: Legislative and regulatory initiatives for 2022 regarding renewable energy and carbon reduction.

San Juan County Commission, Aztec, New Mexico, November 9, 2021. Key Issue: Provided oral testimony regarding Proposed Ordinance No. 121 regarding San Juan Project demolition.

Baker Tilly SAS-99 Interview, Virtual, November 15, 2021. Key Issues: 2021 Audit Plan and management review.

M-S-R PPA & EA Commissions, Virtual, November 17, 2021. Key Issues: Annual Budget approvals, 2022 meeting schedules, and General Manager annual review.

BPA Quarterly Business Review Workshop, Virtual, November 25, 2021. Key Issues: Revenue and expense reconciliation, capital budget status and financial review.

TANC Interim General Manager, Telephonic, November 30, 2021. Key Issues: Management structures and related governance issues potentially applicable to TANC based on M-S-R models.

#### **General Consultant:**

The General Consultant regularly prepares a summary of his activities as part of his monthly billing process. The General Consultant's December 2021 report is attached regarding 31 hours of support in November regarding San Juan, Renewable, and Administrative issues. Please note all described meetings were attended telephonically.

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

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

---

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

Generation (15 hours) – The San Juan Generating Station (San Juan) Decommissioning Committee (SJDC) meeting scheduled for November was cancelled. The next SJDC meeting has been tentatively scheduled for December 16<sup>th</sup>. Several communications with the Decommissioning Agent were held, including the distribution lateness of SJDC meeting minutes and ultimately corrections to draft minutes of September 23<sup>rd</sup>, the review, compilation, and transmittal of meeting notes for SJDC meetings in 2018, and a listing of SJDC issues that had been languishing and needed attention.

Other activities included the monitoring of the San Juan County draft Ordinance relating to power plant decommissioning. In addition, the brief semiannual transmission stakeholder by the Public Service Company of New Mexico (PNM) was attended. The bulk of PNM's transmission activities are supporting the integration of renewable energy sites, primarily east, south, and west of the Albuquerque, NM area.

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 (10 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 (6 hours) – The Renewable Status Report for the November Commission meeting was updated. Additional contact with Baytech Digital was made to develop updates to the agency website.

All meetings were attended telephonically.

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

**Date:** January 24, 2021  
**From:** Martin R. Hopper, General Manager  
**To:** M-S-R PPA Commission  
**Subject:** January 2022 General Manager Report

---

### **Overview:**

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

### **General Manager:**

#### Administrative Activities – December 2021 (Approx. 28 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.

Issued Approved 2022 PPA & EA Budgets for Member use.

Researched Member payment requirements (paper check v. wire transfer) and issued reminder on proper form of payment (wire transfer.)

Reviewed Financial Advisor required annual disclosures and acknowledged same.

Reviewed 2022 action items and priorities for San Juan Project, Big Horn Projects and administrative activities and identified milestones and candidate meeting dates for actions.

Monitored CARB SB100 Scoping Plan update process.

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 – December 2021 (Approx. 59 hours):

Reviewed proposed Hearing Examiner decision regarding PNM/Avangrid merger and attended virtual NM-PRC hearings reviewing proposed decisions and debating and issuing final decision. Reviewed final order denying merger (and Stipulation addressing San Juan Decommissioning Study) and reported on same to Commissioners and Members.

Review and analysis of Westmoreland mine reclamation buyout proposal construction dump element. Summarized issues and discussed alternative liability mitigation methods with M-S-R's insurance brokers. Coordinated with PNM regarding same.

Initial review of Decommissioning/Demolition Bid Documents prepared in conjunction with update to SJGS Decommissioning Study and attended (virtually) Decommissioning Committee meeting re 2022 activities.

Reviewed biennial SJGS Audit Committee Report and coordinated with De Jong re same.

Provided direction to US Bank regarding authorized personnel for SJGS Trust Account disbursements.

Big Horn – December 2021 (Approx. 15 hours):

Reviewed materials and coordinated with BPA Counsel regarding Quarterly Business Review workshop and Financial Plan review and attended (virtual) QBR workshop.

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

Researched prior studies and forms of requests for updated reviews of Big Horn indices.

Key Meetings – December 2021

NM-PRC Commission, Virtual, December 1 and 8, 2021. Key Issues: Public Hearing regarding rejection of PNM/Avangrid Merger and failure to adopt related stipulation (including SJGS Decommissioning Study provisions.)

M-S-R Insurance Broker (Allen Tyler), Teleconference, December 3, 2021. Key Issues: San Juan Environmental Liability Insurance and Westmoreland Reclamation Buyout (Construction Dump).

Commission President, Telephonic, December 8, 2021. Key Issues: AB 361 Implementation, PNM/Avangrid Merger and NM-PRC hearing and Settlement/Stipulation Issues, San Juan Decommissioning and Reclamation Clean-Break prospects, and workplans for Big Horn I extension period indices.

San Juan 8-Owners Working Group, Virtual, December 6, 2021. Key Issues: Response to Enchant Energy Counter-Proposal regarding Term Sheet.

Westmoreland San Juan Mining, Virtual, December 14, 2021. Key Issues: Reclamation Buyout Proposal and timing of future negotiations.

San Juan Decommissioning Committee, Virtual, December 16, 2021. Key Issues: 2022 Workplans and Evaporation Pond Bond renewals.

**General Consultant:**

The General Consultant regularly prepares a summary of his activities as part of his monthly billing process. The General Consultant's January 2022 report is attached regarding 31 hours of support in December 2021 regarding San Juan, Renewable, and Administrative issues. Please note all described meetings were attended telephonically.

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

**Date:** January 3, 2022  
**From:** Alan Hockenson  
**To:** Martin Hopper  
**Subject:** Specific Work Tasks for December 2021

---

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

Generation (16 hours) – The San Juan Generating Station (San Juan) Decommissioning Committee (SJDC) meeting scheduled for November was cancelled. In advance of the December SJDC meeting a comprehensive list of SJDC issues was compiled and transmitted to the Decommissioning Agent. Much of the SJDC meeting on December 16 followed this list. At this meeting the Decommissioning Agent proposed a Retirement Order (RO) for the purchase of a Surety Bonds for 2022 and 2023 associated with the New Mexico Environmental Department (NMED) operating permits guaranteeing the closure of evaporation ponds. The justification of the RO was based on a requirement of law, lumped to years of annual costs, and added Administrating and General (A&G) loadings, all in an effort to exceed the \$500,000 threshold required to invoice the cost to all Decommissioning Committee Participants.

Substantial objections were raised on each aspect of the RO consistent with the two previous disputes raised by the Agency (2019 and 2020 Surety Bonds). The Surety Bonds are necessary to continue operations of San Juan in 2022. Surety Bonds have been purchased on an annual basis. It appears a full A&G loading to a simple and recurring operating expense is not warranted. A one-year purchase of a Surety Bond without A&G loadings would not exceed \$500,000. When a vote was finally taken there were three no votes and two abstentions so an approval of the RO failed. It is anticipated that in January 2022, the Public Service Company of New Mexico (PNM) will, once again, purchase a Surety Bond. If the cost is invoiced to all Participants, the Agency will pay and likely file a third dispute on this particular topic.

The Decommissioning Study is ongoing and now likely to extend until May 2022. Interim documentation by the contractor, Burns & McDonnell has been distributed for review. To date, the focus on the work appears to be a full decommissioning of San Juan.

Other activities included the monitoring the negotiations related to the sale of San Juan to Enchant Energy.

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 (13 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) – Additional review was conducted on the Baytech Digital updates to the agency website.

All meetings were attended telephonically.

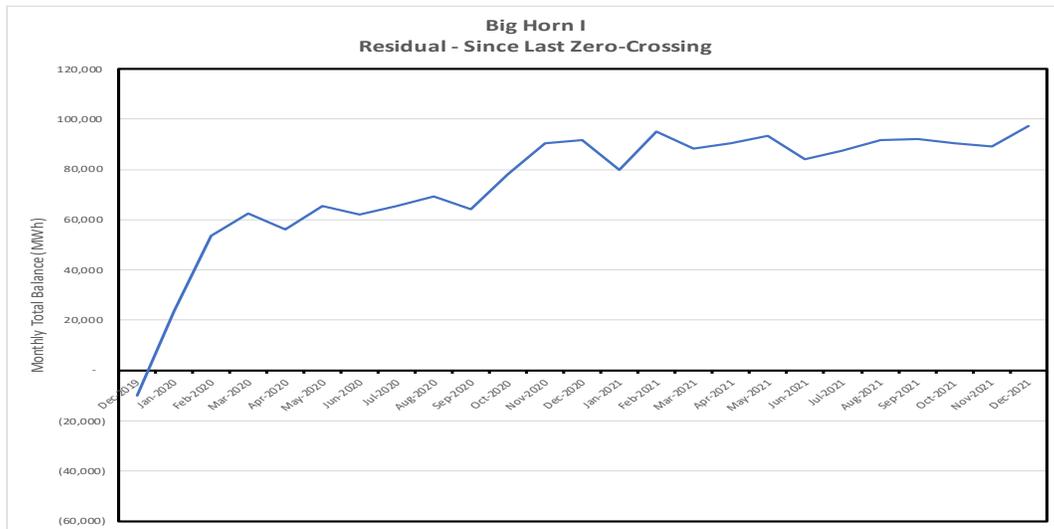
## M-S-R Public Power Agency Big Horn Operations

**Date:** January 17, 2022  
**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)
October	46,467	104.3%	46,467	90,213
November	46,704	114.1%	93,171	92,441
December	50,566	147.3%	143,737	97,270
Contract Forecast	N/A	N/A	512,755	N/A
Annual Budget Forecast	N/A	N/A	515,000	N/A
Life of Project	N/A	N/A	7,844,173	N/A

December Big Horn I energy production continued the recent trend of above average levels and was the third highest December on record. Residual Energy accumulation correspondingly in December as shown below.

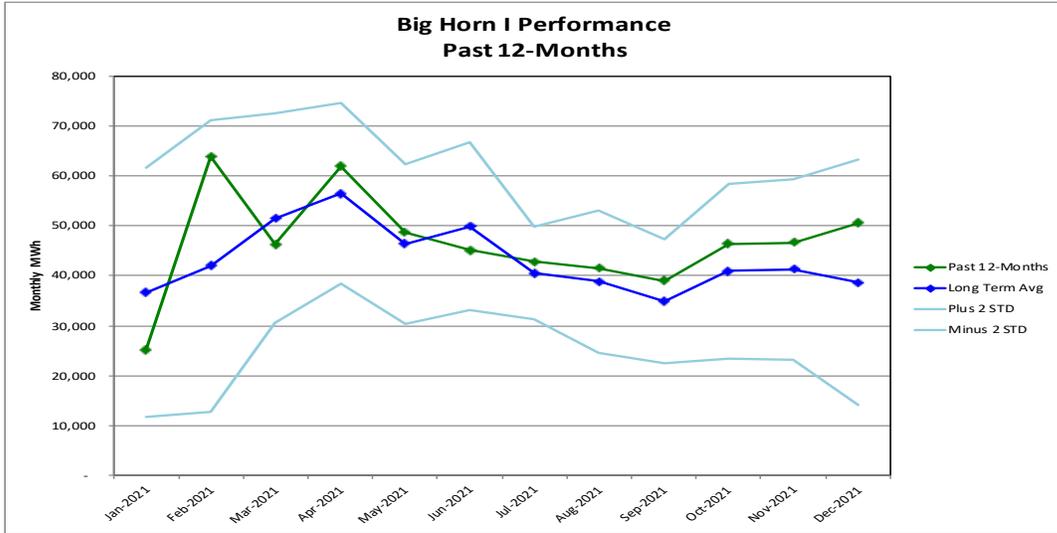


1/11/22

Last Zero Crossing

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.



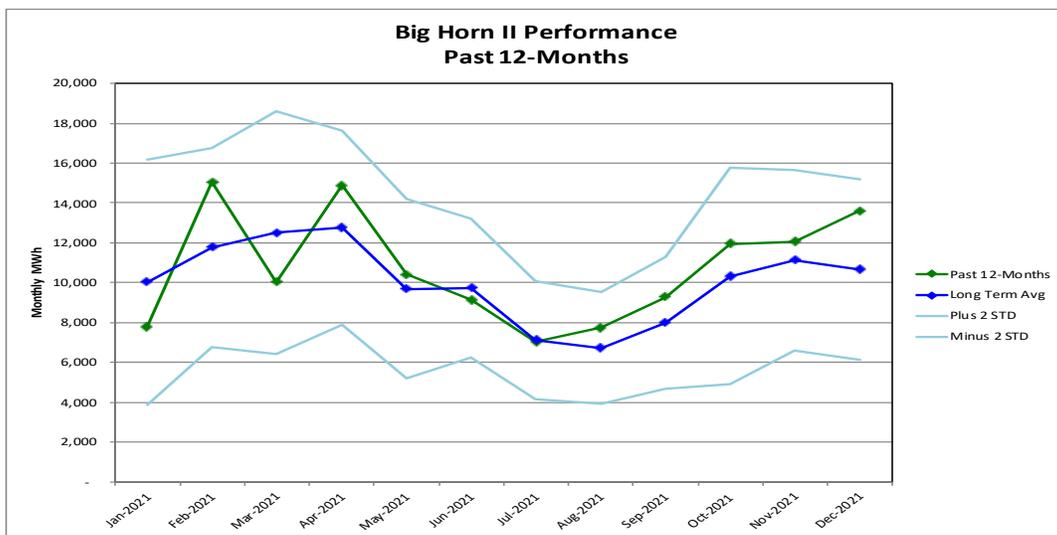
1/11/22

Past 12 Thru Dec 2021

Big Horn I Projections 2022.xlsx

Big Horn II Operations	Production (MWh)	Monthly % of Contract Forecast	Cumulative Wind Year <sup>3</sup> (MWh)
October	11,937	100.9%	129,589
November	12,078	106.2%	12,078
December	13,614	137.6%	25,692
Contract Forecast	N/A	N/A	123,588
Annual Budget Forecast	N/A	N/A	120,000
Life of Project Production	N/A	N/A	1,339,615

December Big Horn II energy production continued the recent trend of above average levels and was the second highest December on record.



1/11/22

Past 12 Thru Dec 2021

Big Horn II Projections 2022.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>
October	5	0	5
November	93	53	146
December	27	0	27
Big Horn I Wind Year To Date	125	53	178
Historic Annual Average	1,673	1,085	2,757

*Other than some maintenance issues in November, curtailments in fall 2021 were relatively low.*

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

**Date:** January 27, 2022

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

**To:** M-S-R PPA Commission

**Subject:** 2022 M-S-R Public Power Agency Ten-Year Resource and Legacy Liability Cost Forecasts

---

### **Background:**

M-S-R PPA's former interests in Unit No. 4 of the coal-fired San Juan Generating Station (SJGS) located in New Mexico and certain Legacy Liabilities pertaining to Mine Reclamation and Plant Decommissioning are referred to as the San Juan Project. As of July 1, 2022, all outstanding bonded indebtedness associated with the San Juan Project will be retired and paid in full. As of December 31, 2021, there are between \$20 and \$40 million of outstanding Legacy Liabilities associated with Mine Reclamation and Plant Decommissioning. The effective terms of the Big Horn I and Big Horn II Wind Energy Projects run through September 30, 2031 and October 31, 2035 respectively. These renewable energy contracts are structured on a take-and-pay basis for all associated energy, delivery, and environmental attributes (RECs).

### **Purpose and Use of Forecast:**

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

## **Issues and Assumptions:**

1. San Juan Legacy Costs
  - a. Legacy costs pertaining to Mine Reclamation liabilities as enumerated in the Amended and Restated Mine Reclamation And Trust Funds Agreement have been computed on the basis of the funding curves adopted by the Reclamation Investment Committee in December 2020 and such expenses are funded through the Trust and/or paid from Agency reserves. PNM's administrative costs of about \$25,000 per year to M-S-R PPA are assumed to also be paid from Agency reserves and are shown in this forecast for information purposes only. Additional annual environmental insurance costs, in amounts currently estimated at \$20,000, are to also be paid from Agency reserves.
  - b. Legacy costs pertaining to Plant Decommissioning liabilities have been estimated on the basis of the Decommissioning And Trust Funds Agreement (Decommissioning Agreement) shares and an assumed full station shut-down in 2022. In 2019 a study by Burns & McDonnell Engineering Company Inc. provided updated estimates of various decommissioning scenarios. For purposes of GASB-83 Asset Retirement Obligation (ARO) estimates for the Agency's Financial Statements, San Juan Decommissioning Legacy Liabilities are to be made on a current year (rather than nominal) basis. For the Agency's 2020 Financial Statements, the ARO estimate was made on the basis of an initial retirement-in-place followed 25-years later by full demolition and will thus be \$9.7 million (\$2019.) However, pursuant to San Juan County Ordinance No. 121, adopted November 9, 2021, which requires the demolition and remediation of coal-fired electricity generating facilities upon retirement, an extended retirement-in-place decommissioning phase is no longer permitted. Accordingly, the Full Demolition Base Case estimate set forth on the 2019 Burns & McDonnell study will be used for this forecast with M-S-R PPA's share being \$8.6 million (\$2019). It should also be noted that Burns & McDonnell has been engaged by the San Juan owners to update their study and that the results of the updated study are expected to be

available in May 2022. All expenses pertaining to decommissioning activities are funded through the Trust and/or paid from Agency Reserves and are shown in this forecast for information purposes only. General liability insurance costs pertaining to the performance of the Decommissioning Work are, pursuant to Decommissioning Agreement Section 3.2.2.23, procured by the Decommissioning Agent and are currently assumed to be part of the ARO estimate subsequent to full station shut-down.

2. Big Horn Wind Energy Project Costs

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

BPA's Strategic Plan goals. The O&M component of the energy rate is escalated at general inflation. The market price comparator for the final 5-years of the contract is based on the Navigant Task 3 Nominal Cost Annual Average Base Case (See NCI 2017 Repower Study §3.2.1) and was found not to be applicable in any forecast year.

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

**Recommendation:**

I recommend the M-S-R PPA Commission note and file the 2022 M-S-R Public Power Agency Ten-Year Resource and Legacy Liability Cost Forecasts Report.

/Users/martinhopper/My Laptop Documents/M-S-R Public Power Agency/Administrative/Staff Reports/Staff Report Re 2022 MSR Ten Year Cost Forecasts.docx

**SAN JUAN 10-YEAR LEGACY LIABILITY COST FORECAST:**

Year	Reclamation Trust Funds Operating Agent Costs 1_/	Legacy Liabilities: Mine Reclamation 2_/	Legacy Liabilities: Plant Decomm 3_/	Environmental Insurance Cost 4_/	Total Legacy Liability Cost
	\$	\$	\$	\$	\$
2022	41,000	1,480,000	190,000	20,000	1,731,000
2023	25,000	1,890,000	2,760,000	20,000	4,695,000
2024	25,000	2,080,000	2,980,000	21,000	5,106,000
2025	25,000	2,020,000	2,610,000	21,000	4,676,000
2026	26,000	2,100,000	50,000	22,000	2,198,000
2027	27,000	2,160,000	50,000	22,000	2,259,000
2028	27,000	2,000,000	50,000	23,000	2,100,000
2029	28,000	670,000	50,000	23,000	771,000
2030	28,000	130,000	60,000	23,000	241,000
2031	29,000	120,000	60,000	24,000	233,000

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

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

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

ARO Costs only per Burns & McDonnell Table D-3. M-S-R share of post-shut down costs at 7.6%.

4\_/ Allocations of insurance costs prior to shut-down are currently under dispute with PNM, but are expected to be approximately \$1x,000 per year for environmental coverage only plus escalation. General liability for Plant Demolition assumed to be included in Table D-3.

## BIG HORN I FORECAST

Member Rates:	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Modesto:</b>										
Base Energy \$MWh	37.95	37.95	37.95	37.95	37.95	37.95	37.95	37.95	37.95	37.95
O&M Component \$MWh	12.38	12.38	12.38	12.38	12.38	19.14	19.52	19.91	20.31	20.72
Extension Adder: \$MWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.49	0.00
Shaping \$MWh	13.39	13.39	13.64	13.64	14.01	14.01	14.40	14.40	14.80	14.80
Total Energy \$MWh	63.72	63.72	63.97	63.97	64.34	71.10	71.87	72.26	73.55	73.46
WIC \$/kW-mo	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01
<b>Santa Clara:</b>										
Base Energy \$MWh	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00
O&M Component \$MWh	12.38	12.38	12.38	12.38	12.38	19.14	19.52	19.91	20.31	20.72
Extension Adder: \$MWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.49	0.00
Shaping \$MWh	13.39	13.39	13.64	13.64	14.01	14.01	14.40	14.40	14.80	14.80
Total Energy \$MWh	62.77	62.77	63.02	63.02	63.39	70.15	70.92	71.31	72.60	72.52
WIC \$/kW-mo	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01
<b>Redding:</b>										
Base Energy \$MWh	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00
O&M Component \$MWh	12.38	12.38	12.38	12.38	12.38	19.14	19.52	19.91	20.31	20.72
Extension Adder: \$MWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.49	0.00
Shaping \$MWh	13.39	13.39	13.64	13.64	14.01	14.01	14.40	14.40	14.80	14.80
Total Energy \$MWh	62.77	62.77	63.02	63.02	63.39	70.15	70.92	71.31	72.60	72.52
WIC \$/kW-mo	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01

**BIG HORN II FORECAST**

Member Rates:	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Modesto:</b>										
Base Energy \$/MWh	83.05	83.05	83.05	83.05	83.05	83.05	83.05	83.05	83.05	83.05
O&M Component \$/MWh	19.37	19.76	20.15	20.56	20.97	21.39	21.81	22.25	22.70	23.15
Year 21 - 25 Adder: \$/MWh	0	0	0	0	0	0	0	0	0	0
Redelivery Energy \$/MWh	6.21	6.21	6.34	6.34	6.48	6.48	6.62	6.62	6.77	6.77
Total Energy \$/MWh	108.63	109.02	109.55	109.95	110.50	110.91	111.48	111.92	112.51	112.96
Redelivery Capacity \$/kW-mo	3.40	3.40	3.54	3.54	3.68	3.68	3.83	3.83	3.98	3.98
WIC \$/kW-mo	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
<b>Santa Clara:</b>										
Base Energy \$/MWh	83.05	83.05	83.05	83.05	83.05	83.05	83.05	83.05	83.05	83.05
O&M Component \$/MWh	19.37	19.76	20.15	20.56	20.97	21.39	21.81	22.25	22.70	23.15
Year 21 - 25 Adder: \$/MWh	0	0	0	0	0	0	0	0	0	0
Redelivery Energy \$/MWh	6.21	6.21	6.34	6.34	6.48	6.48	6.62	6.62	6.77	6.77
Total Energy \$/MWh	108.63	109.02	109.55	109.95	110.50	110.91	111.48	111.92	112.51	112.96
Redelivery Capacity \$/kW-mo	3.40	3.40	3.54	3.54	3.68	3.68	3.83	3.83	3.98	3.98
WIC \$/kW-mo	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05

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

**Date:** January 27, 2022  
**From:** Martin R. Hopper, General Manager  
**To:** M-S-R PPA Technical Committee  
**Subject:** Renewable Energy REC and Market Indices Forecasts

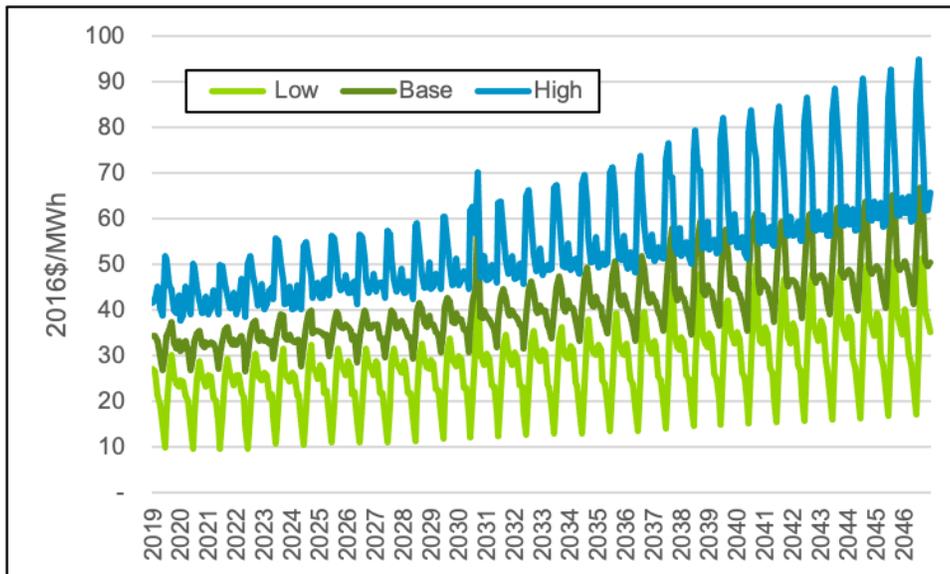
---

The Big Horn I Wind Energy Project agreements require the identification and application of a number of indices commencing October 1, 2026. These indices are as follows:

1. “Escalation Rate” means the annual percentage change in the Handy Whitman Index - Electric Utility Construction, Pacific Region, Total Distribution Plant. If the Handy Whitman Index - Electric Utility Construction, Pacific Region, Total Distribution Plant ceases to be published, Seller shall propose as a replacement index a substantially equivalent index that, after any necessary adjustments, provides the most reasonable substitute for such index. The application of any proposed replacement index shall subject to Buyer's consent, which consent shall not be unreasonably withheld, conditioned or delayed.
  - a. This index is used to escalate the O&M component of the Contract Price from \$12.38 per MWh from January 1, 2005 to October 1, 2026.
  - b. Issue: Handy Whitman is a non-transparent and proprietary index. The Big Horn II agreement specifies instead the use of “Consumer Price Index for All Urban Consumers, U.S. City Average, All Items, Not Seasonally Adjusted, with Base Period 1982-84, Series ID CUUS0000SA0” as published by the U.S. Department of Labor (as measured from December to December).”
  - c. Recommendation: Conform Big Horn II to Big Horn I Escalation Rate.
2. “Monthly Market Index Price” means the sum of monthly Mid-C average prices for the prior month plus a yet to be defined regional renewable energy credit pricing index.
  - a. This price is applied to 50% of the Big Horn I energy production if it is greater than the Contract Price escalated as described above. Based on the projections provided by Navigant in their 2017 study, this clause only applies in the 2030 wind year.
  - b. Issue: Although the Mid-C average prices appear to be readily available, a “regional renewable energy credit pricing index” needs to be identified, modelled, and accepted by the parties.

The Big Horn II Wind Energy Project agreements also require the identification and application of a number of indices. These indices are as follows:

1. The Big Horn II agreement specifies the use of “Consumer Price Index for All Urban Consumers, U.S. City Average, All Items, Not Seasonally Adjusted, with Base Period 1982-84, Series ID CUUS0000SA0” as published by the U.S. Department of Labor (as measured from December to December)” and has applied from the inception of the agreement for the annual escalation of the O&M component of the Contract Price.
  - a. Recommendation: No change.
2. As for the Big Horn I agreement, “Monthly Market Index Price” means the sum of monthly Mid-C average prices for the prior month plus a yet to be defined regional renewable energy credit pricing index.
  - a. This price is applied commencing November 1, 2030 to 60% of the Big Horn I energy production if it is greater than the Contract Price escalated as described above. Based on the projections provided by Navigant in their 2017 study, this clause does not appear to apply in any wind year through termination of the agreement.
  - b. Issue: Although the Mid-C average prices appear to be readily available, a “regional renewable energy credit pricing index” needs to be identified, modelled, and accepted by the parties.



**Mid-C Monthly Market Price**

*Source: Navigant Summer 2017 Reference Case*

The next step in this process will be to update the 2017 Navigant study and identify candidate indices as described above.

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

**Date:** January 28, 2022  
**From:** Martin R. Hopper, General Manager  
**To:** M-S-R PPA Commission  
**Subject:** February 2022 Outside Services Budget versus Actual Report

---

### **FISCAL YEAR 2021:**

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

Duncan, Weinberg, Genzer, and Pembroke:	Through:	December 31, 2021
Law Offices of Susie Berlin:	Through:	December 31, 2021
Porter Simon:	Through:	December 31, 2021
KBT LLC:	Through:	December 31, 2021
General Manager	Through:	December 31, 2021

Year-end expenditures in this category total 94% of the annual budget.

#### Legacy Liability Providers Reporting Are:

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

Year-end expenditures in this category total 101% of the annual budget.

Detailed charts of monthly budget versus actual cost comparisons for each provider are attached. 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.

Please note any current and future period expenditures printed in *bold italics* are estimates.

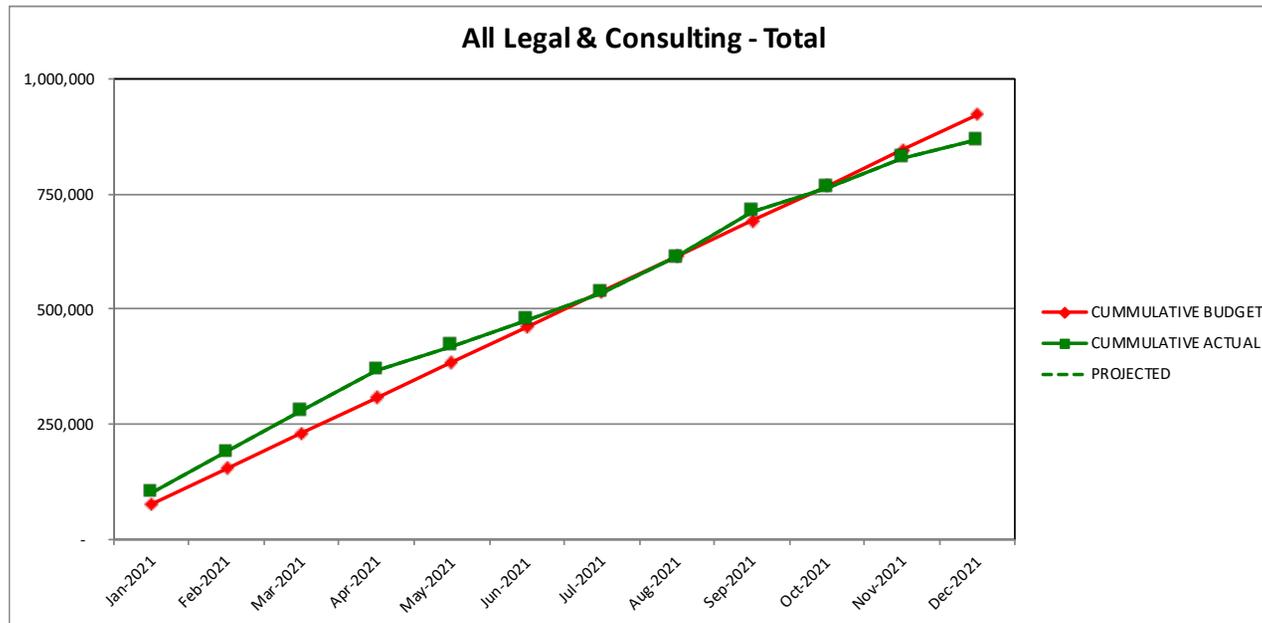
No Fiscal Year 2022 data is available as of the date of this report.

### **Recommendation:**

I recommend the Commission note and file this report.

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

Month of: Dec-2021



CURRENT MONTH				
By Function	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	15,917	16,776	(859)	105%
Gen - Other	5,500	786	4,714	14%
Renewables	8,667	6,436	2,231	74%
Rens - Other	28,750	5,596	23,154	19%
Reg & Comp	8,000	4,763	3,237	60%
Administrative	10,000	5,253	4,747	53%
<b>Total</b>	<b>76,833</b>	<b>39,609</b>	<b>37,224</b>	<b>52%</b>

YEAR TO DATE				
By Function	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	191,000	232,551	(41,551)	122%
Gen - Other	66,000	73,403	(7,403)	111%
Renewables	104,000	65,521	38,479	63%
Rens - Other	345,000	323,109	21,891	94%
Reg & Comp	96,000	82,522	13,478	86%
Administrative	120,000	91,024	28,976	76%
<b>Total</b>	<b>922,000</b>	<b>868,131</b>	<b>53,870</b>	<b>94%</b>

CURRENT MONTH				
By Provider	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Duncan	25,917	6,795	19,122	26%
Berlin	3,333	2,652	681	80%
Porter Simon	3,167	1,650	1,517	52%
KBT	13,917	7,664	6,253	55%
General Mgr	25,000	20,063	4,937	80%
Others	5,500	786	4,714	14%
<b>Total</b>	<b>76,833</b>	<b>39,609</b>	<b>37,224</b>	<b>52%</b>

YEAR TO DATE				
By Provider	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Duncan	311,000	321,806	(10,806)	103%
Berlin	40,000	40,482	(482)	101%
Porter Simon	38,000	45,236	(7,236)	119%
KBT	167,000	129,078	37,922	77%
General Mgr	300,000	259,218	40,782	86%
Others	66,000	72,311	(6,311)	110%
<b>Total</b>	<b>922,000</b>	<b>868,131</b>	<b>53,869</b>	<b>94%</b>

# M-S-R PPA Duncan Summary

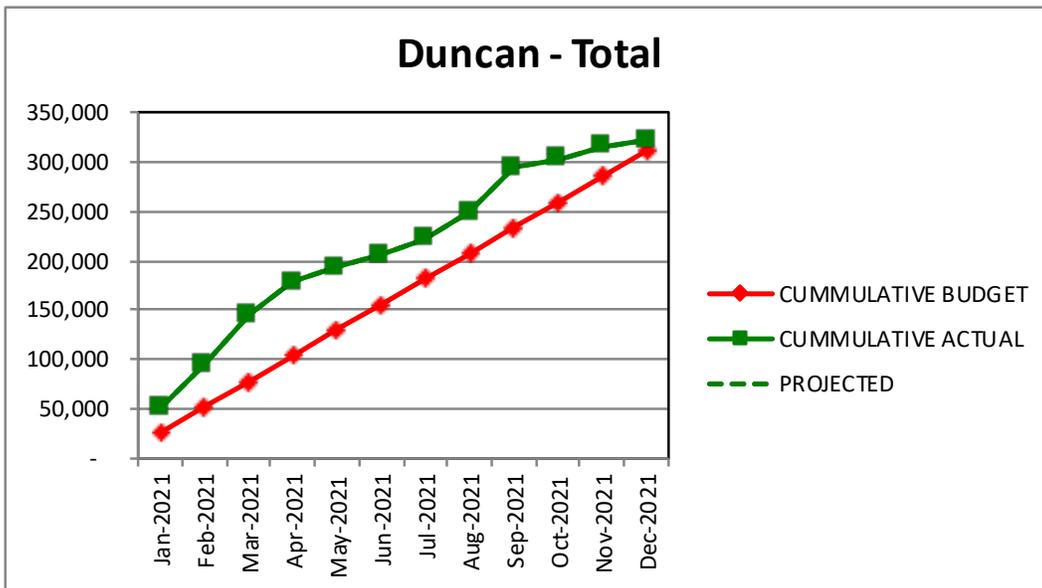
Month of: **Dec-2021**

## 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	4,504	18,413	20%
Reg & Comp	2,500	2,291	209	92%
Administrative	0	0	0	0%
<b>Total</b>	<b>25,917</b>	<b>6,795</b>	<b>19,122</b>	<b>26%</b>

## YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	6,000	7,564	(1,564)	126%
Gen - Other	0	0	0	0%
Renewables	0	215	(215)	#DIV/0!
Rens - Other	275,000	285,435	(10,435)	104%
Reg & Comp	30,000	28,591	1,409	95%
Administrative	0	0	0	0%
<b>Total</b>	<b>311,000</b>	<b>321,806</b>	<b>(10,806)</b>	<b>103%</b>



# M-S-R PPA Berlin Summary

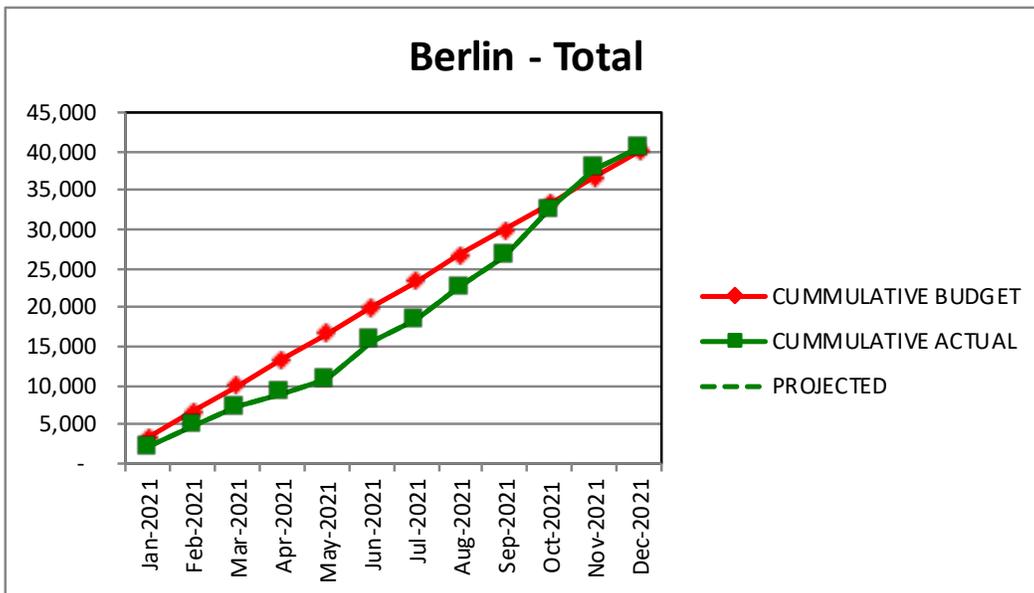
Month of: **Dec-2021**

## 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	780	(363)	187%
Rens - Other	0	0	0	0%
Reg & Comp	2,917	1,872	1,045	64%
Administrative	0	0	0	0%
<b>Total</b>	<b>3,333</b>	<b>2,652</b>	<b>681</b>	<b>80%</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	5,000	858	4,142	17%
Rens - Other	0	0	0	0%
Reg & Comp	35,000	39,624	(4,624)	113%
Administrative	0	0	0	0%
<b>Total</b>	<b>40,000</b>	<b>40,482</b>	<b>(482)</b>	<b>101%</b>



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

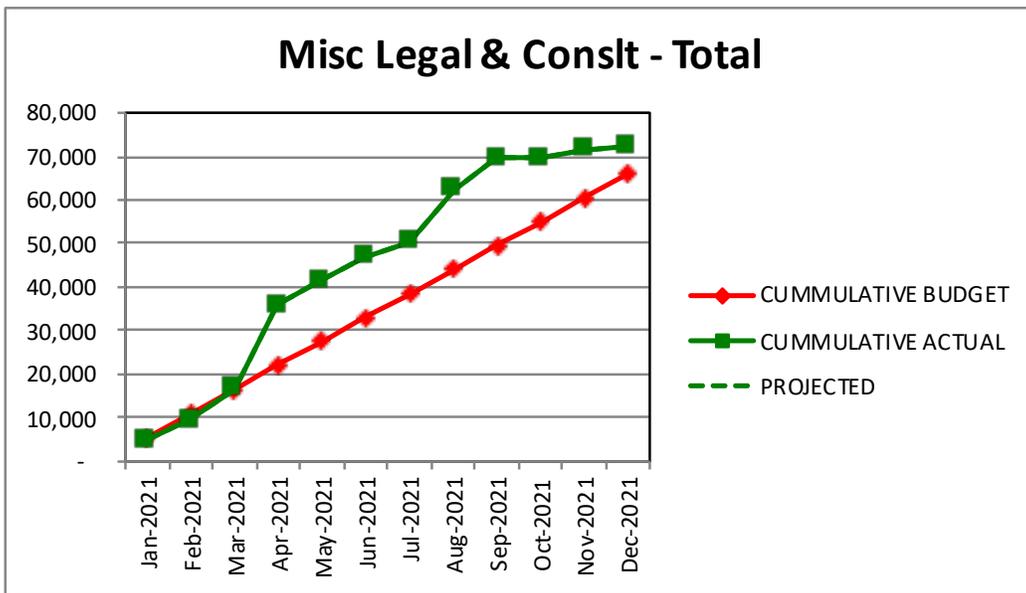
Month of: **Dec-2021**

## CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	5,417	786	4,630	15%
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>786</b>	<b>4,714</b>	<b>14%</b>

## YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	0	0	0	0%
Gen - Other	65,000	72,311	(7,311)	111%
Renewables	0	0	0	0%
Rens - Other	0	0	0	0%
Reg & Comp	0	0	0	0%
Administrative	1,000	0	1,000	0%
<b>Total</b>	<b>66,000</b>	<b>72,311</b>	<b>(6,311)</b>	<b>110%</b>



# M-S-R PPA Porter Simon Summary

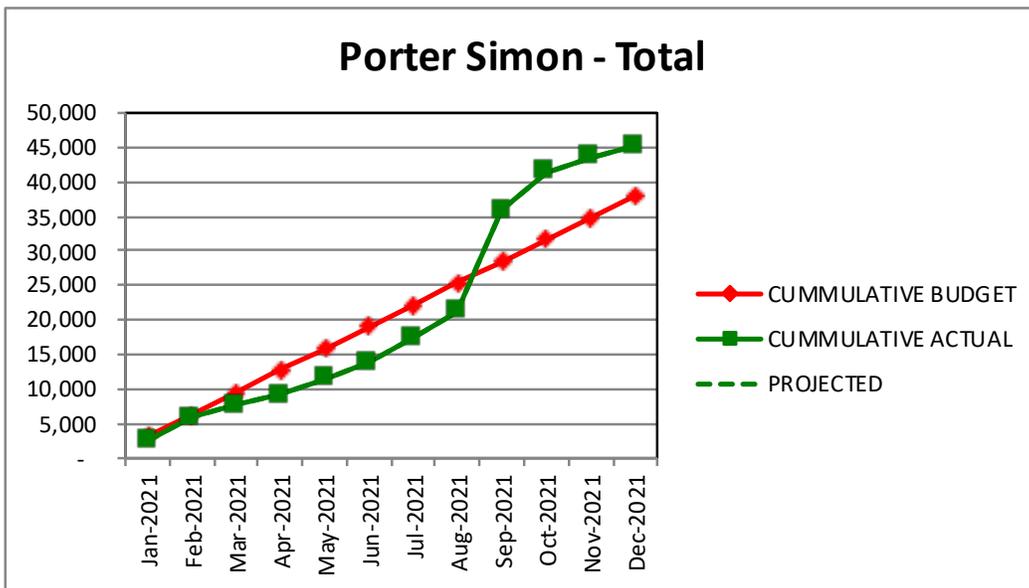
Month of: **Dec-2021**

## CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	2,083	1,584	499	76%
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	66	767	8%
<b>Total</b>	<b>3,167</b>	<b>1,650</b>	<b>1,517</b>	<b>52%</b>

## YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	25,000	33,187	(8,187)	133%
Gen - Other	0	0	0	0%
Renewables	2,000	836	1,164	42%
Rens - Other	0	0	0	0%
Reg & Comp	1,000	0	1,000	0%
Administrative	10,000	11,213	(1,213)	112%
<b>Total</b>	<b>38,000</b>	<b>45,236</b>	<b>(7,236)</b>	<b>119%</b>



# M-S-R PPA KBT Summary

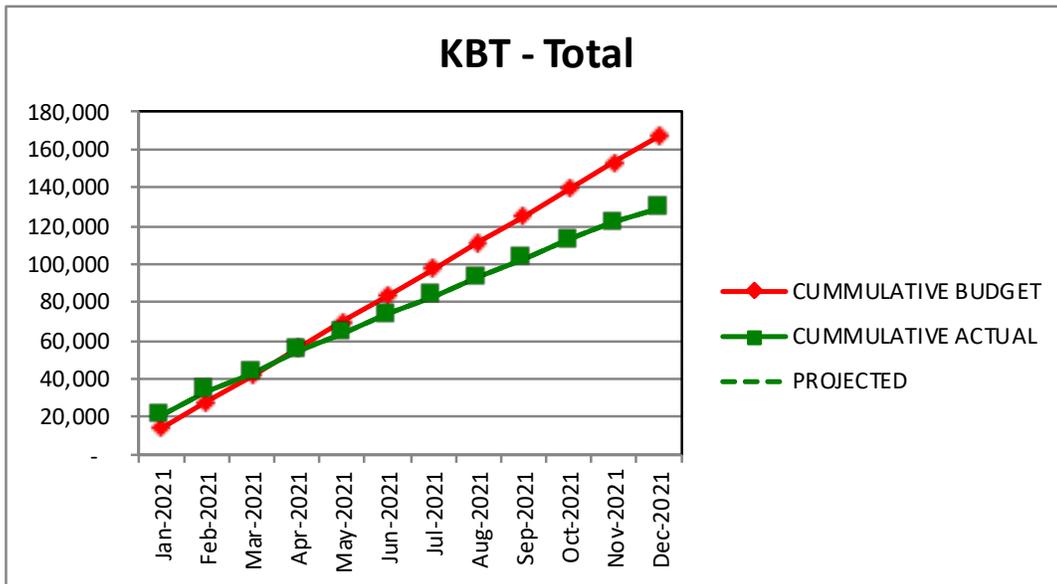
Month of: **Dec-2021**

## CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	4,167	3,392	775	81%
Gen - Other	83	0	83	0%
Renewables	3,083	2,756	327	89%
Rens - Other	5,833	1,092	4,741	19%
Reg & Comp	0	0	0	0%
Administrative	750	424	326	57%
<b>Total</b>	<b>13,917</b>	<b>7,664</b>	<b>6,253</b>	<b>55%</b>

## YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	50,000	51,304	(1,304)	103%
Gen - Other	1,000	1,092	(92)	109%
Renewables	37,000	30,952	6,048	84%
Rens - Other	70,000	37,674	32,326	54%
Reg & Comp	0	0	0	0%
Administrative	9,000	8,056	944	90%
<b>Total</b>	<b>167,000</b>	<b>129,078</b>	<b>37,922</b>	<b>77%</b>



# M-S-R PPA General Manager Summary

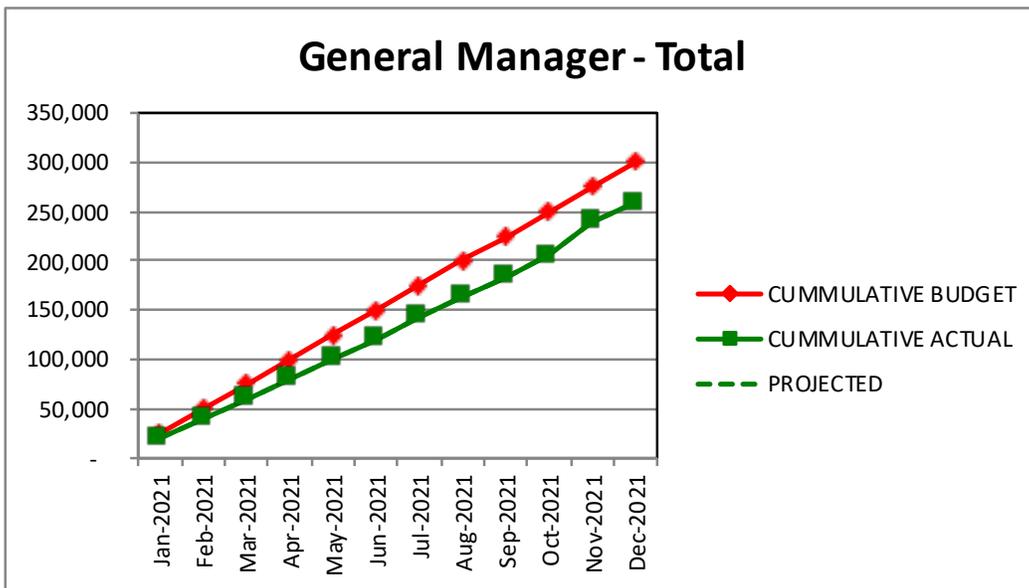
Month of: **Dec-2021**

## CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	9,167	11,800	(2,633)	129%
Gen - Other	0	0	0	0%
Renewables	5,000	2,900	2,100	58%
Rens - Other	0	0	0	0%
Reg & Comp	2,500	600	1,900	24%
Administrative	8,333	4,763	3,571	57%
<b>Total</b>	<b>25,000</b>	<b>20,063</b>	<b>4,937</b>	<b>80%</b>

## YEAR TO DATE

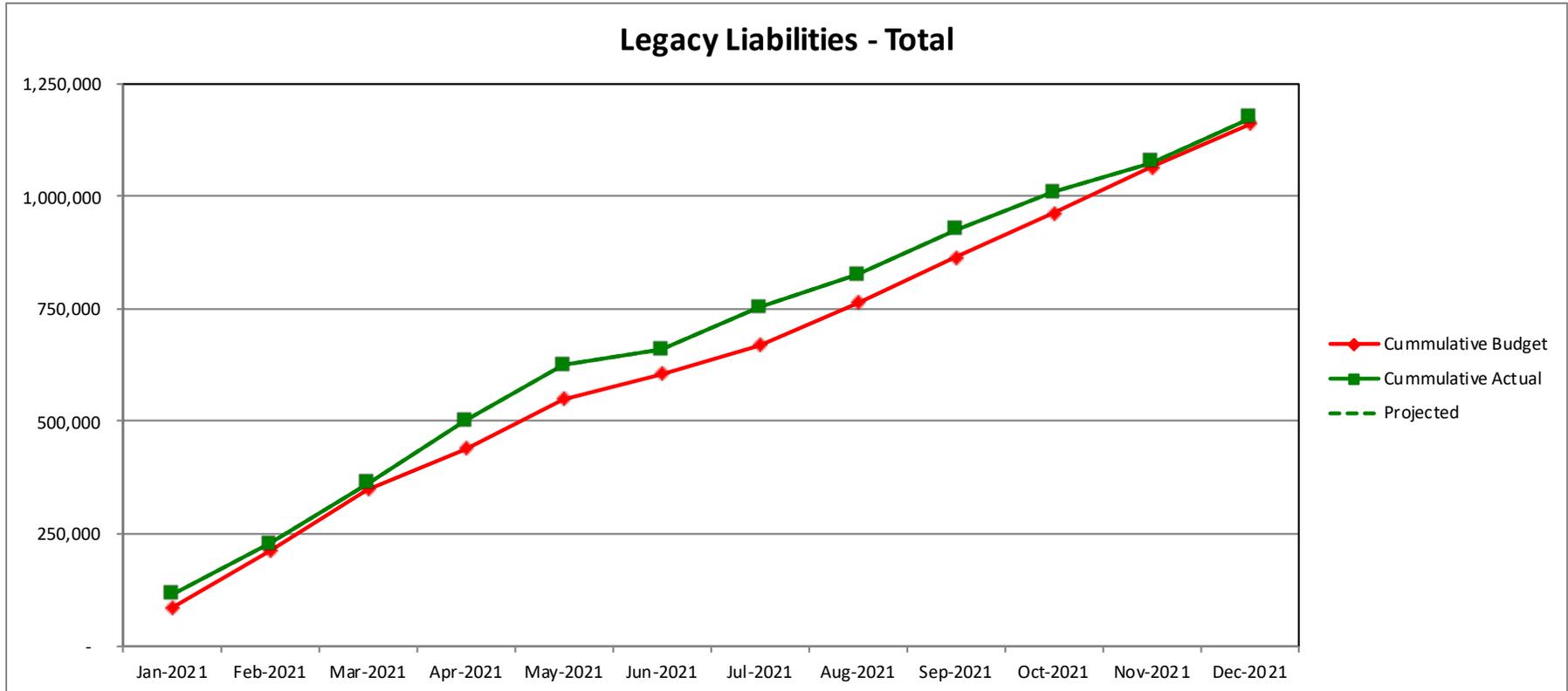
	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	110,000	140,496	(30,496)	128%
Gen - Other	0	0	0	0%
Renewables	60,000	32,660	27,340	54%
Rens - Other	0	0	0	0%
Reg & Comp	30,000	14,307	15,693	48%
Administrative	100,000	71,755	28,245	72%
<b>Total</b>	<b>300,000</b>	<b>259,218</b>	<b>40,782</b>	<b>86%</b>



Legal Costs - 2021	2021 Budget	Reallocated Budget	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	Notes
<b>Legal = Estimates</b>																		
<b>Legal</b>																		
<b>DWG&amp;P</b>																		
Generation		6,000				1,629	4,326			1,609.12					7,564	630	7,564	
Renewables													215.00		215	18	215	
Rens - Other																		
Regulatory & Comp	275,000	275,000	48,455	42,128	46,840	28,432	7,926	11,220	13,555	22,833	42,886	6,627	10,030	4,503.57	285,435	23,786	285,435	
FERC Gen1	75,000	30,000	2,343	2,291	2,751	3,249	2,212	2,309	2,489	2,536	2,173	2,173	1,778	2,291.00	28,591	2,383	28,591	
	350,000	311,000	50,798	44,419	49,590	33,310	14,464	13,528	16,044	26,978	45,058	8,800	12,023	6,794.57	321,806	26,817	321,806	103%
			16.33%	30.62%	46.56%	57.27%	61.92%	66.27%	71.43%	80.11%	94.59%	97.42%	101.29%	103.47%				
<b>Law Offices of Susie Berlin</b>																		
Generation																		
Renewables								39	39					780.00	858	72	858	
Regulatory & Comp	40,000	35,000	2,145	2,652	2,496	1,677	1,872	4,758	2,730	4,173	3,939	5,928	5,382	1,872.00	39,624	3,302	39,624	
A&G	60,000	40,000	2,145	2,652	2,496	1,677	1,872	4,797	2,769	4,173	3,939	5,928	5,382	2,652.00	40,482	3,374	40,482	101%
			5.36%	11.99%	18.23%	22.43%	27.11%	39.10%	46.02%	56.45%	66.30%	81.12%	94.58%	101.21%				
<b>Others</b>																		
Generation - Other																		
Najjar & Virtue	1,000	65,000	4,997	4,452	7,375	18,906	5,966	5,265	3,332	12,094	7,103		2,034	786.17	72,311	6,026	72,311	Richard Virtue
	1,000	65,000	4,997	4,452	7,375	18,906	5,966	5,265	3,332	12,094	7,103		2,034	786.17	72,311	6,026	72,311	
			7.69%	14.54%	25.88%	54.97%	64.15%	72.25%	77.37%	95.98%	106.91%	108.91%	110.04%	111.25%				
Sub Total	411,000	416,000	57,940	51,523	59,461	53,893	22,302	23,590	22,145	43,245	56,100	14,728	19,439	10,233	434,599	36,217	434,599	104%
			13.93%	26.31%	40.61%	53.56%	58.92%	64.59%	69.92%	80.31%	93.80%	97.34%	102.01%	104.47%				
<b>General Counsel</b>																		
<b>Porter Simon</b>																		
<b>M-S-R PPA</b>																		
Generation	25,000	25,000	2,068	2,068	1,584	1,430	1,232	2,288	3,190	3,212	9,515	3,212	1,804	1,584.00	33,187	2,766	33,187	
Renewables	2,000	2,000	-	220	-	-	66	-	-	-	550	-	-	-	836	70	836	
Regulatory & Comp	1,000	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
A&G	20,000	10,000	440	1,034	264	22	990	44	462	660	4,433	2,446	352	66.00	11,213	934	11,213	
	48,000	38,000	2,508	3,322	1,848	1,452	2,288	3,322	3,872	14,498	5,658	2,156	1,650.00	45,236	3,770	45,236	119%	
			6.60%	15.34%	20.21%	24.03%	30.05%	36.18%	45.79%	55.98%	94.14%	109.03%	114.70%	119.04%				
<b>Consulting</b>																		
<b>KBT</b>																		
Generation	35,000	50,000	3,604	3,604	3,392	5,088	4,452	5,724	6,360	4,240	3,816	4,452	3,180	3,392.00	51,304	4,275	51,304	
Gen - Other																		
SJGS Disposition		1,000	1,092	-	-	-	-	-	-	-	-	-	-	-	1,092	91	1,092	
Renewables	40,000	37,000	3,180	2,332	2,756	2,756	2,120	2,332	2,332	2,544	3,180	2,544	2,120	2,756.00	30,952	2,579	30,952	
Rens - Other																		
BP-22 Rate Case	70,000	70,000																BP-22 Rate Case
KBT 2021-01			21,840	12,376	6,552										18,928	9,464	18,928	Jan - Feb
KBT 2021-02			14,560		3,094	2,730									5,824	2,912	5,824	Mar - Apr
KBT 2021-04			7,280				2,002	1,274							3,276	1,638	3,276	May - Jun
KBT 2021-05			7,280						910	2,002					2,912	1,456	2,912	Jul - Aug
KBT 2021-06			14,560								1,638	1,820			3,458	1,729	3,458	Sep - Oct
KBT 2021-07			14,560										2,184	1,092.00	3,276	1,638	3,276	Nov - Dec
Sum		80,080													37,674		37,674	
Regulatory & Comp																		
Administrative	15,000	9,000	424	424	212	1,060	424	424	212	848	1,060	1,272	1,272	424.00	8,056	671	8,056	
	160,000	167,000	20,676	12,912	9,454	11,634	8,998	9,754	9,814	9,634	9,694	10,088	8,756	7,664.00	129,078	26,454	129,078	77%
			12.38%	20.11%	25.77%	32.74%	38.13%	43.97%	49.85%	55.61%	61.42%	67.46%	72.70%	77.29%				
														129.078				
<b>Others</b>																		
Administrative																		
Navigant/Guidehou	3,000	1,000																Meetings
	3,000	1,000																0%
			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
<b>General Manager</b>																		
<b>Martin Hopper</b>																		
<b>M-S-R PPA</b>																		
Generation	110,000	110,000	9,750	10,010	13,370	13,300	13,614	11,640	15,910	10,840	8,600	8,300	13,361	11,800.00	140,496	11,708	140,496	
Renewables	60,000	60,000	3,700	2,920	1,930	2,400	2,900	1,820	1,510	1,830	5,100	2,700	2,950	2,900.00	32,660	2,722	32,660	
Regulatory & Comp	30,000	30,000	1,819	860	560	1,495	600	770	1,830	280	2,400	2,573	500	600.00	14,307	1,192	14,307	
A&G	100,000	100,000	4,904	6,479	4,187	3,147	2,962	5,817	3,887	7,097	4,315	7,723	16,476	4,762.83	71,755	5,980	71,755	
	300,000	300,000	20,173	20,289	20,047	20,342	20,076	20,047	23,137	20,047	20,415	21,297	33,287	20,062.63	259,218	21,601	259,218	86%
			6.72%	13.49%	20.17%	26.95%	33.64%	40.32%	48.04%	54.72%	61.52%	68.62%	79.72%	86.41%				
Sub Total	463,000	468,000	40,849	33,201	29,501	31,976	29,074	29,801	32,951	29,681	30,109	31,385	42,043	27,727	129,078	26,454	129,078	28%
			8.73%	15.82%	22.13%	28.96%	35.17%	41.54%	48.58%	54.92%	61.35%	68.06%	77.04%	82.97%				
GRAND TOTAL	922,000	922,000	101,297	88,046	90,810	87,320	53,664	55,723	58,748	76,798	100,707	51,770	63,638	39,609	868,131	88,042	868,131	94%
			10.99%	20.54%	30.39%	39.86%	45.68%	51.72%	58.09%	66.42%	77.34%	82.96%	89.86%	94.16%				

# Legacy Liability - Total

Month of: Dec-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	361	2,972	11%	PNM - Reclamation	40,000	10,602	29,398	27%
WSJM - Reclamation	87,725	96,604	(8,879)	110%	WSJM - Reclamation	1,072,463	1,122,912	(50,450)	105%
PNM - Decommission	4,000	476	3,524	12%	PNM - Decommission	48,000	39,620	8,380	83%
<b>Total</b>	<b>95,058</b>	<b>97,441</b>	<b>(2,382)</b>	<b>103%</b>	<b>Total</b>	<b>1,160,463</b>	<b>1,173,134</b>	<b>(12,671)</b>	<b>101%</b>

# PNM - Reclamation

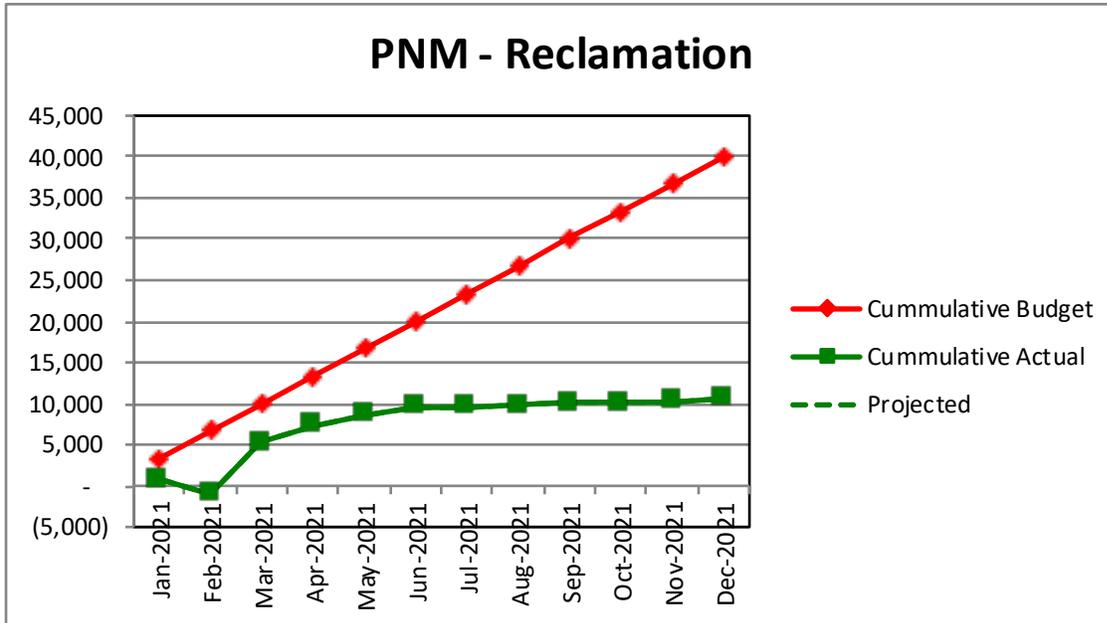
Month of: **Dec-2021**

## CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	3,333	361	2,972	11%
<b>Total</b>	<b>3,333</b>	<b>361</b>	<b>2,972</b>	<b>11%</b>

## YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	40,000	10,602	29,398	27%
<b>Total</b>	<b>40,000</b>	<b>10,602</b>	<b>29,398</b>	<b>27%</b>



# WSJM - Reclamation

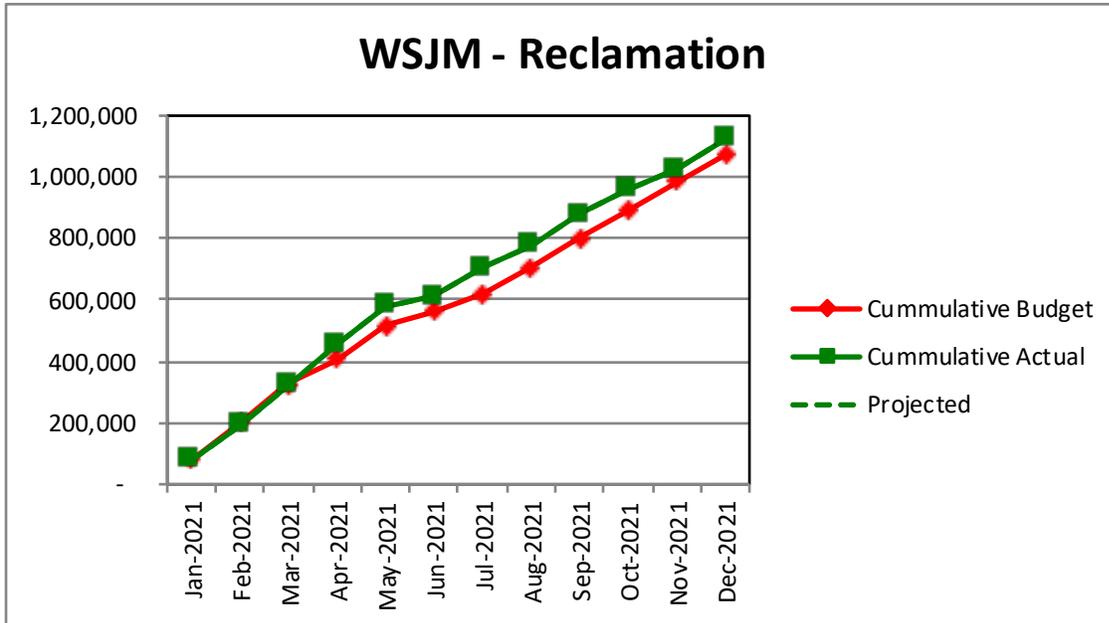
Month of: **Dec-2021**

## CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	87,725	96,604	(8,879)	110%
<b>Total</b>	<b>87,725</b>	<b>96,604</b>	<b>(8,879)</b>	<b>110%</b>

## YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	1,072,463	1,122,912	(50,450)	105%
<b>Total</b>	<b>1,072,463</b>	<b>1,122,912</b>	<b>(50,450)</b>	<b>105%</b>



# PNM - Decommissioning

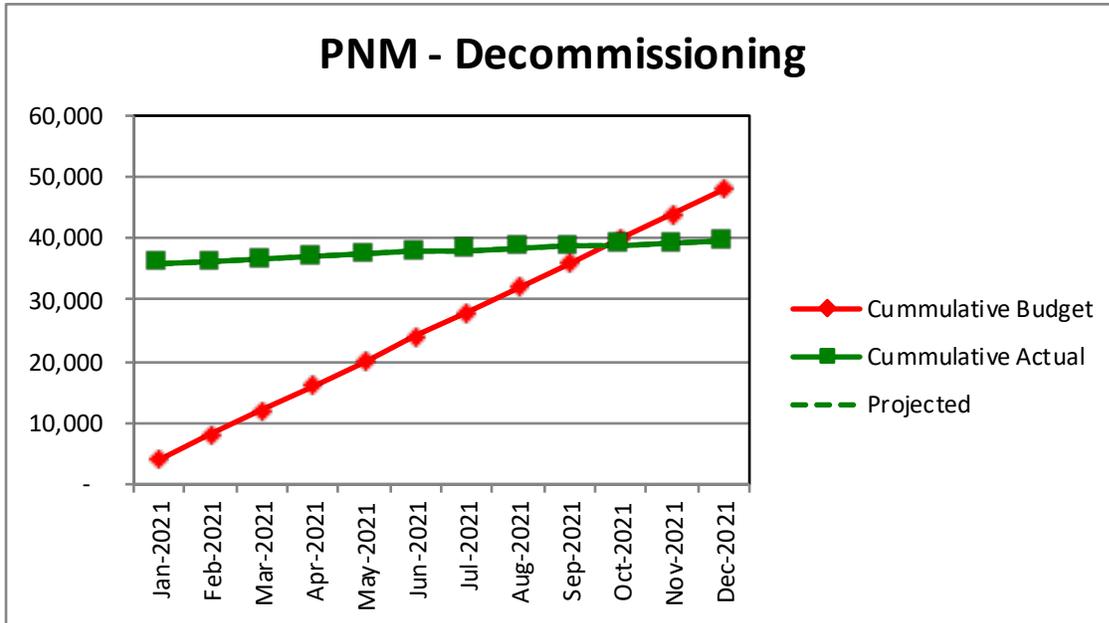
Month of: **Dec-2021**

## CURRENT MONTH

	Budget Current Month	Actual Current Month	Positive Variance	Actual v. Budget %
Generation	4,000	476	3,524	12%
<b>Total</b>	<b>4,000</b>	<b>476</b>	<b>3,524</b>	<b>12%</b>

## YEAR TO DATE

	Budget Year to Date	Actual Year to Date	Positive Variance	Actual v. Budget %
Generation	48,000	39,620	8,380	83%
<b>Total</b>	<b>48,000</b>	<b>39,620</b>	<b>8,380</b>	<b>83%</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	263	219	72	123	361.05	10,602	883	10,602
<b>Cummulative Actual</b>	40,000	40,000	673	(1,018)	5,180	7,402	8,568	9,540	9,564	9,827	10,046	10,118	10,240	10,602	10,602	883	10,602
			1.68%	-2.54%	12.95%	18.50%	21.42%	23.85%	23.91%	24.57%	25.11%	25.29%	25.60%	26.50%			27%
<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</b>	925,000	1,072,463	78,389	113,437	128,336	135,985	122,346	33,401	93,784	72,275	99,753	83,176	65,427	96,603.88	1,122,912	93,576	1,122,912
<b>San Juan - Underground</b>			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cummulative Actual</b>	925,000	1,072,463	78,389	113,437	128,336	135,985	122,346	33,401	93,784	72,275	99,753	83,176	65,427	96,603.88	1,122,912	93,576	1,122,912
			7.31%	17.89%	29.85%	42.53%	53.94%	57.05%	65.80%	72.54%	81.84%	89.60%	95.70%	104.70%			105%
<b>PNM - Decommissioning</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>Cummulative Budget</b>			4,000	8,000	12,000	16,000	20,000	24,000	28,000	32,000	36,000	40,000	44,000	48,000			
<b>Initial Decommissioning</b>			35,902	276	408	492	368	385	223	366	279	301	145	475.98	39,620	3,302	39,620
<b>Cummulative Actual</b>	48,000	48,000	35,902	276	408	492	368	385	223	366	279	301	145	475.98	39,620	3,302	39,620
			74.80%	75.37%	76.22%	77.25%	78.01%	78.81%	79.28%	80.04%	80.62%	81.25%	81.55%	82.54%			83%
<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	72,903	100,250	83,549	65,695	97,441	1,173,134	97,761	1,173,134
			114,965	226,987	361,929	500,626	624,507	659,264	753,296	826,199	926,449	1,009,998	1,075,693	1,173,134			101%
			9.91%	19.56%	31.19%	43.14%	53.82%	56.81%	64.91%	71.20%	79.83%	87.03%	92.70%	101.09%			
<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	500,626	624,507	659,264	753,296	826,199	926,449	1,009,998	1,075,693	1,173,134			

*Italics = Estimated*

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

**Date:** January 28, 2022  
**From:** Martin R. Hopper, General Manager  
**To:** M-S-R PPA Commission  
**Subject:** 2023 M-S-R Coordinator Agreement – Service Provider Competition

---

The term of the current M-S-R Coordinator agreement with MID, as extended, expires February 28, 2023 and the agreement specifies that if M-S-R PPA is to extend the agreement for the third (of three) optional one-year extensions, we are to provide notice to MID no later than December 31, 2022. At its September 22, 2021 meeting, in the adoption of the Agency's 2022 Strategic Plan, the Commission directed that the Agency conduct a competitive review of current and potential service providers prior to the expiration of the current agreement and award of future contracts.

The following is a proposed time-line for this process:

1. Review existing scope-of-services and task list for M-S-R Coordinator and update as-needed by March 31, 2022.
2. Identify potential service providers and pre-screen qualifications by April 15, 2022.
3. Issue Request for Proposals to screened proposers by April 18, 2022 with responses due May 26, 2022.
4. Evaluate and rank proposals by June 30, 2022.
5. Interview top-ranked proposers and recommend awardee by August 15, 2022.
6. Negotiate agreement and award contract by/at September 28, 2022 Commission Meeting.
7. If awardee is not incumbent contractor the following actions will be required:
  - a. Review of duties and training of contractor – 4 weeks.

- b. Parallel operations with current M-S-R Contractor – 8 weeks (covering two months operations, close-outs, and Member billing.)
- c. Full transfer of duties to new M-S-R Coordinator March 1, 2023.

I recommend the Commission accept the above task schedule.

DRAFT