TEXAS MUNICIPAL POWER AGENCY

PLANNING & OPERATING COMMITTEE

VIA VIDEO CONFERENCE CALL

Wednesday May 15, 2024

10:00 AM

NOTE: Staff will provide any new information or updates related to the above reports after mail-out by email or at the meeting. As you review all meeting material, please provide any questions that arise to Staff as soon as possible to better manage discussion and meeting time length.

TEXAS MUNICIPAL POWER AGENCY

FY25 BUDGET PACKAGE

For Years FY25-34

Prepared by

TMPA Staff

May 2024

TEXAS MUNICIPAL POWER AGENCY
FY25 BUDGET PACKAGE

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FY25 BUDGET PACKAGE

EXECUTIVE SUMMARY & KEY BUDGET ASSUMPTIONS

The primary goals of the TMPA budget process continue to be reducing costs in accordance with the business plans of our Member Cities, while maintaining the reliability of the transmission system, wrapping up matters related to the mine land, and overseeing the demolition and remediation activities in accordance with the Asset Purchase Agreement (APA) with Gibbons Creek Environmental Redevelopment Group (GCERG), all while achieving a compliant and safe working environment.

Staff prepared the attached budgets based on discussions at the February 2024 P&O and Board meetings. Below is more detail on each business unit of TMPA:

- Generation – The remaining Generation function, after the sale of the plant in February 2021, is overseeing the demolition and remediation activities in accordance with the APA with GCERG. The Agency's General Manager oversees this activity as well any additional environmental and compliance issues related to the prior plant site.

- Transmission – It is assumed that the transmission business will remain with TMPA for the foreseeable future, being managed as it is currently with Garland Power & Light (GP&L) and Denton Municipal Electric (DME) under Transmission Operation, Maintenance, and Construction Services Agreements. Operating agreements with Bryan and Greenville are also under consideration. The Transmission business continues to be a profitable division for TMPA.

- Mine – The majority of the mine land was sold in December 2021. All mine areas, with the exception of the acid seeps and the mine reclamation shop area (72 acres), have received full bond release from the Railroad Commission of Texas. Continued work on the acid seep area is handled by the Agency's General Manager, in coordination with consulting by Jan Horbaczewski as needed.

- A&G – The AP/Document Control Specialist plans to retire by the end of FY25. At that time, her duties will shift to the Executive Administrator. Remaining A&G employees will be retained until TMPA "dissolves" (CFO/Director of Finance & Support Services, Senior Accountant, Executive Administrator, and IT Specialist).

Below is the TMPA headcount chart:

	TMPA Headcount		
RA	**Department**	**FY25**	**FY26-33**
1B	General Manager	1	1
2C	Finance & Document Control	3	2
3B	IT	1	1
3E	Executive Administrator	1	1
		6	**5**

Included in the budgets are estimates for employee retention bonuses and severance packages, as applicable. Retiree medical/dental benefits are assumed to remain in effect until TMPA "dissolves".

GENERATION

GENERATION STRATEGY & KEY BUDGET ASSUMPTIONS

The primary function of the Generation business is to oversee matters related to the regulatory closure of Gibbons Creek Steam Electric Station (GCSES) in accordance with the Asset Purchase Agreement (APA) with GCERG and the subsequent post-closure requirements from the Texas Commission on Environmental Quality (TCEQ).

Key Budget Assumptions

1) This function includes ensuring GCERG's performance of the remediation. In accordance with the APA, a professional engineer was contracted in FY21 to serve as the Environmental Designee to monitor and oversee the remediation by GCERG.

   The completion date of the physical remediation of Gibbons Creek is projected to be in the summer of 2024. However, the final Regulatory Closure will likely not be obtained until sometime in FY25. After closure is obtained, TMPA and the Environmental Designee will continue to oversee the post-closure care and maintenance requirements established by the TCEQ. The post-closure period is expected to be 30 years.

2) The APA contains a provision pertaining to the cost of the Preliminary Regulatory Closure of Site F Landfill. It states that if the actual costs incurred by GCERG to close Site F Landfill are less than the $13.6 million estimate, TMPA will receive the difference at the end of the remediation project. At the time of the FY25 budget development, TMPA has filed suit against GCERG over this matter. Legal expenses were budgeted for this purpose in FY23 and retained by TMPA thereafter. TMPA will utilize these funds to pay for these litigation costs. No additional legal expenses related to this matter will be budgeted in FY25.

   The amount or timeline related to the return of funds to TMPA for Site F Closure Costs under $13.6 million are not known at this time. Due to the uncertainty of resolution, no revenue projection is included in the FY25 budget.

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY24's Approved Budget - Generation

	FY24 Approved Budget	FY25 Projection	(Under) Over Budget	% Change	Explanation Reference*
FIXED COSTS					
L01 Labor & Benefits	193,671	-	(193,671)	-100.0%	1
S02 Consulting Services	85,000	85,000	-	0.0%	
S04 Legal Services	60,000	60,000	-	0.0%	
Other Fixed Costs	8,803	2,500	(6,303)	-71.6%	
Allocation of A&G	158,743	56,791	(101,952)	-64.2%	2
TOTAL FIXED COSTS	**$ 506,217**	**$ 204,291**	**$ (301,926)**	**-59.6%**	
OTHER REVENUES					
Interest Income	(14,595)	(7,152)	7,443	51.0%	
TOTAL OTHER REVENUES	**$ (14,595)**	**$ (7,152)**	**$ 7,443**	**51.0%**	
TOTAL COSTS	**$ 491,622**	**$ 197,139**	**$ (294,483)**	**-59.9%**	

* Explanations are provided for changes over $25K AND 5%.

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY24's Approved Budget – Generation

<u>Fixed Costs</u>

1) Labor & Benefits reduced to zero as the budget for Daniel Meadows, General Manager, is now charged to A&G, which in turn is allocated among the three divisions.

2) Allocation of A&G decreased because (a) overall A&G decreased as staff continues to decrease support costs, and (b) Generation activities continue to wrap-up post sale.

TEXAS MUNICIPAL POWER AGENCY
FY25-34 Generation Budget Pro Forma

	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY25-34 Total
FIXED COSTS											
S02 Consulting Services	85,000	46,125	26,266	26,922	27,595	28,285	28,992	29,717	30,460	31,221	360,583
S04 Legal Services	60,000	25,625	26,266	26,922	27,595	28,285	28,992	29,717	30,460	31,221	315,083
Other Fixed Costs	2,500	2,564	2,626	2,691	2,760	2,829	2,900	2,971	3,046	3,122	28,009
Allocation of A&G	56,791	27,976	21,007	21,958	22,373	23,902	24,257	25,138	25,513	26,438	275,351
TOTAL FIXED COSTS	**$ 204,291**	**$ 102,290**	**$ 76,165**	**$ 78,493**	**$ 80,323**	**$ 83,301**	**$ 85,141**	**$ 87,543**	**$ 89,479**	**$ 92,002**	**$ 979,026**
OTHER REVENUES											
Interest Income	(7,152)	(3,267)	(2,533)	(2,741)	(2,864)	(3,147)	(3,258)	(3,455)	(3,561)	(3,761)	(35,740)
TOTAL OTHER REVENUES	**$ (7,152)**	**$ (3,267)**	**$ (2,533)**	**$ (2,741)**	**$ (2,864)**	**$ (3,147)**	**$ (3,258)**	**$ (3,455)**	**$ (3,561)**	**$ (3,761)**	**$ (35,740)**
TOTAL COSTS	**$ 197,139**	**$ 99,023**	**$ 73,632**	**$ 75,752**	**$ 77,459**	**$ 80,154**	**$ 81,883**	**$ 84,087**	**$ 85,918**	**$ 88,241**	**$ 943,287**
Monthly Charge	**$ 16,428**	**$ 8,252**	**$ 6,136**	**$ 6,313**	**$ 6,455**	**$ 6,679**	**$ 6,824**	**$ 7,007**	**$ 7,160**	**$ 7,353**	

TRANSMISSION

TRANSMISSION STRATEGY & KEY BUDGET ASSUMPTIONS

TMPA's transmission system will continue to be maintained for safety, reliability, and operational compliance requirements.

GP&L and DME, in collaboration with the other Member Cities, and TMPA staff will continue to monitor for new projects required for system reliability. These will be assessed project-by-project to determine if it is better for the project to be pursued by TMPA or a Member City.

GP&L and DME will continue to provide transmission operator, maintenance, compliance, and construction services under their agreements with TMPA. Currently, Denton only charges incremental, third-party costs under its contract. However, this contract is in the process of being amended to include direct DME labor. Operating agreements with Bryan and Greenville are also under consideration.

The Transmission business continues to be a profitable division for TMPA. The Member Cities can decide to acquire the transmission assets at any time. The Cities currently wish to have the assets remain with TMPA for the foreseeable future.

Key Budget Assumptions

1) Identified the Transmission Capital Plan needed for safe, compliant, and reliable operations.
2) TMPA currently has a Note Program with PNC Bank for $60M in capacity ($27.9M currently outstanding) with the purpose of funding the Transmission Capital Plan. This Program expires in November 2024, and Staff is currently working on a renewal or similar Program with another bank.
3) For budgeting purposes, a fix-out of a portion of the Notes into long-term bonds is assumed in FY25 and again in FY27. Fix-outs become necessary when a significant amount of short-term, Note-funded assets are placed in service and/or when the Agency is nearing capacity of the Notes.

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY24's Approved Budget - Transmission

	FY24 Approved Budget	FY25 Projection	(Under) Over Budget	% Change	Explanation Reference*
FIXED COSTS					
L01 Labor & Benefits	674,300	706,574	32,274	4.8%	
R06 Bank Charges	120,500	159,500	39,000	32.4%	1
R41 Insurance Premiums	597,609	685,660	88,051	14.7%	2
R51 Contractor Maintenance	1,534,000	2,014,100	480,100	31.3%	3
S04 Legal Services	190,000	190,000	-	0.0%	
Other Fixed Costs	1,408,451	2,148,197	739,746	52.5%	4
Allocation of A&G	2,310,537	2,273,199	(37,338)	-1.6%	
Subtotal Fixed Costs - Non-Debt	**$ 6,835,397**	**$ 8,177,230**	**$ 1,341,833**	19.6%	
R57-R58 Debt Service - Bonds	13,439,108	13,183,807	(255,301)	-1.9%	
R55 Interest on Short-term Notes	1,290,707	1,558,677	267,970	20.8%	5
I62 Debt Coverage Payment (DCP)	3,494,168	3,427,790	(66,378)	-1.9%	
Subtotal Fixed Costs - Debt	**$ 18,223,983**	**$ 18,170,274**	**$ (53,709)**	-0.3%	
TOTAL FIXED COSTS	**$ 25,059,380**	**$ 26,347,503**	**$ 1,288,123**	**5.1%**	
OTHER REVENUES					
I50 Transmission System Revenue	(33,907,736)	$ (34,925,265)	(1,017,529)	-3.0%	
Interest Income	(646,608)	$ (714,289)	(67,681)	-10.5%	6
Other Revenue	(94,318)	(102,750)	(8,432)	-8.9%	
TOTAL OTHER REVENUES	**$ (34,648,662)**	**$ (35,742,304)**	**$ (1,093,642)**	**-3.2%**	
TOTAL COSTS / (REVENUE)	**$ (9,589,282)**	**$ (9,394,801)**	**$ 194,481**	**2.0%**	

* Explanations are provided for changes over $25K AND 5%.

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY24's Approved Budget – Transmission

Fixed Costs – Non-Debt

1) Bank Charges increased as an issuance of bonds is expected in FY25.

2) Insurance Premiums increased as the property premium is expected to increase slightly in August 2024.

3) Contractor Maintenance increased because of (a) the institution of an equipment painting program and (b) increased maintenance costs in the Denton area.

4) Other Fixed Costs increased because of (a) planned purchases of materials needed for timely maintenance and repair of equipment versus waiting to order materials on demand and facing long lead and outage times, (b) the purchase of a skid steer tractor for use at the TMPA warehouse, and (c) increased overhead costs.

Fixed Costs – Debt

5) Interest on Short-term Notes increased as the balance of Notes outstanding continues to increase. An issuance of bonds is budgeted in mid-FY25 which will reduce the Notes outstanding balance, thus reducing interest costs on the Notes thereafter.

Other Revenues

6) Interest Income increased as interest rates have continued to rise.

TEXAS MUNICIPAL POWER AGENCY
FY25-34 Transmission Budget Pro Forma

	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY25-34 Total
FIXED COSTS											
L01 Labor & Benefits	706,574	734,536	763,611	793,840	825,270	857,950	891,929	927,258	963,991	1,002,185	8,467,143
R06 Bank Charges	159,500	132,738	167,575	139,457	176,058	146,516	184,972	153,934	194,335	161,728	1,616,813
R41 Insurance Premiums	685,660	702,802	720,372	738,381	756,841	775,761	795,156	815,034	835,411	856,296	7,681,714
R51 Contractor Maintenance	2,014,100	2,064,453	2,116,063	2,168,966	2,223,190	2,278,768	2,335,739	2,394,131	2,453,985	2,515,335	22,564,729
S04 Legal Services	190,000	143,500	199,617	150,765	209,725	158,396	220,342	166,415	231,496	174,841	1,845,097
Other Fixed Costs	2,148,197	2,201,902	2,256,949	2,313,374	2,371,208	2,430,487	2,491,250	2,553,531	2,617,369	2,682,804	24,067,071
Allocation of A&G	2,273,199	2,251,162	2,370,493	2,448,706	2,533,503	2,675,051	2,756,751	2,823,853	2,910,214	2,981,254	26,024,187
Subtotal Fixed Costs - Non-Debt	**$ 8,177,230**	**$ 8,231,093**	**$ 8,594,681**	**$ 8,753,488**	**$ 9,095,795**	**$ 9,322,929**	**$ 9,676,139**	**$ 9,834,157**	**$ 10,206,802**	**$ 10,374,442**	**$ 92,266,755**
R57-R58 Debt Service - Bonds	13,183,807	14,299,006	15,514,647	16,631,642	16,628,012	16,627,609	16,630,129	16,634,859	16,636,384	16,630,335	159,416,430
R55 Interest on Short-term Notes	1,558,677	1,591,429	1,540,929	1,468,249	1,853,468	2,262,489	2,530,972	2,670,733	2,810,494	2,950,255	21,237,690
I62 Debt Coverage Payment (DCP)	3,427,790	3,717,742	4,033,808	4,324,227	4,323,283	4,323,178	4,323,834	4,325,063	4,325,460	4,323,887	41,448,272
Subtotal Fixed Costs - Debt	**$ 18,170,274**	**$ 19,608,177**	**$ 21,089,384**	**$ 22,424,118**	**$ 22,804,763**	**$ 23,213,276**	**$ 23,484,935**	**$ 23,630,655**	**$ 23,772,338**	**$ 23,904,477**	**$ 222,102,392**
TOTAL FIXED COSTS	**$ 26,347,503**	**$ 27,839,270**	**$ 29,684,064**	**$ 31,177,606**	**$ 31,900,557**	**$ 32,536,205**	**$ 33,161,073**	**$ 33,464,811**	**$ 33,979,140**	**$ 34,278,919**	**$ 314,369,148**
OTHER REVENUES											
Transmission System Revenue	(34,925,265)	(35,449,144)	(35,980,881)	(36,520,594)	(37,068,403)	(37,624,429)	(38,188,796)	(38,761,628)	(39,343,052)	(39,933,198)	(373,795,390)
Interest Income	(714,289)	(656,490)	(704,693)	(749,672)	(793,561)	(846,689)	(889,922)	(933,069)	(976,308)	(1,019,452)	(8,284,145)
Other Revenue	(102,750)	(105,319)	(107,952)	(110,650)	(113,417)	(116,253)	(119,159)	(122,137)	(125,191)	(128,321)	(1,151,149)
TOTAL OTHER REVENUES	**$ (35,742,304)**	**$ (36,210,953)**	**$ (36,793,526)**	**$ (37,380,916)**	**$ (37,975,382)**	**$ (38,587,371)**	**$ (39,197,877)**	**$ (39,816,834)**	**$ (40,444,551)**	**$ (41,080,971)**	**$ (383,230,685)**
TOTAL COSTS / (REVENUE)	**$ (9,394,801)**	**$ (8,371,683)**	**$ (7,109,462)**	**$ (6,203,310)**	**$ (6,074,824)**	**$ (6,051,167)**	**$ (6,036,804)**	**$ (6,352,023)**	**$ (6,465,411)**	**$ (6,802,052)**	**$ (68,861,537)**
Monthly Charge	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	

TEXAS MUNICIPAL POWER AGENCY
FY25-34 Transmission Capital Plan

NEW DEBT FUNDED TRANSMISSION PROJECTS	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	10-YEAR TOTALS
DME											
T24001 Brazos Interconnection at Denton West Interchange	2,280,400										2,280,400
Industrial Substation Bypass	**160,000**										**160,000**
West Denton - Security Wall and XFMR Physical Protection	**1,400,000**										**1,400,000**
Denton West Erosion Fix	**750,000**	**750,000**									**1,500,000**
Spencer Interchange to Pockrus T-line Reconstruction				**5,690,000**	**1,600,000**						**7,290,000**
Denton West Auto Transformer					**6,000,000**	**6,200,000**					**12,200,000**
Denton West Panel 8090 Replacement	**96,800**										**96,800**
West Loop 288 - West Denton to Fort Worth T-line relocation for New ROW	**1,200,000**	**2,100,000**									**3,300,000**
West Loop 288 - Masch Branch to North Denton T-line Relocation for New ROW	**1,200,000**	**2,100,000**									**3,300,000**
East Loop 288 and Hwy 380 TML Reroute		**1,500,000**	**800,000**								**2,300,000**
GP&L											
T21005 Pruitt 138kV Terminal Addition (Pink Solar Termination & Line)	1,000,000	2,000,000	250,000								3,250,000
T22003 Steep Hollow to Dansby - Rebuild Transmission Leaning Structures	19,381,000										19,381,000
T22004 GNIN to Pruitt New Line & Station (Makalu Solar)	2,000,000	2,000,000	8,100,000								12,100,000
T22005 Rayburn Country 138kV POI	75,000										75,000
T24003 Shelby to Nevada Transmission Line Extension	2,000,000										2,000,000
Buffalo Prairie Storage (150 MW)	**2,000,000**	**4,000,000**	**4,200,000**								**10,200,000**
Lavon Storage (250 MW)			**8,500,000**	**1,000,000**							**9,500,000**
Dansby - Upgrade Carrier Equipment	**285,000**										**285,000**
Transformer Dissolved Gas Monitor	**108,750**										**108,750**
Yellow Creek Cut-in to Gibbons Creek-Limestone	**100,000**										**100,000**
Misc. capital projects, failed equipment, modifications, instrument transformer replacements	**1,000,000**	**1,000,000**	**1,000,000**								**3,000,000**
TOTAL DEBT FUNDING REQUIREMENT	**$35,036,950**	**$15,450,000**	**$22,850,000**	**$ 6,690,000**	**$ 7,600,000**	**$ 6,200,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$93,826,950**

***Does not yet have Board approval**

*Projects to be reimbursed by TXDOT

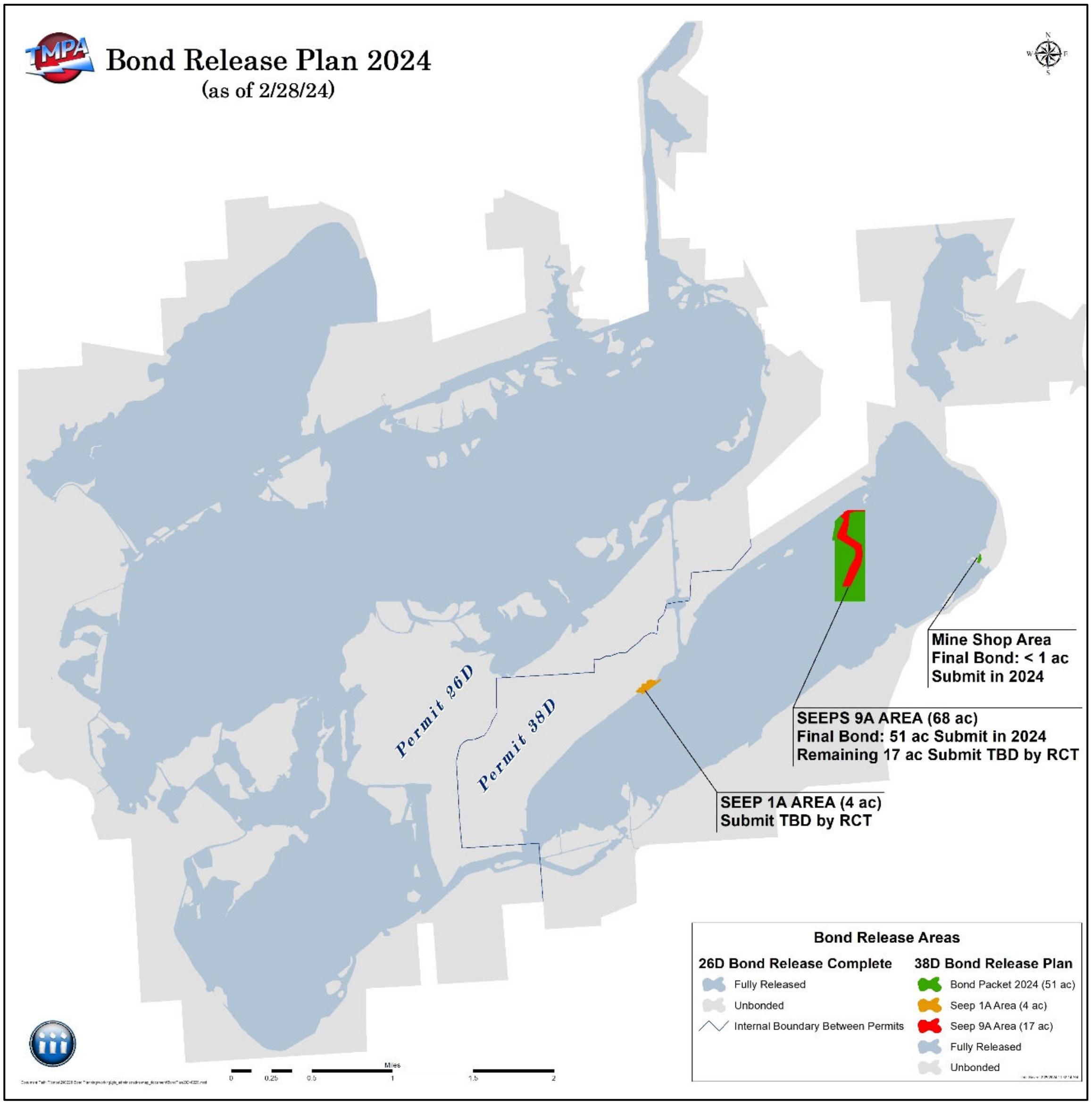
MINE

MINE STRATEGY & KEY BUDGET ASSUMPTIONS

Bond Release

TMPA's plan for the release of reclamation bonds on the Gibbons Creek Lignite Mine property is depicted in Figure 1. A bond release application for the areas depicted in green is being prepared for submittal in the spring of 2024. The areas depicted in red (Seep 9A), and orange (Seep 1A) are being monitored, and a date for submittal remains to be determined with the Railroad Commission.

Figure 1 – Plan for Final Bond Release (as of 02/28/24)



The status of bond release is summarized in Table 1. Items shown in the table in green have been completed; items in red remain to be submitted. All areas in Permit 26D have been released, and the Railroad Commission formally closed the permit on 11/15/23. There are 72 acres remaining to be released in the Permit 38D area consisting of the Seep 1A Area (4 acres), Seep 9A Area (68 acres), and the Mine Reclamation Shop Area (less than 1 acre).

Table 1 – Plan and Status of Final Bond Release (as of 2/28/24)

Bond Release applications	**TMPA property (acres)**	**Leased property (acres)**	**Total (acres)**	**Status**
Total Released in Permits 26D and 38D	7,132 acres (99.0% of former TMPA property)	1,608 acres (100% of leased property)	8,740 acres (99.2% of total)	Released
38D – Seep 9A sides slopes (51 acres) + Mine Reclamation Shop (< 1 acre)	51	0	51	Submit 2024
38D – Seep 9A bottom (17 acres) + Seep 1A (4 acres)	21	0	21	Submit – TBD
TOTAL (both permits)	**7,204 (TMPA property)**	**1,608 (Leased property)**	**8,812 (Total bonded)**	

Seep 9A and Mine Reclamation Shop Bond Release

TMPA completed construction work at Seep 9A in the summer of 2023 and will complete the planting of permanent vegetation in the spring of 2024.

The next step is bond release. Preliminary discussions with Railroad Commission Staff have indicated that the side slopes at Seep 9A (51 acres), much of which has already been released from Phase I (a release of 60% of the bonding money), are eligible for final bond release (the remaining 40%). The bond release application is being prepared for submittal in the spring of 2024. It will also include the Mine Reclamation Shop area (less than 1 acre). If the Railroad Commission approves this application before 10/1/26, TMPA will be able to recover $347K (51 acres x $6,802 per acre) from the escrow account established when the mine was sold in 2021.

This will leave 17 acres of the flat bottom of the Seep 9A drainage still under full bond. TMPA will continue monitoring the quality of the seep water, which is now underground, and discuss the results with Railroad Commission Staff in the summer of 2024 to determine a suitable time to apply for final bond release on this area.

Seep 1A Bond Release

TMPA completed construction work at Seep 1A in the summer of 2023 and will complete the planting of permanent vegetation in the spring of 2024. TMPA will continue monitoring the quality of the seep water, which is being discharged from the wetland that is in the last of three stages of mitigation. TMPA will discuss the results with Railroad Commission Staff in the summer of 2024 to determine a suitable time to apply for final bond release of the 4 acres on this area.

Land Ownership

The Pond SP-50 property (723 acres) is still owned by TMPA. It was not part of the mine sale on 12/22/21 because it is physically separate from the rest of the mine and because Pond SP-50 is classified by TCEQ as a “High Hazard” structure owing to its potential to cause damage downstream if breached. This area was released from the mine reclamation bond on 9/20/22. It is therefore now completely unencumbered by any reclamation liabilities.

TMPA received authorization from the Board to hire a real-estate broker to sell this property in June 2022 (Resolution No. 2022-6-1). For a while, the market was soft, but it is firming up (spring of 2024), and TMPA has relisted the property.

Budget for the Mine Business Unit

With the closure of Permit 26D in November 2023, TMPA is only concerned with the remaining bonded land in Permit 38D. Parts of this area consist of Seeps 1A and 9A, which may be subject to monitoring for an extended period. The FY25 Mine budget pro forma provides a budget out to FY29 assuming all regulatory requirements have been satisfied and all bonding has been released. This covers potential expenses associated with sampling of seeps, groundwater monitoring wells, and wastewater discharges from Pond SP-20, monthly Railroad Commission inspections, annual mine reclamation bonding renewals, annual mine permit fees, and associated reporting.

The budget continues to reflect the reduced workload for the mine reclamation contractor. The mine reclamation contractor will be working with a reduced labor force to manage essential activities such as erosion repair and vegetation maintenance in the remaining bonded areas.

Since the area that requires mine reclamation bonding has been significantly reduced, TMPA decided to start collateralizing the bonds with cash instead of Letters of Credit in FY23. This has resulted in much lower expenses. A cash bond of $1.6 million was filed with the Commission on 2/7/23 and will be reduced as mine reclamation bonds are released.

Following the sale of the mine property in December 2021, the mine business unit has reduced its scope, staffing, and budget. It has no full-time employees; Daniel Meadows provides partial support as the General Manager, and Jan Horbaczewski provides partial support as a consultant.

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY24's Approved Budget - Mine

	FY24 Approved Budget	FY25 Projection	(Under) Over Budget	% Change	Explanation Reference*
FIXED COSTS					
L01 Labor & Benefits	36,248	-	(36,248)	-100.0%	1
M44 Mine Maintenance	165,000	180,000	15,000	9.1%	
R51 Contractor Maintenance	35,000	35,000	-	0.0%	
S02 Consulting Services	165,000	165,000	-	0.0%	
S04 Legal Services	65,000	60,000	(5,000)	-7.7%	
Other Fixed Costs	20,295	20,630	335	1.7%	
Allocation of A&G	248,444	177,354	(71,090)	-28.6%	2
TOTAL FIXED COSTS	**$ 734,987**	**$ 637,984**	**$ (97,003)**	**-13.2%**	
OTHER REVENUES					
Interest Income	(22,842)	(22,335)	507	2.2%	
TOTAL OTHER REVENUES	**$ (22,842)**	**$ (22,335)**	**$ 507**	**2.2%**	
TOTAL COSTS	**$ 712,145**	**$ 615,649**	**$ (96,496)**	**-13.6%**	

* Explanations are provided for changes over $25K AND 5%.

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY24's Approved Budget – Mine

Fixed Costs

1) Labor & Benefits reduced to zero as the budget for Daniel Meadows, General Manager, is now charged to A&G, which in turn is allocated among the three divisions.

2) Allocation of A&G decreased because (a) overall A&G decreased as staff continues to decrease support costs, and (b) more A&G was allocated to Transmission.

TEXAS MUNICIPAL POWER AGENCY
FY25-34 Mine Budget Pro Forma

	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY25-34 Total
FIXED COSTS											
M44 Mine Maintenance	180,000	123,000	63,038	64,612	66,228	-	-	-	-	-	496,878
R51 Contractor Maintenance	35,000	35,875	36,772	37,691	38,633	-	-	-	-	-	183,971
S02 Consulting Services	165,000	138,375	110,314	53,842	55,190	-	-	-	-	-	522,721
S04 Legal Services	60,000	61,500	42,026	43,076	22,076	-	-	-	-	-	228,678
Other Fixed Costs	20,630	21,146	21,675	22,216	21,558	-	-	-	-	-	107,225
Allocation of A&G	177,354	143,013	104,287	86,004	78,637	-	-	-	-	-	589,294
TOTAL FIXED COSTS	**$ 637,984**	**$ 522,909**	**$ 378,112**	**$ 307,441**	**$ 282,322**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,128,767**
OTHER REVENUES*											
Interest Income	(22,335)	(16,702)	(12,577)	(10,735)	(10,066)	-	-	-	-	-	(72,415)
TOTAL OTHER REVENUES*	**$ (22,335)**	**$ (16,702)**	**$ (12,577)**	**$ (10,735)**	**$ (10,066)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (72,415)**
TOTAL COSTS	**$ 615,649**	**$ 506,207**	**$ 365,535**	**$ 296,706**	**$ 272,255**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,056,352**
Monthly Charge	**$ 51,304**	**$ 42,184**	**$ 30,461**	**$ 24,725**	**$ 22,688**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	

Supplemental Information

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY24's Approved Budget - A&G

	FY24 Approved Budget	FY25 Projection	(Under) Over Budget	% Change	Explanation Reference*
FIXED COSTS					
L01 Labor & Benefits	1,286,420	1,277,006	(9,414)	-0.7%	
R06 Bank Charges	5,500	500	(5,000)	-90.9%	
R27 Maintenance Agreements	25,650	25,650	-	0.0%	
R41 Insurance Premiums	764,439	595,486	(168,953)	-22.1%	1
S02 Consulting Services	222,145	230,705	8,560	3.9%	
S04 Legal Services	32,375	39,375	7,000	21.6%	
Other Fixed Costs	381,196	338,623	(42,573)	-11.2%	2
TOTAL FIXED COSTS	**$ 2,717,725**	**$ 2,507,344**	**$ (210,381)**	**-7.7%**	
TOTAL COSTS	**$ 2,717,725**	**$ 2,507,344**	**$ (210,381)**	**-7.7%**	

* Explanations are provided for changes over $25K AND 5%.

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY24's Approved Budget – A&G

<u>Fixed Costs</u>

1) Insurance Premiums decreased primarily due to cyber coverage coming in less than budgeted in FY24.

2) Other Fixed Costs decreased as staff continues to reduce support costs where possible.

TEXAS MUNICIPAL POWER AGENCY
FY25-34 A&G Budget Pro Forma

	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY25-34 Total
FIXED COSTS											
L01 Labor & Benefits	1,277,006	1,169,041	1,204,112	1,240,235	1,277,443	1,315,766	1,355,239	1,395,896	1,437,773	1,480,906	13,153,416
R06 Bank Charges	500	513	525	538	552	566	580	594	609	624	5,601
R27 Maintenance Agreements	25,650	26,291	26,948	27,623	28,313	29,020	29,746	30,490	31,252	32,034	287,367
R41 Insurance Premiums	595,486	610,374	625,634	641,273	657,304	673,737	690,580	707,846	725,542	743,681	6,671,457
S02 Consulting Services	230,705	229,299	242,384	240,906	254,654	253,102	267,547	265,915	281,091	279,377	2,544,980
S04 Legal Services	39,375	40,359	41,368	42,403	43,463	44,549	45,662	46,804	47,975	49,174	441,132
Other Fixed Costs	338,623	346,274	354,816	363,689	372,784	382,213	391,654	401,446	411,485	421,896	3,784,880
TOTAL FIXED COSTS	**$ 2,507,344**	**$ 2,422,151**	**$ 2,495,787**	**$ 2,556,667**	**$ 2,634,513**	**$ 2,698,953**	**$ 2,781,008**	**$ 2,848,991**	**$ 2,935,727**	**$ 3,007,692**	**$ 26,888,832**
TOTAL COSTS	**$ 2,507,344**	**$ 2,422,151**	**$ 2,495,787**	**$ 2,556,667**	**$ 2,634,513**	**$ 2,698,953**	**$ 2,781,008**	**$ 2,848,991**	**$ 2,935,727**	**$ 3,007,692**	**$ 26,888,832**

May 15, 2024

AGENDA ITEM NO. 2A

SUBJECT: Transmission Engineering Working Group Meeting Report

DISCUSSION: The Transmission Engineering Working Group (TEWG) held a meeting on April 30, 2024. Representatives from each member city participated in the meeting. Discussions were held on transmission issues facing TMPA and the member cities.

Attendance:

TMPA:	Daniel Meadows, Lyndi Birkhead
BTU:	Randy Trimble, Mike McMillan
DME:	Jerry Fielder, Mark Zimmerer, Cody Tenorio
GP&L:	Steve Martin, Eric Carter, Steve Zaragoza, Jeremy Harrelson, Grant Winans, Kevin Sills, Mack Baber, David Godfrey, Jacob Cauble, Victor Vaughn
GEUS:	Mark Stapp, Zach McDonald, Josh Scott, Daniel Webb

The following is a summary of the meeting:

1. TMPA Update
    a. Daniel Meadows gave an update on 2024 activities including,
        i. Update on lignite silo implosion at Gibbons Creek
        ii. Upcoming SPCC training for the substations

2. Member City Updates
    a. A general update was provided by each city.

3. New Capital Project Proposals – The following capital proposals were presented to the group for discussion and recommendation. Each of the following proposals were unanimously recommended by the EWG.
    a. DME (Zimmerer)
        i. TMPA 8090 Relay Panel Replacement at Denton West
        ii. Industrial Substation TM Bypass

    b. GP&L (Martin)
        i. Transformer Oil DGA Monitor – Calisto R9
        ii. Relay/Communication Change at Gibbons Creek for CTT Yellow Wolf Solar Project
        iii. Carrier Equipment Upgrade at Dansby-Hearn line
        iv. T17007 Brand Rd. Supplemental – Project Closure
        v. T24002 Spencer Interchange Transformer Upgrade Supplemental

4. Other Items
    a. Discussion regarding the purchase of a new 600 MVA Auto Transformer
        i. GP&L to request quotes and lead time for a new transformer and bring findings back to the group.

    b. Former Spencer Transformer
        i. GP&L to assess options and make a recommendation prior to the next EWG meeting.

    c. Ownership of the Lee Street Connecting Lines between TMPA transmission and a future Lee Street Substation
        i. Considering the scenario where GEUS owns the entire Lee Street Substation, the EWG discussed whether TMPA or GEUS should own the connecting lines. A consensus was not reached (2 for TMPA / 2 for GEUS).

5. Capital Project Review
    a. Review of all approved and unapproved projects in the Transmission Capital Plan

BACKUP MATERIAL: None

ACTION REQUESTED: None

Daniel Meadows
5/7/2024

May 15, 2024

AGENDA ITEM NO. 2B

SUBJECT: GEUS Interconnect Request Relating to the Lee Street Substation

DISCUSSION: On September 12, 2023, GEUS requested an interconnection with TMPA's Greenville Interchange to Shelby 138kV transmission line as part of their 138kV conversion. The request also inquired about the purchase of TMPA's 16.06-acre piece of property (Property ID: 21217) at the NE Corner of Lee St and US Hwy 69 in Greenville for a greenfield distribution substation ("Lee Street Substation"). See Attachment A for photo of this land tract.

At the March 4, 2024 P&O Committee Meeting, ownership of the Lee Street Substation was discussed and tabled for a future meeting.

Process Regarding the Sale of Transmission Assets

As a transmission asset per Section 4.4.1(6) of the JOA (Amendment No. 2), the following are required for the transfer of transmission assets prior to final disposition.

1. "Approved by a Super Majority Vote of the TMPA Board"

   Note: A Super Majority vote requires the affirmative vote of 6 Board members, including the affirmative vote of at least one Board member from each City.

2. "The sale is not less than the net book value of the asset being sold"

   Note: The net book value of the property is $154,004, which is equal to the purchase price in 2007.

3. "The sale does not contravene any bond covenants of any outstanding Debt associated with the asset, including any Transmission Debt."

Per the P&O Committee request at the 3/4/2024 meeting, the TMPA Transmission Asset Ownership policy (Policy F1800) has been amended to read, "The TMPA Board of Directors must approve any changes to this Policy."

BACKUP MATERIAL: Attachment A: 16.06-acre Lee Street property

ACTION REQUESTED: Guidance on the following items:

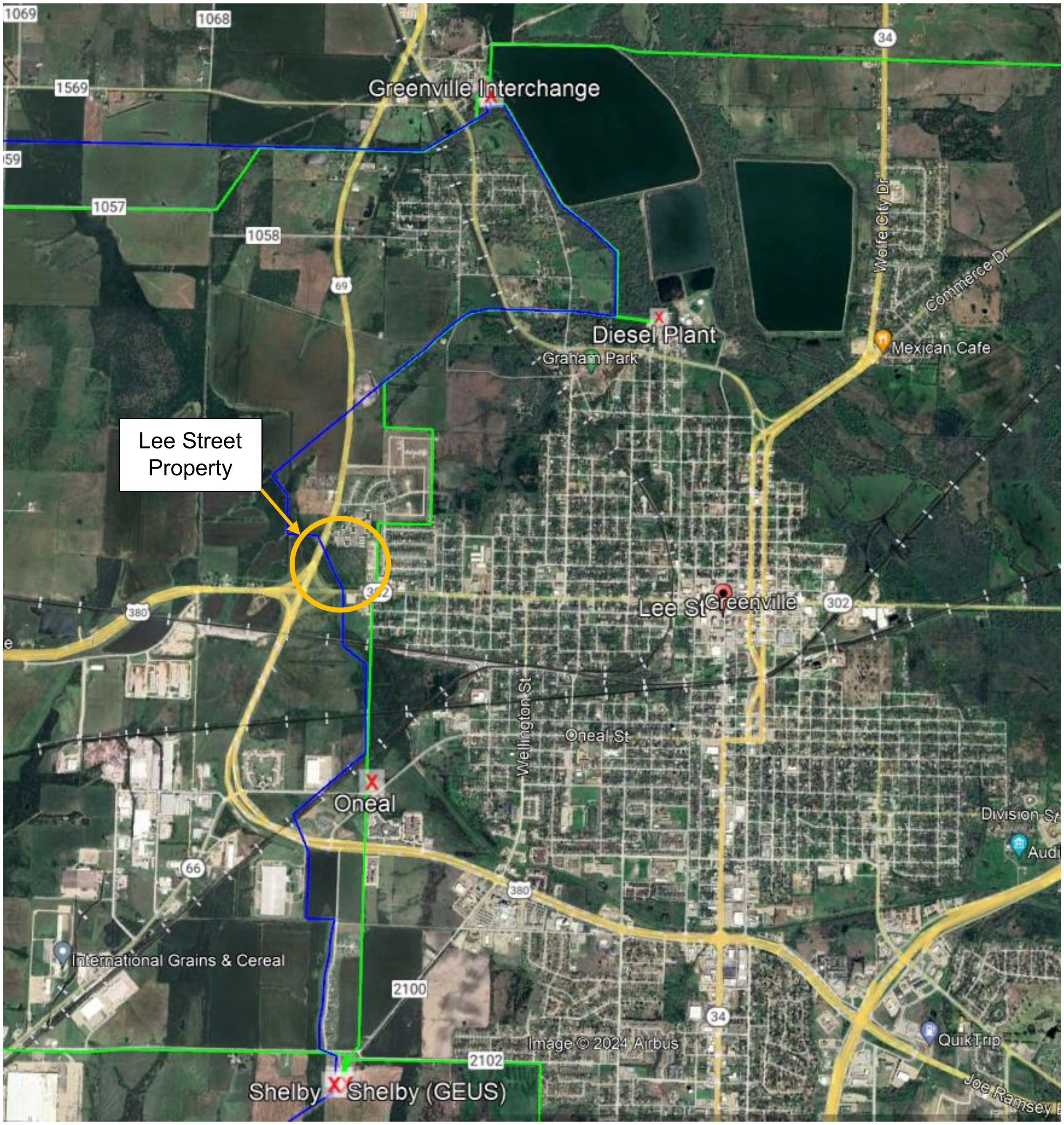
1. Ownership of the Transmission portion of the Lee Street Substation
2. Sale of the 16.06-acre property to Greenville, as applicable
3. Ownership of the connecting lines from TMPA's 138kV line to the Lee Street Substation, as applicable

Daniel Meadows
5/6/2024

Attachment A

16.06-acre piece of property (Hunt County Property ID: 21217) in Greenville owned by TMPA

Lee Street Property in relation to TMPA's Greenville Interchange and Shelby Substations



May 15, 2024

AGENDA ITEM NO. 3A

SUBJECT: Future Meeting Dates

DISCUSSION: The date for the next regularly scheduled P&O Committee meeting is June 17, 2024 (10:00)

TENTATIVE MEETING DATES:	September 11, 2024 (2:00) - Denton Municipal Electric Office December 11, 2024 March 12, 2025

Daniel Meadows
5/7/2024