

JEA
BOARD MINUTES
August 15, 2017

The JEA Board met in regular session on Tuesday, August 15, 2017, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Alan Howard, Frederick Newbill, Tom Petway, Husein Cumber and Kelly Flanagan. Delores Kesler attended telephonically.

Agenda Item I – Welcome

- A.** The meeting was **called to order** at 12:02 PM by Chair Howard.
- B.** A **Moment of Reflection** was observed by all.
- C.** The **Pledge of Allegiance** was led by Chair Howard.
- D.** **Adoption of Agenda** – The agenda was approved on **motion** by Secretary Newbill and second by Mr. Cumber.
- E.** The **Safety Briefing** was given by Paul McElroy, Managing Director/Chief Executive Officer.
- F.** **Sunshine Law/Public Records Statement** – Jody Brooks, Chief Legal Officer, stated this Board Meeting is being held in compliance with Florida’s Government in the Sunshine Law, §286.011. The complete statement can be found in section I. F. of the Board package.

Agenda Item II – Presentations and Comments

- A. Comments from the Public –**
 - 1. Diane Royal, addressed the Board regarding smart meters.
 - 2. Scott Kennelly, addressed the Board regarding smart meters and water quality.
- B. Council Liaison’s Comments** – Council Member Matt Schellenberg thanked the JEA staff for providing a review of the JEA FY2018 budget prior to the August 18, 2017 City Council Finance Committee budget meeting.
- C. Office of the Mayor Liaison’s Comments** – Dr. Gaffney advised the Board that the Mayor sends his thanks and appreciation for the hard work of the JEA employees.
- D. Nassau County’s Ex-Officio Representative’s Comments** – Mr. Mullin was not in attendance.
- E. 2017 J. D. Power Electric Residential Results** – Kerri Stewart, Chief Customer Officer, provided an overview of the six drivers that are part of the J.D. Power Residential Results including Power Quality & Reliability, Price, Billing & Payment, Corporate Citizenship, Communications and Customer Service and JEA’s final results for the year. Ms. Stewart advised that, overall, JEA’s score increased by 44 points to 747, ranking JEA in the top quartile.
- F. JEA Billing & Collections** – Kerri Stewart, Chief Customer Officer, provided the Board with an overview of JEA’s timeline for billing and collection. Ms. Stewart also advised of various forms of communication used to alert customers of pending

disconnection, the payment extension options, and bill management options provided to customers to assist them in managing their accounts.

Agenda Item V – For Board Consideration

A. Consent Agenda – used for items that require no explanation, discussion or presentation and are approved by one motion and vote. On **motion** by Ms. Flanagan and second by Secretary Newbill, item 1 on the Consent Agenda was unanimously approved and items 2 through 4 were received for information.

1. Approval of Board Meeting Minutes July 18, 2017 – approved
2. Monthly JEA Financial Review & Statements – received for information
3. Monthly JEA Operations Report – received for information
4. Monthly FY17 Communications & Engagement Calendar and Plan Update – received for information

B. Strategic Discussions/Action

1. Cedar Bay Transmission Service Conversion – Mike Brost, Vice President/General Manager, Electric Systems, advised the Board of Amendment #2 to Interconnection and Transmission Service Agreement to convert the existing transmission service provided by the Cedar Bay Agreement to transmission service under JEA's Board approved Open Access Transmission Tariff (OATT). Mr. Brost advised that there would be no change in the character of service or price. On **motion** by Ms. Flanagan and second by Mr. Petway, the Amendment was approved by the Board.
2. Water Supply Sustainability Plan – Brian Roche, Vice President/General Manager, Water/Wastewater Systems, provided the Board with a history of the JEA Water/Wastewater department. Mr. Roche advised the Board of the current water supply and conditions JEA must meet to maintain permits from the St. Johns River Water Management District. Mr. Roche provided information on JEA's significant investments to increase water supply capacity, JEA's implementation of the Total Water Management Plan and how innovative application of technologies will help with future water demand. This item was received for information.
3. Recommendation to Call a Public Hearing to Modify the Water and Sewer Rate Document – Melissa Dykes, Chief Financial Officer, explained to the Board that JEA and the City of Jacksonville previously entered into an agreement whereby the City would process JEA's solid waste and JEA would process the City's landfill leachate. The net cost of these services at the time of the agreement was \$0.39 per hundred gallons. Since that time, JEA has modified the wastewater treatment process and now has a beneficial reuse for the solid waste. As a result, JEA is no longer using the City's landfill to dispose of this waste. Ms. Dykes advised that a cost of service study highlighted the leachate rate as an area that needs further analysis. Ms. Dykes stated that JEA is evaluating the most economical way to treat the leachate going forward. The proposed rate will cover the marginal cost of leachate treatment while the evaluation of the treatment process is completed. Based on the results of a study conducted by Stantec, an external consultant, JEA staff is recommending that the Board call a public hearing to modify the Water and Sewer Rate Document to include a leachate treatment rate of \$5.16 charge per 100 gallons. On **motion** by Mr. Cumber

and second by Secretary Newbill, the Board approved a rate hearing to be held at the September 19, 2017 Board meeting.

4. Monthly Operational and Financial Review – Melissa Dykes, Chief Financial Officer, reviewed the operational and financial results for the period ending July 31, 2017. This item was received for information.
- C. Open Discussion** – Board Members held discussions regarding open positions on the Public Service Commission.
- D. Other New Business** – Paul McElroy, Managing Director/Chief Executive Officer, requested the Board to call a rate hearing for the Electric System Rate Tariff specifically to expand the SolarSmart Program for large commercial customers. On **motion** by Secretary Newbill and second by Mr. Cumber, the Board approved a rate hearing to be held at the September 19, 2017 Board meeting.
- E. Old Business** – The Chair advised that the land swap agreement is progressing.

Agenda Item IV – Reports

- A. Finance and Audit Committee Report** – Kelly Flanagan, Committee Chair
1. Approval of Minutes – May 8, 2017 – On **motion** by Mr. Petway and second by Vice Chair Kesler, the minutes were approved.
 2. Approval of Annual Internal Audit Plan – On **motion** by Mr. Petway and second by Committee Chair Flanagan, the annual internal audit plan was approved.
 3. Annual Approval of Audit Services Charter – On **motion** by Mr. Cumber and second by Vice Chair Kesler, the audit services charter was approved.
 4. Audit Services – Quarterly ERM/Audit Update – received for information
 5. Ethics Officer Quarterly Report – received for information
 6. Ernst & Young FY2017 Annual Financial Audit Plan – On **motion** by Secretary Newbill and second by Mr. Petway, the E&Y FY2017 annual financial audit plan was approved.
 7. Electric System and Water and Sewer System Reserve Fund Quarterly Report – received for information
 8. JEA Commercial Natural Gas Sales – received for information
 9. Plant Vogtle Update – received for information
 10. JEA Energy Market Risk Management Policy Report – received for information
 11. Announcements
 - a. Next Meeting, December 5, 2017, 12:00 – 2:00 PM
- B. Managing Director/CEO's Report** – Paul McElroy, Managing Director/CEO provided an updated on the following items:
1. Budget Hearing for City Council Finance Committee to be held Friday, August 18, 2017.

- 2. Comprehensive Solar Strategy including large scale economic development of solar generating capabilities within the county, expansion of Solar Smart and Net Metering will be presented in a future workshop.
 - 3. Financial Results – includes favorable trends and opportunities for further debt reduction
 - 4. Florida Department of Environmental Protection (FDEP) Consultant Review of JEA’s Capacity Management, Operations and Maintenance (CMOM) current program will be presented to the Board at a future meeting.
 - 5. August 26, 2017 is Lineman Appreciation Day
- C. Chair’s Report** – Chair Howard requested Mr. McElroy provide a Plant Vogtle update. Through the Chair, Mr. Petway requested an update on our preparedness for hurricane season, pension reform and the new JEA building.

Through the Chair, Mr. Cumber requested a comprehensive report on Plant Vogtle economics, the financial impact to JEA and triggers being monitored for action.

The Chair thanked JEA staff for their hard work and the Board Members for their time and participation.

Agenda Item V – Closing Considerations

- A. Announcements** – Next Board Meeting – September 19, 2017
- B. Adjournment**

With no further business claiming the attention of the Board, Chair Howard adjourned the meeting at 1:39 PM.

APPROVED BY:

SECRETARY

DATE: _____

Board Meeting recorded by:

Cheryl W. Mock
Executive Assistant