

JEA
BOARD AGENDA

DATE: August 15, 2017

TIME: 12:00 PM

PLACE: JEA
21 West Church Street
19th Floor

I. WELCOME

- A. Call to Order
- B. Time of Reflection
- C. Pledge to Flag
- D. Adoption of the Agenda
- E. Safety Briefing
- F. Sunshine Law/Public Records Statement – Jody Brooks, Chief Legal Officer

II. PRESENTATIONS AND COMMENTS

- A. Comments from the Public
- B. Council Liaison’s Comments – Matt Schellenberg
- C. Office of the Mayor Liaison’s Comments – Dr. Johnny Gaffney
- D. Nassau County’s Ex-Officio Representative’s Comments – Mike Mullin
- E. 2017 J. D. Power Final Electric Residential Results – Kerri Stewart, Chief Customer Officer
- F. JEA Billing & Collections – Kerri Stewart, Chief Customer Officer

III. FOR BOARD CONSIDERATION

- A. Consent Agenda – The Consent Agenda consists of agenda items that require Board approval but are routine in nature, or have been discussed during previous public meetings of the Board. The Consent Agenda items require no explanation, discussion or presentation, and are approved by one motion and vote.
 - 1. Approval of Board Meeting Minutes July 18, 2017 – **action**
 - 2. Monthly JEA Financial Review & Statements – information

3. Monthly JEA Operations Report – information
 4. Monthly FY17 Communications & Engagement Calendar and Plan Update – information
- B. Strategic Discussions/Action
1. Cedar Bay Transmission Service Conversion – Mike Brost, Vice President/General Manager, Electric Systems – 5 minutes – presentation/**action**
 2. Water Supply Sustainability Plan – Brian Roche, Vice President/General Manager, Water/Wastewater Systems – 15 minutes – presentation/information
 3. Recommendation to Call a Public Hearing to Modify the Water and Sewer Rate Document – Melissa Dykes, Chief Financial Officer – 10 minutes – presentation/**action**
 4. Monthly Operational and Financial Review – Melissa Dykes, Chief Financial Officer – 10 minutes – presentation/information
- C. Open Discussion
- D. Other New Business
- E. Old Business – none

IV. **REPORTS**

- A. Finance and Audit Committee Report – Kelly Flanagan, Committee Chair
1. Approval of Minutes – May 8, 2017 – **action**
 2. Approval of Annual Internal Audit Plan – **action**
 3. Annual Approval of Audit Services Charter – **action**
 4. Audit Services – Quarterly ERM/Audit Update – information
 5. Ethics Officer Quarterly Report – information
 6. Ernst & Young FY2017 Annual Financial Audit Plan – **action**
 7. Electric System and Water and Sewer System Reserve Fund Quarterly Report – information
 8. JEA Commercial Natural Gas Sales – information
 9. Plant Vogtle Update – information
 10. JEA Energy Market Risk Management Policy Report – information
 11. Announcements
 - a. Next Meeting, December 5, 2017, 12:00 – 2:00 PM

- 12. Committee Discussion Sessions
 - a. Ernst & Young – information
 - b. Director, Audit Services – information
 - c. Council Auditor’s Office – information

B. Managing Director/CEO’s Report

C. Chair’s Report

V. CLOSING CONSIDERATIONS

A. Announcements – Next Board Meeting September 19, 2017

B. Adjournment

Board Calendar

Board Meetings: 12:00 PM – Third Tuesday of Every Month
 Exceptions: November 28, 2017 and December 12, 2017

Committees:

Finance & Audit Committee: December 5, 2017 – 12:00 PM

Compensation Committee: TBD

Government Affairs Committee: TBD

A. If you have a disability that requires reasonable accommodations to participate in the above meeting, please call **665-7550** by **8:30 AM** the day before the meeting and we will provide reasonable assistance for you.
 B. If a person decides to appeal any decision made by the JEA Board with respect to any matter considered at this meeting, that person will need a record of the proceedings, and, for such purpose, needs to ensure that verbatim record of the proceedings is made, which record includes the evidence and testimony upon which the appeal is to be based.



INTER-OFFICE CORRESPONDENCE

August 9, 2017

SUBJECT: BOARD MEETING AGENDA

FROM: Melissa Charleroy and Cheryl Mock, JEA Executive Assistants

TO: All Members, JEA Board of Directors

Scheduled times and locations for JEA meetings to be held **Tuesday, August 15, 2017**, are as follows:

12:00 PM Board Meeting 19th Floor, JEA Tower

We are looking forward to seeing you on the 15th. Please call Melissa Charleroy at 665-7313 or Cheryl Mock at 665-4202 if you require additional information.

/mmc

cc:

P. McElroy
J. Brooks
M. Brost
P. Cosgrave
M. Dykes
A. Hiers

M. Hightower
T. Hobson
B. Roche
K. Stewart
J. Bryant
G. Boyce

S. Tuten
M. Charleroy
C. Mock
B. Taylor
M. Ruiz-Adams
D. Swain

W. Stanford
M. Evans
J. Gutos
L. Bartley
S. Datz
J. Gabriel, OGC

e-copy:

Brandon Edwards
Security Desk
Security Office
Brandi Sneed
Russell Park
Ted Delay
Timothy Chrisp

I. F.
8/15/2017

I. F.
Sunshine Law/Public Records Statement

Florida's Government in the Sunshine Law
Office of General Counsel

This meeting is being held in compliance with Florida's Government in the Sunshine Law, §286.011, Florida Statutes, and shall be open to the public at all times. Official acts of the JEA Board may be conducted at this meeting that will be considered binding on the JEA. Reasonable notice has been provided and minutes of this meeting shall be taken and promptly recorded.

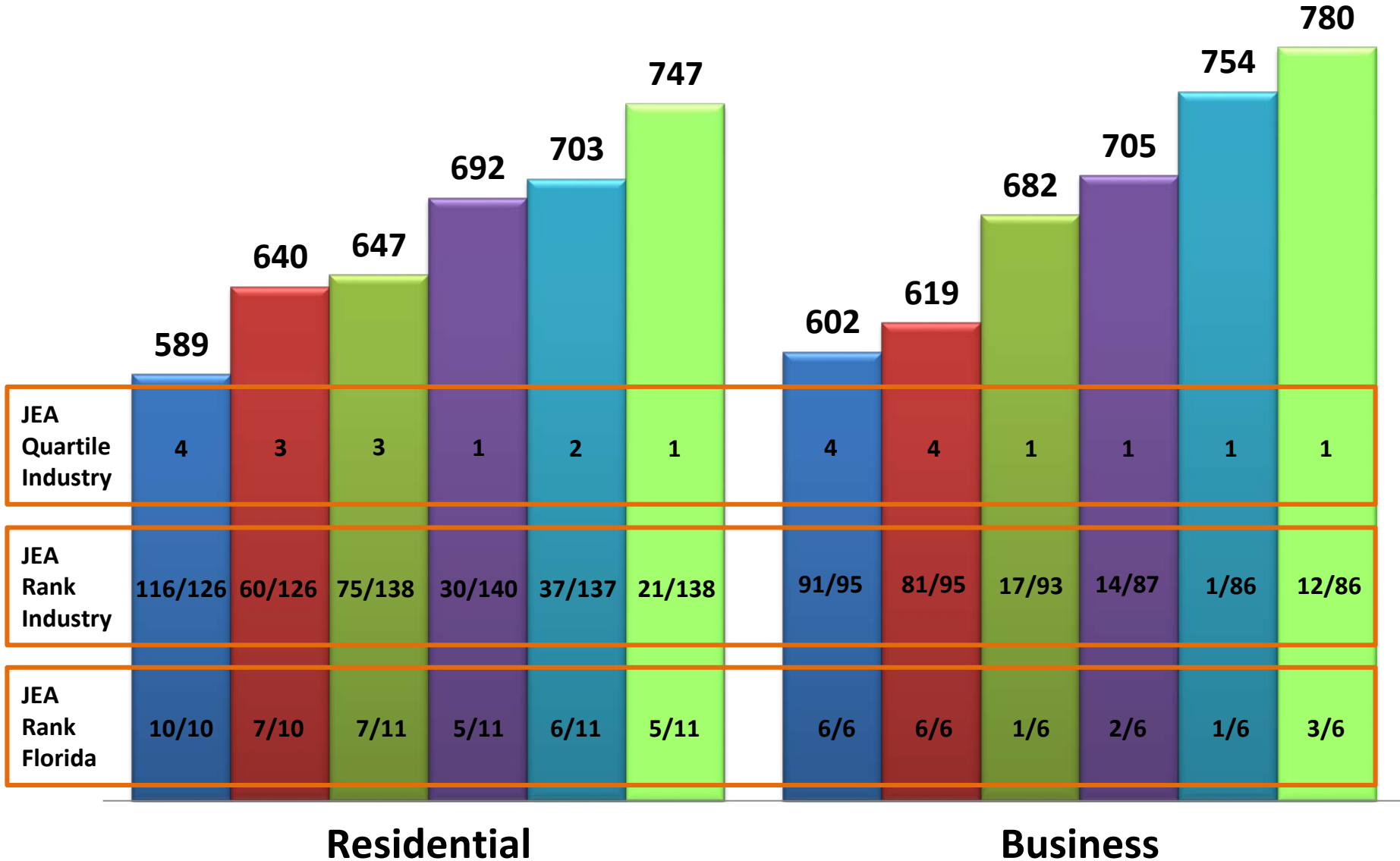
II. E.
2017 J. D. Power Final Electric Residential Results

JD Power Residential Survey 2017 Final Results

Summary

Customer Satisfaction Index Scores

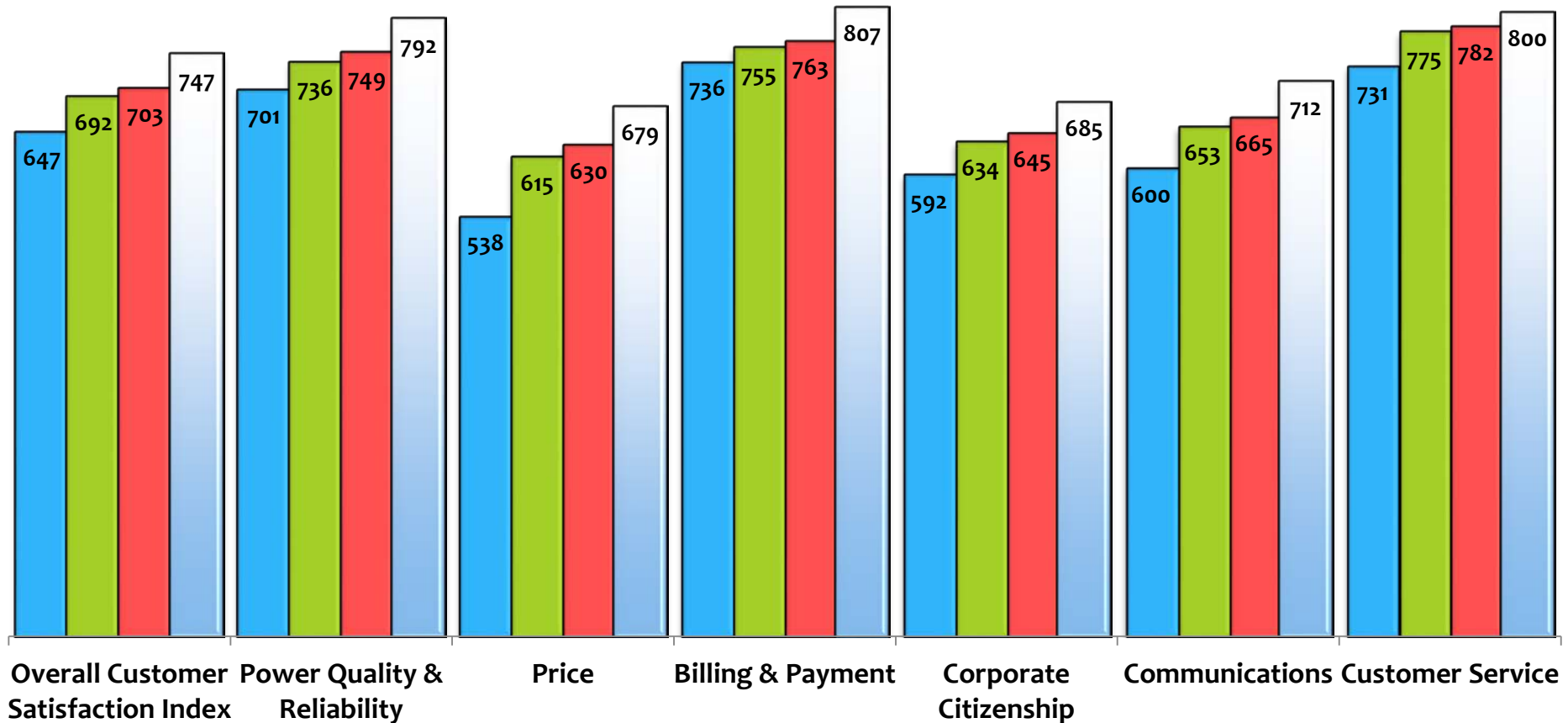
■ 2012
 ■ 2013
 ■ 2014
 ■ 2015
 ■ 2016
 ■ 2017



Year-Over-Year Index Score Comparisons

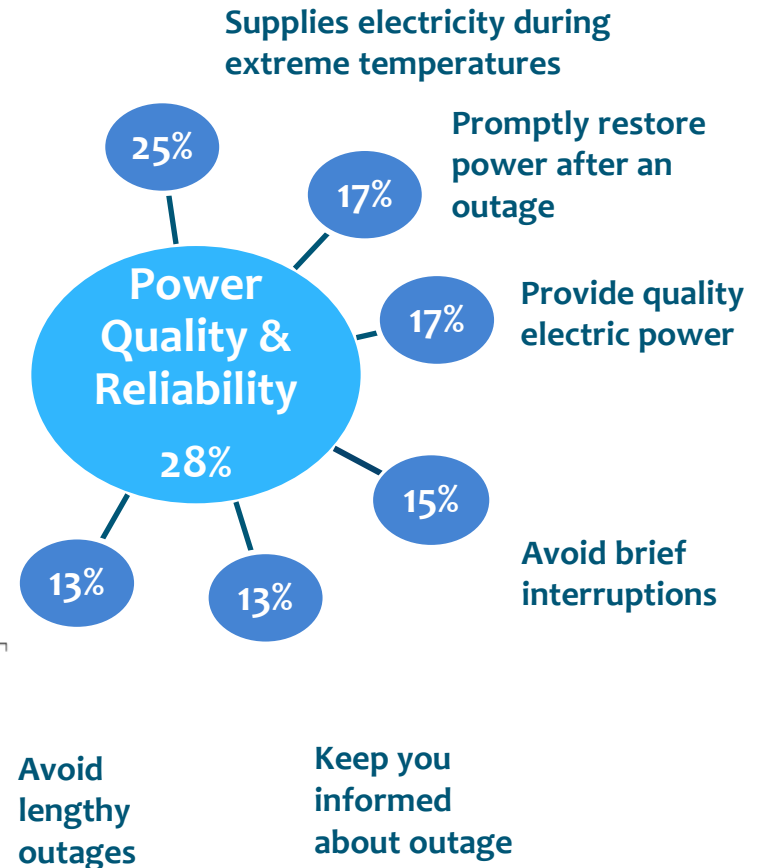
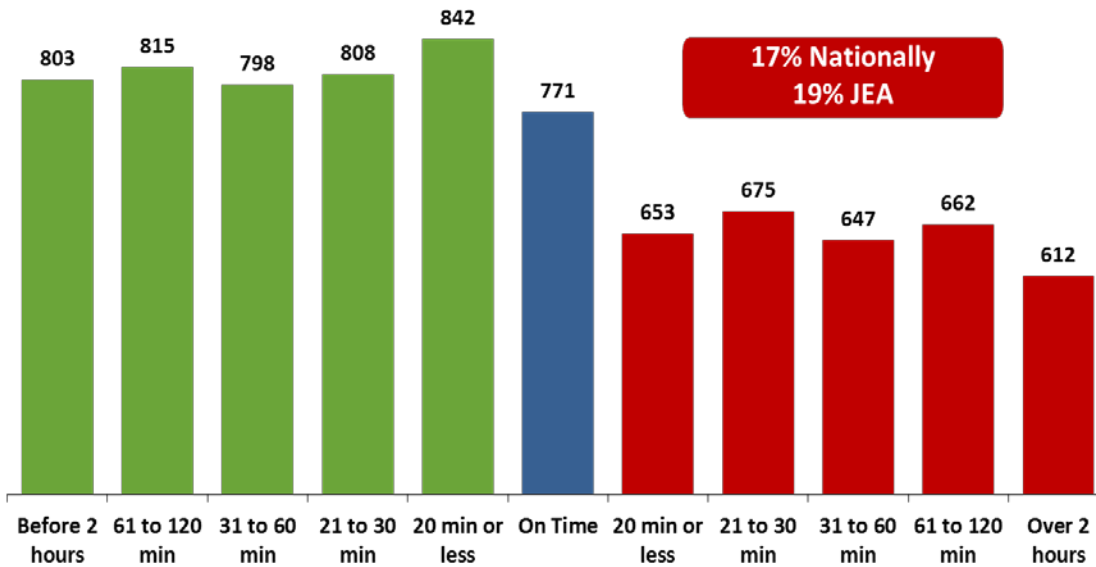
JEA: Overall CSI and Factor Performance

2014 2015 2016 2017



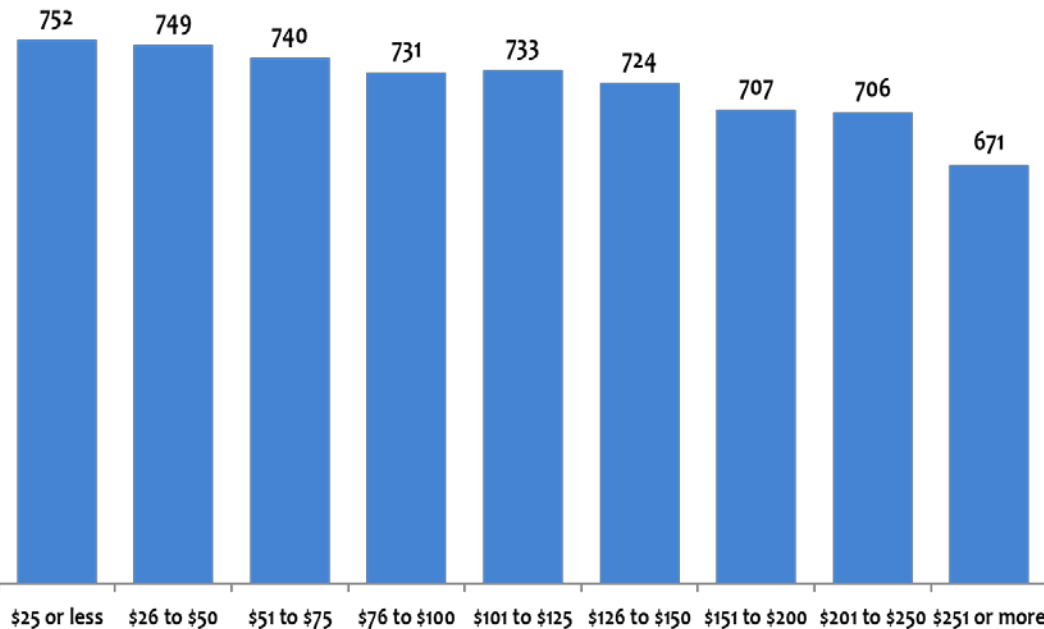
PQ&R Driver and Attribute Weights

Important to PQ&R Improvement is the Actual Restoration Time Relative to the Estimated Restoration Time

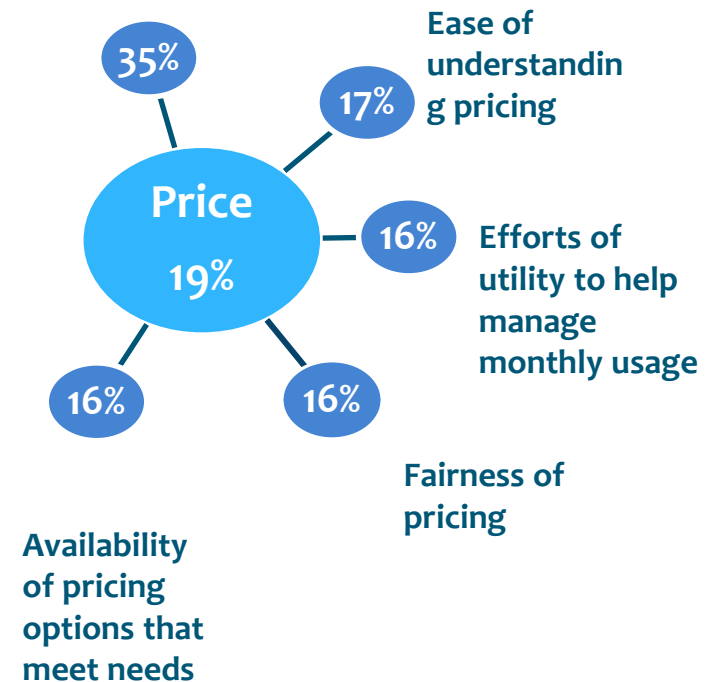


Price Driver and Attribute Weights

On average, prices act as a slight downward pressure on customer satisfaction if the customer perceives no other value than basic services.

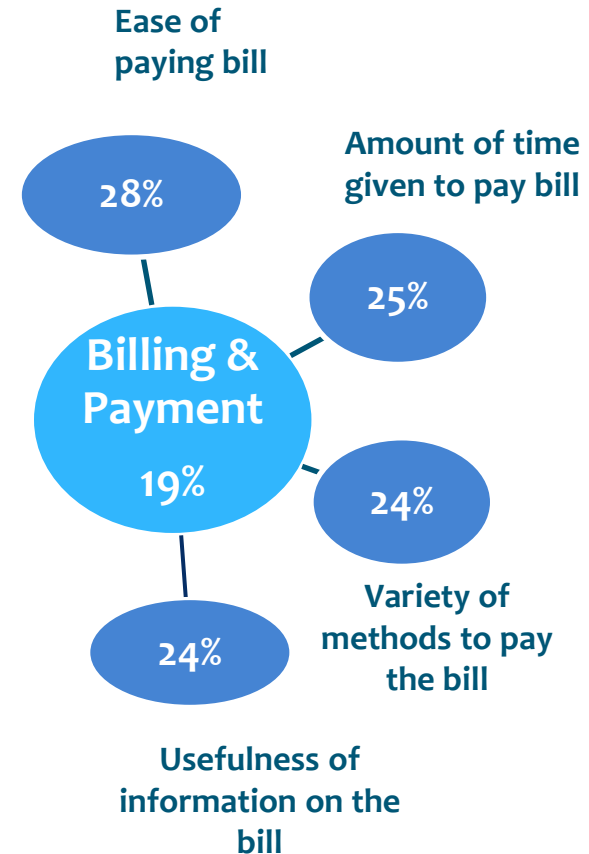
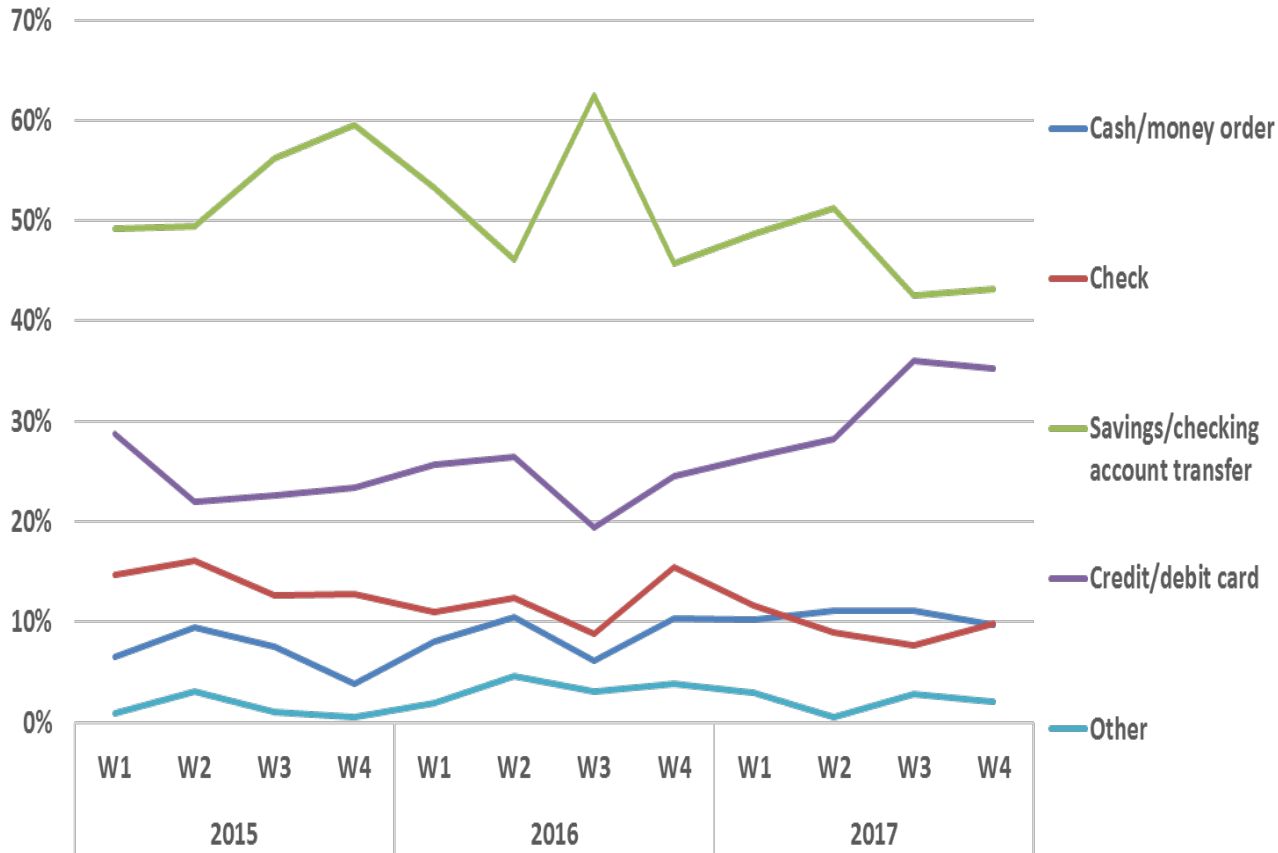


Total monthly cost of electric service



Billing & Payments Driver and Attribute Weights

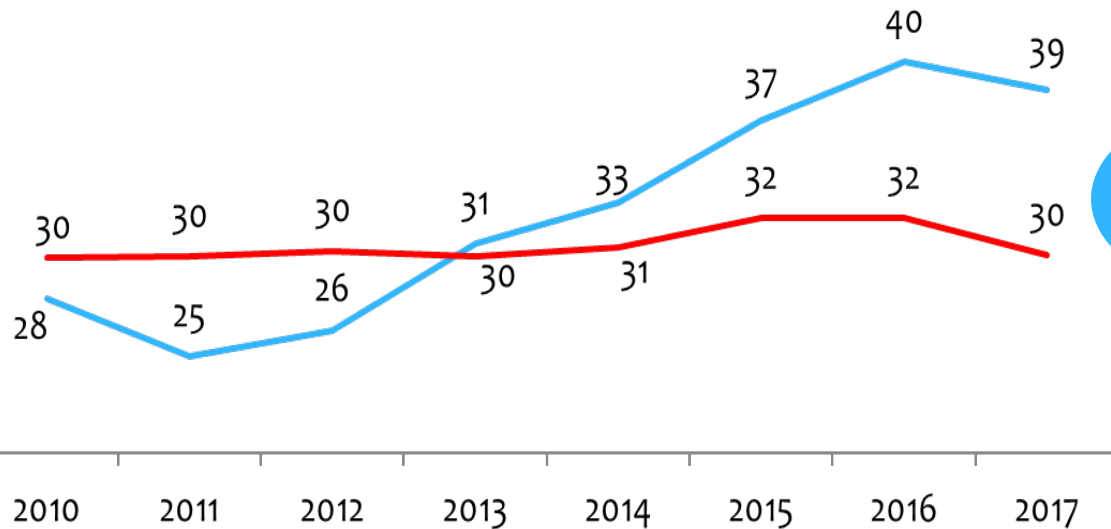
JEA Billing & Payment Trends



Corporate Citizenship Driver and Attribute Weights

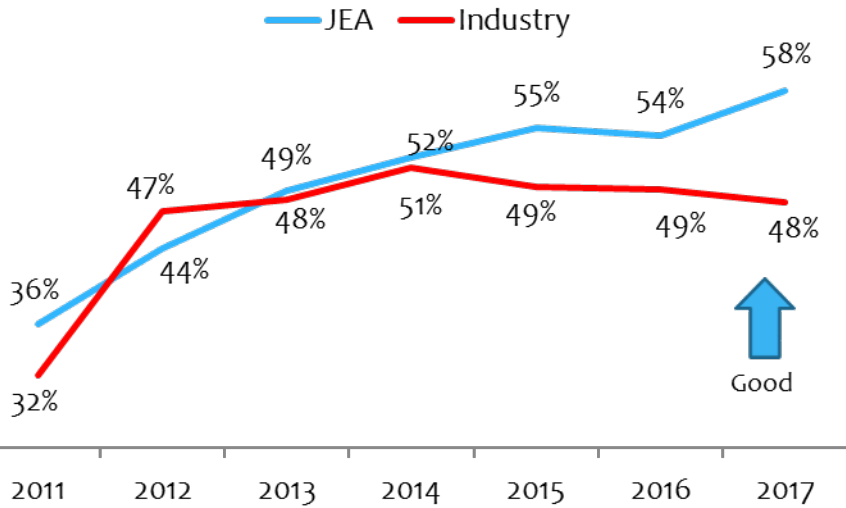
Aware of Utility Efforts to Improve Impact on Environment(%)

— JEA — Industry

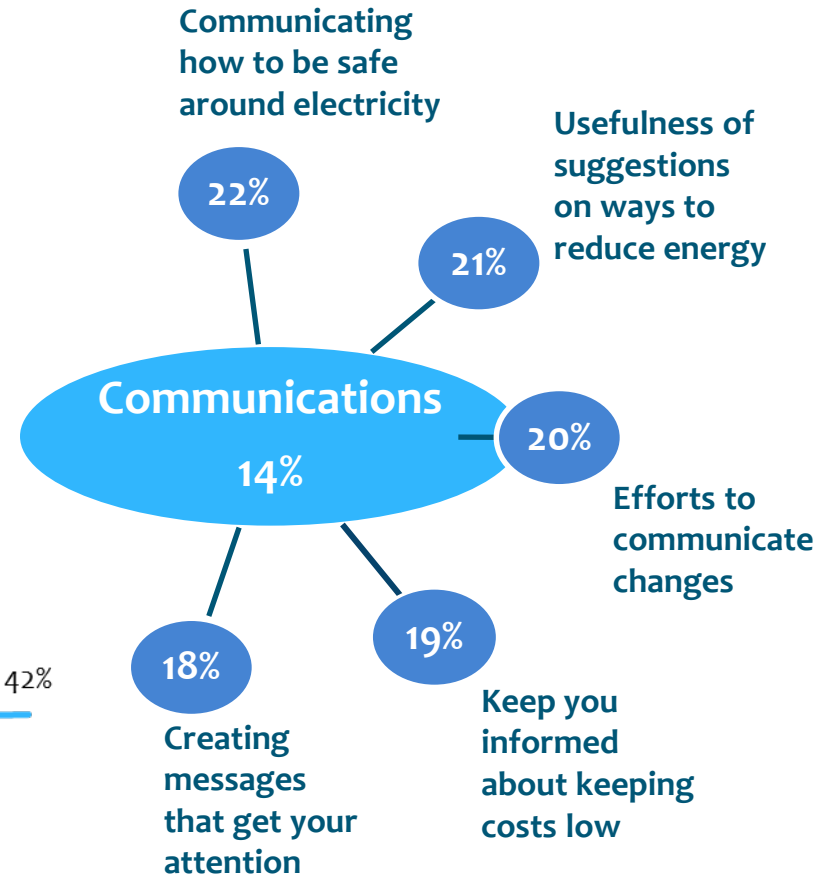
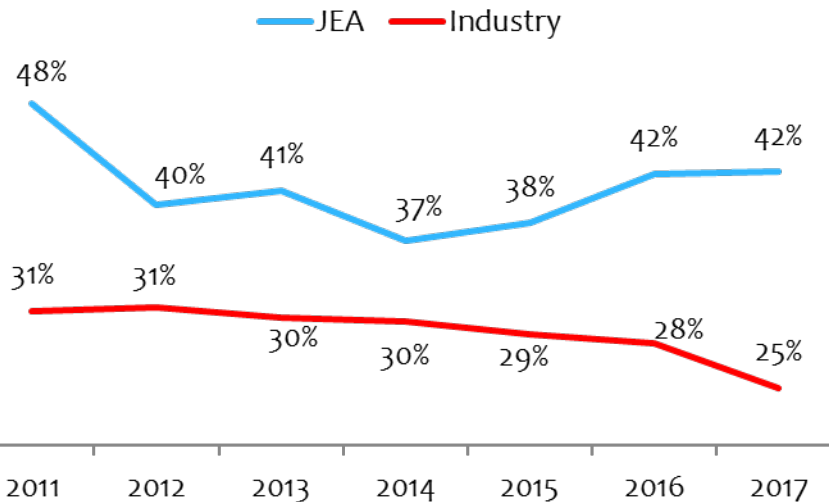


Communications Driver and Attribute Weights

Recall Utility Communication

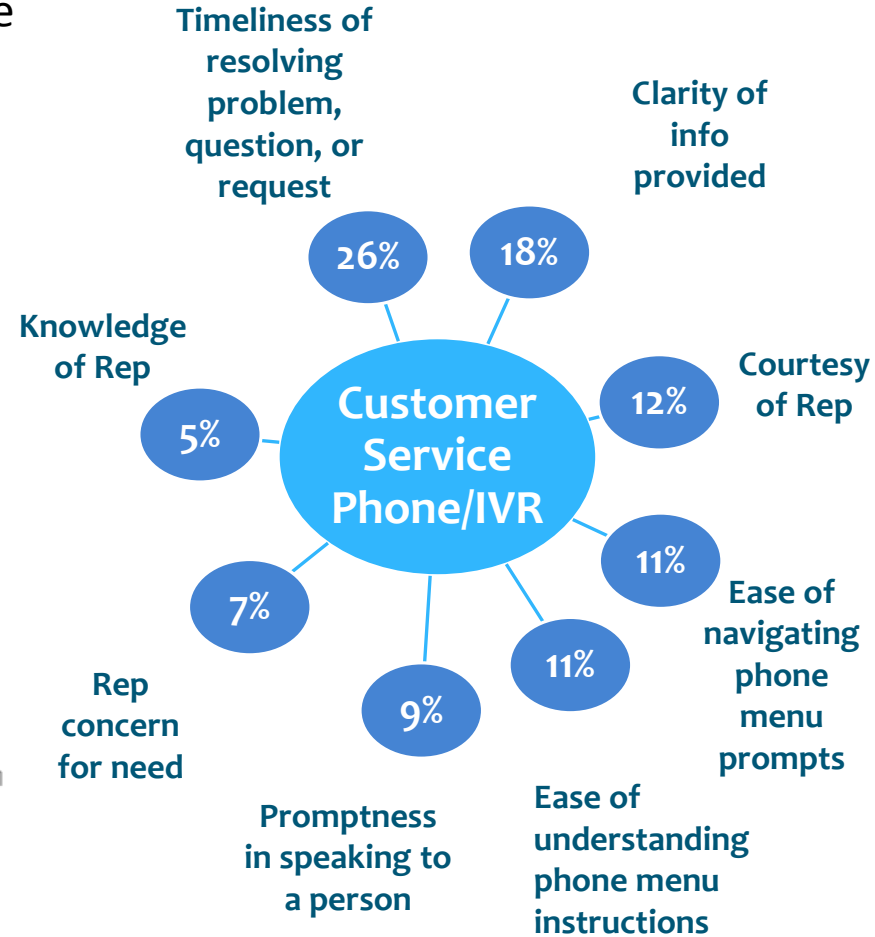
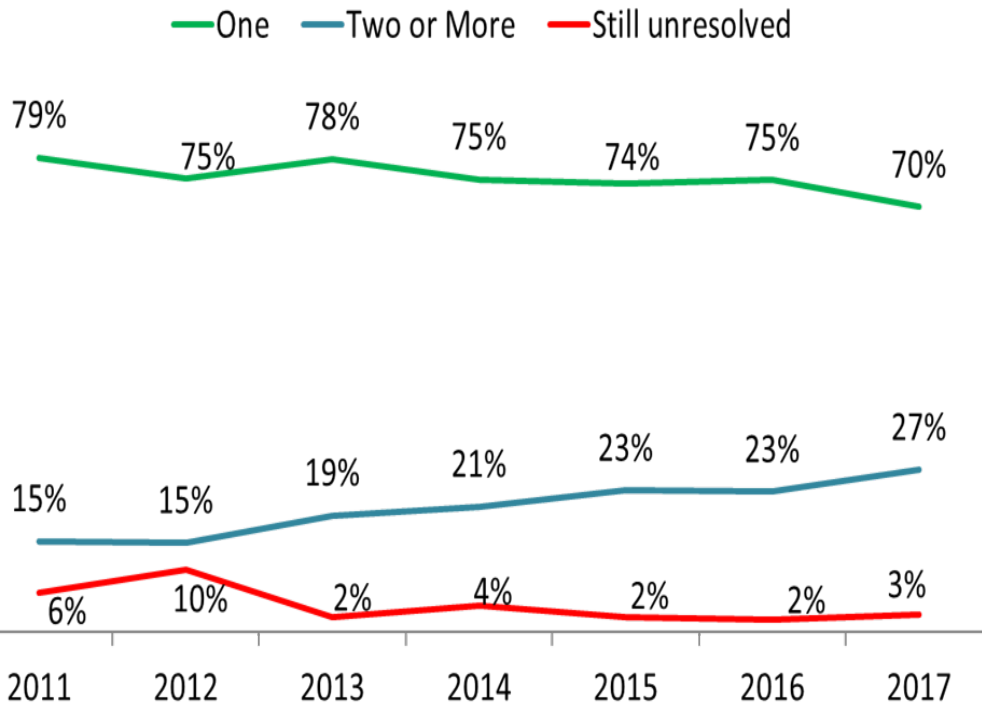


Recall Media Communication



Call Center Driver and Attribute Weights

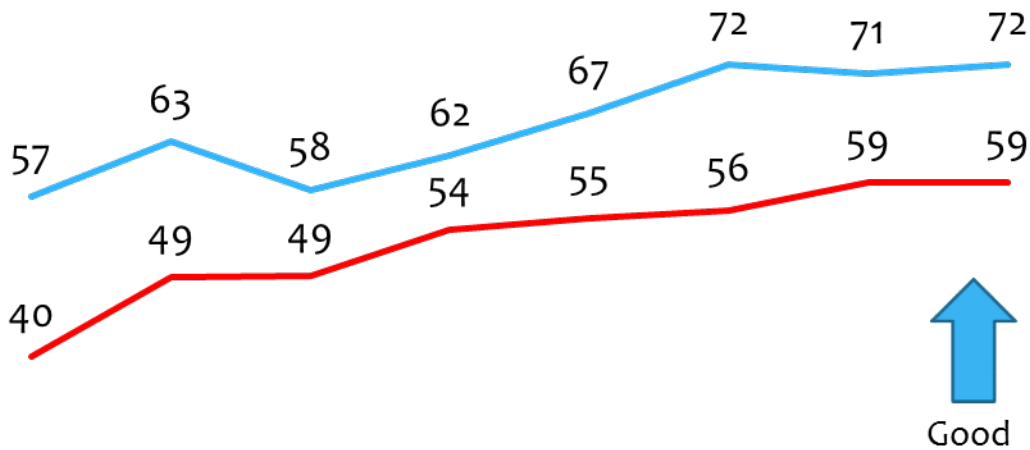
Number of JEA Phone Contacts Needed to Resolve



Online Driver and Attribute Weights

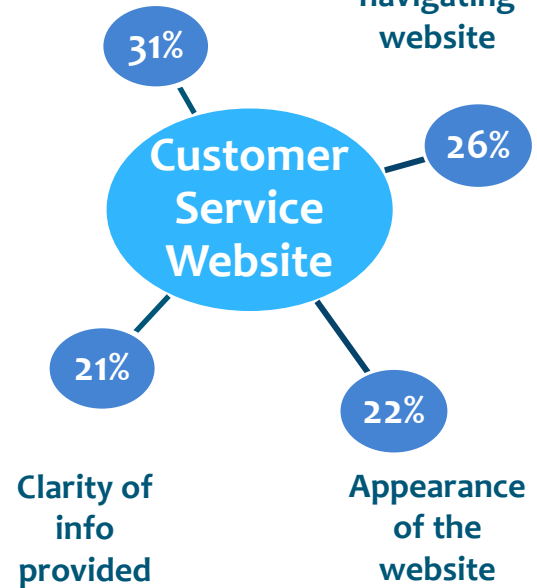
Has an Online Account Set up on Utility's Website (%)

— JEA — Industry

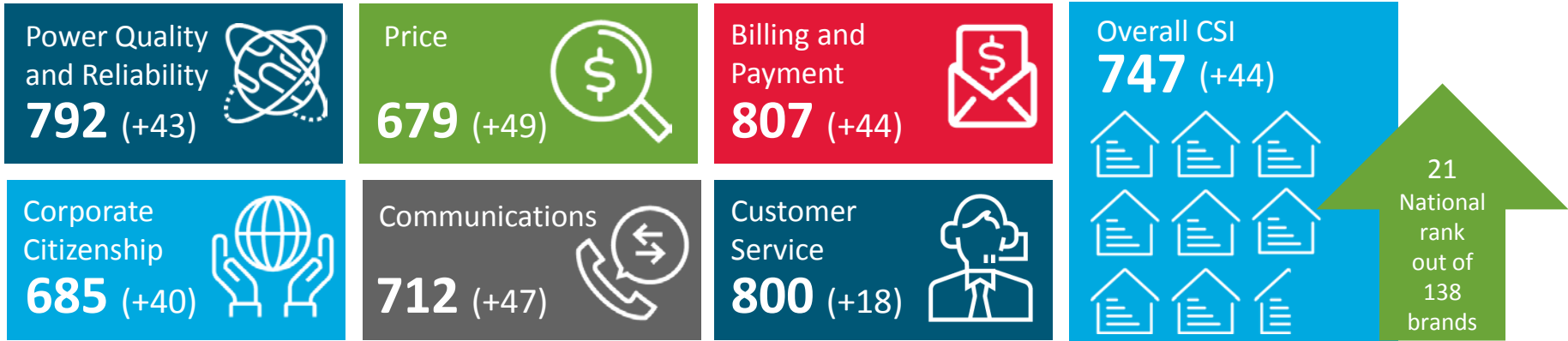


Timeliness of resolving problem, question, or request

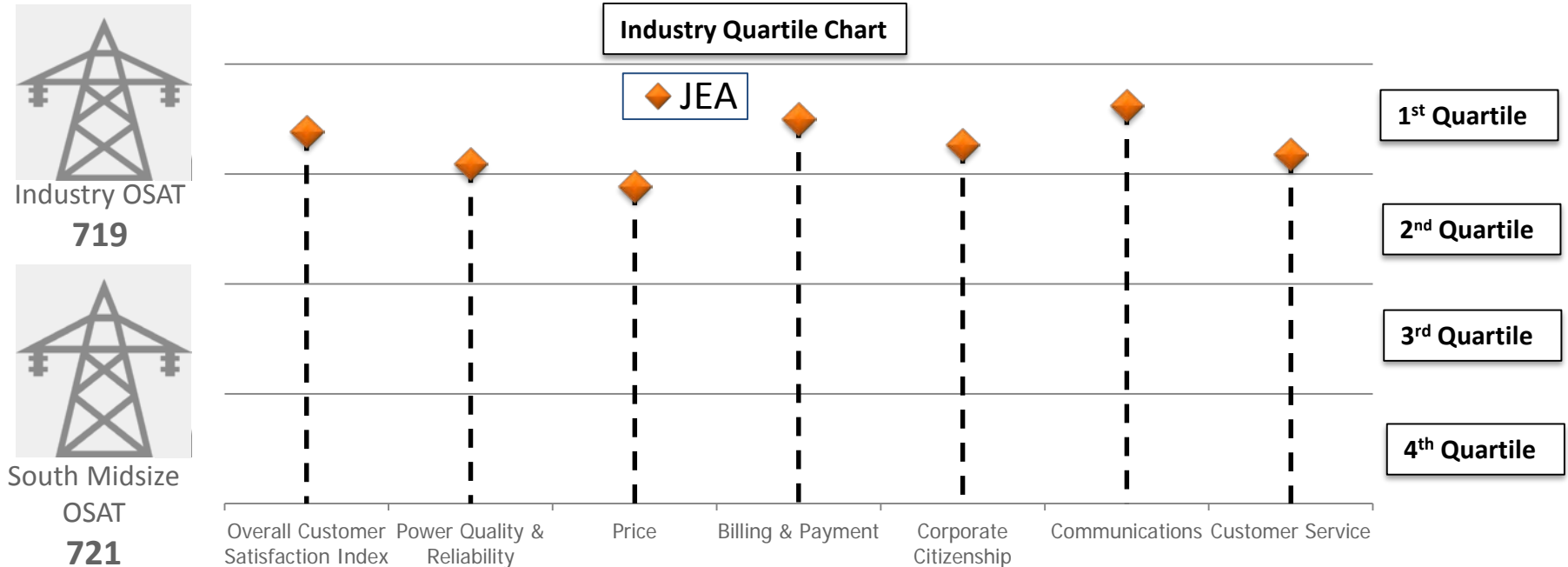
Ease of navigating website



JEA JD Power 2017 Final Overall Results



Note: Based off 2017 Final versus 2016 Final



Note: Quartiles and Rank are based on National

2017 Final Residential: JD Power Customer Satisfaction Index											
Top Quartile (1st)	Mean	Rank	2nd Quartile	Mean	Rank	3rd Quartile	Mean	Rank	Bottom Quartile (4th)	Mean	Rank
SECO Energy	789	1	Rappahannock Electric Cooperative	739	35	Xcel Energy-West	715	70	Tampa Electric	702	103
NOVEC	788	2	PPL Electric Utilities	739	35	Madison Gas & Electric	715	70	Entergy New Orleans	702	103
Sawnee EMC	786	3	OUC	739	35	ComEd	715	70	AEP Ohio	702	103
Walton EMC	783	4	OG&E	737	38	BGE	715	70	Met-Ed	701	106
Southern Maryland Electric Cooperative	783	4	Connexus Energy	737	38	The Illuminating Company	713	74	L. A. Dept. of Water & Power	701	106
Clark Public Utilities	776	6	Entergy Arkansas	736	40	Snohomish County PUD	712	75	Intermountain Rural Electric Assoc.	701	106
SRP	775	7	Con Edison	735	41	Pacific Gas and Electric	712	75	Duke Energy-Florida	701	106
Jackson EMC	773	8	Otter Tail Power Company	734	42	NYSEG	712	75	Penelec	700	110
CoServ	763	9	Great Lakes Energy	734	42	Indianapolis Power & Light	712	75	Knoxville Utilities Board	698	111
Kentucky Utilities	761	10	CPS Energy	732	44	Imperial Irrigation District	712	75	Delmarva Power	697	112
Georgia Power	761	10	Ohio Edison	728	45	Duquesne Light	711	80	NES	696	113
EPB	761	10	DTE Energy	728	45	KCP&L	710	81	Avista	696	113
Florida Power & Light	757	13	Southern California Edison	727	47	Cleco Power	710	81	Austin Energy	696	113
Entergy Mississippi	757	13	South Central Power	727	47	Puget Sound Energy	709	83	Potomac Edison	695	116
Clay Electric Cooperative	751	15	PSE&G	727	47	Penn Power	709	83	Lee County Electric Cooperative	695	116
SMUD	750	16	Lincoln Electric System	725	50	Huntsville Utilities	709	83	NorthWestern Energy	692	118
Gulf Power	749	17	Omaha Public Power District	724	51	NV Energy	708	86	Montana-Dakota Utilities	690	119
Alabama Power	749	17	Xcel Energy-Midwest	723	52	Dayton Power & Light	708	86	Atlantic City Electric	688	120
Middle Tennessee EMC	748	19	Wisconsin Public Service	723	52	Tucson Electric Power	707	88	Jersey Central Power & Light	685	121
Cobb EMC	748	19	Pacific Power	723	52	South Carolina Electric & Gas	707	88	National Grid	684	122
JEA	747	21	Tacoma Power	722	55	San Diego Gas & Electric	707	88	West Penn Power	683	123
EnergyUnited	747	21	Public Service Co. of Oklahoma	722	55	Lakeland Electric	707	88	Empire District Electric	683	123
Portland General Electric	746	23	Duke Energy-Progress	722	55	Green Mountain Power	707	88	El Paso Electric	683	123
Santee Cooper	745	24	Duke Energy-Midwest	721	58	Ameren Missouri	707	88	Central Hudson Gas & Electric	681	126
Entergy Louisiana	745	24	Duke Energy-Carolinas	721	58	Withlacoochee River Electric Cooperative	706	94	United Illuminating	680	127
GreyStone Power	744	26	Consumers Energy	721	58	APS	706	94	Eversource Energy	680	127
Louisville Gas & Electric	743	27	Xcel Energy-South	720	61	Pepco	705	96	Appalachian Power	679	129
Idaho Power	743	27	Southwestern Electric Power	720	61	Toledo Edison	704	97	Orange & Rockland	677	130
Dominion Virginia Power	743	27	Central Maine Power	720	61	Rochester Gas & Electric	704	97	Black Hills Energy	671	131
Pedernales Electric	742	30	Ameren Illinois	720	61	NIPSCO	704	97	PNM	669	132
MidAmerican Energy	742	30	We Energies	719	65	Indiana Michigan Power	704	97	Vectren	666	133
Seattle City Light	741	32	Minnesota Power	719	65	Alliant Energy	704	97	MLGW	666	133
Entergy Texas	740	33	Rocky Mountain Power	718	67	Westar Energy	703	102	Emera Maine	666	133
Colorado Springs Utilities	740	33	PECO	718	67				PSEG Long Island	662	136
			Mississippi Power	716	69				Kentucky Power	649	137
									Mon Power	647	138

II. F.
JEA Billing & Collections

JEA Billing & Collections

Board of Directors Meeting
August 15, 2017



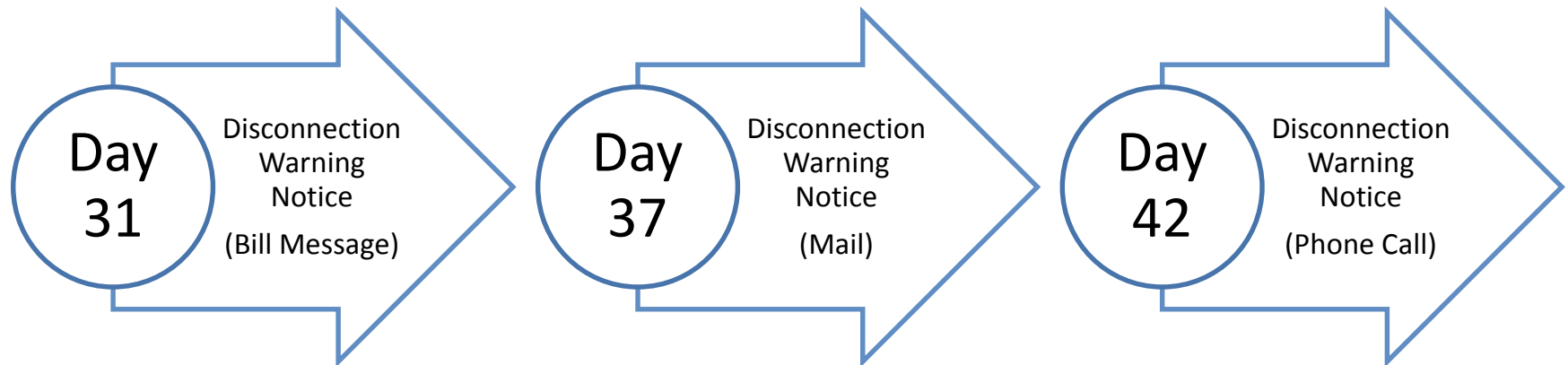
Billing & Collection Timeline



- ✓ JEA bills customers based on energy and water that they have consumed.
- ✓ The bill is typically generated 30 days after services are consumed.
- ✓ JEA does not disconnect services after the first missed payment.
- ✓ The account must be in arrears with debt older than forty days before disconnection is scheduled.
- ✓ Payment reminders are provided via bill message, mail and phone.

Payment Reminders

Payment reminders are provided via bill message, mail and phone before disconnection is scheduled.



Payment Extension Options

Payment Plans

Payment plans are great options for customers desiring a little extra time to pay the bill. Payment plans are granted on the basis of the customer's payment history. Customers can apply for an extension online at jea.com or by phone at 665-6000. JEA's self-serve system lets them know if they qualify and provides a new due date.

Payment Arrangements

Customers may sometime need more than just a few days to pay the bill. Payment arrangements provide a means for customers to pay the outstanding balance in monthly installments. The duration of a payment arrangement is typically three to six months. The customer is asked to pay a portion of the balance before the payment arrangement is created. Customers may request an extension online at jea.com or by phone at 665-6000.

JEA considers several factors before granting a payment extension. These include:

- ✓ The customer's payment history
- ✓ Length of time as a JEA customer
- ✓ Past-due amount
- ✓ Age of past-due amount
- ✓ Timeliness of prior payments

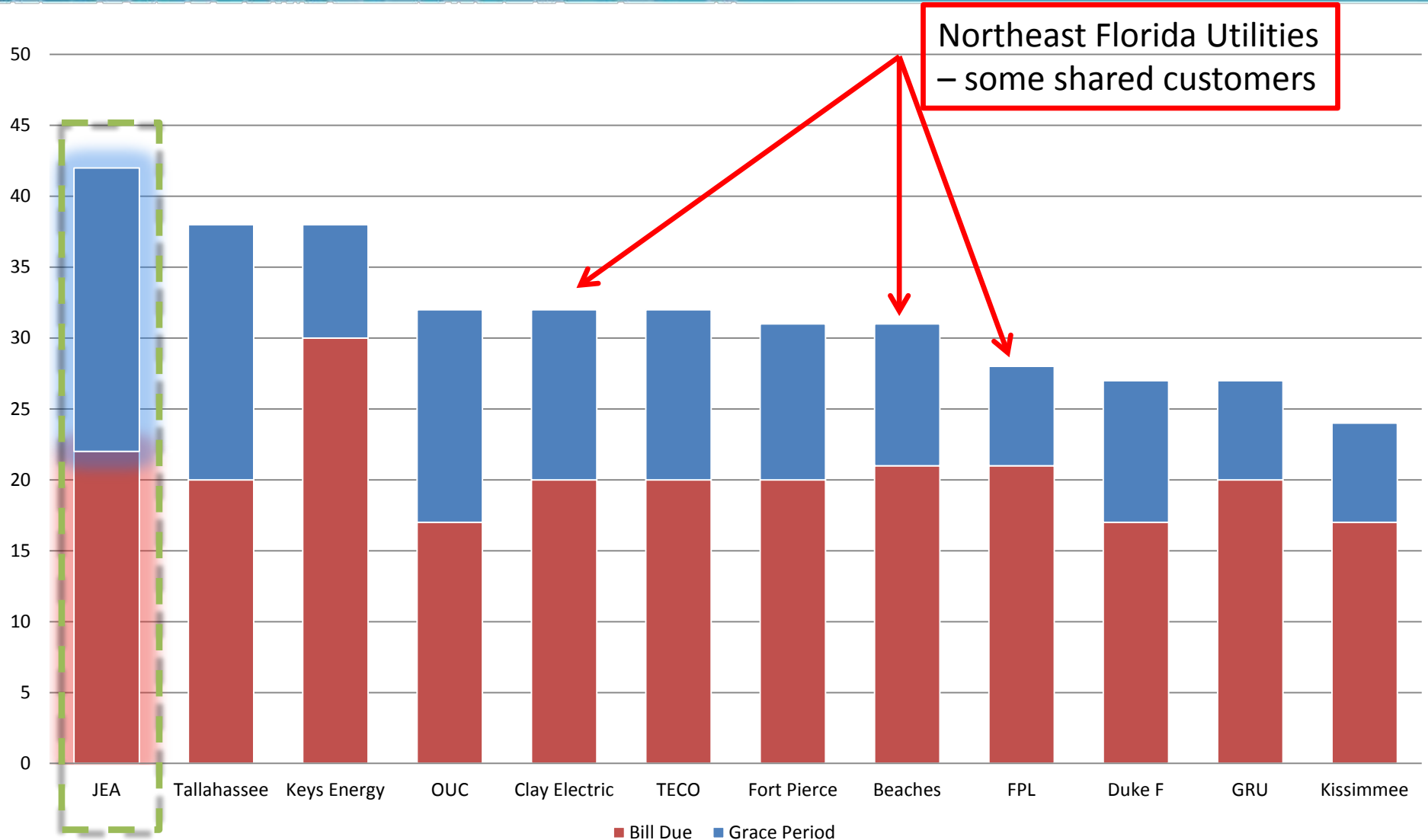


Bill Management Options

- **JEA MyBudget** is a leveled billing and payment plan for customers who are interested in payment stability without receiving a "true-up" bill at the end of the year. By selecting the MyBudget billing plan, customers pay about the same amount each month. The plan minimizes influences of seasonal weather patterns.
- **JEA's MyWay** is a pay-as-you-go, prepaid program that provides customers with 1) added control over their energy usage, 2) convenient and flexible ways to pay bills and 3) the opportunity to spend less on utility services. JEA MyWay customers consume less and spend less on utility services as compared to traditional post-pay customers because of energy and water usage awareness.
- **Bill Alerts and Reminders**
Customers can enroll to receive free alerts via text and email. These notifications include:
 - Usage has reached a certain dollar, electric (kWh) or water (gal) amount
 - The bill is ready to be viewed online
 - The bill due date is a few days away
 - A payment has posted
 - A service disconnection notice has been sent



Bill Due Comparison for Florida Utilities



III. A. 1.

Approval of Board Meeting Minutes July 18, 2017

JEA
BOARD MINUTES
July 18, 2017

The JEA Board met in regular session on Tuesday, July 18, 2017, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Alan Howard, Frederick Newbill, Tom Petway and Kelly Flanagan. Delores Kesler and Husein Cumber attended telephonically.

Agenda Item I – Welcome

- A.** The meeting was **called to order** at 12:00 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 Vice Chair Kesler.
- 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.
- G.** **Recognition of the 50th Anniversary of the Kiss of Life Photo** – Mike Hightower, Chief Public Affairs Officer, provided an overview of the historical event in the life of JEA, which led to the Rocco Morabito’s Pulitzer Prize winning “Kiss of Life” photo, showing JEA employee J. D. Thompson providing rescue efforts to Randall Champion after he became unconscious following contact with a low voltage line. Mr. Hightower presented a video, produced by the Jacksonville Historical Society, documenting this event. Jeremy Mathews, Director, Electric System Construction & Maintenance, advised the Board of the significance of this photo and the importance of safety today at JEA. Chris Richardson, Construction & Maintenance Working Foreman provided a personal perspective of the photo, as his father was the foreman on duty that day. A framed copy of the photo was presented to the Board to become a permanent part of the Tower or Customer Care lobby and a proclamation from Mayor Lenny Curry commemorating the day was read by Mr. Hightower. Mr. Hightower recognized special guests including J. D. Thompson and his family, as well as Karen Perkins, a JEA retiree and unofficial historian, who took an interest in the event, researching it and sparking renewed interest in the community.

Agenda Item II – Presentations and Comments

- A.** **Comments from the Public** – none
- B.** **Council Liaison’s Comments** – Council Member Matt Schellenberg advised the Board that he was happy to be the new liaison and hoped to represent the council well and to contribute to the betterment of JEA.
- C.** **Office of the Mayor Liaison’s Comments** – Dr. Gaffney had no comments.
- D.** **Nassau County’s Ex-Officio Representative’s Comments** – Mr. Mullin was not in attendance.

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 5 were received for information.

1. Approval of Board Meeting Minutes June 20, 2017 – approved
2. Sole Source and Emergency Procurement/Procurement Appeals Board Report – received for information
3. Monthly JEA Financial Statements – received for information
4. Monthly JEA Operations Report – received for information
5. Monthly FY17 Communications & Engagement Calendar and Plan Update – received for information

B. Strategic Discussions/Action

1. Customer Communication Summary – Kerri Stewart, Chief Customer Officer, provided an overview of JEA’s customer communications, how JEA’s customers view the message and the content JEA wishes to convey. Ms. Stewart discussed the multiple types of communication streams including owned media, the new JEA.com website, email communications, shared media communications, paid media communications and earned media communications. In addition, Ms. Stewart shared the results on customer recall and the impacts of positive communication, as well as JEA’s strategy and next steps. This item was received for information.
2. JEA Quarterly Financial Summary – Melissa Dykes, Chief Financial Officer, shared the financial results for the quarter ending June 30, 2017, including the impact that weather has had on those results. This item was received for information.
3. Monthly Operational and Financial Review – Paul McElroy, Managing Director/CEO, presented the monthly review of JEA’s operational and financial metrics for electric and water/wastewater services. This item was received for information.

C. Open Discussion – Board Members held discussions regarding open positions on the Governing Board of the St. Johns River Water Management District and the JEA Board of Directors.

D. Other New Business – none

E. Old Business – none

Agenda Item IV – Reports

A. Managing Director/CEO’s Report – Paul McElroy, Managing Director/CEO provided an update on the following items:

1. J. D. Power Residential results
2. Two audits conducted at JEA last week: the Federal Energy Regulatory Commission (FERC) on JEA’s physical security of the bulk electric system and FERC, in conjunction with the North American Electric Reliability Corporation (NERC) and the Florida Reliability Coordination Council (FRCC) on JEA’s Critical Infrastructure Protection (CIP).

- 3. JEA is continuing work on the new downtown campus
- 4. Plant Vogtle
- 5. Recommendation to the Board that the November Board meeting be rescheduled to November 28th due to the Thanksgiving holiday

B. Chair’s Report – none

Agenda Item V – Closing Considerations

A. Announcements – Next Board Meeting – August 15, 2017

B. Adjournment

With no further business claiming the attention of the Board, Chair Howard adjourned the meeting at 1:07 PM.

APPROVED BY:

SECRETARY

DATE: _____

Board Meeting recorded by:

Cheryl W. Mock
Executive Assistant

III. A. 2.
Monthly JEA Financial Review & Statements

[Return to Agenda](#)

III. A. 2.
8/15/2017

JEA Monthly Financial Summary

as of July 31, 2017

Board of Directors

August 22, 2017



Key Financial Metrics

Electric System	Year-to-Date		FY2017 Full Year		Result
	FY2017	FY2016	Forecast	Target	
Debt Service Coverage	2.5x	2.8x	2.5x	≥ 2.2x	✓
Days Liquidity	317	361	312	150 to 250 days ¹	✓
<i>Days Cash on Hand</i>	<i>213</i>	<i>253</i>	210		✓
Debt to Asset %	62%	66%	62%	53.5% ²	✓

Water and Sewer System	FY2017		FY2016		Result
	FY2017	FY2016	Forecast	Target	
Debt Service Coverage	2.9x	3.2x	2.8x	≥ 1.8x	✓
Days Liquidity	605	624	609	150 to 250 days ¹	✓
<i>Days Cash on Hand</i>	<i>503</i>	<i>519</i>	510		✓
Debt to Asset %	50%	53%	50%	49% ³	✓

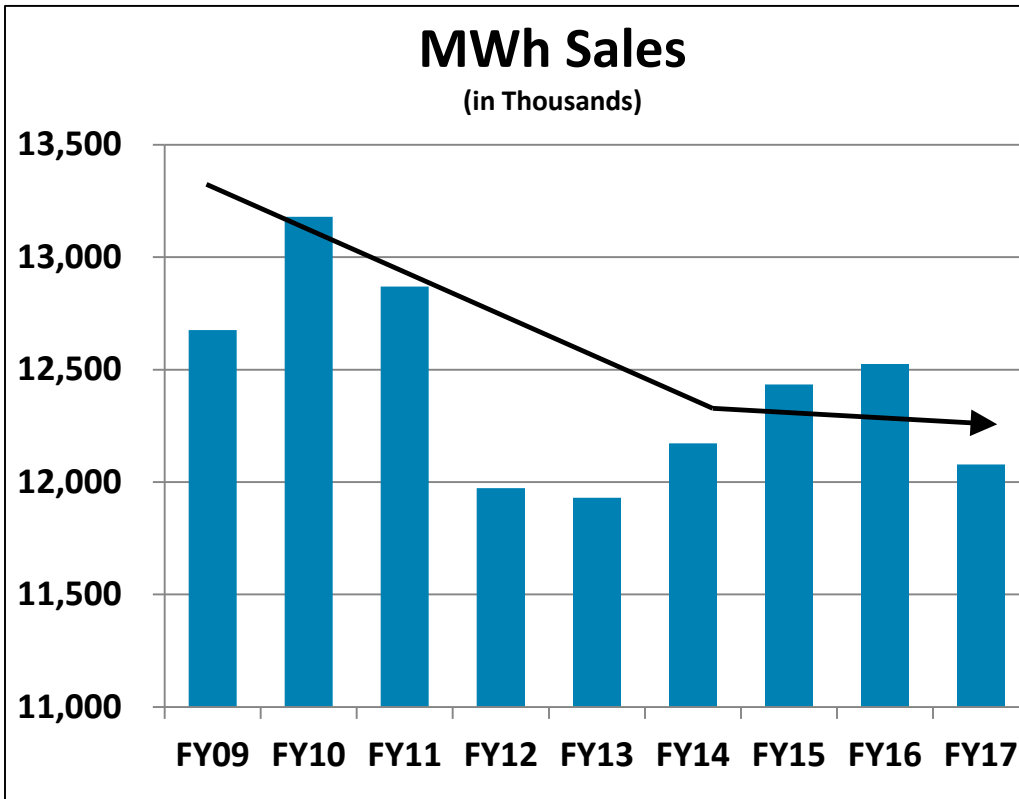


¹ Moody's Aa benchmark: 150 to 250 days

² Long-term target is 53.5%: per Moody's Sector In-Depth Report "Public Power Medians - Finances Hold Steady with Transition to Lower Carbon Environment", Sept. 2016

³ Long-term target is 49%: calculated peer group from Moody's 214 Aa rated public water-sewer utilities, Dec. 2016

Electric System: MWh Sales



Month	FY16	FY17	%
Oct	952,515	951,425	(0.1%)
Nov	923,705	863,238	(6.5%)
Dec	922,956	905,219	(1.9%)
Jan	1,049,897	932,807	(11.2%)
Feb	894,563	759,141	(15.1%)
Mar	893,954	914,242	2.3%
Apr	900,013	933,563	3.7%
May	1,089,555	1,084,832	(0.4%)
Jun	1,231,251	1,094,475	(11.1%)
Jul	1,336,836	1,298,608	(2.9%)
YTD	10,195,244	9,737,553	(4.5%)
Aug	1,254,240		
Sep	1,111,769		
Total/Forecast	12,561,253	12,078,325	

Unit Sales Driver: YTD MWh reduction due to moderate weather and decrease in FPU demand of 143,000 MWh YTD

YTD Degree Days		
<u>30-yr. Avg.</u>	<u>FY16</u>	<u>FY17</u>
3,097	3,124	2,763

YTD Customer Accounts		
<u>FY16</u>	<u>FY17</u>	<u>%</u>
454,362	461,084	1.5%

Total System	(4.5%)
Residential	(4.1%)
Comm./Industrial	(3.0%)
Interruptible	(0.6%)
Wholesale (FPU)	(56.0%)



Electric System: Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY17 Forecast	FY16 Actual	FY17 Budget	FY17 vs FY16 (\$)	Variance (%)
Fuel Revenue	\$ 394,777 ¹	\$ 426,653 ²	\$ 449,776	\$ (31,876)	-7.5% ¹
Base Revenue	751,941 ¹	750,038	735,204	1,903	0.3%
Other Revenue	44,198	37,904	41,787	6,294	16.6%
Total Revenues	\$ 1,190,916	\$ 1,214,595	\$ 1,226,767	\$ (23,679)	-1.9%
		↑ (\$36M) ↑			
Select Expenses					
Fuel Expense	\$ 445,167	\$ 397,280	\$ 411,903	\$ (47,887)	-12.1%
Fuel Fund Transfers	(50,390)	29,373	37,705	79,763	
O & M Expense	196,874	192,527	226,180	(4,347)	-2.3%
Non-fuel Purchased Power	76,602	87,426	83,394	10,824	12.4%
Net Revenues	\$ 522,753	\$ 496,092	\$ 454,939	\$ 26,661	5.4%
		↑ \$68M ↑			
Capital Expenditures	\$ 150,275	\$ 150,926	\$ 153,200 ³	\$ 651	0.43%
Debt Service	\$ 206,475 ⁴	\$ 171,506	\$ 179,654	\$ (34,970)	-20.4%

Electric Costs / MWh	Non-Fuel
Target	\$ 53.94
Forecast	<u>53.45</u>
Difference	\$ 0.49

Fuel Fund (\$ in millions)	
Beginning Balance	\$ 180
Surplus/(Deficit)	<u>(50)</u>
Ending Balance	\$ 130



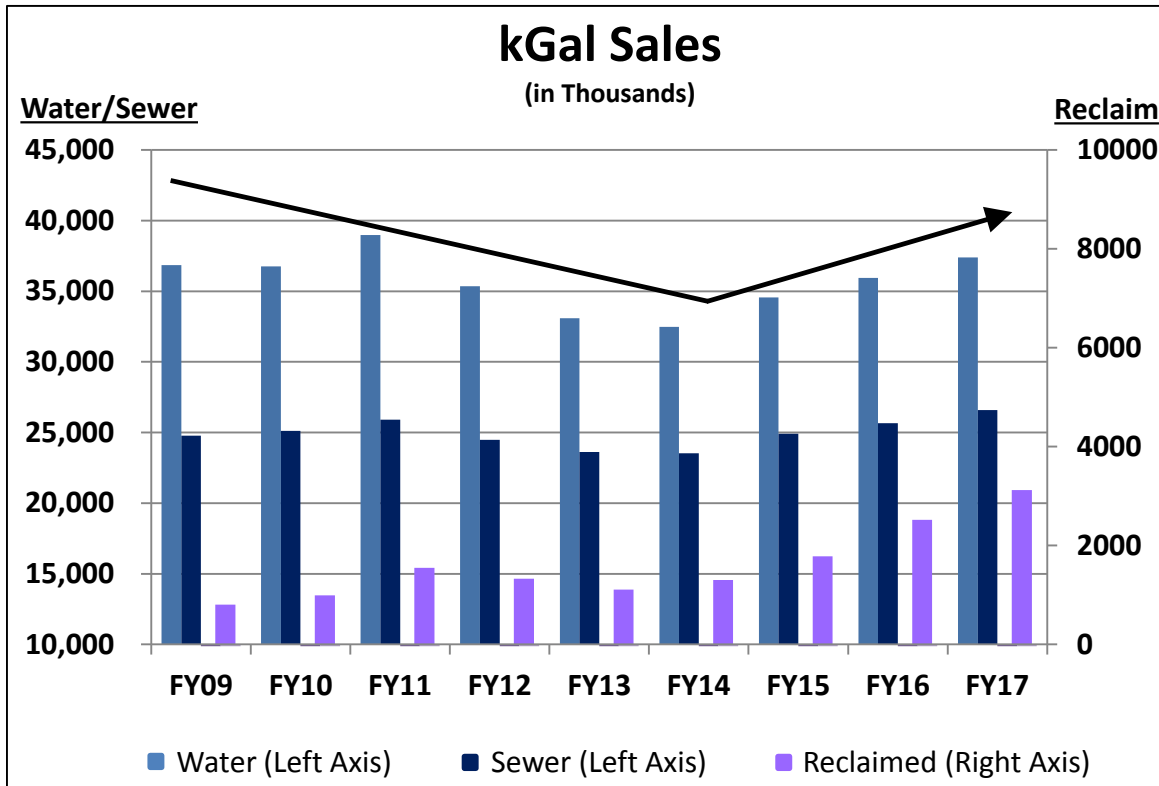
¹ Includes rate change in December 2016

² Net of \$57 million fuel credit and fuel rate reduction

³ Council approved limit for capital expenditures in FY17 is \$170 million

⁴ Includes additional \$40 million related to advanced debt refunding approved by Board in November 2016

Water and Sewer System: kGal Sales



Month	FY16	FY17	%
Oct	3,120	3,129	0.3%
Nov	2,641	3,068	16.2%
Dec	2,758	2,923	6.0%
Jan	2,527	2,768	9.6%
Feb	2,479	2,624	5.9%
Mar	2,825	3,168	12.1%
Apr	2,914	3,476	19.3%
May	3,523	3,736	6.1%
Jun	3,290	2,833	(13.9%)
Jul	3,736	3,480	(6.9%)
YTD	29,813	31,204	4.7%
Aug	3,451		
Sep	3,094		
Total/Forecast	36,358	37,389	

Unit Sales Driver: YTD rainfall up 27 inches; rain days down 1.
Irrigation for July YTD FY17 up 14% versus July YTD FY16.

YTD Customer Accounts			
	FY16	FY17	%
Water	335,979	343,367	2.2%
Sewer	259,937	266,369	2.5%
Reclaimed	8,008	9,946	24.2%

YTD Rainfall			
	30-Yr. Avg.	FY16	FY17
Inches	37	24	51
Days	86	75	74

Total System		4.7%
Residential		5.1%
Comm./Industrial		0.2%
Irrigation		14.0%

Water and Sewer System: Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY17 Forecast	FY16 Actual	FY17 Budget	FY17 vs FY16 (\$)	Variance (%)
Water & Sewer Revenues	\$ 420,026	\$ 409,889	\$ 394,430	\$ 10,137	2.5%
Other Revenue	41,030	40,070	33,792	960	2.4%
Total Revenues	\$ 461,056	\$ 449,959	\$ 428,222	\$ 11,097	2.5%
Select Expenses					
O & M Expense	\$ 136,742	\$ 130,296	\$ 144,149	\$ (6,446)	-4.9%
Net Revenues	\$ 321,514	\$ 313,130	\$ 280,753	\$ 8,384	2.7%
Capital Expenditures	\$ 185,000	\$ 147,363	\$ 205,000 ¹	\$ (37,637)	-25.5%
Debt Service	\$ 113,562	\$ 95,418	\$ 118,375	\$ (18,144)	-19.0%

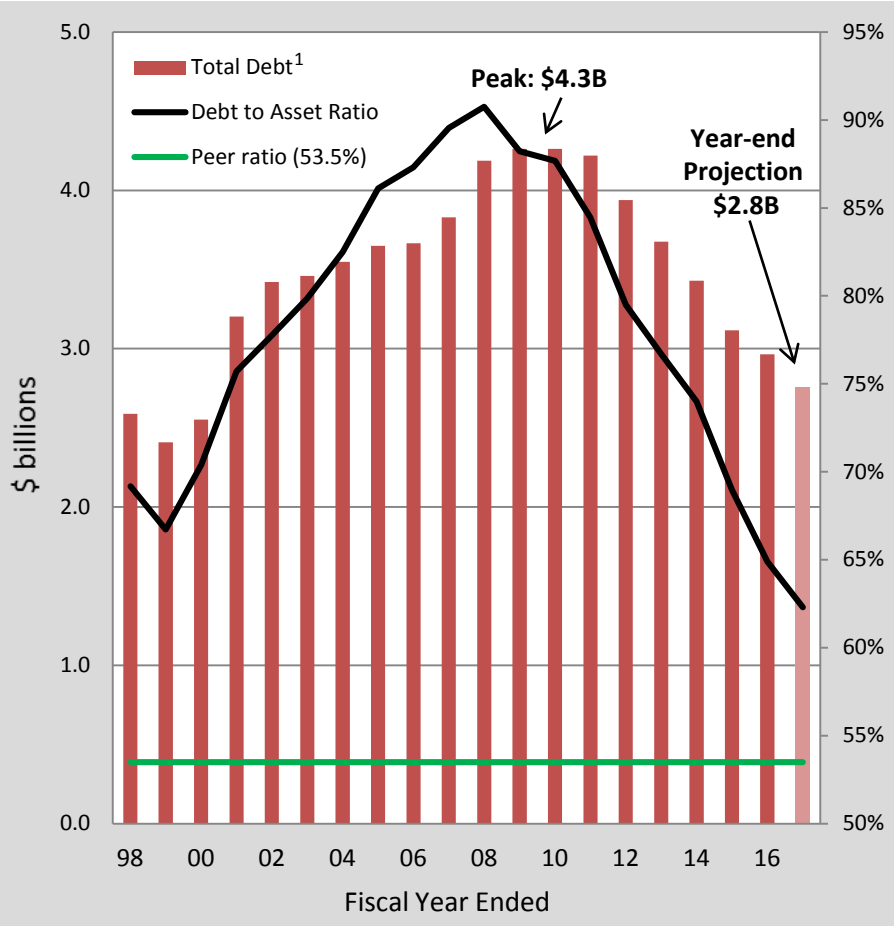
Cost / Kgal	Water	Sewer
Target	\$ 4.75	\$ 10.27
Forecast	4.54	9.16
Difference	\$ 0.21	\$ 1.11



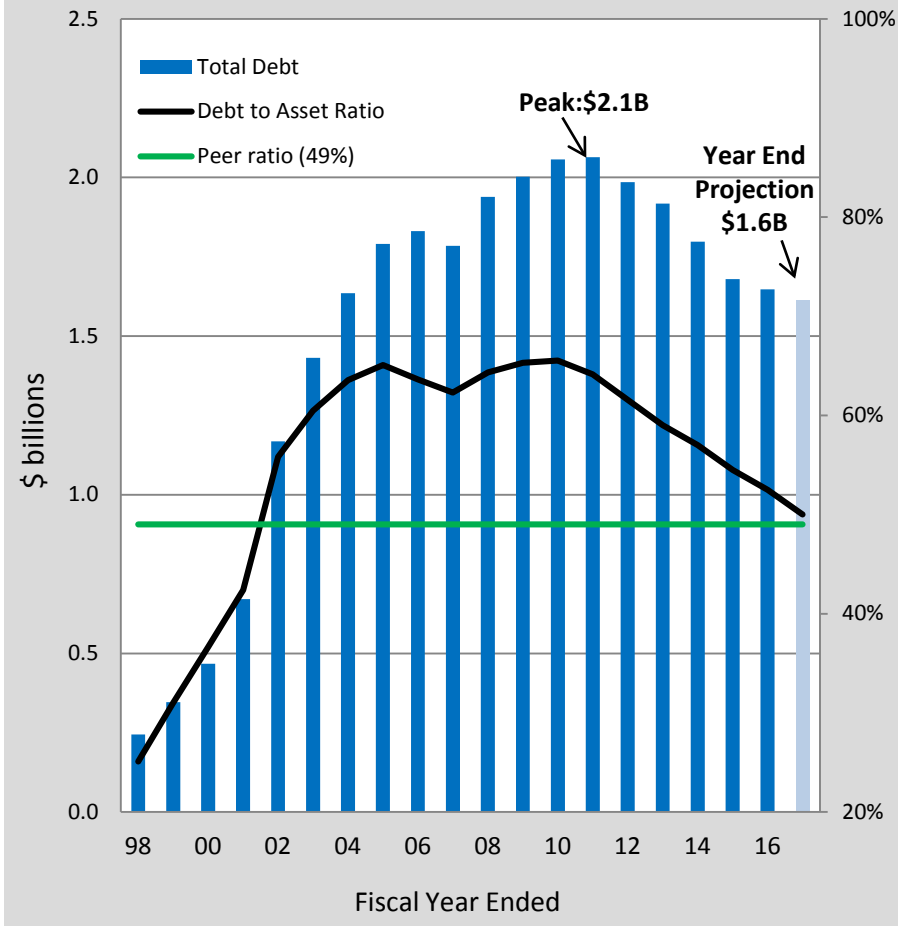
¹ Council approved limit for capital expenditures in FY17 is \$225.5 million

Debt and Debt to Asset Ratios

Electric System



Water and Sewer System

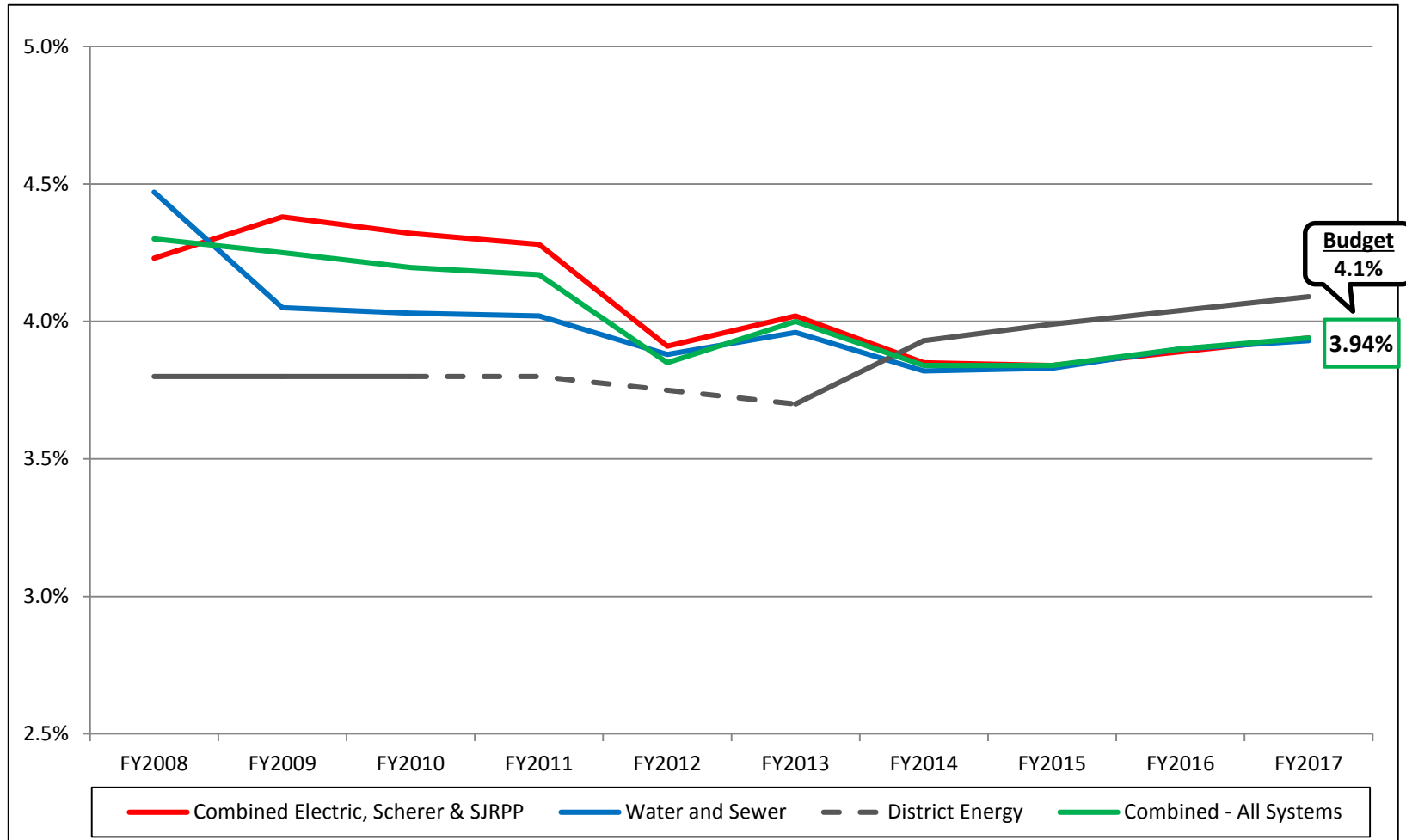


¹ Includes JEA, Scherer and SJRPP

² Per Moody's Special Comment, June 2014

³ As calculated from Moody's data for large Aa rated public water-sewer utilities

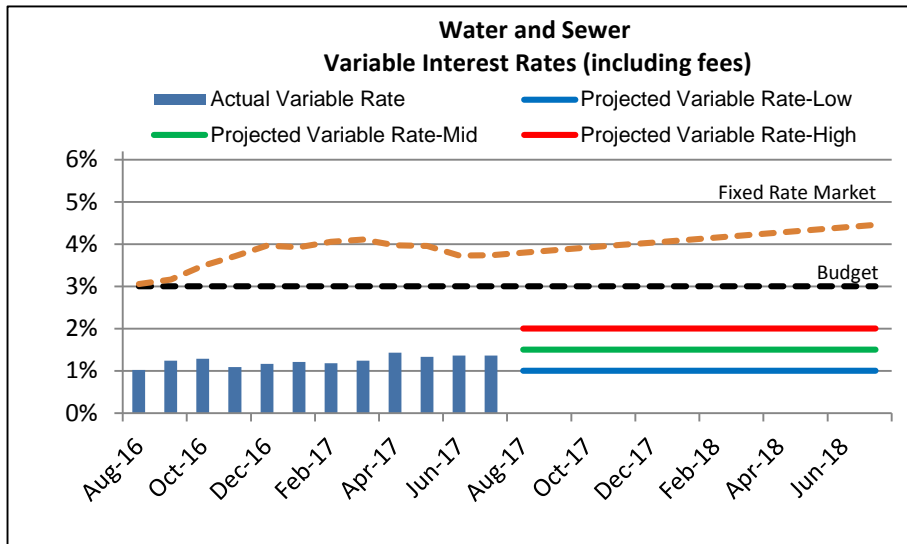
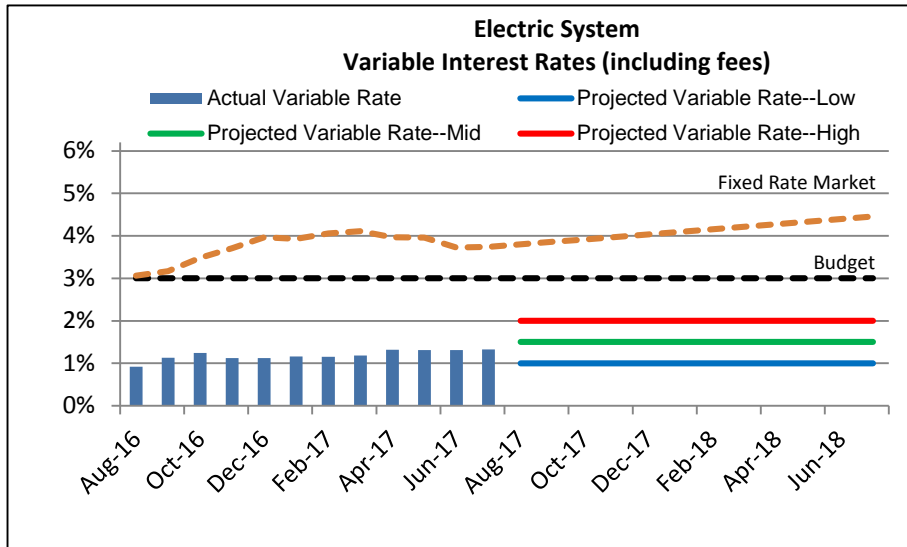
Combined Debt Outstanding: Weighted Average Interest Rates



- Fiscal year end interest rates are net of BABs subsidy, original issue premiums / discounts and includes variable debt liquidity / remarketing fees and interest rate swap payments.
- - - - During FY2008 – FY2013 DES was funded with variable rate debt at an average of 1 percent.



Variable Rate Debt Risk Analysis



Liquidity Facilities and Direct Purchase Bonds (DPBs)			
Bank	Moody's/S&P/Fitch	\$ (in millions)	%
Wells Fargo Bank N.A. (100% DPBs)	Aa2/AA-/AA	\$221	25
JP Morgan Chase Bank N.A.	Aa3/A+/AA-	199	24
Royal Bank of Canada	A1/AA-/AA	193	23
US Bank, N.A.	A1/AA-/AA	148	18
Sumitomo	A1/A/A	52	6
State Street Bank	Aa3/AA-/AA	31	4
Total		\$844	

Swap Providers			
Bank	Moody's/S&P/Fitch	\$ (in millions)	%
Morgan Stanley Capital Services	A3/BBB+/A	\$180	34
Goldman Sachs Mitsui Marine Derivative Products	Aa2/AA-/NR	137	26
JP Morgan Chase Bank N.A.	Aa3/A+/AA-	125	24
Merrill Lynch	Baa1/BBB+/A	85	16
Total		\$527	

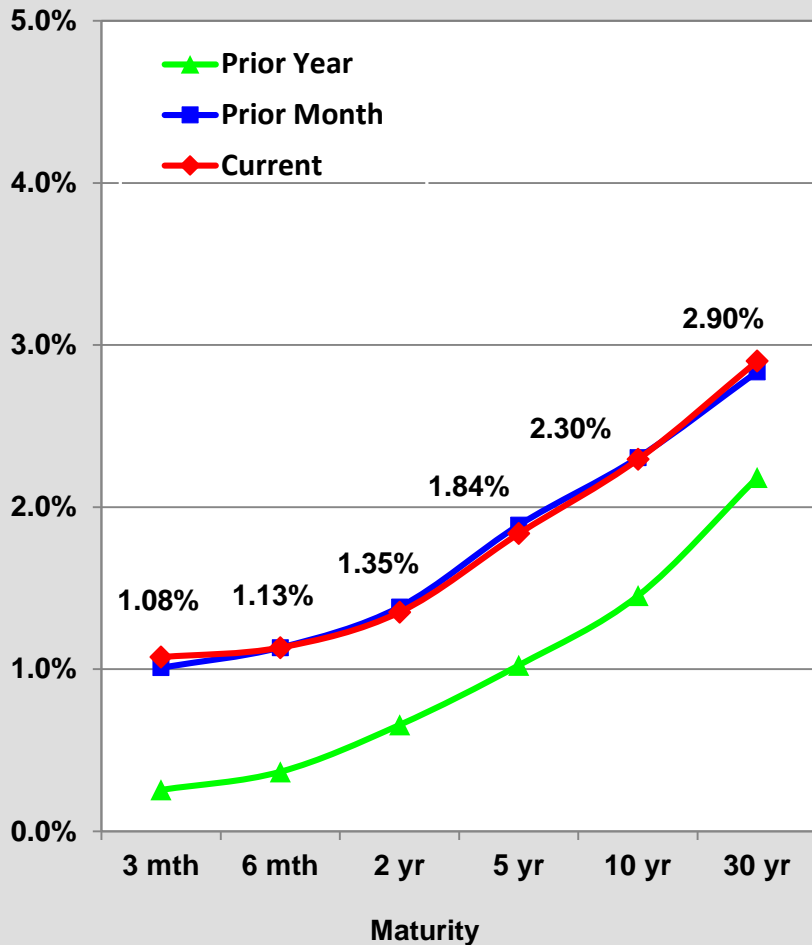
Items of Interest

- Variable debt as a percentage of total debt:
 - Unhedged variable at 7% for Electric and 10% for Water and Sewer.
 - Hedged variable at 15% for Electric and 7% for Water and Sewer.
- Liquidity facilities / direct purchase bonds are with highly rated providers.
- No change in swap provider credit quality.
- JP Morgan liquidity facilities renewed in April 2017.
- US Bank liquidity facility renewals in Nov 2017.
- 2018 liquidity facility renewals include: Wells Fargo Bank, Royal Bank of Canada, State Street Bank and Sumitomo.
- Variable rate reserve to mitigate risk of higher rates – \$50 million.
- Used \$12 million of variable rate reserve on Feb 2017 Electric defeasance.

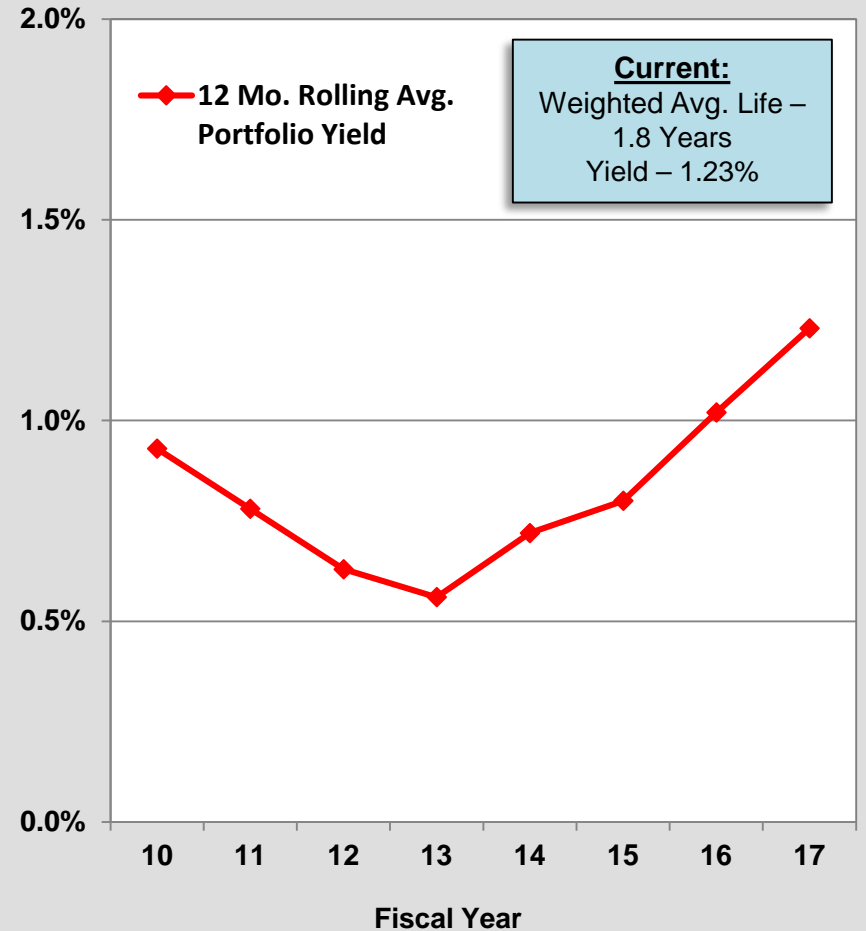
Total variable rate debt of \$882 with \$527 swapped to fixed rate

Combined Investments Outstanding

U. S. Treasury Yield Curve



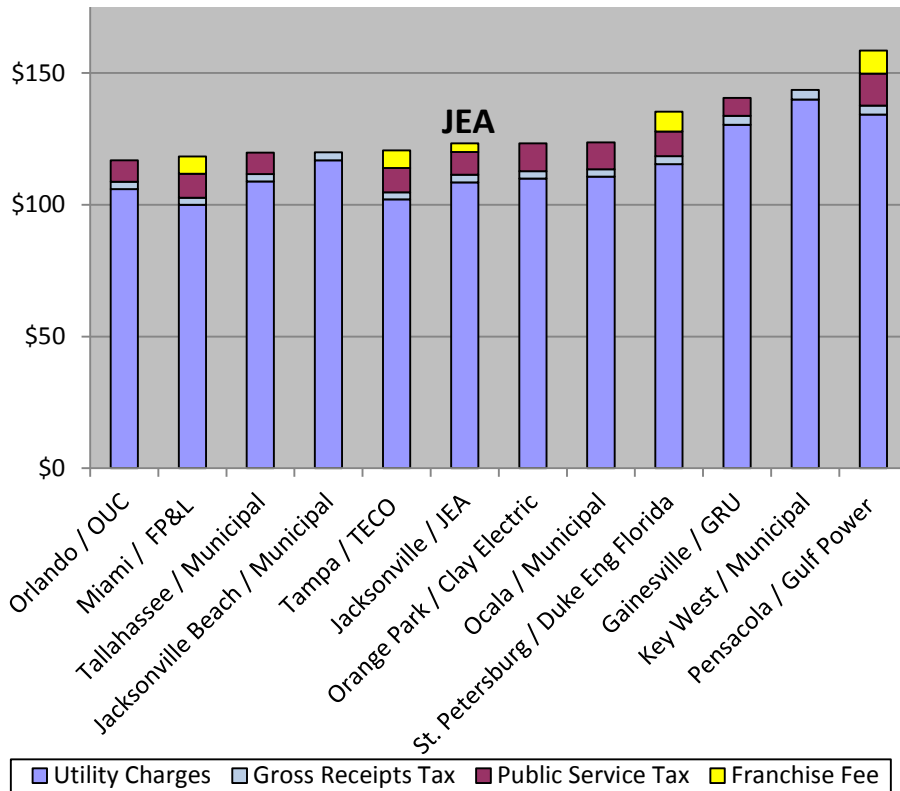
Investment Portfolio Yield



Florida Utilities Monthly Bill Comparison

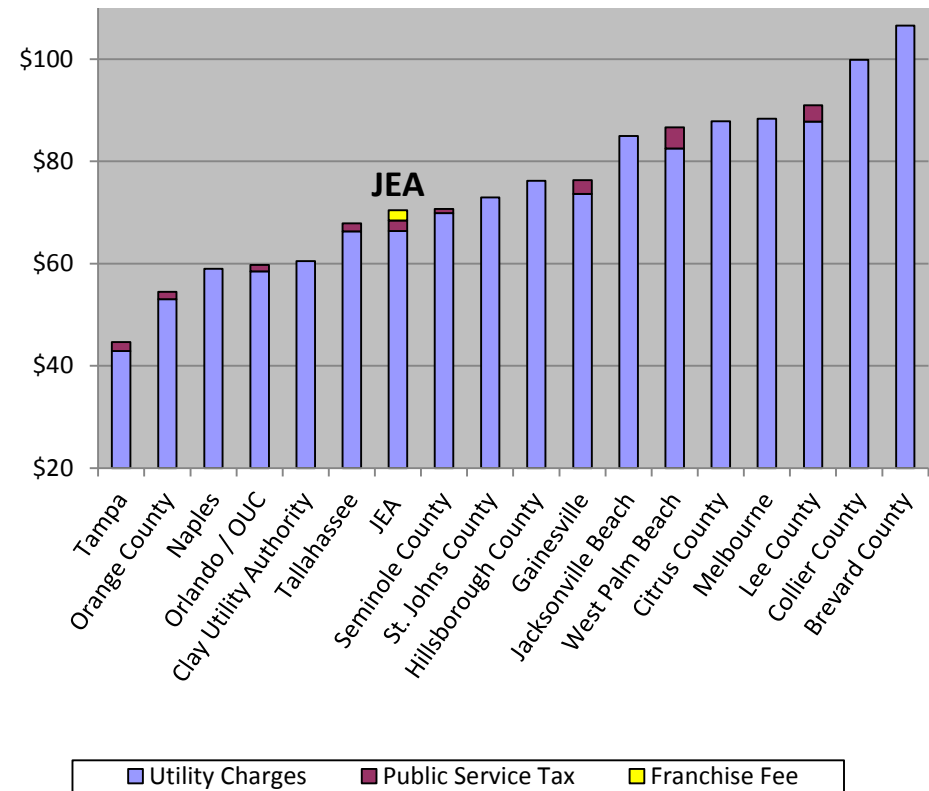
Monthly Residential Electric Bills

Consumption @ 1,000 kWh



Monthly Residential Water Bills

5/8" meter and 6 k/gals of Consumption



Return to Agenda

III. A. 2.
8/15/2017



Monthly Financial Statements

July 2017



Monthly Financial Statements

July 2017

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Statements of Net Position

(in thousands - unaudited) July 2017 and 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 291,128	\$ 248,579
Investments	183,255	257,629
Customer accounts receivable, net of allowance (\$1,942 in 2017 and \$3,994 in 2016)	213,843	232,182
Miscellaneous accounts receivable	33,632	43,259
Interest receivable	2,661	1,789
Inventories:		
Fuel inventory - Electric System	63,919	58,098
Fuel inventory - Plant Scherer	3,401	6,369
Materials and supplies - Water and Sewer	48,466	45,725
Materials and supplies - Electric System	19,791	20,645
Materials and supplies - Plant Scherer	2,097	2,130
Total current assets	<u>862,193</u>	<u>916,405</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	61,294	110,398
Investments	956,557	862,072
Accounts and interest receivable	3,734	2,803
Total restricted assets	<u>1,021,585</u>	<u>975,273</u>
Costs to be recovered from future revenues	456,075	450,322
Investment in The Energy Authority	6,276	6,218
Other assets	18,201	15,427
Total noncurrent assets	<u>1,502,137</u>	<u>1,447,240</u>
Capital assets:		
Land and easements	193,512	164,326
Plant in service	10,922,043	10,743,028
Less accumulated depreciation	(5,679,546)	(5,375,114)
Plant in service, net	<u>5,436,009</u>	<u>5,532,240</u>
Construction work in progress	368,174	323,052
Net capital assets	<u>5,804,183</u>	<u>5,855,292</u>
Total assets	<u>8,168,513</u>	<u>8,218,937</u>
Deferred outflows of resources		
Unamortized deferred losses on refundings	136,174	143,892
Accumulated decrease in fair value of interest hedging derivatives	126,616	183,809
Unrealized pension contributions and losses	137,009	83,970
Accumulated decrease in fair value of fuel hedging derivatives	108	1,137
Total deferred outflows of resources	<u>399,907</u>	<u>412,808</u>
Total assets and deferred outflows of resources	<u>\$ 8,568,420</u>	<u>\$ 8,631,745</u>

Statements of Net Position
(in thousands - unaudited) July 2017 and 2016

	2017	2016
Liabilities		
Current liabilities:		
Accounts and accrued expenses payable	\$ 91,122	\$ 91,346
Customer deposits	56,591	55,452
City of Jacksonville payable	9,661	9,686
Compensated absences due within one year	3,527	4,534
State utility taxes payable	2,906	3,090
Total current liabilities	<u>163,807</u>	<u>164,108</u>
Current liabilities payable from restricted assets:		
Debt due within one year	229,095	181,525
Renewal and replacement reserve	80,112	79,601
Interest payable	55,429	58,504
Construction contracts and accounts payable	22,459	10,537
Total current liabilities payable from restricted assets	<u>387,095</u>	<u>330,167</u>
Noncurrent liabilities:		
Net pension liability	493,346	408,629
Compensated absences due after one year	26,864	24,623
Environmental liabilities	18,556	18,556
Other liabilities	4,802	3,171
Total noncurrent liabilities	<u>543,568</u>	<u>454,979</u>
Long-term debt:		
Bonds payable, less current portion	4,178,295	4,470,195
Unamortized premium, net	117,254	143,998
Fair value of debt management strategy instruments	126,616	183,809
Total long-term debt	<u>4,422,165</u>	<u>4,798,002</u>
Total liabilities	<u>5,516,635</u>	<u>5,747,256</u>
Deferred inflows of resources		
Revenues to be used for future costs	466,117	527,056
Unrealized pension gains	12,683	29,796
Total deferred inflows of resources	<u>478,800</u>	<u>556,852</u>
Net position		
Net investment in capital assets	1,642,036	1,429,557
Restricted	594,355	547,797
Unrestricted	336,594	350,283
Total net position	<u>2,572,985</u>	<u>2,327,637</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,568,420</u>	<u>\$ 8,631,745</u>

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	\$ 172,082	\$ 35,645	\$ -	\$ 207,727	79,549	\$ 3,852	\$ 291,128
Investments	174,501	8,754	-	183,255	-	-	183,255
Customer accounts receivable, net of allowance (\$1,942)	174,722	-	-	174,722	38,327	794	213,843
Miscellaneous accounts receivable	25,906	25,944	(19,637)	32,213	1,419	-	33,632
Interest receivable	1,510	21	-	1,531	1,130	-	2,661
Inventories:							
Fuel inventory - Electric System	32,255	31,664	-	63,919	-	-	63,919
Fuel inventory - Plant Scherer	3,401	-	-	3,401	-	-	3,401
Materials and supplies - Water and Sewer	-	-	-	-	48,466	-	48,466
Materials and supplies - Electric System	-	19,791	-	19,791	-	-	19,791
Materials and supplies - Plant Scherer	2,097	-	-	2,097	-	-	2,097
Total current assets	586,474	121,819	(19,637)	688,656	168,891	4,646	862,193
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	39	36,271	-	36,310	22,604	2,380	61,294
Investments	388,219	223,594	-	611,813	344,744	-	956,557
Accounts and interest receivable	1,772	730	-	2,502	1,232	-	3,734
Total restricted assets	390,030	260,595	-	650,625	368,580	2,380	1,021,585
Costs to be recovered from future revenues	240,326	6,741	-	247,067	209,008	-	456,075
Investment in The Energy Authority	6,276	-	-	6,276	-	-	6,276
Other assets	11,799	-	-	11,799	6,400	2	18,201
Total noncurrent assets	648,431	267,336	-	915,767	583,988	2,382	1,502,137
Capital assets:							
Land and easements	123,606	6,660	-	130,266	60,195	3,051	193,512
Plant in service	5,242,124	1,317,545	-	6,559,669	4,307,134	55,240	10,922,043
Less accumulated depreciation	(2,835,523)	(845,102)	-	(3,680,625)	(1,975,227)	(23,694)	(5,679,546)
Plant in service, net	2,530,207	479,103	-	3,009,310	2,392,102	34,597	5,436,009
Construction work in progress	176,221	3,815	-	180,036	186,345	1,793	368,174
Net capital assets	2,706,428	482,918	-	3,189,346	2,578,447	36,390	5,804,183
Total assets	3,941,333	872,073	(19,637)	4,793,769	3,331,326	43,418	8,168,513
Deferred outflows of resources							
Unamortized deferred losses on refundings	79,767	11,955	-	91,722	44,247	205	136,174
Accumulated decrease in fair value of interest hedging derivatives	102,430	-	-	102,430	24,186	-	126,616
Unrealized pension contributions and losses	77,672	11,731	-	89,403	47,606	-	137,009
Accumulated decrease in fair value of fuel hedging derivatives	108	-	-	108	-	-	108
Total deferred outflows of resources	259,977	23,686	-	283,663	116,039	205	399,907
Total assets and deferred outflows of resources	\$ 4,201,310	\$ 895,759	\$ (19,637)	\$ 5,077,432	\$ 3,447,365	\$ 43,623	\$ 8,568,420

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	\$ 62,381	\$ 16,074	\$ (763)	\$ 77,692	\$ 13,398	\$ 32	\$ 91,122
Customer deposits	41,759	-	-	41,759	14,832	-	56,591
City of Jacksonville payable	7,689	-	-	7,689	1,972	-	9,661
Compensated absences due within one year	2,025	660	-	2,685	811	31	3,527
State utility taxes payable	2,906	-	-	2,906	-	-	2,906
Total current liabilities	116,760	16,734	(763)	132,731	31,013	63	163,807
Current liabilities payable from restricted assets:							
Debt due within one year	135,105	41,330	-	176,435	51,020	1,640	229,095
Renewal and replacement reserve	-	80,112	-	80,112	-	-	80,112
Interest payable	27,389	6,381	-	33,770	21,198	461	55,429
Construction contracts and accounts payable	3,477	20,707	(18,874)	5,310	17,008	141	22,459
Total current liabilities payable from restricted assets	165,971	148,530	(18,874)	295,627	89,226	2,242	387,095
Noncurrent liabilities:							
Net pension liability	297,819	12,993	-	310,812	182,534	-	493,346
Compensated absences due after one year	17,938	1,719	-	19,657	7,206	1	26,864
Environmental liabilities	18,556	-	-	18,556	-	-	18,556
Other liabilities	3,366	-	-	3,366	1,436	-	4,802
Total noncurrent liabilities	337,679	14,712	-	352,391	191,176	1	543,568
Long-term debt:							
Bonds payable, less current portion	2,171,305	408,885	-	2,580,190	1,561,620	36,485	4,178,295
Unamortized premium (discount), net	58,126	12,120	-	70,246	47,047	(39)	117,254
Fair value of debt management strategy instruments	102,430	-	-	102,430	24,186	-	126,616
Total long-term debt	2,331,861	421,005	-	2,752,866	1,632,853	36,446	4,422,165
Total liabilities	2,952,271	600,981	(19,637)	3,533,615	1,944,268	38,752	5,516,635
Deferred inflows of resources							
Revenues to be used for future costs	289,631	150,625	-	440,256	25,861	-	466,117
Unrealized pension gains	6,545	2,126	-	8,671	4,012	-	12,683
Total deferred inflows of resources	296,176	152,751	-	448,927	29,873	-	478,800
Net position							
Net investment in capital assets	455,165	8,341	-	463,506	1,180,162	(1,632)	1,642,036
Restricted	297,209	30,319	18,874	346,402	246,034	1,919	594,355
Unrestricted	200,489	103,367	(18,874)	284,982	47,028	4,584	336,594
Total net position	952,863	142,027	-	1,094,890	1,473,224	4,871	2,572,985
Total liabilities, deferred inflows of resources, and net position	\$ 4,201,310	\$ 895,759	\$ (19,637)	\$ 5,077,432	\$ 3,447,365	\$ 43,623	\$ 8,568,420

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	\$ 162,835	\$ 26,081	\$ -	\$ 188,916	\$ 55,472	\$ 4,191	\$ 248,579
Investments	247,430	10,199	-	257,629	-	-	257,629
Customer accounts receivable, net of allowance (\$3,994)	190,121	-	-	190,121	41,464	597	232,182
Miscellaneous accounts receivable	22,996	37,382	(18,346)	42,032	1,227	-	43,259
Interest receivable	942	22	-	964	825	-	1,789
Inventories:							
Fuel inventory - Electric System	30,883	27,215	-	58,098	-	-	58,098
Fuel inventory - Plant Scherer	6,369	-	-	6,369	-	-	6,369
Materials and supplies - Water and Sewer	-	-	-	-	45,725	-	45,725
Materials and supplies - Electric System	-	20,645	-	20,645	-	-	20,645
Materials and supplies - Plant Scherer	2,130	-	-	2,130	-	-	2,130
Total current assets	663,706	121,544	(18,346)	766,904	144,713	4,788	916,405
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	-	70,985	-	70,985	36,107	3,306	110,398
Investments	352,290	187,538	-	539,828	322,244	-	862,072
Accounts and interest receivable	1,363	562	-	1,925	878	-	2,803
Total restricted assets	353,653	259,085	-	612,738	359,229	3,306	975,273
Costs to be recovered from future revenues	228,148	6,640	-	234,788	215,534	-	450,322
Investment in The Energy Authority	6,218	-	-	6,218	-	-	6,218
Other assets	8,715	-	-	8,715	6,712	-	15,427
Total noncurrent assets	596,734	265,725	-	862,459	581,475	3,306	1,447,240
Capital assets:							
Land and easements	95,178	6,660	-	101,838	59,437	3,051	164,326
Plant in service	5,143,952	1,345,972	-	6,489,924	4,199,455	53,649	10,743,028
Less accumulated depreciation	(2,656,987)	(837,679)	-	(3,494,666)	(1,859,014)	(21,434)	(5,375,114)
Plant in service, net	2,582,143	514,953	-	3,097,096	2,399,878	35,266	5,532,240
Construction work in progress	162,776	16,080	-	178,856	142,900	1,296	323,052
Capital assets, net	2,744,919	531,033	-	3,275,952	2,542,778	36,562	5,855,292
Total assets	4,005,359	918,302	(18,346)	4,905,315	3,268,966	44,656	8,218,937
Deferred outflows of resources							
Unamortized deferred losses on refundings	80,726	16,124	-	96,850	46,829	213	143,892
Accumulated decrease in fair value of interest hedging derivatives	147,958	-	-	147,958	35,851	-	183,809
Unrealized pension contributions and losses	48,712	4,115	-	52,827	31,143	-	83,970
Accumulated decrease in fair value of fuel hedging derivatives	1,137	-	-	1,137	-	-	1,137
Total deferred outflows of resources	278,533	20,239	-	298,772	113,823	213	412,808
Total assets and deferred outflows of resources	\$ 4,283,892	\$ 938,541	\$ (18,346)	\$ 5,204,087	\$ 3,382,789	\$ 44,869	\$ 8,631,745

JEA
Combining Statement of Net Position
(in thousands - unaudited) July 2016

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	\$ 71,259	\$ 9,655	\$ (2,559)	\$ 78,355	\$ 12,984	\$ 7	\$ 91,346
Customer deposits	41,658	-	-	41,658	13,794	-	55,452
City of Jacksonville payable	7,643	-	-	7,643	2,043	-	9,686
Compensated absences due within one year	1,824	1,486	-	3,310	1,217	7	4,534
State utility taxes payable	3,090	-	-	3,090	-	-	3,090
Total current liabilities	125,474	11,141	(2,559)	134,056	30,038	14	164,108
Current liabilities payable from restricted assets:							
Debt due within one year	102,240	43,785	-	146,025	33,875	1,625	181,525
Renewal and replacement reserve	-	79,601	-	79,601	-	-	79,601
Interest payable	29,455	7,105	-	36,560	21,478	466	58,504
Construction contracts and accounts payable	3,031	17,873	(15,787)	5,117	5,407	13	10,537
Total current liabilities payable from restricted assets	134,726	148,364	(15,787)	267,303	60,760	2,104	330,167
Noncurrent liabilities:							
Net pension liability	246,724	4,163	-	250,887	157,742	-	408,629
Compensated absences due after one year	17,078	1,107	-	18,185	6,398	40	24,623
Environmental liabilities	18,556	-	-	18,556	-	-	18,556
Other liabilities	1,407	-	-	1,407	1,764	-	3,171
Total noncurrent liabilities	283,765	5,270	-	289,035	165,904	40	454,979
Long-term debt:							
Bonds payable, less current portion	2,369,215	450,215	-	2,819,430	1,612,640	38,125	4,470,195
Unamortized premium (discount), net	70,799	18,085	-	88,884	55,158	(44)	143,998
Fair value of debt management strategy instruments	147,958	-	-	147,958	35,851	-	183,809
Total long-term debt	2,587,972	468,300	-	3,056,272	1,703,649	38,081	4,798,002
Total liabilities	3,131,937	633,075	(18,346)	3,746,666	1,960,351	40,239	5,747,256
Deferred inflows of resources							
Revenues to be used for future costs	340,707	161,587	-	502,294	24,762	-	527,056
Unrealized pension gains	16,446	2,835	-	19,281	10,515	-	29,796
Total deferred inflows of resources	357,153	164,422	-	521,575	35,277	-	556,852
Net position							
Net investment in capital assets	313,846	(2,244)	-	311,602	1,120,899	(2,944)	1,429,557
Restricted	258,765	33,991	15,787	308,543	236,414	2,840	547,797
Unrestricted	222,191	109,297	(15,787)	315,701	29,848	4,734	350,283
Total net position	794,802	141,044	-	935,846	1,387,161	4,630	2,327,637
Total liabilities, deferred inflows of resources, and net position	\$ 4,283,892	\$ 938,541	\$ (18,346)	\$ 5,204,087	\$ 3,382,789	\$ 44,869	\$ 8,631,745

JEA
Schedule of Cash and Investments
(in thousands - unaudited) July 2017

	Electric System and Bulk Power Supply System	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	\$ 28,855	\$ 21,598	\$ 50,453	\$ 38,856	\$ 1,115	\$ 90,424
Rate stabilization:						
Fuel	142,256	-	142,256	-	-	142,256
Debt management	29,884	-	29,884	20,290	2,737	52,911
Environmental	35,317	-	35,317	5,571	-	40,888
Purchased Power	27,086	-	27,086	-	-	27,086
DSM/Conservation	3,571	-	3,571	-	-	3,571
Total rate stabilization funds	238,114	-	238,114	25,861	2,737	266,712
Customer deposits	41,625	-	41,625	14,832	-	56,457
General reserve	-	22,801	22,801	-	-	22,801
Self insurance reserve funds:						
Self funded health plan	9,433	-	9,433	-	-	9,433
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	19,433	-	19,433	-	-	19,433
Environmental liability reserve	18,556	-	18,556	-	-	18,556
Total unrestricted cash and investments	\$ 346,583	\$ 44,399	\$ 390,982	\$ 79,549	\$ 3,852	\$ 474,383
Restricted assets						
Renewal and replacement funds	\$ 187,083	\$ 79,909	\$ 266,992	\$ 193,059	553	\$ 460,604
Debt service reserve account	65,433	140,195	205,628	107,488	-	313,116
Debt service funds	135,052	35,150	170,202	63,437	1,827	235,466
Environmental funds	-	-	-	1,063	-	1,063
Construction funds	39	-	39	152	-	191
Subtotal	387,607	255,254	642,861	365,199	2,380	1,010,440
Unrealized holding gain (loss) on investments	651	(3,990)	(3,339)	2,149	-	(1,190)
Other funds	-	8,601	8,601	-	-	8,601
Total restricted cash and investments	\$ 388,258	\$ 259,865	\$ 648,123	\$ 367,348	\$ 2,380	\$ 1,017,851

JEA
Schedule of Cash and Investments
(in thousands - unaudited) July 2016

	Electric System and Bulk Power Supply System	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	\$ 45,450	\$ 11,758	\$ 57,208	\$ 16,916	\$ 1,454	\$ 75,578
Rate stabilization:						
Fuel	172,776	-	172,776	-	-	172,776
Debt management	42,126	-	42,126	20,290	2,737	65,153
Environmental	29,152	-	29,152	4,472	-	33,624
Purchased Power	35,428	-	35,428	-	-	35,428
DSM/Conservation	3,396	-	3,396	-	-	3,396
Total rate stabilization funds	282,878	-	282,878	24,762	2,737	310,377
Customer deposits	41,514	-	41,514	13,794	-	55,308
General reserve	-	24,522	24,522	-	-	24,522
Self insurance reserve funds:						
Self funded health plan	11,867	-	11,867	-	-	11,867
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	21,867	-	21,867	-	-	21,867
Environmental liability reserve	18,556	-	18,556	-	-	18,556
Total unrestricted cash and investments	\$ 410,265	\$ 36,280	\$ 446,545	\$ 55,472	\$ 4,191	\$ 506,208
Restricted assets						
Renewal and replacement funds	\$ 169,717	\$ 79,486	\$ 249,203	\$ 193,707	\$ 1,486	\$ 444,396
Debt service reserve account	65,433	137,942	203,375	108,086	-	311,461
Debt service funds	113,463	37,218	150,681	49,244	1,820	201,745
Construction funds	-	-	-	681	-	681
Environmental funds	-	-	-	672	-	672
Subtotal	348,613	254,646	603,259	352,390	3,306	958,955
Unrealized holding gain (loss) on investments	3,677	(451)	3,226	5,961	-	9,187
Other funds	-	4,328	4,328	-	-	4,328
Total restricted cash and investments	\$ 352,290	\$ 258,523	\$ 610,813	\$ 358,351	\$ 3,306	\$ 972,470

Regulatory Accounting Balances
(in thousands - unaudited) July 2017

DESCRIPTION	Electric System	SJRPP System	Total Electric	Water and Sewer	Total JEA
	and Bulk Power Supply System		Enterprise Fund	Enterprise Fund	
Unfunded pension costs	226,691	3,388	230,079	138,940	369,019
Water environmental projects	-	-	-	69,835	69,835
Scherer	10,948	-	10,948	-	10,948
Debt issue costs	2,687	3,353	6,040	233	6,273
Costs to be recovered from future revenues	240,326	6,741	247,067	209,008	456,075
SJRPP and Scherer	42,084	150,625	192,709	-	192,709
Fuel stabilization	142,255	-	142,255	-	142,255
Debt management stabilization	29,884	-	29,884	20,290	50,174
Environmental	35,317	-	35,317	5,571	40,888
Nonfuel purchased power	27,086	-	27,086	-	27,086
Self-insurance medical reserve	9,433	-	9,433	-	9,433
Customer benefit stabilization	3,572	-	3,572	-	3,572
Revenues to be used for future costs	289,631	150,625	440,256	\$ 25,861	466,117

JEA

Regulatory Accounting Balances
(in thousands - unaudited) July 2016

DESCRIPTION	Electric System	SJRPP System	Total Electric	Water and Sewer	Total JEA
	and Bulk Power Supply System		Enterprise Fund	Enterprise Fund	
Unfunded pension costs	214,133	2,883	217,016	136,905	353,921
Water environmental projects	-	-	-	78,386	78,386
Scherer	11,783	-	11,783	-	11,783
Debt issue costs	2,232	3,757	5,989	243	6,232
Costs to be recovered from future revenues	228,148	6,640	234,788	215,534	450,322
SJRPP and Scherer	45,962	161,587	207,549	-	207,549
Fuel stabilization	172,776	-	172,776	-	172,776
Debt management stabilization	42,126	-	42,126	20,290	62,416
Environmental	29,152	-	29,152	4,472	33,624
Nonfuel purchased power	35,428	-	35,428	-	35,428
Self-insurance medical reserve	11,867	-	11,867	-	11,867
Customer benefit stabilization	3,396	-	3,396	-	3,396
Revenues to be used for future costs	340,707	161,587	502,294	\$ 24,762	527,056

Statements of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited)

	Month July		Year-To-Date July	
	2017	2016	2017	2016
Operating revenues				
Electric - base	\$ 85,512	\$ 85,121	\$ 663,665	\$ 648,254
Electric - fuel and purchased power	59,306	59,809	457,090	413,771
Water and sewer	37,941	39,546	357,183	341,206
District energy system	796	882	6,986	6,987
Other	2,815	3,299	29,554	27,120
Total operating revenues	186,370	188,657	1,514,478	1,437,338
Operating expenses				
Operations and maintenance:				
Fuel	48,535	50,730	368,458	329,106
Purchased power	7,824	6,795	63,119	56,790
Maintenance and other operating expenses	28,521	28,645	310,563	309,324
Depreciation	33,075	32,997	321,526	318,962
State utility and franchise taxes	6,772	7,202	56,252	56,749
Recognition of deferred costs and revenues, net	231	45	(3,417)	(5,204)
Total operating expenses	124,958	126,414	1,116,501	1,065,727
Operating income	61,412	62,243	397,977	371,611
Nonoperating revenues (expenses)				
Interest on debt	(12,629)	(13,749)	(138,191)	(137,406)
Investment income	1,362	1,295	6,413	14,165
Debt management strategy	(1,254)	(1,492)	(13,643)	(15,837)
Allowance for funds used during construction	1,125	968	9,970	7,351
Other nonoperating income, net	605	590	4,435	8,069
Earnings from The Energy Authority	669	802	5,385	4,965
Other interest, net	(39)	(28)	(401)	(371)
Total nonoperating expenses, net	(10,161)	(11,614)	(126,032)	(119,064)
Income before contributions	51,251	50,629	271,945	252,547
Contributions (to) from				
General Fund, City of Jacksonville, Florida	(9,653)	(9,516)	(96,520)	(110,157)
Developers and other	6,262	5,271	58,256	47,541
Reduction of plant cost through contributions	(4,136)	(3,244)	(37,621)	(29,203)
Total contributions	(7,527)	(7,489)	(75,885)	(91,819)
Change in net position	43,724	43,140	196,060	160,728
Net position, beginning of period	2,529,261	2,284,497	2,376,925	2,166,909
Net position, end of period	\$ 2,572,985	\$ 2,327,637	\$ 2,572,985	\$ 2,327,637

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the month ended July 2017

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 85,769	\$ -	\$ -	\$ 85,769	\$ -	\$ -	\$ (257)	\$ 85,512
Electric - fuel and purchased power	46,811	26,685	(13,225)	60,271	-	-	(965)	59,306
Water and sewer	-	-	-	-	37,970	-	(29)	37,941
District energy system	-	-	-	-	-	796	-	796
Other	2,255	-	-	2,255	750	-	(190)	2,815
Total operating revenues	134,835	26,685	(13,225)	148,295	38,720	796	(1,441)	186,370
Operating expenses								
Operations and maintenance:								
Fuel	30,194	18,341	-	48,535	-	-	-	48,535
Purchased power	21,049	-	(13,225)	7,824	-	-	-	7,824
Maintenance and other operating expenses	17,137	2,716	-	19,853	9,645	464	(1,441)	28,521
Depreciation	17,424	3,443	-	20,867	12,010	198	-	33,075
State utility and franchise taxes	5,876	-	-	5,876	896	-	-	6,772
Recognition of deferred costs and revenues, net	(279)	1	-	(278)	509	-	-	231
Total operating expenses	91,401	24,501	(13,225)	102,677	23,060	662	(1,441)	124,958
Operating income	43,434	2,184	-	45,618	15,660	134	-	61,412
Nonoperating revenues (expenses)								
Interest on debt	(6,443)	(1,123)	-	(7,566)	(4,946)	(117)	-	(12,629)
Investment income	585	348	-	933	424	5	-	1,362
Debt management strategy	(1,023)	-	-	(1,023)	(231)	-	-	(1,254)
Allowance for funds used during construction	525	-	-	525	594	6	-	1,125
Other nonoperating income, net	364	32	-	396	209	-	-	605
Earnings from The Energy Authority	669	-	-	669	-	-	-	669
Other interest, net	(39)	-	-	(39)	-	-	-	(39)
Total nonoperating expenses, net	(5,362)	(743)	-	(6,105)	(3,950)	(106)	-	(10,161)
Income before contributions	38,072	1,441	-	39,513	11,710	28	-	51,251
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,690)	-	-	(7,690)	(1,963)	-	-	(9,653)
Developers and other	(851)	-	-	(851)	7,113	-	-	6,262
Reduction of plant cost through contributions	851	-	-	851	(4,987)	-	-	(4,136)
Total contributions	(7,690)	-	-	(7,690)	163	-	-	(7,527)
Change in net position	30,382	1,441	-	31,823	11,873	28	-	43,724
Net position, beginning of period	922,481	140,586	-	1,063,067	1,461,351	4,843	-	2,529,261
Net position, end of period	\$ 952,863	\$ 142,027	\$ -	\$ 1,094,890	\$ 1,473,224	\$ 4,871	\$ -	\$ 2,572,985

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the month ended July 2016

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 85,449	\$ -	\$ -	\$ 85,449	\$ -	\$ -	\$ (328)	\$ 85,121
Electric - fuel and purchased power	45,391	28,347	(12,696)	61,042	-	-	(1,233)	59,809
Water and sewer	-	-	-	-	39,618	-	(72)	39,546
District energy system	-	-	-	-	-	882	-	882
Other	2,700	-	-	2,700	780	-	(181)	3,299
Total operating revenues	133,540	28,347	(12,696)	149,191	40,398	882	(1,814)	188,657
Operating expenses								
Operations and maintenance:								
Fuel	31,588	19,142	-	50,730	-	-	-	50,730
Purchased power	19,491	-	(12,696)	6,795	-	-	-	6,795
Maintenance and other operating expenses	15,394	4,262	-	19,656	10,460	343	(1,814)	28,645
Depreciation	17,032	3,563	-	20,595	12,211	191	-	32,997
State utility and franchise taxes	6,267	-	-	6,267	935	-	-	7,202
Recognition of deferred costs and revenues, net	(218)	(970)	-	(1,188)	1,233	-	-	45
Total operating expenses	89,554	25,997	(12,696)	102,855	24,839	534	(1,814)	126,414
Operating income	43,986	2,350	-	46,336	15,559	348	-	62,243
Nonoperating revenues (expenses)								
Interest on debt	(6,527)	(2,211)	-	(8,738)	(4,893)	(118)	-	(13,749)
Investment income	486	447	-	933	360	2	-	1,295
Debt management strategy	(1,191)	-	-	(1,191)	(301)	-	-	(1,492)
Allowance for funds used during construction	512	-	-	512	452	4	-	968
Other nonoperating income, net	348	34	-	382	208	-	-	590
Earnings from The Energy Authority	802	-	-	802	-	-	-	802
Other interest, net	(28)	-	-	(28)	-	-	-	(28)
Total nonoperating expenses, net	(5,598)	(1,730)	-	(7,328)	(4,174)	(112)	-	(11,614)
Income before contributions	38,388	620	-	39,008	11,385	236	-	50,629
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,644)	-	-	(7,644)	(1,872)	-	-	(9,516)
Developers and other	1,773	-	-	1,773	3,498	-	-	5,271
Reduction of plant cost through contributions	(1,773)	-	-	(1,773)	(1,471)	-	-	(3,244)
Total contributions	(7,644)	-	-	(7,644)	155	-	-	(7,489)
Change in net position	30,744	620	-	31,364	11,540	236	-	43,140
Net position, beginning of period	764,058	140,424	-	904,482	1,375,621	4,394	-	2,284,497
Net position, end of period	\$ 794,802	\$ 141,044	\$ -	\$ 935,846	\$ 1,387,161	\$ 4,630	\$ -	\$ 2,327,637

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the ten months ended July 2017

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 666,456	\$ -	\$ -	\$ 666,456	\$ -	\$ -	\$ (2,791)	\$ 663,665
Electric - fuel and purchased power	361,694	220,061	(114,167)	467,588	-	-	(10,498)	457,090
Water and sewer	-	-	-	-	357,422	-	(239)	357,183
District energy system	-	-	-	-	-	6,986	-	6,986
Other	23,474	-	-	23,474	7,977	-	(1,897)	29,554
Total operating revenues	1,051,624	220,061	(114,167)	1,157,518	365,399	6,986	(15,425)	1,514,478
Operating expenses								
Operations and maintenance:								
Fuel	233,967	134,491	-	368,458	-	-	-	368,458
Purchased power	177,286	-	(114,167)	63,119	-	-	-	63,119
Maintenance and other operating expenses	171,721	37,812	-	209,533	112,854	3,601	(15,425)	310,563
Depreciation	165,219	35,509	-	200,728	118,831	1,967	-	321,526
State utility and franchise taxes	47,473	-	-	47,473	8,779	-	-	56,252
Recognition of deferred costs and revenues, net	(2,787)	(9,023)	-	(11,810)	8,393	-	-	(3,417)
Total operating expenses	792,879	198,789	(114,167)	877,501	248,857	5,568	(15,425)	1,116,501
Operating income	258,745	21,272	-	280,017	116,542	1,418	-	397,977
Nonoperating revenues (expenses)								
Interest on debt	(68,040)	(19,182)	-	(87,222)	(49,806)	(1,163)	-	(138,191)
Investment income	3,373	811	-	4,184	2,199	30	-	6,413
Debt management strategy	(10,953)	-	-	(10,953)	(2,690)	-	-	(13,643)
Allowance for funds used during construction	5,513	-	-	5,513	4,439	18	-	9,970
Other nonoperating income, net	3,594	324	-	3,918	517	-	-	4,435
Earnings from The Energy Authority	5,385	-	-	5,385	-	-	-	5,385
Other interest, net	(369)	-	-	(369)	(32)	-	-	(401)
Total nonoperating expenses, net	(61,497)	(18,047)	-	(79,544)	(45,373)	(1,115)	-	(126,032)
Income before contributions	197,248	3,225	-	200,473	71,169	303	-	271,945
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(76,893)	-	-	(76,893)	(19,627)	-	-	(96,520)
Developers and other	-	-	-	-	58,256	-	-	58,256
Reduction of plant cost through contributions	-	-	-	-	(37,621)	-	-	(37,621)
Total contributions	(76,893)	-	-	(76,893)	1,008	-	-	(75,885)
Change in net position	120,355	3,225	-	123,580	72,177	303	-	196,060
Net position, beginning of year	832,508	138,802	-	971,310	1,401,047	4,568	-	2,376,925
Net position, end of period	\$ 952,863	\$ 142,027	\$ -	\$ 1,094,890	\$ 1,473,224	\$ 4,871	\$ -	\$ 2,572,985

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the ten months ended July 2016

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 650,933	\$ -	\$ -	\$ 650,933	\$ -	\$ -	\$ (2,679)	\$ 648,254
Electric - fuel and purchased power	319,938	201,227	(97,318)	423,847	-	-	(10,076)	413,771
Water and sewer	-	-	-	-	341,750	-	(544)	341,206
District energy	-	-	-	-	-	6,987	-	6,987
Other	20,949	-	-	20,949	7,975	-	(1,804)	27,120
Total operating revenues	991,820	201,227	(97,318)	1,095,729	349,725	6,987	(15,103)	1,437,338
Operating expenses								
Operations and maintenance:								
Fuel	215,082	114,024	-	329,106	-	-	-	329,106
Purchased power	154,108	-	(97,318)	56,790	-	-	-	56,790
Maintenance and other operating expenses	175,689	36,471	-	212,160	108,645	3,622	(15,103)	309,324
Depreciation	162,455	35,628	-	198,083	118,970	1,909	-	318,962
State utility and franchise taxes	48,236	-	-	48,236	8,513	-	-	56,749
Recognition of deferred costs and revenues, net	(2,181)	(9,807)	-	(11,988)	6,784	-	-	(5,204)
Total operating expenses	753,389	176,316	(97,318)	832,387	242,912	5,531	(15,103)	1,065,727
Operating income	238,431	24,911	-	263,342	106,813	1,456	-	371,611
Nonoperating revenues (expenses)								
Interest on debt	(65,336)	(22,114)	-	(87,450)	(48,780)	(1,176)	-	(137,406)
Investment income	5,428	3,910	-	9,338	4,809	18	-	14,165
Debt management strategy	(12,426)	-	-	(12,426)	(3,411)	-	-	(15,837)
Allowance for funds used during construction	3,679	-	-	3,679	3,657	15	-	7,351
Other nonoperating income, net	3,586	342	-	3,928	4,141	-	-	8,069
Earnings from The Energy Authority	4,965	-	-	4,965	-	-	-	4,965
Other interest, net	(326)	-	-	(326)	(45)	-	-	(371)
Total nonoperating expenses, net	(60,430)	(17,862)	-	(78,292)	(39,629)	(1,143)	-	(119,064)
Income before contributions	178,001	7,049	-	185,050	67,184	313	-	252,547
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(88,434)	-	-	(88,434)	(21,723)	-	-	(110,157)
Developers and other	1,773	-	-	1,773	45,768	-	-	47,541
Reduction of plant cost through contributions	(1,773)	-	-	(1,773)	(27,430)	-	-	(29,203)
Total contributions	(88,434)	-	-	(88,434)	(3,385)	-	-	(91,819)
Change in net position	89,567	7,049	-	96,616	63,799	313	-	160,728
Net position, beginning of year	705,235	133,995	-	839,230	1,323,362	4,317	-	2,166,909
Net position, end of period	\$ 794,802	\$ 141,044	\$ -	\$ 935,846	\$ 1,387,161	\$ 4,630	\$ -	\$ 2,327,637

Statement of Cash Flows
(in thousands - unaudited)

	Year-To-Date	
	July	
	2017	2016
Operating activities		
Receipts from customers	\$ 1,427,538	\$ 1,409,026
Payments to suppliers	(609,727)	(560,629)
Payments to employees	(212,593)	(204,364)
Other operating activities	28,077	32,045
Net cash provided by operating activities	<u>633,295</u>	<u>676,078</u>
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	(96,411)	(109,816)
Build America Bonds subsidies	3,587	3,626
Payment from the City of Jacksonville, Florida	-	37
Net cash used in noncapital financing activities	<u>(92,824)</u>	<u>(106,153)</u>
Capital and related financing activities		
Acquisition and construction of capital assets	(265,988)	(241,735)
Interest paid on debt	(188,722)	(193,128)
Repayment of debt principal	(181,525)	(187,500)
Defeasance of debt	(153,210)	-
Proceeds from issuance of debt, net	90,405	3,000
Developer and other contributions	20,635	18,338
Other capital financing activities	(4,984)	1,608
Net cash used in capital and related financing activities	<u>(683,389)</u>	<u>(599,417)</u>
Investing activities		
Purchase of investments	(1,487,106)	(1,729,788)
Proceeds from sale and maturities of investments	1,367,279	1,464,745
Investment income	12,999	11,200
Distributions from The Energy Authority	5,245	6,238
Net cash used in investing activities	<u>(101,583)</u>	<u>(247,605)</u>
Net change in cash and cash equivalents	(244,501)	(277,097)
Cash and cash equivalents, beginning of year	596,923	636,074
Cash and cash equivalents, end of period	<u>\$ 352,422</u>	<u>\$ 358,977</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 397,977	\$ 371,611
Adjustments:		
Depreciation and amortization	322,647	321,908
Recognition of deferred costs and revenues, net	(3,417)	(5,204)
Other nonoperating income, net	(1,090)	2,007
Changes in noncash assets and noncash liabilities:		
Accounts receivable	(10,384)	(32,502)
Accounts receivable, restricted	(387)	2,918
Inventories	(19,871)	(3,392)
Other assets	(1,146)	448
Accounts and expenses payable	(4,494)	(7,688)
Liabilities payable, restricted	(1,566)	(5,697)
Other noncurrent liabilities and deferred inflows	(44,974)	31,669
Net cash provided by operating activities	<u>\$ 633,295</u>	<u>\$ 676,078</u>
Noncash activity		
Contribution of capital assets from developers	\$ 37,621	\$ 29,203
Unrealized losses on fair value of investments, net	\$ (5,412)	\$ 2,850

Combining Statement of Cash Flows

(in thousands - unaudited) for the ten months ended July 2017

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	\$ 975,148	\$ 211,636	\$ (112,765)	\$ 1,074,019	\$ 360,714	\$ 6,333	\$ (13,528)	\$ 1,427,538
Payments to suppliers	(498,989)	(161,670)	112,765	(547,894)	(73,953)	(3,305)	15,425	(609,727)
Payments to employees	(136,138)	(25,742)	-	(161,880)	(50,282)	(431)	-	(212,593)
Other operating activities	23,497	-	-	23,497	6,477	-	(1,897)	28,077
Net cash provided by operating activities	363,518	24,224	-	387,742	242,956	2,597	-	633,295
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(76,846)	-	-	(76,846)	(19,565)	-	-	(96,411)
Build America Bonds subsidies	2,142	195	-	2,337	1,250	-	-	3,587
Net cash used in noncapital financing activities	(74,704)	195	-	(74,509)	(18,315)	-	-	(92,824)
Capital and related financing activities								
Acquisition and construction of capital assets	(126,600)	-	-	(126,600)	(137,468)	(1,920)	-	(265,988)
Interest paid on debt	(99,177)	(20,227)	-	(119,404)	(67,927)	(1,391)	-	(188,722)
Repayment of debt principal	(102,240)	(43,785)	-	(146,025)	(33,875)	(1,625)	-	(181,525)
Defeasance of debt	(153,210)	-	-	(153,210)	-	-	-	(153,210)
Proceeds from issuance of debt, net	90,405	-	-	90,405	-	-	-	90,405
Developer and other contributions	-	-	-	-	20,635	-	-	20,635
Other capital financing activities	(4,403)	-	-	(4,403)	(581)	-	-	(4,984)
Net cash used in capital and related financing activities	(395,225)	(64,012)	-	(459,237)	(219,216)	(4,936)	-	(683,389)
Investing activities								
Purchase of investments	(528,742)	(501,452)	-	(1,030,194)	(456,912)	-	-	(1,487,106)
Proceeds from sale and maturities of investments	501,798	479,677	-	981,475	385,804	-	-	1,367,279
Investment income	5,008	3,263	-	8,271	4,698	30	-	12,999
Distributions from The Energy Authority	5,245	-	-	5,245	-	-	-	5,245
Net cash provided by (used in) investing activities	(16,691)	(18,512)	-	(35,203)	(66,410)	30	-	(101,583)
Net change in cash and cash equivalents	(123,102)	(58,105)	-	(181,207)	(60,985)	(2,309)	-	(244,501)
Cash and cash equivalents, beginning of year	295,223	130,021	-	425,244	163,138	8,541	-	596,923
Cash and cash equivalents, end of period	\$ 172,121	\$ 71,916	\$ -	\$ 244,037	\$ 102,153	\$ 6,232	\$ -	\$ 352,422
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 258,745	\$ 21,272	\$ -	\$ 280,017	\$ 116,542	\$ 1,418	\$ -	\$ 397,977
Adjustments:								
Depreciation and amortization	165,219	35,509	-	200,728	119,952	1,967	-	322,647
Recognition of deferred costs and revenues, net	(2,787)	(9,023)	-	(11,810)	8,393	-	-	(3,417)
Other nonoperating income, net	27	-	-	27	(1,117)	-	-	(1,090)
Changes in noncash assets and noncash liabilities:								
Accounts receivable	(984)	(8,166)	-	(9,150)	(581)	(653)	-	(10,384)
Accounts receivable, restricted	(4)	-	-	(4)	(383)	-	-	(387)
Inventories	846	(17,080)	-	(16,234)	(3,637)	-	-	(19,871)
Other assets	(1,057)	-	-	(1,057)	(87)	(2)	-	(1,146)
Accounts and expenses payable	(6,470)	2,681	-	(3,789)	(610)	(95)	-	(4,494)
Liabilities payable, restricted	-	(1,566)	-	(1,566)	-	-	-	(1,566)
Other noncurrent liabilities and deferred inflows	(50,017)	597	-	(49,420)	4,484	(38)	-	(44,974)
Net cash provided by operating activities	\$ 363,518	\$ 24,224	\$ -	\$ 387,742	\$ 242,956	\$ 2,597	\$ -	\$ 633,295
Noncash activity								
Contribution of capital assets from developers	\$ -	\$ -	\$ -	\$ -	\$ 37,621	\$ -	\$ -	\$ 37,621
Unrealized losses on fair value of investments, net	\$ -	\$ (2,468)	\$ -	\$ (2,468)	\$ (2,944)	\$ -	\$ -	\$ (5,412)

Combining Statement of Cash Flows
(in thousands - unaudited) for the ten months ended July 2016

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	\$ 987,233	\$ 184,365	\$ (96,035)	\$ 1,075,563	\$ 339,407	\$ 7,355	\$ (13,299)	\$ 1,409,026
Payments to suppliers	(454,631)	(146,987)	96,035	(505,583)	(66,941)	(3,208)	15,103	(560,629)
Payments to employees	(133,786)	(21,324)	-	(155,110)	(48,806)	(448)	-	(204,364)
Other operating activities	22,283	-	-	22,283	11,566	-	(1,804)	32,045
Net cash provided by operating activities	421,099	16,054	-	437,153	235,226	3,699	-	676,078
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(88,300)	-	-	(88,300)	(21,516)	-	-	(109,816)
Build America Bonds subsidies	2,170	205	-	2,375	1,251	-	-	3,626
Payment from the City of Jacksonville, Florida	37	-	-	37	-	-	-	37
Net cash used in noncapital financing activities	(86,093)	205	-	(85,888)	(20,265)	-	-	(106,153)
Capital and related financing activities								
Acquisition and construction of capital assets	(131,704)	-	-	(131,704)	(108,551)	(1,480)	-	(241,735)
Interest paid on debt	(101,619)	(22,094)	-	(123,713)	(68,011)	(1,404)	-	(193,128)
Repayment of debt principal	(98,765)	(50,945)	-	(149,710)	(36,180)	(1,610)	-	(187,500)
Proceeds from issuance of debt, net	-	-	-	-	3,000	-	-	3,000
Developer and other contributions	-	-	-	-	18,338	-	-	18,338
Other capital financing activities	914	-	-	914	694	-	-	1,608
Net cash used in capital and related financing activities	(331,174)	(73,039)	-	(404,213)	(190,710)	(4,494)	-	(599,417)
Investing activities								
Purchase of investments	(919,417)	(368,060)	-	(1,287,477)	(442,311)	-	-	(1,729,788)
Proceeds from sale and maturities of investments	751,071	378,477	-	1,129,548	335,197	-	-	1,464,745
Investment income	5,032	3,511	-	8,543	2,639	18	-	11,200
Distributions from The Energy Authority	6,238	-	-	6,238	-	-	-	6,238
Net cash provided by (used in) investing activities	(157,076)	13,928	-	(143,148)	(104,475)	18	-	(247,605)
Net change in cash and cash equivalents	(153,244)	(42,852)	-	(196,096)	(80,224)	(777)	-	(277,097)
Cash and cash equivalents, beginning of year	316,079	139,918	-	455,997	171,803	8,274	-	636,074
Cash and cash equivalents, end of period	\$ 162,835	\$ 97,066	\$ -	\$ 259,901	\$ 91,579	\$ 7,497	\$ -	\$ 358,977
Reconciliation of operating income to net cash provided by (used in) operating activities								
Operating income	\$ 238,431	\$ 24,911	\$ -	\$ 263,342	\$ 106,813	\$ 1,456	\$ -	\$ 371,611
Adjustments:								
Depreciation and amortization	162,455	35,628	-	198,083	121,916	1,909	-	321,908
Recognition of deferred costs and revenues, net	(2,181)	(9,807)	-	(11,988)	6,784	-	-	(5,204)
Other nonoperating income, net	(49)	-	-	(49)	2,056	-	-	2,007
Changes in noncash assets and noncash liabilities:								
Accounts receivable	(9,331)	(16,724)	-	(26,055)	(6,815)	368	-	(32,502)
Accounts receivable, restricted	1,383	-	-	1,383	1,535	-	-	2,918
Inventories	(978)	545	-	(433)	(2,959)	-	-	(3,392)
Other assets	534	-	-	534	(86)	-	-	448
Accounts and expenses payable	1,898	(12,580)	-	(10,682)	3,011	(17)	-	(7,688)
Liabilities payable, restricted	-	(5,697)	-	(5,697)	-	-	-	(5,697)
Other noncurrent liabilities and deferred inflows	28,937	(222)	-	28,715	2,971	(17)	-	31,669
Net cash provided by operating activities	\$ 421,099	\$ 16,054	\$ -	\$ 437,153	\$ 235,226	\$ 3,699	\$ -	\$ 676,078
Noncash activity								
Contribution of capital assets from developers	\$ 1,773	\$ -	\$ -	\$ 1,773	\$ 27,430	\$ -	\$ -	\$ 29,203
Unrealized gains on fair value of investments, net	\$ -	\$ 848	\$ -	\$ 848	\$ 2,002	\$ -	\$ -	\$ 2,850

Electric System and Plant Scherer

Changes in Debt Service, R & R and Construction Funds

(in thousands - unaudited) for the ten months ended July 2017 and July 2016

	July 2017			July 2016		
	Debt service funds	Renewal and replacement funds	Construction funds	Debt service funds	Renewal and replacement funds	Construction funds
Beginning balance	\$ 210,066	\$ 193,947	\$ -	\$ 211,749	\$ 148,458	\$ 4
Additions:						
Debt issuance:						
Bonds	-	-	430	-	104	-
Transfer from:						
Revenue fund	176,528	156,831	-	154,476	150,260	-
R & R fund	-	-	-	-	-	2
Proceeds from property sales	-	1,852	-	-	932	-
Total additions	176,528	158,683	430	154,476	151,296	2
Deductions:						
Interest/principal payments from sinking funds	186,109	-	-	183,315	-	-
Increase in utility plant	-	120,137	-	-	115,223	2
Decrease in accounts payable	-	6,438	-	-	13,449	4
Transfer to:						
Revenue fund	-	37,200	-	4,014	-	-
Construction fund	-	-	-	-	2	-
Debt issue costs and discounts	-	-	391	-	-	-
Total deductions	186,109	163,775	391	187,329	128,674	6
Ending balance	\$ 200,485	\$ 188,855	\$ 39	\$ 178,896	\$ 171,080	\$ -
Renewal and replacement fund:						
Cash & investments		\$ 187,083			\$ 169,717	
Accounts / notes receivable:						
Accounts receivable		1,724			1,261	
Street light & other customer loans		48			102	
		<u>\$ 188,855</u>			<u>\$ 171,080</u>	
Construction fund:						
Generation projects			\$ 32			\$ -
T&D and other capital projects			7			-
			<u>\$ 39</u>			<u>\$ -</u>

**Water and Sewer System
Changes in Debt Service, R & R and Construction Funds
(in thousands - unaudited) for the ten months ended July 2017 and July 2016**

	July 2017				July 2016			
	Debt service funds	Renewal and replacement funds	Construction funds	Environmental funds	Debt service funds	Renewal and replacement funds	Construction funds	Environmental funds
Beginning balance	\$ 173,496	\$ 179,513	\$ 152	\$ 2,659	\$ 176,569	\$ 149,130	\$ 664	\$ -
Additions:								
Debt issuance:								
Bonds	-	-	-	-	-	70	-	-
Transfer from:								
Revenue fund	95,667	121,812	-	-	80,718	126,698	-	-
Proceeds from property sales	-	(132)	-	-	-	694	-	-
Contribution in aid of construction	-	20,635	-	-	-	18,338	-	-
Increase in accounts payable	-	-	-	-	-	-	-	672
Total additions	<u>95,667</u>	<u>142,315</u>	<u>-</u>	<u>-</u>	<u>80,718</u>	<u>145,800</u>	<u>-</u>	<u>672</u>
Deductions:								
Increase in utility plant	-	118,309	(167)	-	-	87,907	(58)	-
Interest/principal payments from sinking fund:	97,640	-	-	-	99,193	-	-	-
Transfer to:								
Revenue fund	598	-	-	-	764	-	-	-
Decrease in accounts payable	-	9,975	167	1,596	-	13,197	41	-
Total deductions	<u>98,238</u>	<u>128,284</u>	<u>-</u>	<u>1,596</u>	<u>99,957</u>	<u>101,104</u>	<u>(17)</u>	<u>-</u>
Ending balance	<u>\$ 170,925</u>	<u>\$ 193,544</u>	<u>\$ 152</u>	<u>\$ 1,063</u>	<u>\$ 157,330</u>	<u>\$ 193,826</u>	<u>\$ 681</u>	<u>\$ 672</u>

Recap:

Renewal and replacement fund:

Cash & investments

\$ 193,059

\$ 193,707

Accounts / notes receivable:

Accounts receivable

473

99

Notes receivable

12

20

\$ 193,544

\$ 193,826

Construction fund:

Project funds

\$ 152

\$ 152

\$ 681

\$ 681

Environmental fund

Cash & investments

\$ 1,063

\$ 1,063

\$ 672

\$ 672

Electric System	Month				Prior Year Month	
	ANNUAL BUDGET 2016-17	BUDGET 2016-17	ACTUAL 2016-17	Variance %	ACTUAL 2015-16	Variance %
Budget vs. Actual July 2017 and 2016						
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	\$ 472,264,680	\$ 47,589,748	\$ 41,908,581	-11.94%	\$ 48,723,612	-13.99%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	274,434,887	25,699,793	26,688,692		28,135,766	
Fuel Expense - SJRPP	95,027,760	10,505,200	11,048,525		8,912,585	
Other Purchased Power	64,152,465	6,957,682	8,919,724		7,719,378	
Subtotal Energy Expense	433,615,112	43,162,675	46,656,941	-8.10%	44,767,729	-4.22%
Transfer to (from) Rate Stabilization, Net	37,705,038	-	(4,810,980)		3,950,058	
Fuel Related Uncollectibles	944,530	78,711	62,620		5,825	
Total	472,264,680	43,241,386	41,908,581	3.08%	48,723,612	13.99%
Fuel Balance	-	4,348,362	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	762,971,975	76,884,099	79,264,815		78,842,708	
Conservation Charge Revenue	1,000,000	100,816	145,768		200,141	
Environmental Charge Revenue	7,942,200	800,329	795,911		820,810	
Investment Income	4,631,588	385,966	583,933		483,252	
Natural Gas Revenue Pass Through	7,188,723	599,060	36,399		14,851	
Other Revenues	86,824,233	2,497,215	2,556,177		3,011,212	
Total	870,558,719	81,267,485	83,383,003	2.60%	83,372,974	0.01%
Nonfuel Related Expenses						
Non-Fuel O&M	213,238,053	16,552,449	15,224,177		13,430,792	
DSM / Conservation O&M	8,081,200	665,614	481,970		521,738	
Environmental O&M	2,077,500	173,125	18,252		55,735	
Rate Stabilization - DSM	(571,200)	(47,600)	272,614		320,920	
Rate Stabilization - Environmental	5,864,700	488,725	777,659		765,075	
Natural Gas Expense Pass Through	6,880,298	572,520	47,798		36,981	
Debt Principal - Electric System	89,955,000	7,496,250	12,775,325		8,016,250	
Debt Interest - Electric System	100,943,917	8,411,993	7,699,966		8,173,645	
Bond Buy-Back Principal - Electric System	95,807,360	-	-		-	
R&R - Electric System	62,198,300	5,183,192	5,183,192		5,197,867	
Operating Capital Outlay	107,801,700	27,000,000	27,000,000		30,000,000	
City Contribution Expense	92,270,692	7,689,224	7,689,224		7,643,348	
Taxes & Uncollectibles	1,749,583	145,799	120,361		29,709	
Emergency Reserve	867,320	-	-		-	
<i>Nonfuel Purchased Power:</i>						
* SJRPP D/S Principal	26,496,875	2,208,073	2,208,073		2,331,563	
* SJRPP D/S Interest	16,193,308	1,349,442	1,317,009		1,430,297	
** Other Non-Fuel Purchased Power	40,704,113	3,392,010	1,491,057		3,133,143	
Total Nonfuel Expenses	870,558,719	81,280,816	82,306,677	-1.26%	81,087,063	-1.50%
Non-Fuel Balance	-	(13,331)	1,076,326		2,285,911	
Total Balance	-	4,335,031	1,076,326		2,285,911	
Total Revenues	1,342,823,399	128,857,233	125,291,584	-2.77%	132,096,586	-5.15%
Total Expenses	1,342,823,399	124,522,202	124,215,258	0.25%	129,810,675	4.31%
KWH Sold - Territorial	13,020,000,000	1,312,015,342	1,298,608,000	-1.02%	1,336,835,000	-2.86%
KWH Sold - Off System	-	-	2,983,000		16,818,000	
	13,020,000,000	1,312,015,342	1,301,591,000	-0.79%	1,353,653,000	-3.85%

* Gross debt service

** Includes transmission capacity, SJRPP and Scherer R & R, O & M and Investment Income.

Electric System	Year-To-Date				Prior Year-To-Date	
	ANNUAL BUDGET 2016-17	BUDGET 2016-17	ACTUAL 2016-17	Variance %	ACTUAL 2015-16	Variance %
Budget vs. Actual July 2017 and 2016						
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	\$ 472,264,680	\$ 383,135,201	\$ 319,718,996	-16.55%	\$ 340,467,778	-6.09%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	274,434,887	226,579,952	203,080,751		191,969,270	
Fuel Expense - SJRPP	95,027,760	75,563,960	81,501,079		61,650,581	
Other Purchased Power	64,152,465	47,586,575	72,883,728		64,353,632	
Subtotal Energy Expense	433,615,112	349,730,487	357,465,558	-2.21%	317,973,483	-12.42%
Transfer to (from) Rate Stabilization, Net	37,705,038	-	(37,859,735)		22,033,741	
Fuel Related Uncollectibles	944,530	787,108	113,173		460,554	
Total	472,264,680	350,517,595	319,718,996	8.79%	340,467,778	6.09%
Fuel Balance	-	32,617,606	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	762,971,975	618,977,945	599,728,696		601,416,194	
Conservation Charge Revenue	1,000,000	811,298	442,844		605,247	
Environmental Charge Revenue	7,942,200	6,443,286	5,968,654		6,249,835	
Investment Income	4,631,588	3,859,657	5,640,408		4,950,205	
Natural Gas Revenue Pass Through	7,188,723	5,990,602	413,146		136,884	
Other Revenues	86,824,233	81,829,804	88,037,736		24,116,019	
Total	870,558,719	717,912,592	700,231,484	-2.46%	637,474,384	9.84%
Nonfuel Related Expenses						
Non-Fuel O&M	213,238,053	177,094,895	149,367,630		147,132,520	
DSM / Conservation O&M	8,081,200	6,749,972	5,191,996		5,104,463	
Environmental O&M	2,077,500	1,731,250	626,184		528,188	
Rate Stabilization - DSM	(571,200)	(476,000)	55,984		509,476	
Rate Stabilization - Environmental	5,864,700	4,887,250	5,342,470		5,721,646	
Natural Gas Expense Pass Through	6,880,298	5,735,259	516,513		278,456	
Debt Principal - Electric System	89,955,000	74,962,500	104,349,350		80,162,500	
Debt Interest - Electric System	100,943,917	84,119,931	79,300,359		82,319,183	
Bond Buy-Back Principal - Electric System	95,807,360	56,857,658	69,099,658		-	
Rate Stabilization - Debt Management	-	-	(12,242,000)		-	
R&R - Electric System	62,198,300	51,831,917	51,831,917		51,978,667	
Operating Capital Outlay	107,801,700	105,000,000	105,000,000		98,281,402	
City Contribution Expense	92,270,692	76,892,243	76,892,243		76,433,486	
Taxes & Uncollectibles	1,749,583	1,457,986	381,117		1,025,636	
Interlocal Agreements	-	-	-		12,000,000	
Emergency Reserve	867,320	-	-		-	
<i>Nonfuel Purchased Power:</i>						
* SJRPP D/S Principal	26,496,875	22,080,729	22,080,739		23,315,625	
* SJRPP D/S Interest	16,193,308	13,494,423	13,170,092		14,259,303	
** Other Non-Fuel Purchased Power	40,704,113	33,920,095	27,451,638		35,509,354	
Total Nonfuel Expenses	870,558,719	716,340,108	698,415,890	2.50%	634,559,905	-10.06%
Non-Fuel Balance	-	1,572,484	1,815,594		2,914,479	
Total Balance	-	34,190,090	1,815,594		2,914,479	
Total Revenues	1,342,823,399	1,101,047,793	1,019,950,480	-7.37%	977,942,162	4.30%
Total Expenses	1,342,823,399	1,066,857,703	1,018,134,886	4.57%	975,027,683	-4.42%
KWH Sold - Territorial	13,020,000,000	10,562,763,560	9,737,550,342	-7.81%	10,195,244,000	-4.49%
KWH Sold - Off System	-	-	123,592,000		66,601,000	
	13,020,000,000	10,562,763,560	9,861,142,342	-6.64%	10,261,845,000	-3.90%

* Gross debt service

** Includes transmission capacity, SJRPP and Scherer R & R, O & M and Investment Income.

Water and Sewer System

Budget vs. Actual July 2017 and 2016	Month				Prior Year Month	
	ANNUAL BUDGET 2016-17	BUDGET 2016-17	ACTUAL 2016-17	Variance %	ACTUAL 2015-16	Variance %
REVENUES						
Water & Sewer Revenues	\$ 405,586,412	\$ 36,147,118	\$ 37,801,555		\$ 38,650,723	
Capacity & Extension Fees	19,000,000	1,583,333	2,120,587		2,077,788	
Capital Contributions	-	-	4,960		(50,474)	
Investment Income	3,152,787	262,732	421,202		356,513	
Other Income	11,638,859	717,146	961,421		992,230	
Total	439,378,058	38,710,329	41,309,725	6.71%	42,026,780	-1.71%
EXPENSES						
O & M Expenses	144,148,527	12,041,466	9,553,678		10,335,356	
Debt Principal - Water & Sewer	51,020,000	4,251,667	4,251,667		2,822,916	
Debt Interest - Water & Sewer	71,552,849	5,962,737	5,631,896		5,681,870	
Rate Stabilization - Environmental	-	-	673,889		(40,952)	
R&R - Water & Sewer	22,766,900	1,897,242	1,897,242		1,735,450	
Operating Capital Outlay	92,347,055	3,179,357	13,712,602		14,712,602	
Operating Capital Outlay - Capacity/Extension	19,000,000	1,583,333	2,120,588		2,077,788	
Operating Capital Outlay - Contributions	-	-	4,960		(50,474)	
Operating Capital Outlay - Environmental	12,858,706	1,071,559	509,378		1,241,211	
City Contribution Expense	23,552,258	1,962,688	1,962,688		1,872,280	
Uncollectibles & Fees	844,390	70,366	53,000		-	
Interlocal Agreements	287,373	-	-		-	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	439,378,058	32,020,415	40,371,588	-26.08%	40,388,047	0.04%
Total Balance	\$ -	\$ 6,689,914	\$ 938,137		\$ 1,638,733	
Sales kgals						
Water	36,750,000	3,494,192	3,479,584	-0.42%	3,736,060	-6.86%
Sewer	27,867,000	2,520,919	2,830,198	12.27%	2,790,767	1.41%
Total	64,617,000	6,015,111	6,309,782	4.90%	6,526,827	-3.33%

Budget vs. Actual July 2017 and 2016	Year-To-Date				Prior Year to Date	
	ANNUAL BUDGET 2016-17	BUDGET 2016-17	ACTUAL 2016-17	Variance %	ACTUAL 2015-16	Variance %
REVENUES						
Water & Sewer Revenues	\$ 405,586,412	\$ 336,768,672	\$ 352,684,208		\$ 338,198,149	
Capacity & Extension Fees	19,000,000	15,833,333	20,609,941		18,009,670	
Capital Contributions	-	-	24,799		328,321	
Investment Income	3,152,787	2,627,323	5,105,039		2,772,009	
Other Income	11,638,859	9,499,892	9,643,904		12,188,295	
Total	439,378,058	364,729,220	388,067,891	6.40%	371,496,444	4.46%
EXPENSES						
O & M Expenses	144,148,527	119,041,969	111,335,777		105,269,456	
Debt Principal - Water & Sewer	51,020,000	42,516,667	42,516,667		28,229,163	
Debt Interest - Water & Sewer	71,552,849	59,627,374	57,039,608		57,068,131	
Rate Stabilization - Environmental	-	-	3,871,923		4,135,703	
R&R - Water & Sewer	22,766,900	18,972,417	18,972,417		17,354,500	
Operating Capital Outlay	92,347,055	92,347,055	102,753,157		109,237,206	
Operating Capital Outlay - Capacity/Extension	19,000,000	15,833,333	20,609,941		18,009,670	
Operating Capital Outlay - Contributions	-	-	24,799		328,321	
Operating Capital Outlay - Environmental	12,858,706	10,715,588	8,393,009		6,891,041	
City Contribution Expense	23,552,258	19,626,882	19,626,882		18,722,797	
Uncollectibles & Fees	844,390	703,659	163,573		489,055	
Interlocal Agreements	287,373	287,373	287,373		3,000,000	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	439,378,058	379,672,317	385,595,126	-1.56%	368,735,043	-4.57%
Total Balance	\$ -	\$ (14,943,097)	\$ 2,472,765		\$ 2,761,401	
Sales kgals						
Water	36,750,000	30,551,244	31,204,285	2.14%	29,813,269	4.67%
Sewer	27,867,000	23,058,837	25,100,951	8.86%	23,477,884	6.91%
Total	64,617,000	53,610,081	56,305,236	5.03%	53,291,153	5.66%

Budget vs. Actual July 2017 and 2016	Month				Prior Year Month	
	ANNUAL BUDGET 2016-17	BUDGET 2016-17	ACTUAL 2016-17	Variance %	ACTUAL 2015-16	Variance %
REVENUES						
Revenues	\$ 9,247,921	\$ 933,138	\$ 796,476		\$ 882,086	
Investment Income	-	-	5,425		1,753	
Total	9,247,921	933,138	801,901	-14.06%	883,839	-9.27%
EXPENSES						
O & M Expenses	5,252,918	515,822	464,606		343,200	
Debt Principal - DES	1,640,000	136,667	136,667		135,417	
Debt Interest - DES	1,382,454	115,205	115,204		116,582	
R&R - DES	437,650	36,471	36,471		36,596	
Operating Capital Outlay	534,899	200,000	200,000		-	
Total Expenses	9,247,921	1,004,165	952,948	5.10%	631,795	-50.83%
Total Balance	\$ -	\$ (71,027)	\$ (151,047)		\$ 252,044	

Budget vs. Actual July 2017 and 2016	Year-To-Date				Prior-Year-To-Date	
	ANNUAL BUDGET 2016-17	BUDGET 2016-17	ACTUAL 2016-17	Variance %	ACTUAL 2015-16	Variance %
REVENUES						
Revenues	\$ 9,247,921	\$ 7,398,519	\$ 6,986,005		\$ 6,987,016	
Investment Income	-	-	30,468		17,684	
Total	9,247,921	7,398,519	7,016,473	-5.16%	7,004,700	0.17%
EXPENSES						
O & M Expenses	5,252,918	4,051,421	3,614,561		3,635,897	
Debt Principal - DES	1,640,000	1,366,667	1,366,667		1,354,167	
Debt Interest - DES	1,382,454	1,152,045	1,152,045		1,165,817	
R&R - DES	437,650	364,709	364,708		365,958	
Operating Capital Outlay	534,899	200,000	200,000		-	
Total Expenses	9,247,921	7,134,842	6,697,981	6.12%	6,521,839	-2.70%
Total Balance	\$ -	\$ 263,677	\$ 318,492		\$ 482,861	

Electric System
Schedule of Debt Service Coverage
(in thousands - unaudited)

	Month July		Year-to-Date July	
	2017	2016	2017	2016
Revenues				
Electric	\$ 127,871	\$ 135,362	\$ 976,132	\$ 996,564
Investment income (1)	465	386	4,482	2,669
Earnings from The Energy Authority	669	802	5,385	4,965
Other, net (2)	2,262	2,686	23,498	20,919
Plus: amount paid from the rate stabilization fund into the revenue fund	6,242	1,037	65,454	64,285
Less: amount paid from the revenue fund into the rate stabilization fund	(1,533)	(5,559)	(13,436)	(89,978)
Total revenues	135,976	134,714	1,061,515	999,424
Operating expenses (3)				
Fuel	26,689	28,121	203,080	191,969
Purchased power (4)	26,749	25,459	232,313	208,517
Other operation and maintenance	15,790	13,817	156,039	153,669
State utility taxes and franchise fees	5,777	6,178	46,499	47,274
Total operating expenses	75,005	73,575	637,931	601,429
Net revenues	\$ 60,971	\$ 61,139	\$ 423,584	\$ 397,995
Debt service	\$ 5,959	\$ 6,688	\$ 59,611	\$ 65,923
Less: investment income on sinking fund	(122)	(100)	(1,185)	(2,317)
Less: Build America Bonds subsidy	(126)	(126)	(1,263)	(1,265)
Debt service requirement	\$ 5,711	\$ 6,462	\$ 57,163	\$ 62,341
Senior debt service coverage (5), (min 1.20x)	10.68 x	9.46 x	7.41 x	6.38 x
Net revenues (from above)	\$ 60,971	\$ 61,139	\$ 423,584	\$ 397,995
Debt service requirement (from above)	\$ 5,711	\$ 6,462	\$ 57,163	\$ 62,341
Plus: aggregate subordinated debt service on outstanding subordinated bonds	13,401	8,220	111,087	81,944
Less: Build American Bonds subsidy	(173)	(174)	(1,725)	(1,737)
Total debt service requirement and aggregate subordinated debt service	\$ 18,939	\$ 14,508	\$ 166,525	\$ 142,548
Senior and subordinated debt service coverage (6), (min 1.15x)	3.22 x	4.21 x	2.54 x	2.79 x
Fixed charge coverage (7)	2.48 x	3.04 x	1.86 x	1.89 x

(1) Excludes investment income on sinking funds.

(2) Excludes the Build America Bonds subsidy.

(3) Excludes depreciation and recognition of deferred costs and revenues, net.

(4) In accordance with the requirements of the Electric System Resolution, all the contract debt payments from the Electric System to the SJRPP and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the SJRPP and Bulk Power Systems are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the SJRPP and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the SJRPP and Bulk Power Supply System resolutions.

(5) Net revenues divided by debt service requirement. Minimum annual coverage is 1.20x.

(6) Net revenues divided by total debt service requirement and aggregate subordinated debt service. Minimum annual coverage is 1.15x.

(7) Net revenues plus JEA's share of SJRPP's and Bulk Power Supply System's debt service less city contribution divided by the sum of the adjusted debt service requirement and JEA's share of SJRPP's and Bulk Power Supply System's debt service.

JEA

Bulk Power Supply System
Schedule of Debt Service Coverage
(in thousands - unaudited)

	Month July		Year-to-Date July	
	2017	2016	2017	2016
Revenues				
JEA	\$ 5,699	\$ 5,969	\$ 55,026	\$ 54,408
Investment Income	19	10	114	106
Total revenues	5,718	5,979	55,140	54,514
Operating expenses (1)				
Fuel	3,505	3,467	30,887	23,113
Other operations and maintenance	1,186	983	12,201	15,320
Total operating expenses	4,691	4,450	43,088	38,433
Net revenues	\$ 1,027	\$ 1,529	\$ 12,052	\$ 16,081
Aggregate debt service	\$ 806	\$ 897	\$ 8,066	\$ 8,965
Less: Build America Bonds subsidy	(58)	(61)	(583)	(614)
Aggregate debt service	\$ 748	\$ 836	\$ 7,483	\$ 8,351
Debt service coverage (2)	1.37 x	1.83 x	1.61 x	1.93 x

(1) Excludes all current expenses paid or accrued to the extent that such expenses are to be paid from revenues.

(2) Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

**St. Johns River Power Park System
Schedule of Debt Service Coverage - 1st Resolution
(in thousands - unaudited)**

	Month July		Year-to-Date July	
	2017	2016	2017	2016
Revenues				
JEA	\$ 11,759	\$ 11,649	\$ 108,095	\$ 91,852
FPL	13,879	15,650	106,313	103,909
Investment income	334	431	3,083	2,899
Total revenues	25,972	27,730	217,491	198,660
Operating expenses (1)				
Fuel	18,341	19,142	134,491	114,024
Other operations and maintenance	2,221	3,718	32,862	31,042
Total operating expenses	20,562	22,860	167,353	145,066
Net revenues	\$ 5,410	\$ 4,870	\$ 50,138	\$ 53,594
Aggregate debt service	\$ 3,960	\$ 4,345	\$ 39,600	\$ 43,437
Debt service coverage (2)	1.37 x	1.12 x	1.27 x	1.23 x

(1) Excludes depreciation and recognition of deferred costs and revenues, net

(2) Net revenues divided by aggregate debt service. Semiannual minimum coverage is 1.25x.

**St. Johns River Power Park System
Schedule of Debt Service Coverage - 2nd Resolution
(in thousands - unaudited)**

	Month July		Year-to-Date July	
	2017	2016	2017	2016
Revenues				
JEA	\$ 1,047	\$ 1,047	\$ 11,975	\$ 11,929
Investment income	14	15	196	163
Total revenues	1,061	1,062	12,171	12,092
Operating expenses	-	-	-	-
Net revenues	\$ 1,061	\$ 1,062	\$ 12,171	\$ 12,092
Aggregate debt service	\$ 1,079	\$ 1,081	\$ 10,792	\$ 10,767
Less: Build America Bonds subsidy	(32)	(34)	(324)	(342)
Aggregate debt service	\$ 1,047	\$ 1,047	\$ 10,468	\$ 10,425
Debt service coverage (1)	1.01 x	1.01 x	1.16 x	1.16 x

(1) Effective July 14, 2014, the St. Johns River Power Park System Second Revenue Bond Resolution was amended to exclude from revenues the subsidy related to Build America Bonds.

(2) Excludes all current expenses paid or accrued to the extent that such expenses are to be paid from revenues under the 1st resolution

(3) Effective July 14, 2014, the St. Johns River Power Park System Second Revenue Bond Resolution was amended to exclude from interest in aggregate debt service the subsidy related to Build America Bonds.

(4) Net revenues divided by aggregate debt service. Semiannual minimum coverage is 1.15x.

(5) Had the Build America Bonds subsidy not been excluded from revenues and not been excluded from interest in aggregate debt service, current year-to-date debt service coverage would have been 1.15x.

Water and Sewer
Schedule of Debt Service Coverage
(in thousands - unaudited)

	Month July		Year-to-Date July	
	2017	2016	2017	2016
Revenues				
Water	\$ 15,319	\$ 16,466	\$ 146,325	\$ 140,111
Water capacity fees (1)	748	752	7,373	6,486
Sewer	23,325	23,119	214,969	206,111
Sewer capacity fees (1)	1,373	1,326	13,237	11,524
Investment Income	424	360	5,143	2,807
Other (2)	750	780	7,977	10,069
Plus: amounts paid from the rate stabilization fund into the revenue fund	1,375	2,268	16,222	14,540
Less: amounts paid from the revenue fund into the rate stabilization fund	(2,049)	(2,235)	(20,094)	(19,012)
Total revenues	41,265	42,836	391,152	372,636
Operating expenses				
Operations and maintenance (3)	10,541	11,395	121,633	117,157
Total operating expenses	10,541	11,395	121,633	117,157
Net revenues	\$ 30,724	\$ 31,441	\$ 269,519	\$ 255,479
Aggregate debt service	\$ 8,146	\$ 7,131	\$ 81,400	\$ 71,033
Less: Build America Bonds subsidy	(208)	(209)	(2,083)	(2,085)
Aggregate debt service	\$ 7,938	\$ 6,922	\$ 79,317	\$ 68,948
Senior debt service coverage (4), (min 1.25x)	3.87 x	4.54 x	3.40 x	3.71 x
Net revenues (from above)	\$ 30,724	\$ 31,441	\$ 269,519	\$ 255,479
Aggregate debt service (from above)	\$ 7,938	\$ 6,922	\$ 79,317	\$ 68,948
Plus: aggregate subordinated debt service on outstanding subordinated debt	1,471	1,063	14,664	10,428
Total aggregate debt service and aggregate subordinated debt service	\$ 9,409	\$ 7,985	\$ 93,981	\$ 79,376
Senior and subordinated debt service coverage (5)	3.27 x	3.94 x	2.87 x	3.22 x
Fixed charge coverage	3.06 x	3.70 x	2.66 x	2.94 x

- (1) Effective October 1, 2001, the Water and Sewer Bond Resolution was amended to include capacity fees in total revenues. Had such capacity fees not been included in the calculation for the year-to-date periods ending July 2017 and 2016, then the debt service coverage would have been 2.65x and 2.99x.
- (2) Excludes the Build America Bonds subsidy.
- (3) Excludes depreciation and recognition of deferred costs and revenues, net.
- (4) Net revenues divided by aggregate debt service. Minimum annual coverage is 1.25x.
- (5) Net revenues divided by total aggregate debt service and aggregate subordinated debt service. Minimum annual coverage is either 1.00x aggregate debt service and aggregate subordinated debt service (excluding capacity charges) or the sum of 1.00x aggregate debt service and 1.20x aggregate subordinated debt service (including capacity charges). Based on the first requirement, minimum annual coverage is 2.65x and 2.99x. Based on the second requirement, net revenues must exceed 100% of aggregate debt service and 120% of aggregate subordinated debt service, or \$96,914 and \$81,462 for the year-to-date periods ending July 2017 and 2016.

District Energy System
Schedule of Debt Service Coverage
(in thousands - unaudited)

	Month July		Year-to-Date July	
	2017	2016	2017	2016
Revenues				
Service revenues	\$ 796	\$ 882	\$ 6,986	\$ 6,987
Investment income	5	2	30	18
Total revenues	801	884	7,016	7,005
Operating expenses (1)				
Operations and maintenance	464	343	3,601	3,622
Total operating expenses	464	343	3,601	3,622
Net revenues	\$ 337	\$ 541	\$ 3,415	\$ 3,383
Aggregate debt service (2)	\$ 252	\$ 252	\$ 2,519	\$ 2,520
Debt service coverage (3) (min 1.15x)	1.34 x	2.15 x	1.36 x	1.34 x

- (1) Excludes depreciation.
- (2) On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013 Series A, the JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer System Revenues an amount equal to the Aggregate DES Debt Service Deficiency that exists with respect to the 2013 Series A Bonds, in the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with the District Energy System Resolution is less than Accrued Aggregate Debt Service as of the last business day of the then current month.
- (3) Net Revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

Electric System, St. Johns River Power Park System and Scherer
Principal Amount of Debt Outstanding and Average Interest Rates
July 2017

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Electric System - Fixed Rate Bonds				
Series Three 2004 A	5.000%	2039	\$ 5,000	\$ -
Series Three 2005 B	4.750%	2033	100,000	-
Series Three 2009 C	5.000%	2017	3,355,000	3,355,000
Series Three 2009 D - BABs	6.056%	2033-2044	45,955,000	-
Series Three 2010 A	4.000%	2017-2019	14,980,000	4,915,000
Series Three 2010 C	4.125 - 4.500%	2026-2031	8,975,000	-
Series Three 2010 D	4.000 - 5.000%	2017-2038	79,470,000	4,635,000
Series Three 2010 E - BABs	5.350 - 5.482%	2028-2040	34,255,000	-
Series Three 2012A	4.000 - 4.500%	2023-2033	60,750,000	-
Series Three 2012B	2.000 - 5.000%	2017-2039	128,250,000	615,000
Series Three 2013A	3.000 - 5.000%	2017-2026	93,815,000	8,625,000
Series Three 2013B	3.000 - 5.000%	2026-2038	7,500,000	-
Series Three 2013C	4.000 - 5.000%	2017-2030	28,685,000	2,460,000
Series Three 2014A	3.400 - 5.000%	2017-2034	32,305,000	2,050,000
Series Three 2015A	2.750 - 5.000%	2017-2041	79,495,000	140,000
Series Three 2015B	3.000 - 5.000%	2017-2031	36,005,000	6,480,000
Series Three 2017A	5.000%	2019	18,670,000	-
Total Fixed Rate Senior Bonds			672,570,000	33,275,000
2009 Series A	5.625%	2029-2032	21,140,000	-
2009 Series D	5.000%	2017-2018	23,925,000	12,265,000
2009 Series E	4.000%	2017-2018	2,215,000	1,920,000
2009 Series F - BABs	4.625 - 6.406%	2017-2034	64,670,000	1,000,000
2009 Series G	4.000 - 5.000%	2018-2019	16,090,000	-
2010 Series A	3.000%	2017	710,000	710,000
2010 Series B	3.000 - 5.000%	2017-2024	7,535,000	900,000
2010 Series C	4.000%	2025-2027	4,385,000	-
2010 Series D - BABs	3.500 - 5.582%	2017-2027	45,575,000	1,450,000
2012 Series A	3.000 - 5.000%	2017-2033	88,500,000	4,590,000
2012 Series B	3.000 - 5.000%	2017-2037	93,750,000	3,970,000
2013 Series A	3.000 - 5.000%	2017-2030	54,110,000	295,000
2013 Series B	3.000 - 5.000%	2017-2026	25,385,000	2,625,000
2013 Series C	1.375 - 5.000%	2017-2038	80,390,000	2,060,000
2013 Series D	4.000 - 5.250%	2017-2035	124,025,000	10,390,000
2014 Series A	4.000 - 5.000%	2017-2039	206,105,000	11,210,000
2017 Series A	2.000 - 5.000%	2017-2019	71,735,000	39,945,000
Total Fixed Rate Subordinated Bonds			930,245,000	93,330,000
Total Fixed Rate Electric System Bonds/4.619%			1,602,815,000	126,605,000
Electric System - Variable Rate Bonds				
	Current Interest Rates (1)			
Series Three 2008 A	0.835%	2027-2036	51,680,000	-
Series Three 2008 B-1	1.241%	2017-2040	60,395,000	375,000
Series Three 2008 B-2	0.835%	2025-2040	41,900,000	-
Series Three 2008 B-3	0.835%	2024-2036	37,000,000	-
Series Three 2008 B-4	1.241%	2017-2036	49,810,000	400,000
Series Three 2008 C-1	0.839%	2024-2034	44,145,000	-
Series Three 2008 C-2	0.839%	2024-2034	43,900,000	-
Series Three 2008 C-3	0.939%	2030-2038	25,000,000	-
Series Three 2008 D-1	1.241%	2017-2036	111,420,000	2,520,000
Total Variable Rate Senior Bonds			465,250,000	3,295,000
Series 2000 A	0.920%	2021-2035	30,965,000	-
Series 2000 F-1	0.948%	2026-2030	37,200,000	-
Series 2000 F-2	0.943%	2026-2030	24,800,000	-
Series 2008 D	0.708%	2024-2038	39,455,000	-
Total Variable Rate Subordinated Bonds			132,420,000	-
Total Variable Rate Bonds			597,670,000	3,295,000
Total Electric System Bonds			2,200,485,000	129,900,000
St. Johns River Power Park - Fixed Rate Bonds				
Issue 2 Series 17	4.700%	2019	100,000	-
Issue 2 Series 18	4.500%	2018	50,000	-
Issue 2 Series 19	4.600%	2017	100,000	100,000
Issue 2 Series 20	4.500%	2021	100,000	-
Issue 2 Series 21	5.000%	2021	5,000	-
Issue 2 Series 22	4.000%	2019	5,000	-
Issue 2 Series 23	3.000 - 5.000%	2017-2021	64,910,000	23,205,000
Issue 2 Series 24	4.000%	2017-2021	29,625,000	16,350,000
Issue 2 Series 25	3.000%	2021	45,000	-
Issue 2 Series 26	2.000 - 5.000%	2019-2021	65,970,000	-
Issue 2 Series 27	1.888 - 2.505%	2019-2021	7,025,000	-
Issue 3 Series 1	4.500%	2037	100,000	-
Issue 3 Series 2	5.000%	2034-2037	29,370,000	-
Issue 3 Series 4 - BABs	4.200 - 5.450%	2017-2028	24,085,000	1,675,000
Issue 3 Series 6	2.375 - 5.000%	2019-2037	91,330,000	-
Issue 3 Series 7	2.000 - 5.000%	2019-2033	79,500,000	-
Issue 3 Series 8	2.000 - 5.000%	2019-2039	57,895,000	-
Total Fixed Rate St. Johns River Power Park Bonds/4.094%			450,215,000	41,330,000
Bulk Power Supply System, Scherer 4 Project - Fixed Rate Bonds				
Series 2010A - BABs	4.250 - 5.920%	2017-2030	39,875,000	2,475,000
Series 2014A	2.000 - 5.000%	2017-2038	66,050,000	2,730,000
Total Fixed Rate Bulk Power Supply System Bonds/4.302%			105,925,000	5,205,000
Weighted Average Cost(2) / Total Outstanding Debt			3.441%	\$ 2,756,625,000 \$ 176,435,000

(1) Current month interest rate excluding variable debt fees.

(2) Weighted Average Cost of debt is net of BABs subsidy, original issue premiums/discounts and excludes variable debt liquidity/restructuring fees and interest rate swap payments.

	Electric System	Power Park	Issue Three
• Remaining New Money Authorization	\$ 465,160,992	\$ 103,865,000	
• Remaining Senior Refunding Authorization	\$ 1,220,932,381	\$ 250,810,000	
• Remaining Subordinated Refunding Authorization	\$ 820,643,000	n/a	

Water and Sewer System

Principal Amount of Debt Outstanding and Average Interest Rates

July 2017

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Fixed Rate Bonds				
2009 Series B	3.750 - 5.000%	2017-2019	\$ 25,565,000	\$ 7,270,000
2010 Series A - BABs	6.210 - 6.310%	2026-2044	83,115,000	-
2010 Series B - Taxable	4.500 - 5.700%	2017-2025	15,570,000	1,730,000
2010 Series C	5.000%	2020	9,545,000	-
2010 Series D	4.000 - 5.000%	2017-2039	101,850,000	4,125,000
2010 Series E	4.000 - 5.000%	2021-2039	60,990,000	-
2010 Series F - BABs	3.200 - 5.887%	2017-2040	45,520,000	1,245,000
2012 Series A	3.000 - 5.000%	2017-2041	317,935,000	1,535,000
2012 Series B	2.000 - 5.000%	2017-2041	130,085,000	1,725,000
2013 Series A	4.000 - 5.000%	2017-2027	89,740,000	10,950,000
2013 Series B - Taxable	1.882%	2017	3,830,000	3,830,000
2014 Series A	2.000 - 5.000%	2017-2040	284,595,000	4,420,000
Total Fixed Rate Senior Bonds			1,168,340,000	36,830,000
2010 Series A	5.000%	2017-2022	13,150,000	2,525,000
2010 Series B	3.000 - 5.000%	2020-2025	12,770,000	-
2012 Series A	3.000 - 4.000%	2021-2033	20,320,000	-
2012 Series B	3.250 - 5.000%	2030-2043	41,640,000	-
2013 Series A	2.125 - 5.000%	2017-2029	72,250,000	5,410,000
Total Fixed Rate Subordinated Bonds			160,130,000	7,935,000
Total Fixed Rate Bonds/4.622%			1,328,470,000	44,765,000
Variable Rate Bonds				
	Current Interest Rates (1)			
2006 Series B - CPI Bonds	3.468% (2)	2017-2022	34,625,000	4,255,000
2008 Series A-2	0.843%	2028-2042	51,820,000	-
2008 Series B	0.841%	2023-2041	85,290,000	-
Total Variable Rate Senior Bonds			171,735,000	4,255,000
2008 Series A-1	0.708%	2017-2038	52,950,000	2,000,000
2008 Series A-2	0.848%	2030-2038	25,600,000	-
2008 Series B-1	0.880%	2030-2036	30,885,000	-
Total Variable Rate Subordinated Bonds			109,435,000	2,000,000
Total Variable Rate Bonds			281,170,000	6,255,000
Other Obligations				
Revolving Credit Agreement	2.276%	2018	3,000,000	-
Total Other Obligations			3,000,000	-
Weighted Average Cost(3) / Total Outstanding Debt		3.702%	\$ 1,612,640,000	\$ 51,020,000

(1) Current month interest rate excluding variable debt fees.

(2) Designated swap obligation. The rate shown is the weighted average of the variable CPI Index rates for the 6 month re-set period.

(3) Weighted Average Cost of debt is net of BABs subsidy, original issue premiums/discounts and excludes variable debt liquidity/remarketing fees and interest rate swap payments.

• Remaining New Money Authorization	\$	218,078,023
• Remaining Refunding Authorization	\$	1,231,973,942

JEA

District Energy System

Principal Amount of Debt Outstanding and Average Interest Rates

July 2017

Issue/Average Coupon	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Fixed Rate Bonds				
2013 Series A/4.036%	1.425 - 4.538%	2017-2034	\$ 38,125,000	\$ 1,640,000
Weighted Average Cost(1) / Total Outstanding Debt		4.092%	\$ 38,125,000	\$ 1,640,000

(1) Weighted Average Cost of debt is net of original issue premiums/discounts.

• Remaining New Money Authorization	\$	54,321,245
• Remaining Refunding Authorization	\$	106,670,000

JEA
INVESTMENT PORTFOLIO REPORT
July 2017
All Funds

<u>INVESTMENT</u>	<u>BOOK VALUE</u>	<u>YIELD</u>	<u>% OF TOTAL</u>	<u>LAST MONTH</u>	<u>6 MONTH AVERAGE</u>
* Treasuries	\$ 15,298,031	0.71%	1.02%	1.04%	1.10%
<u>Agencies</u>					
Federal Farm Credit Bank	202,711,440	1.19%	13.57%	13.77%	13.86%
Federal Home Loan Bank	385,194,082	1.17%	25.79%	27.27%	27.96%
Total	587,905,522	1.18%	39.37%	41.04%	41.81%
Municipal Bonds	316,031,770	2.05%	21.16%	20.43%	20.82%
Commercial Paper	289,098,805	1.12%	19.36%	21.38%	19.99%
U.S. Treasury Money Market Funds (1)	68,317,787	0.92%	4.57%	4.16%	3.44%
Agency Money Market Funds (2)	3,425,000	0.92%	0.23%	0.57%	1.29%
PFM Money Market Fund	65,000,000	1.17%	4.35%	3.74%	4.58%
Florida Prime Fund	73,000,000	1.29%	4.89%	3.60%	1.64%
<u>Wells Fargo Bank Accounts (3)</u>					
Electric, Scherer	37,779,039	0.76%	2.53%	2.00%	2.57%
SJRPP	31,681,787	0.76%	2.12%	1.96%	1.81%
Water & Sewer, DES	5,823,971	0.76%	0.39%	0.07%	0.95%
Total Portfolio	\$ 1,493,361,712	1.34%	100.00%	100.00%	100.00%

* Backed by Full Faith and Credit of U. S. Government

Weighted Avg. Annual Yield for July 2017, Excluding Bank & Money Market Funds: 1.40%

Weighted Avg. Annual Yield for July 2017, Including Bank & Money Market Funds: 1.34%

Some investments listed above may be classified as Cash Equivalents on the Statements of Net Position in accordance with generally accepted accounting principles.

(1) Fidelity Treasury Fund

(2) Morgan Stanley Government Fund

(3) Month-end bank balances

**JEA
Interest Rate Swap Position Report
July 2017**

JEA Debt Management Swaps Variable to Fixed

ID	Dealer	Effective Date	Termination Date	Electric System Allocation	Water/Sewer Allocation	Fixed Rate	Floating Rate (1)	Spread	Rate Cap	Index
1	Goldman Sachs	9/18/2003	9/18/2033	\$ 84,800,000	\$ -	3.717	0.835	2.882	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039	82,575,000	-	4.351	0.846	3.505	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035	86,000,000	-	3.661	0.835	2.826	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037	39,175,000	-	3.716	0.835	2.881	n/a	68% 1 mth Libor
7	Morgan Stanley	10/31/2006	10/1/2022	-	34,625,000	4.012	3.468	0.544	n/a	CPI
8	Morgan Stanley	1/31/2007	10/1/2031	62,980,000	-	3.907	0.846	3.061	n/a	SIFMA
9	Merrill Lynch	3/8/2007	10/1/2041	-	85,290,000	3.895	0.846	3.049	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036	51,680,000	-	3.836	0.846	2.990	n/a	SIFMA
Total				<u>\$ 407,210,000</u>	<u>\$ 119,915,000</u>	Wtd Avg Spread		2.876		

Notes: (1) The "Floating Rate" column is the average of the floating rate for each instrument for this month.

	Month July			Year-To-Date July		
	2017	2016	Variance	2017	2016	Variance
Electric revenues sales (000's omitted):						
Residential	\$ 67,282	\$ 70,661	-4.78%	\$ 465,150	\$ 473,716	-1.81%
Commercial	38,968	41,215	-5.45%	318,646	324,308	-1.75%
Industrial	18,750	19,497	-3.83%	164,554	165,307	-0.46%
Public street lighting	1,069	1,140	-6.23%	10,928	11,232	-2.71%
Sales for resale - territorial	1,823	2,233	-18.36%	12,915	21,287	-39.33%
Electric revenues - territorial	127,892	134,746	-5.09%	972,193	995,850	-2.38%
Sales for resale - off system	146	618	-76.38%	4,202	1,893	121.98%
Electric revenues	128,038	135,364	-5.41%	976,395	997,743	-2.14%
Less: rate stabilization & recovery	4,709	(4,522)	-204.14%	52,018	(25,693)	-302.46%
Less: allowance for doubtful accounts	(167)	-		(263)	(1,179)	-77.69%
Net electric revenues	132,580	130,842	1.33%	1,028,150	970,871	5.90%
MWh sales						
Residential	597,456	624,424	-4.32%	4,057,180	4,229,881	-4.08%
Commercial	409,657	419,443	-2.33%	3,259,611	3,344,668	-2.54%
Industrial	263,422	262,523	0.34%	2,252,613	2,297,819	-1.97%
Public street lighting	4,968	6,658	-25.38%	55,865	67,750	-17.54%
Sales for resale - territorial	23,105	23,788	-2.87%	112,284	255,126	-55.99%
Total MWh sales - territorial	1,298,608	1,336,836	-2.86%	9,737,553	10,195,244	-4.49%
Sales for resale - off system	2,983	16,818	-82.26%	123,592	66,601	85.57%
Total MWH sales	1,301,591	1,353,654	-3.85%	9,861,145	10,261,845	-3.90%
Number of accounts (1)						
Residential	405,129	399,028	1.53%	402,622	396,078	1.65%
Commercial	51,992	51,461	1.03%	51,824	51,208	1.20%
Industrial	202	201	0.50%	204	202	0.99%
Public street lighting	3,759	3,669	2.45%	3,721	3,643	2.14%
Sales for resale	2	3	-33.33%	2	2	0.00%
Total average accounts	461,084	454,362	1.48%	458,373	451,133	1.60%
Residential averages						
Revenue per account - \$	166.08	177.08	-6.21%	1,155.30	1,196.02	-3.40%
kWh per account	1,475	1,565	-5.75%	10,077	10,679	-5.64%
Revenue per kWh - ¢	11.26	11.32	-0.53%	11.46	11.20	2.32%
Degree days						
Heating degree days	-	-	-	782	949	(167)
Cooling degree days	557	606	(49)	1,981	2,175	(194)
Total degree days	557	606	(49)	2,763	3,124	(361)
Degree days - 30 year average	536			3,097		

(1) The year-to-date column represents a fiscal year-to-date average.

	Month			Year-To-Date		
	2017	2016	Variance	2017	2016	Variance
Water						
<i>Revenues (000's omitted):</i>						
Residential	\$ 8,062	\$ 8,411	-4.15%	\$ 77,313	\$ 74,130	4.29%
Commercial and industrial	4,202	4,204	-0.05%	38,552	38,403	0.39%
Irrigation	3,077	3,851	-20.10%	30,526	27,774	9.91%
Total water revenues	15,341	16,466	-6.83%	146,391	140,307	4.34%
Less: rate stabilization environmental	(1,238)	(1,386)	-10.68%	(12,164)	(11,342)	7.25%
Less: allowance for doubtful accounts	(22)	-		(66)	(196)	-66.33%
Net water revenues	\$ 14,081	\$ 15,080	-6.62%	\$ 134,161	\$ 128,769	4.19%
<i>Kgal sales (000s omitted)</i>						
Residential	1,619,451	1,714,566	-5.55%	14,822,904	14,099,452	5.13%
Commercial and industrial	1,324,529	1,307,862	1.27%	11,081,978	11,064,438	0.16%
Irrigation	535,604	713,632	-24.95%	5,299,403	4,649,379	13.98%
Total kgal sales	3,479,584	3,736,060	-6.86%	31,204,285	29,813,269	4.67%
<i>Number of accounts (1):</i>						
Residential	280,889	274,420	2.36%	278,265	271,562	2.47%
Commercial and industrial	25,504	25,088	1.66%	25,401	24,586	3.31%
Irrigation	36,974	36,471	1.38%	36,704	36,234	1.30%
Total average accounts	343,367	335,979	2.20%	340,370	332,382	2.40%
<i>Residential averages:</i>						
Revenue per account - \$	28.70	30.65	-6.36%	277.84	272.98	1.78%
Kgals per account	5.77	6.25	-7.68%	53.27	51.92	2.60%
Revenue per kgals - \$	4.98	4.91	1.43%	5.22	5.26	-0.76%
Sewer						
<i>Revenues (000's omitted):</i>						
Residential	\$ 12,307	\$ 12,479	-1.38%	\$ 117,010	\$ 112,019	4.46%
Commercial and industrial	9,818	9,383	4.64%	87,301	86,381	1.07%
Total sewer revenues	22,125	21,862	1.20%	204,311	198,400	2.98%
Less: rate stabilization environmental	564	1,419	-60.25%	8,292	6,870	20.70%
Less: allowance for doubtful accounts	(32)	-		(98)	(293)	-66.55%
Net sewer revenues	22,657	23,281	-2.68%	212,505	204,977	3.67%
<i>Kgal sales (000s omitted)</i>						
Residential	1,378,704	1,447,370	-4.74%	12,788,320	12,049,380	6.13%
Commercial and industrial	1,101,278	1,041,227	5.77%	9,514,159	9,363,347	1.61%
Total kgal sales	2,479,982	2,488,597	-0.35%	22,302,479	21,412,727	4.16%
<i>Number of accounts (1):</i>						
Residential	248,171	241,887	2.60%	245,636	239,167	2.70%
Commercial and industrial	18,198	18,050	0.82%	18,134	17,956	0.99%
Total average accounts	266,369	259,937	2.47%	263,770	257,123	2.59%
<i>Residential averages:</i>						
Revenue per account - \$	49.59	51.59	-3.88%	476.36	468.37	1.71%
kgals per account	5.56	5.98	-7.02%	52.06	50.38	3.33%
Revenue per kgals - \$	8.93	8.62	3.60%	9.15	9.30	-1.61%
Reuse						
<i>Revenues (000's omitted):</i>						
Reuse revenues	\$ 1,232	\$ 1,257	-1.99%	\$ 10,756	\$ 8,004	34.38%
<i>Kgal sales (000s omitted)</i>						
Kgal sales (000s omitted)	350,216	302,170	15.90%	2,798,472	2,065,157	35.51%
<i>Number of accounts (1):</i>						
Reuse accounts	9,946	8,008	24.20%	9,226	7,339	25.71%
Rainfall						
	Diff in inches			Diff in inches		
Normal	6.55	6.55		37.40	37.40	
Actual	10.91	2.14	8.77	50.47	24.37	26.10
Rain Days	13	9		74	75	

(1) The year-to-date column represents a fiscal year-to-date average.

	Month July			Year-To-Date July		
	2017	2016	Variance	2017	2016	Variance
Generated power:						
Steam:						
<i>Fuel oil</i>						
Fuel expense	\$ -	\$ 151,820	-100.00%	\$ 339,833	\$ 2,930,615	-88.40%
Barrels #6 oil consumed	-	1,404	-100.00%	3,142	27,514	-88.58%
\$/ per barrel consumed	\$ -	\$ 108.13		\$ 108.17	\$ 106.51	1.55%
kWh oil generated (1)	-	826,382	-100.00%	376,100	15,230,706	-97.53%
Cost per MWh - oil	\$ -	\$ 183.72		\$ 903.57	\$ 192.41	369.60%
<i>Natural gas units #1-3</i>						
Gas expense - variable	\$ 7,687,175	\$ 6,306,816	21.89%	\$ 36,278,601	\$ 33,289,647	8.98%
MMBTU's consumed	2,165,142	1,860,089	16.40%	10,636,952	13,621,285	-21.91%
\$/ per MMBTU consumed	\$ 3.55	\$ 3.39	4.71%	\$ 3.41	\$ 2.44	39.55%
kWh - gas generated (1)	199,739,234	172,918,878	15.51%	978,574,750	1,263,367,040	-22.54%
Cost per MWh - gas	\$ 38.49	\$ 36.47	5.52%	\$ 37.07	\$ 26.35	40.69%
Cost per MWh - gas & oil - steam	\$ 38.49	\$ 37.17	3.53%	\$ 37.41	\$ 28.33	32.04%
<i>Coal</i>						
Coal expense	\$ 1,612,677	\$ 2,692,911	-40.11%	\$ 11,917,215	\$ 21,566,242	-44.74%
kWh generated	49,157,928	128,110,969	-61.63%	395,117,967	1,007,721,746	-60.79%
Cost per MWh - coal	\$ 32.81	\$ 21.02	56.07%	\$ 30.16	\$ 21.40	40.93%
<i>Pet coke and limestone</i>						
Expense	\$ 3,178,397	\$ 5,323,306	-40.29%	\$ 24,168,495	\$ 37,010,058	-34.70%
kWh generated	94,211,313	257,470,949	-63.41%	722,491,946	1,813,975,664	-60.17%
Cost per MWh - pet coke and limestone	\$ 33.74	\$ 20.68	63.17%	\$ 33.45	\$ 20.40	63.96%
Cost per MWh - coal & petcoke - steam	\$ 33.42	\$ 20.79	60.74%	\$ 32.29	\$ 20.76	55.54%
Combustion turbine:						
<i>Fuel oil</i>						
Fuel expense	\$ 68,258	\$ 99,472	-31.38%	\$ 694,935	\$ 642,429	8.17%
Barrels #2 oil consumed	588	979	-39.96%	5,622	4,671	20.37%
\$/ per barrel consumed	\$ 116.09	\$ 101.57	14.29%	\$ 123.61	\$ 137.55	-10.13%
kWh - oil generated	159,579	330,268	-51.68%	1,661,607	1,299,972	27.82%
Cost per MWh - oil	\$ 427.74	\$ 301.19	42.02%	\$ 418.23	\$ 494.19	-15.37%
<i>Natural gas (includes landfill)</i>						
Gas expense Kennedy & landfill - variable	\$ 111,274	\$ 220,907	-49.63%	\$ 1,050,153	\$ 1,034,357	1.53%
MMBTU's consumed	31,640	62,963	-49.75%	312,733	398,407	-21.50%
\$/ per MMBTU consumed	\$ 3.52	\$ 3.51	0.24%	\$ 3.36	\$ 2.60	29.34%
kWh - gas generated (1)	2,291,770	5,177,052	-55.73%	23,717,777	31,612,913	-24.97%
Cost per MWh - gas	\$ 48.55	\$ 42.67	13.79%	\$ 44.28	\$ 32.72	35.32%
Gas expense BB simple - variable	\$ 172,818	\$ 285,795	-39.53%	\$ 2,202,584	\$ 1,636,284	34.61%
MMBTU's consumed	\$ 60,142	\$ 111,870	-46.24%	\$ 715,336	\$ 778,752	-8.14%
\$/ per MMBTU consumed	\$ 2.87	\$ 2.55	12.48%	\$ 3.08	\$ 2.10	46.54%
kWh - gas generated (1)	5,332,875	9,886,712	-46.06%	62,877,985	68,996,219	-8.87%
Cost per MWh - gas simple	\$ 32.41	\$ 28.91	12.10%	\$ 35.03	\$ 23.72	47.71%
Gas expense BB combined - variable	\$ 7,743,083	\$ 6,191,321	25.06%	\$ 71,567,491	\$ 34,985,472	104.56%
MMBTU's consumed	2,584,550	2,279,265	13.39%	22,912,190	15,099,421	51.74%
\$/ per MMBTU consumed	\$ 3.00	\$ 2.72	10.29%	\$ 3.12	\$ 2.32	34.81%
kWh - gas generated (1)	369,240,551	322,261,495	14.58%	3,265,590,130	2,158,378,810	51.30%
Cost per MWh - gas combined	\$ 20.97	\$ 19.21	9.15%	\$ 21.92	\$ 16.21	35.21%
Gas expense GEC simple - variable	\$ 731,157	\$ 563,214	29.82%	\$ 4,702,442	\$ 6,145,512	-23.48%
MMBTU's consumed	330,658	209,529	57.81%	1,659,817	3,212,879	-48.34%
\$/ per MMBTU consumed	\$ 2.21	\$ 2.69	-17.74%	\$ 2.83	\$ 1.91	48.12%
kWh - gas generated	29,273,119	18,701,708	56.53%	151,120,987	287,744,294	-47.48%
Cost per MWh - gas simple	\$ 24.98	\$ 30.12	-17.06%	\$ 31.12	\$ 21.36	45.70%
Cost per MWh - gas & oil ct	\$ 21.72	\$ 20.66	5.18%	\$ 22.89	\$ 17.44	31.21%
Natural gas expense - fixed	\$ 3,530,152	\$ 3,289,888	7.30%	\$ 31,039,057	\$ 25,440,087	22.01%
Total generated power:						
Fuels expense	\$ 24,834,991	\$ 25,125,450	-1.16%	\$ 183,960,806	\$ 164,680,703	11.71%
kWh generated	749,406,369	915,684,413	-18.16%	5,601,529,249	6,648,327,364	-15.75%
Cost per MWh	\$ 33.14	\$ 27.44	20.78%	\$ 32.84	\$ 24.77	32.58%

(1) Allocation of kWh generated is based upon a ratio of gas MBTU's (adjusted to oil equivalent - 95.5%) and oil MBTU's.

Cost of fuels

Fuel oil #6	\$ -	\$ 151,820		\$ 339,833	\$ 2,930,615
Natural gas units #1-3 with landfill - variable	7,687,175	6,306,816		36,278,601	33,289,647
Coal	1,612,677	2,692,911		11,917,215	21,566,242
Petcoke	3,178,397	5,323,306		24,168,495	37,010,058
Fuel oil #2	68,258	99,472		694,935	642,429
Natural gas - simple cycle (BB & GEC) - variable	1,015,249	1,069,916		7,955,179	8,816,153
Natural gas - combined (BB) - variable	7,743,083	6,191,321		71,567,491	34,985,472
Natural gas - fixed	3,530,152	3,289,888		31,039,057	25,440,087
Total	\$ 24,834,991	\$ 25,125,450		\$ 183,960,806	\$ 164,680,703

	Month July			Year-To-Date July		
	2017	2016	Variance	2017	2016	Variance
Production Statistics (Continued)						
Purchased power:						
<i>Plant Scherer</i>						
Purchases	\$ 4,950,996	\$ 5,133,814	-3.56%	\$ 47,543,020	\$ 46,093,654	3.14%
kWh purchased	128,519,000	121,746,000	5.56%	1,157,107,000	844,446,000	37.03%
Cost per MWh	\$ 38.52	\$ 42.17	-8.64%	\$ 41.09	\$ 54.58	-24.73%
<i>TEA & other</i>						
Purchases	\$ 7,824,595	\$ 6,794,432	15.16%	\$ 63,119,180	\$ 56,789,778	11.15%
kWh purchased	174,719,247	127,657,967	36.87%	1,372,598,255	1,509,856,453	-9.09%
Cost per MWh	\$ 44.78	\$ 53.22	-15.86%	\$ 45.99	\$ 37.61	22.26%
<i>SJRPP</i>						
Purchases	\$ 13,224,640	\$ 12,696,445	4.16%	\$ 114,167,111	\$ 97,317,901	17.31%
kWh purchased	275,906,000	246,057,000	12.13%	2,046,419,000	1,632,857,000	25.33%
Cost per MWh	\$ 47.93	\$ 51.60	-7.11%	\$ 55.79	\$ 59.60	-6.39%
Total purchased power:						
Purchases	\$ 26,000,231	\$ 24,624,691	5.59%	\$ 224,829,311	\$ 200,201,333	12.30%
kWh purchased	579,144,247	495,460,967	16.89%	4,576,124,255	3,987,159,453	14.77%
Cost per MWh	\$ 44.89	\$ 49.70	-9.67%	\$ 49.13	\$ 50.21	-2.15%
Subtotal - generated and purchased power:	\$ 50,835,222	\$ 49,750,141	2.18%	\$ 408,790,117	\$ 364,882,036	12.03%
Fuel interchange sales	(145,917)	(617,635)	-76.37%	(4,201,679)	(1,893,440)	121.91%
Earnings of The Energy Authority	(669,063)	(801,505)	-16.52%	(3,710,188)	(4,964,667)	-25.27%
EPA Allowance Purchases	-	-		233,775	-	
Realized and Unrealized (Gains) Losses	-	47,400	-100.00%	301,200	3,792,000	-92.06%
Fuel procurement and handling	833,708	1,109,231	-24.84%	9,143,949	9,216,951	-0.79%
By product reuse	1,019,992	1,838,975	-44.53%	9,441,020	14,279,618	-33.88%
Total generated and net purchased power:						
Cost, net	51,873,942	51,326,607	1.07%	419,998,194	385,312,498	9.00%
kWh generated and purchased	1,328,550,616	1,411,145,380	-5.85%	10,177,653,504	10,635,486,817	-4.30%
Cost per MWh	\$ 39.05	\$ 36.37	7.35%	\$ 41.27	\$ 36.23	13.91%
Reconciliation:						
Generated and purchased power per above	\$ 51,873,942	\$ 39.05		\$ 419,998,194	\$ 41.27	
SJRPP operating expenses:						
SJRPP O & M	(910,043)	(0.68)		(19,965,265)	(1.96)	
SJRPP debt service	(3,137,685)	(2.36)		(31,418,696)	(3.09)	
SJRPP R & R	1,871,613	1.41		18,717,929	1.84	
SCHERER operating expenses:						
Scherer power production	(616,616)	(0.46)		(6,667,110)	(0.66)	
Scherer R & R	(260,009)	(0.20)		(4,455,126)	(0.44)	
Scherer transmission	(471,518)	(0.35)		(4,560,599)	(0.45)	
Scherer taxes	(98,281)	(0.07)		(973,629)	(0.10)	
Florida and other capacity	(645,263)	(0.49)		(5,895,823)	(0.58)	
MEAG	(949,201)	(0.71)		(7,314,318)	(0.72)	
Rounding	2	0.00		1	0.00	
	\$ 46,656,941	\$ 35.12		\$ 357,465,558	\$ 35.12	

	Month		Year-to-Date	
	2017	2016	2017	2016
MWh sales				
JEA	275,906	246,057	2,046,419	1,632,857
FPL saleback	181,455	281,973	1,327,421	1,391,725
FPL direct portion	114,340	132,008	843,460	756,146
Total MWh sales	<u>571,701</u>	<u>660,038</u>	<u>4,217,300</u>	<u>3,780,728</u>
Fuel costs	\$ 11,063,694	\$ 8,919,733	\$ 81,577,848	\$ 61,693,106
(Includes fuel handling expenses)				
Less interest credits: inventory bank	(17,427)	(5,425)	(88,810)	(40,355)
Plus (less): true-up interest	2,258	(1,723)	12,041	(2,170)
Total	<u>11,048,525</u>	<u>8,912,585</u>	<u>81,501,079</u>	<u>61,650,581</u>
Cost per MWh	\$ 40.04	\$ 36.22	\$ 39.83	\$ 37.76
Operating and maintenance expenses	913,282	2,280,241	20,017,680	19,244,676
Less: operations bank interest	(3,239)	(720)	(16,279)	(6,747)
Less: annual variable o & m true-up	-	-	(36,136)	3,039
Total	<u>910,043</u>	<u>2,279,521</u>	<u>19,965,265</u>	<u>19,240,968</u>
Cost per MWh	\$ 3.30	\$ 9.26	\$ 9.76	\$ 11.78
Debt service contribution				
Principal	2,208,073	2,331,562	22,080,739	23,315,625
Interest	1,349,442	1,464,488	13,494,423	14,558,888
Less credits:				
Reserve Issue 2	(195,756)	(347,360)	(2,032,939)	(2,278,017)
Reserve Issue 3	(11,931)	(13,219)	(131,641)	(136,238)
Debt service Issue 2	(29,460)	(28,878)	(60,000)	(39,550)
Debt service Issue 3	(289)	-	(9,195)	(3,058)
Bond proceeds COB	(8,020)	-	(71,643)	(4,179)
General reserve Issue 2	(15,515)	(6,178)	(134,571)	(22,242)
General reserve Issue 3	(1,068)	(1,845)	(54,757)	(23,969)
Build America Bonds subsidy	(32,433)	(34,190)	(324,331)	(341,902)
Inventory carrying costs	(62,486)	(71,910)	(668,518)	(636,266)
Total	<u>3,200,557</u>	<u>3,292,470</u>	<u>32,087,567</u>	<u>34,389,092</u>
Cost per MWh	\$ 11.60	\$ 13.38	\$ 15.68	\$ 21.06
R & R contribution	309,387	339,343	3,093,867	3,393,431
Less: interest credit	(62,872)	(42,474)	(668,871)	(503,950)
Less: cumulative capital recovery amount	(2,181,000)	(2,085,000)	(21,811,796)	(20,852,221)
Total	<u>(1,934,485)</u>	<u>(1,788,131)</u>	<u>(19,386,800)</u>	<u>(17,962,740)</u>
Cost per MWh	\$ (7.01)	\$ (7.27)	\$ (9.47)	\$ (11.00)
Debt service coverage	-	-	6,322,000	6,463,000
Transfer to JEA	-	-	(6,322,000)	(6,463,000)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cost per MWh	\$ -	\$ -	\$ -	\$ -
Total	<u>\$ 13,224,640</u>	<u>\$ 12,696,445</u>	<u>\$ 114,167,111</u>	<u>\$ 97,317,901</u>
kWh purchased	275,906,000	246,057,000	2,046,419,000	1,632,857,000
Cost per MWh	\$ 47.93	\$ 51.60	\$ 55.79	\$ 59.60

III. A. 3.
Monthly JEA Operations Report

[Return to Agenda](#)

III. A. 3.
8/15/2017

Board of Directors Meeting August 15, 2017



FY2016

- RIR = 1.82
- # of Recordables = 38
- July YTD Recordables = 33

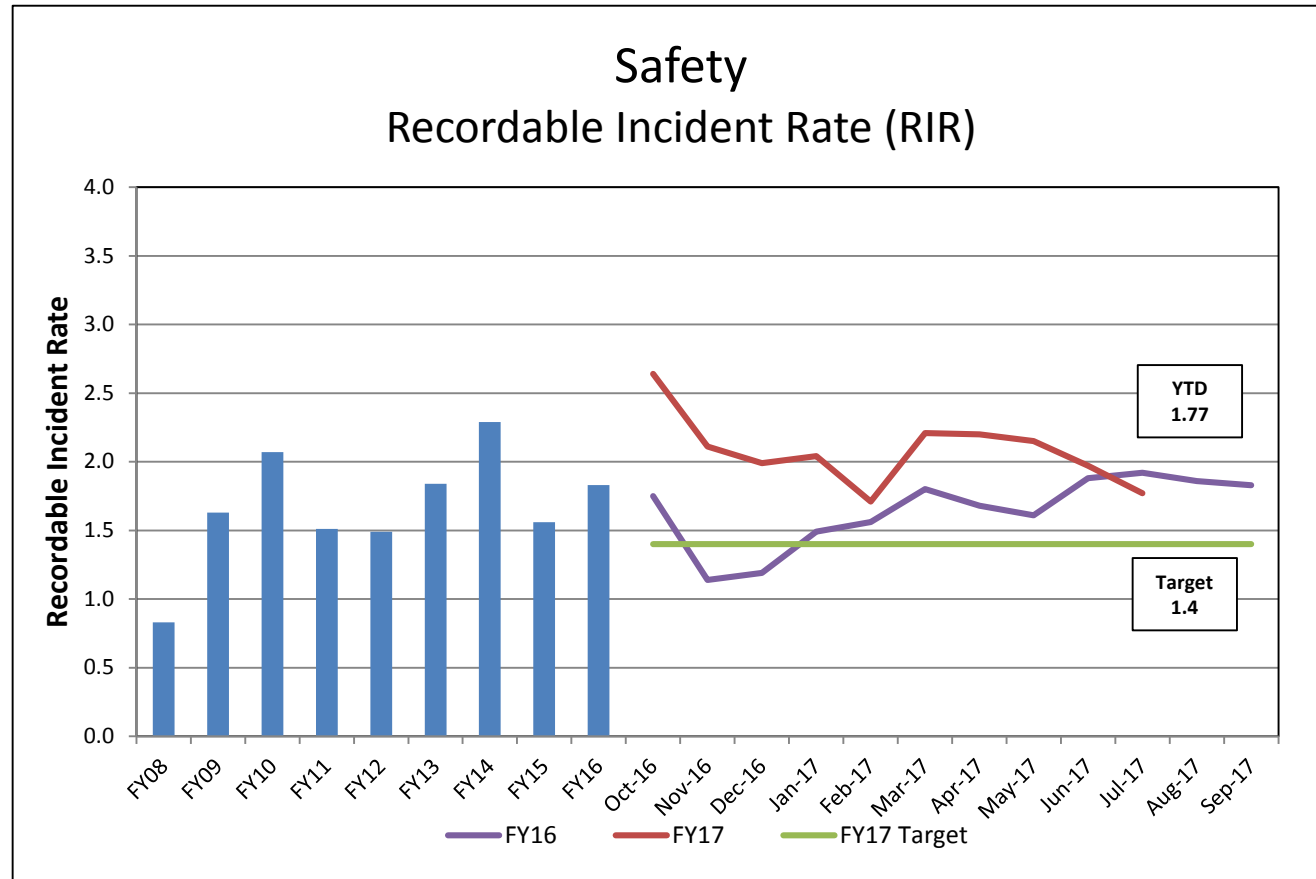
FY2017

- July Recordables = 0
- July YTD Recordables = 31
- 9 (29%) was lost time
 - Electric Systems = 17
 - Water/WW Systems = 11
 - Customer Relationships = 1
- Continuing to “Plan for Zero”
- Increased focus on:
 - Complacency
 - Hand/Finger
 - 0-5 Year Employees
 - PPE Use
 - Strains, Sprains, Slip/Trip/Fall
 - Repeat Occurrences

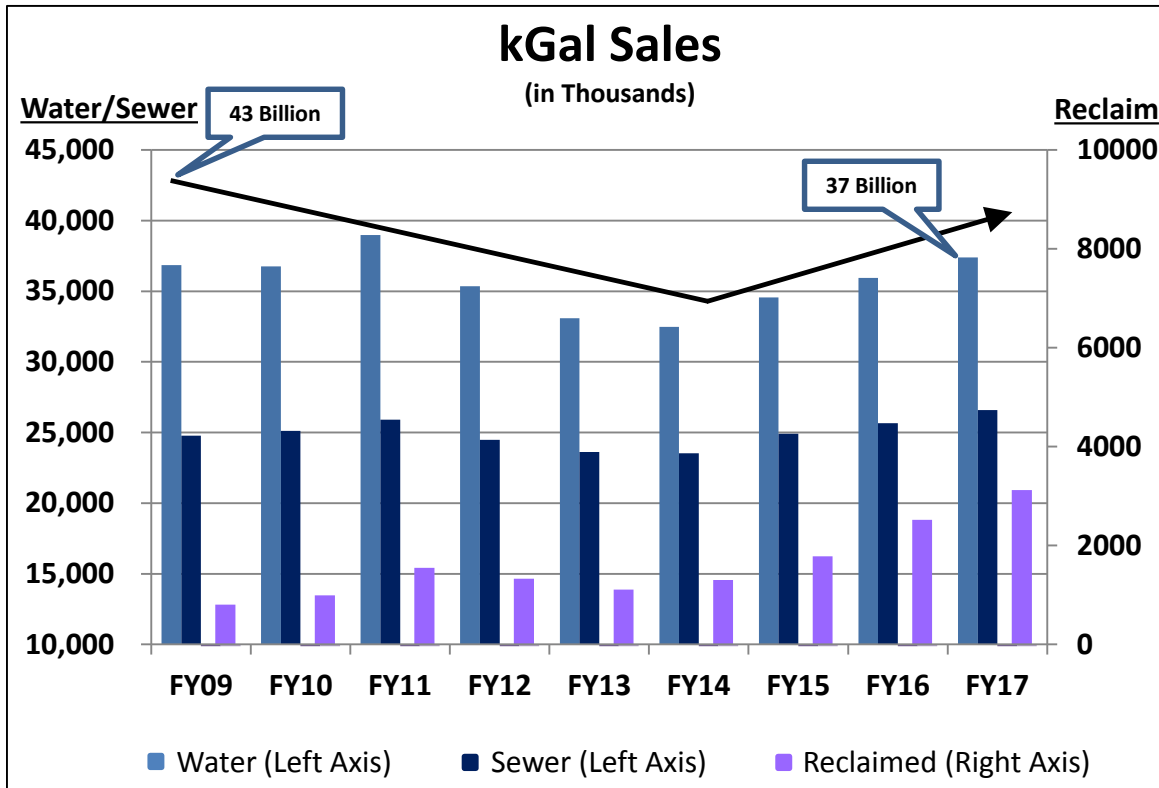
Industry Benchmark*

Average Municipal Utility RIR is 6.3
Average LPPC RIR is 3.7

Units	FY2017 YTD	FY2017 Target	FY2016	FY2015
RIR	1.77	1.4	1.82	1.56



Water and Sewer System: kGal Sales



Month	FY16	FY17	%
Oct	3,120	3,129	0.3%
Nov	2,641	3,068	16.2%
Dec	2,758	2,923	6.0%
Jan	2,527	2,768	9.6%
Feb	2,479	2,624	5.9%
Mar	2,825	3,168	12.1%
Apr	2,914	3,476	19.3%
May	3,523	3,736	6.1%
Jun	3,290	2,833	(13.9%)
Jul	3,736	3,480	(6.9%)
YTD	29,813	31,204	4.7%
Aug	3,451		
Sep	3,094		
Total/Forecast	36,358	37,389	

Unit Sales Driver: YTD rainfall up 27 inches; rain days down 1.
Irrigation for July YTD FY17 up 14% versus July YTD FY16.

YTD Customer Accounts			
	FY16	FY17	%
Water	335,979	343,367	2.2%
Sewer	259,937	266,369	2.5%
Reclaimed	8,008	9,946	24.2%

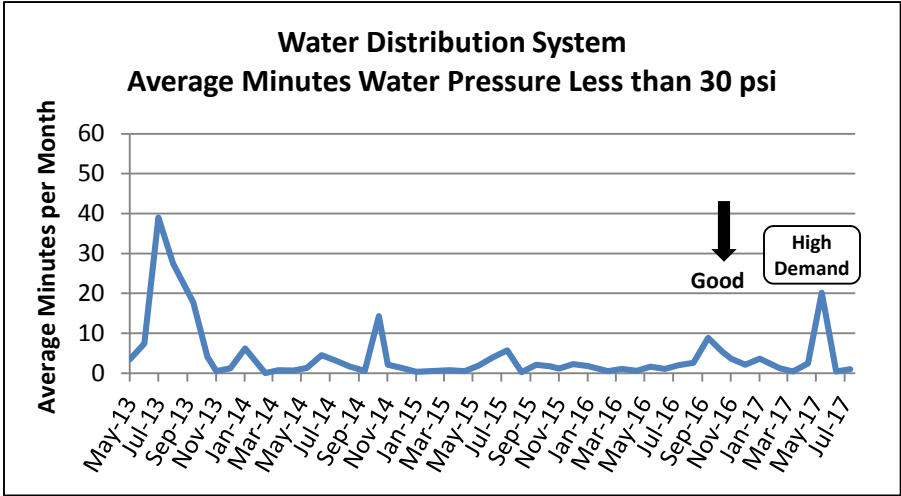
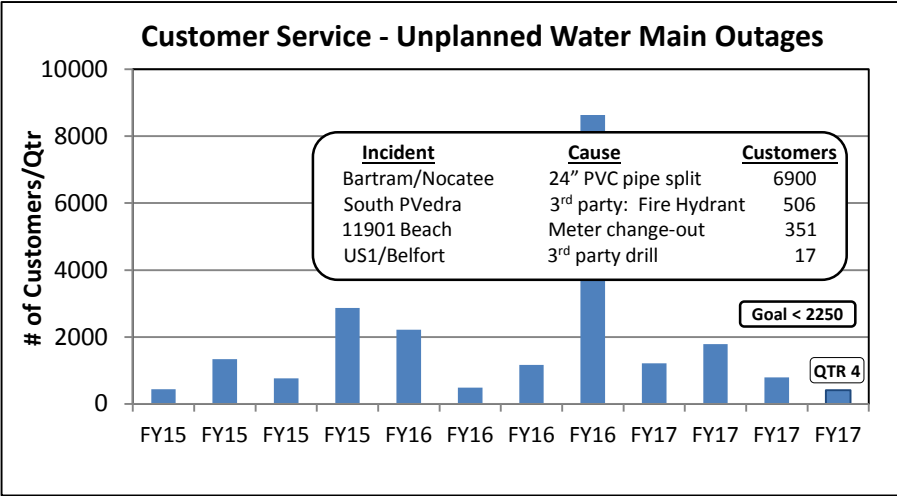
YTD Rainfall			
	30-Yr. Avg.	FY16	FY17
Inches	37	24	51
Days	86	75	74

Total System		4.7%
Residential		5.1%
Comm./Industrial		0.2%
Irrigation		14.0%

Customer Reliability

Water and Wastewater System

Water Grid Performance	Metric	FY2017 YTD	FY2017 Target	FY2016	FY2015
Water Main Outages	# of Customers per Year	4,206	9,000	12,735	5,629



Unplanned Water Outages

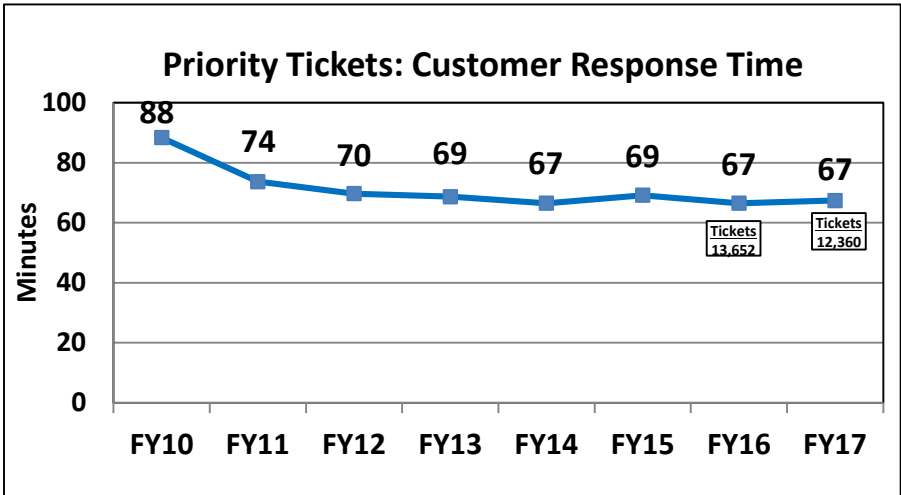
of Customers Affected by Unplanned Outages has increased due to 3rd Party Damages

Water Pressure (minutes per month < 30 psi)

Measured by 110 pressure monitoring stations in the distribution system. Pressure must be greater than 20 psi, and is expected to be greater than 50 psi.

Customer Response Time

Average time from a customer call to the ticket completion or transfer to a field crew for a more extensive repair

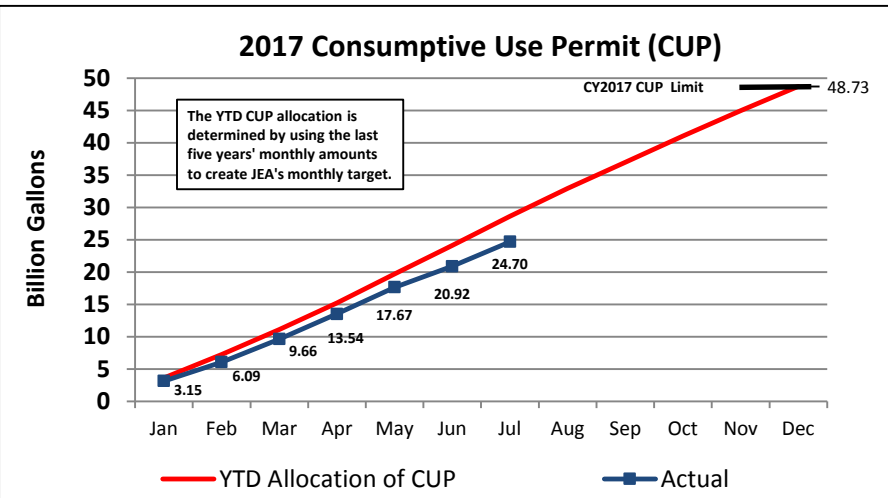


*Aligned with the PSC Rule for Electric Reliability Reporting, the Operational Metrics will exclude the impact of all service interruptions associated with a storm named by the National Hurricane Center.

Environmental Compliance

Water System – Consumptive Use Permit (CUP)

Compliance	Metric – CY Basis	FY2017	2017 Target	2016	2015
Water	CUP Limits (MGD)	117	133 limit	112 (131 limit)	107 (131 limit)
South Grid	Wellfield Allocation (MGD)	50.17	< 50.23 limit	52.95 (<50.23 limit)	47.50 (<50.23 limit)
Reclaim	Usage (MGD)	20	15	16	13



CUP Condition 44: South Grid Wellfield Allocation Limits

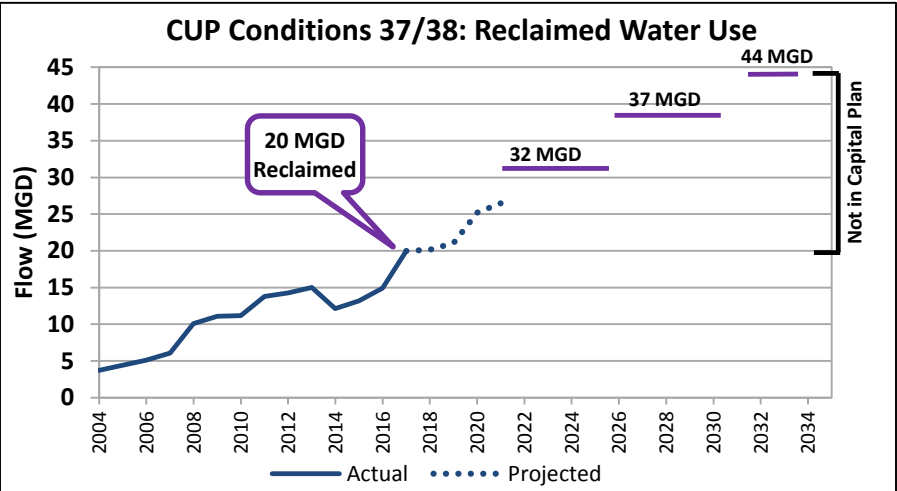
Critical Wellfields	Actuals					YTD	Post Sep-14 Limit
	2013	2014	2015	2016	2017		
Deerwood III	6.96	7.01	6.67	7.88	7.96	7.00	
Ridenour	5.97	6.39	6.66	7.64	6.77	6.85	
Oakridge	8.78	6.23	4.99	5.79	5.18	5.65	
Greenland		1.53	4.27	4.16	4.02	4.53	
Brierwood	5.58	4.53	2.84	3.36	3.17	3.02	
Subtotal	27.29	25.69	25.43	28.83	27.10	27.05	
Other Wellfields	22.21	20.92	22.07	24.12	23.07	23.18	
Total South Grid	49.50	46.61	47.50	52.95	50.17	50.23	
Total System MGD	100	104	107	112	117	133	

St. Johns River Water Management District CUP

Condition 12: YTD average daily flow is 12% below CY limit of 133 MGD

Condition 44: South Grid Wellfields were 6% above the base limit in FY16, yet have annual operational flexibility of 20% above allocation limits.

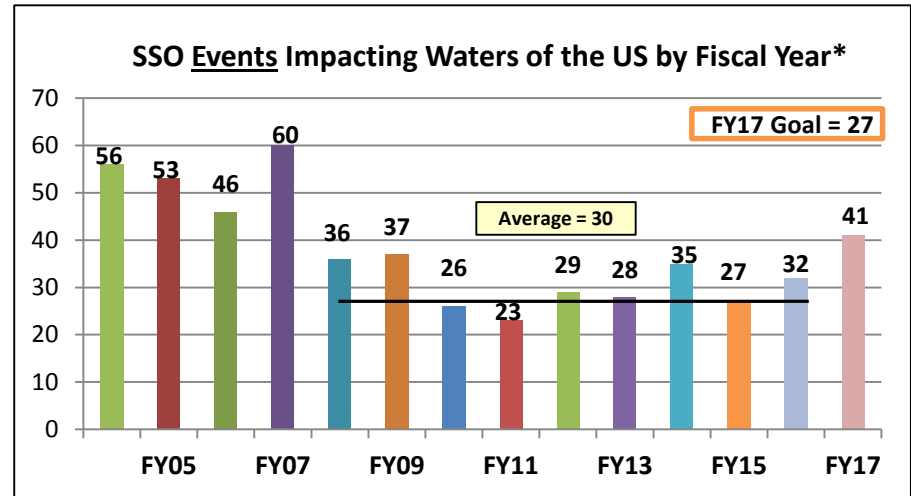
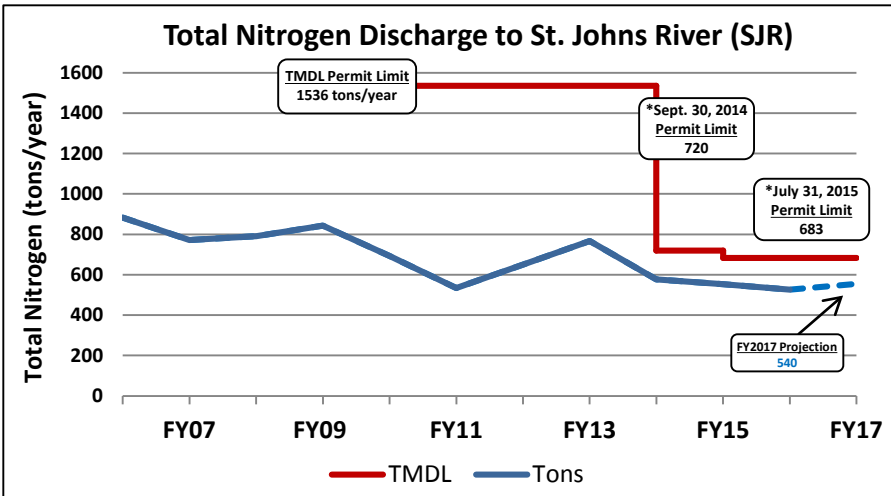
Conditions 37/38: Use of reclaimed water “to the maximum extent technologically, economically, and environmentally feasible”. The annual CUP limit continues to increase beginning in FY21 if 32 MGD is achieved.



Environmental Compliance

Wastewater System

Compliance	Metric	FY2017 YTD	FY2017 Target	FY2016	FY2015
Sewer	Nitrogen (N) Tons – FY basis	436	550	527 (TMDL of 683*)	553 (TMDL of 683*)

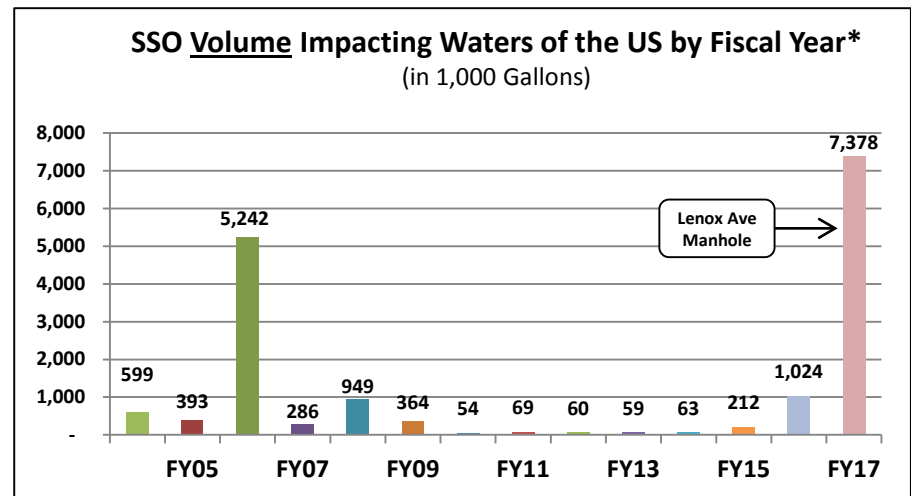


Nitrogen Discharge to St. Johns River

Florida Department of Environmental Protection (FDEP) has reduced the Total Maximum Daily Load (TMDL) to 683 tons with Water Quality Trading Credits allocated to the COJ

Sanitary Sewer Overflows (SSOs to US Waters)

FY08 - FY16 SSO's averaged 30 per year. Forty-One (41) SSO's year-to-date impacting US Waters excluding events occurring during Hurricane Matthew.



*Aligned with the PSC Rule for Electric Reliability Reporting, the Operational Metrics will exclude the impact of all service interruptions associated with a storm named by the National Hurricane Center.

Water and Sewer System: Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY17 Forecast	FY16 Actual	FY17 Budget	FY17 vs FY16 (\$)	Variance (%)
Water & Sewer Revenues	\$ 420,026	\$ 409,889	\$ 394,430	\$ 10,137	2.5%
Other Revenue	41,030	40,070	33,792	960	2.4%
Total Revenues	\$ 461,056 ①	\$ 449,959	\$ 428,222	\$ 11,097	2.5%
Select Expenses					
O & M Expense	\$ 136,742 ②	\$ 130,296	\$ 144,149	\$ (6,446)	-4.9%
Net Revenues	\$ 321,514	\$ 313,130	\$ 280,753	\$ 8,384	2.7%
Capital Expenditures	\$ 185,000 ③	\$ 147,363	\$ 205,000 ¹	\$ (37,637)	-25.5%
Debt Service	\$ 113,562	\$ 95,418	\$ 118,375	\$ (18,144)	-19.0%

Cost / Kgal	Water	Sewer
Target	\$ 4.75	\$ 10.27
Forecast	<u>4.54</u>	<u>9.16</u>
Difference	\$ 0.21	\$ 1.11

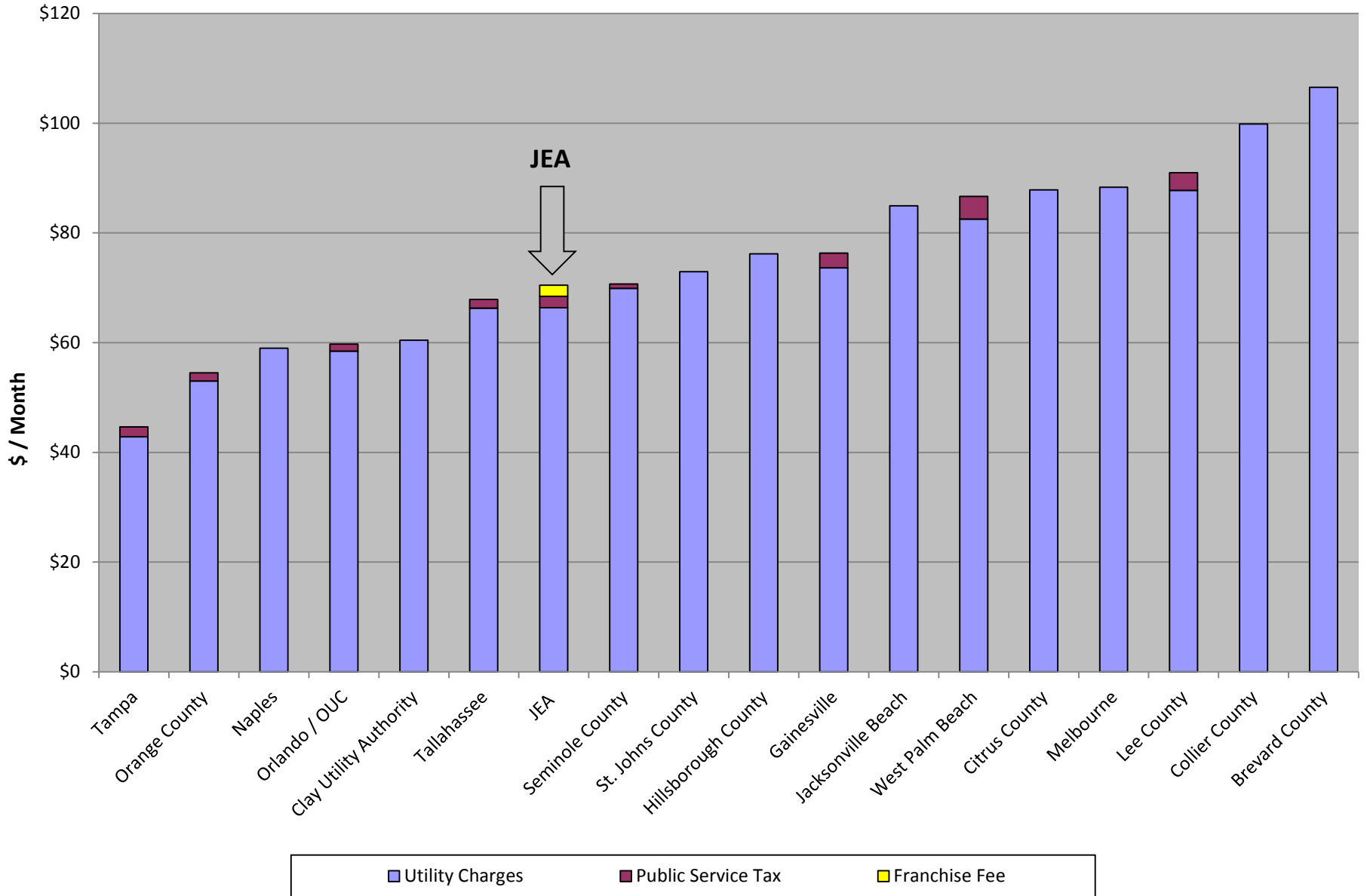
Metrics	FY17 Forecast
Coverage:	2.8x
Days Liquidity/Cash:	609 / 510
Debt/Asset:	50% (3% lower)
Total Debt:	\$1.6B (\$34M lower)



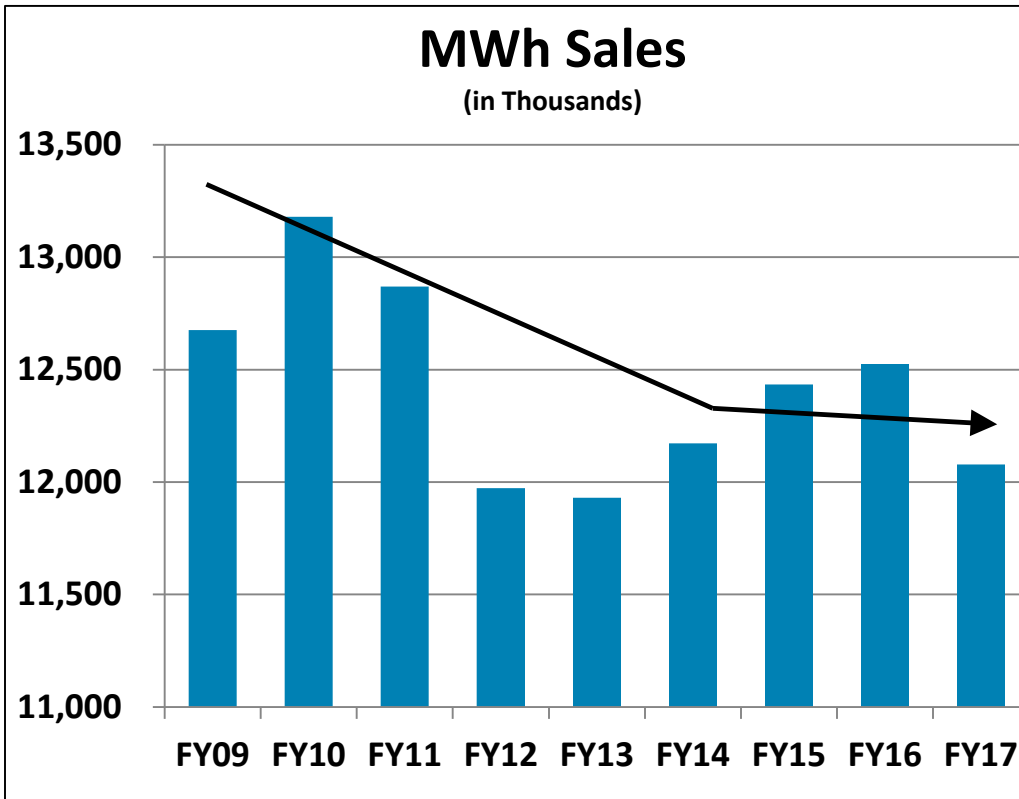
¹ Council approved limit for capital expenditures in FY17 is \$225.5 million

Water & Sewer Rates in Florida

Residential Service with a 5/8" meter and 6 kgals of Consumption
Residential Rates as of August 2017



Electric System: MWh Sales



Month	FY16	FY17	%
Oct	952,515	951,425	(0.1%)
Nov	923,705	863,238	(6.5%)
Dec	922,956	905,219	(1.9%)
Jan	1,049,897	932,807	(11.2%)
Feb	894,563	759,141	(15.1%)
Mar	893,954	914,242	2.3%
Apr	900,013	933,563	3.7%
May	1,089,555	1,084,832	(0.4%)
Jun	1,231,251	1,094,475	(11.1%)
Jul	1,336,836	1,298,608	(2.9%)
YTD	10,195,244	9,737,553	(4.5%)
Aug	1,254,240		
Sep	1,111,769		
Total/Forecast	12,561,253	12,078,325	

Unit Sales Driver: YTD MWh reduction due to moderate weather and decrease in FPU demand of 143,000 MWh YTD

YTD Degree Days		
30-yr. Avg.	FY16	FY17
3,097	3,124	2,763

YTD Customer Accounts		
FY16	FY17	%
454,362	461,084	1.5%

Total System	(4.5%)
Residential	(4.1%)
Comm./Industrial	(3.0%)
Interruptible	(0.6%)
Wholesale (FPU)	(56.0%)



FY 2017 Performing Objectives

Electric Systems Reliability Metrics

T&D Grid Performance	Metric	FY2017 YTD	FY2017 Target	FY2016	FY2015
Customer Outage Frequency	# of Outages per Year	1.45	1.8	1.4	1.8
Electric Outage Duration	# of Minutes out per Year	92.4	80	71	99
Transmission Line Faults	# of Faults per 100 miles	1.8	2.5	0.7	2.8
CEMI ₅	% Customers > 5 outages per yr	0.9	1.5	1.4	2.1

Electric Service Reliability

- Outage frequency and duration have been reduced significantly over the last 8 years; running flat this year and near the FY2017 targets.
- The typical JEA customer sees 1.45 outages per year and a total outage duration of about 92 minutes.
- Excellent improvement trend for CEMI₅. 4,700 (.99%) of our customers have experienced more than 5 outages in the past 12 months.

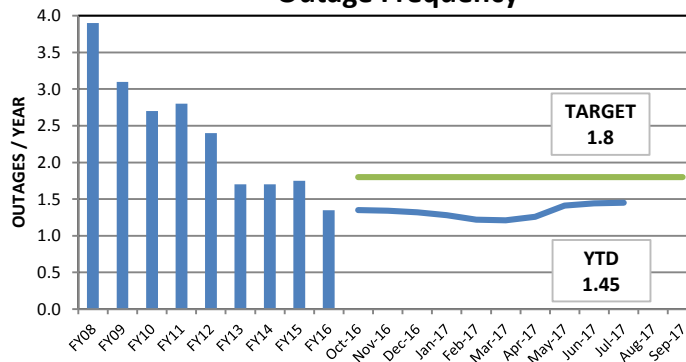
Transmission Line Reliability

- Overall downward trend over the last eight years.
- YTD (1.8) running below the FY17 target.

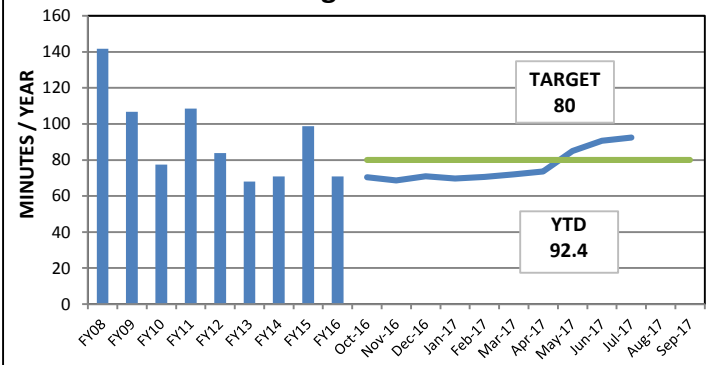
Other Operational Metrics

- Continue showing favorable trends over time.

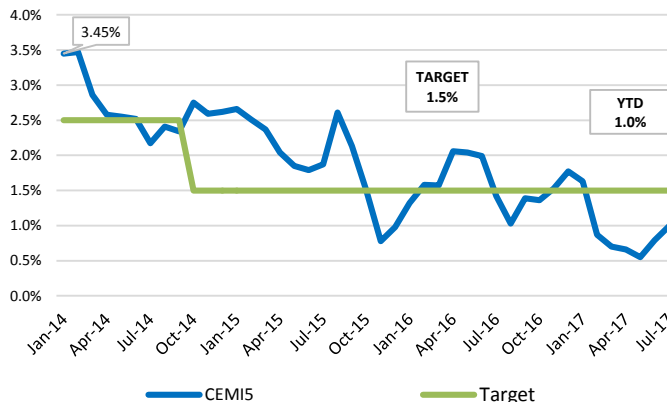
Electric Service Reliability Outage Frequency



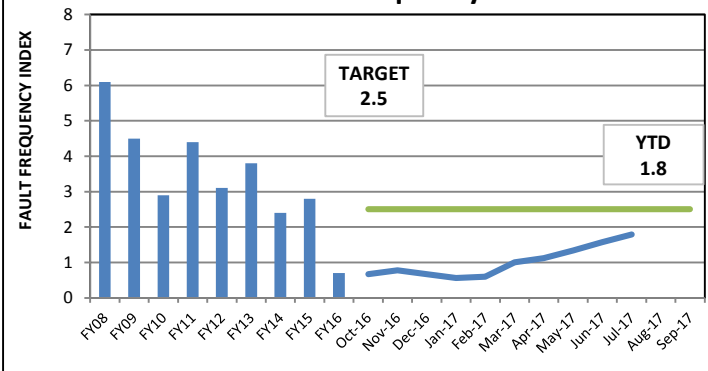
Electric Service Reliability Outage Duration



CEMI₅



Transmission Line Reliability Fault Frequency

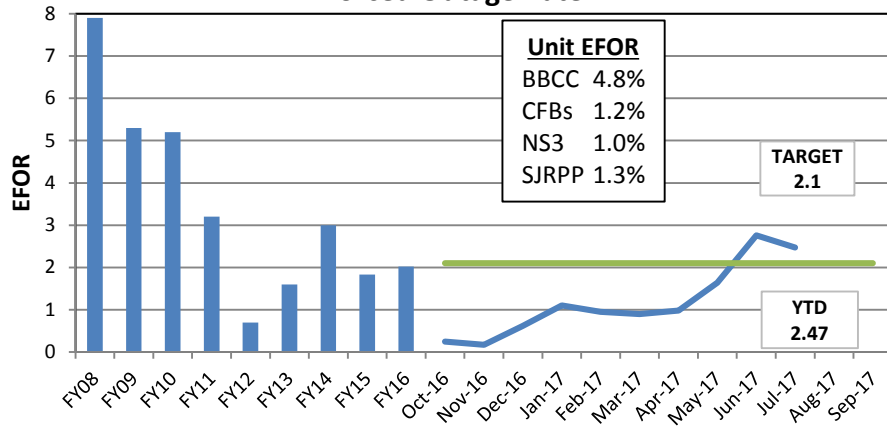


JEA FY 2017 Performing Objectives

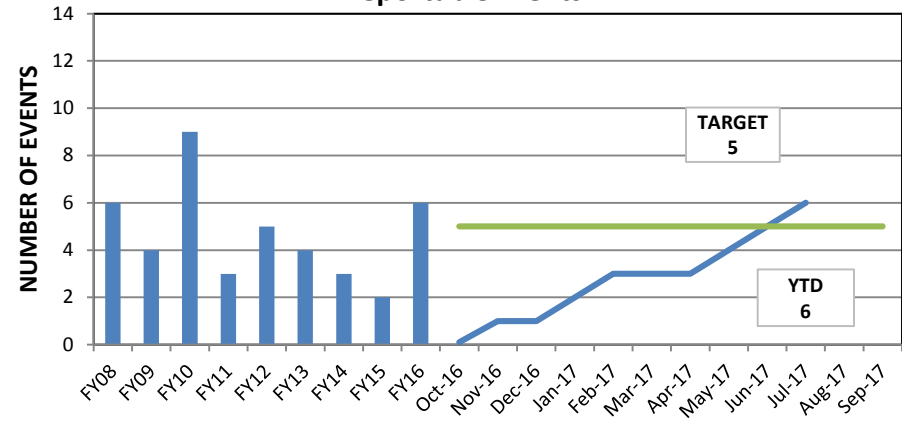
Electric Systems Reliability Metrics

Generating Plant Performance	Metric	FY2017 YTD	FY2017 Target	FY2016	FY2015
Generation Fleet Reliability	Forced Outages Rate	2.47	2.1	2.0	1.8
Environmental Compliance	Permit Exceedances	6	5	6	2

JEA Fleet Reliability Forced Outage Rate



Environmental Compliance Reportable Events



Generating Fleet Reliability

- The JEA fleet Forced Outage Rate is in line with prior 6-year performance though currently slightly above the FY2017 target.
- Successful outages completed this FY on steam units at Northside, SJRPP, along with the Combined Cycle Unit at Brandy Branch.
- High unit reliability contributes to lower fuel and non-fuel expenses.

Environmental Compliance

- Excellent environmental performance in prior years. No air permit exceedances occurred in FY16 or FY17 to date.
- We have experienced 6 reportable events at Northside during FY2017.
- JEA remains actively engaged in and preparing for all new and emerging environmental regulations.

Electric System: Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY17 Forecast	FY16 Actual	FY17 Budget	FY17 vs FY16 (\$)	Variance (%)
Fuel Revenue	\$ 394,777 ¹	\$ 426,653 ²	\$ 449,776	\$ (31,876)	-7.5% ¹
Base Revenue	751,941 ¹	750,038	735,204	1,903	0.3%
Other Revenue	44,198	37,904	41,787	6,294	16.6%
Total Revenues	\$ 1,190,916	\$ 1,214,595	\$ 1,226,767	\$ (23,679)	-1.9%
		↑ \$(36M) ↑			
Select Expenses					
Fuel Expense	\$ 445,167	\$ 397,280	\$ 411,903	\$ (47,887)	-12.1%
Fuel Fund Transfers	(50,390)	29,373	37,705	79,763	
O & M Expense	196,874	192,527	226,180	(4,347)	-2.3%
Non-fuel Purchased Power	76,602	87,426	83,394	10,824	12.4%
Net Revenues	\$ 522,753	\$ 496,092	\$ 454,939	\$ 26,661	5.4%
		↑ \$68M ↑			
Capital Expenditures	\$ 150,275	\$ 150,926	\$ 153,200 ³	\$ 651	0.43%
Debt Service	\$ 206,475 ⁴	\$ 171,506	\$ 179,654	\$ (34,970)	-20.4%

Electric Costs / MWh	Non-Fuel
Target	\$ 53.94
Forecast	<u>53.45</u>
Difference	\$ 0.49

Fuel Fund (\$ in millions)	
Beginning Balance	\$ 180
Surplus/(Deficit)	<u>(50)</u>
Ending Balance	\$ 130

Financial Metrics	FY17 Forecast
Coverage:	2.5x
Days Liquidity/Cash:	312 / 210
Debt/Asset:	62% (3% lower)
Total Debt:	\$2.8B (\$146M lower)



¹ Includes rate change in December 2016

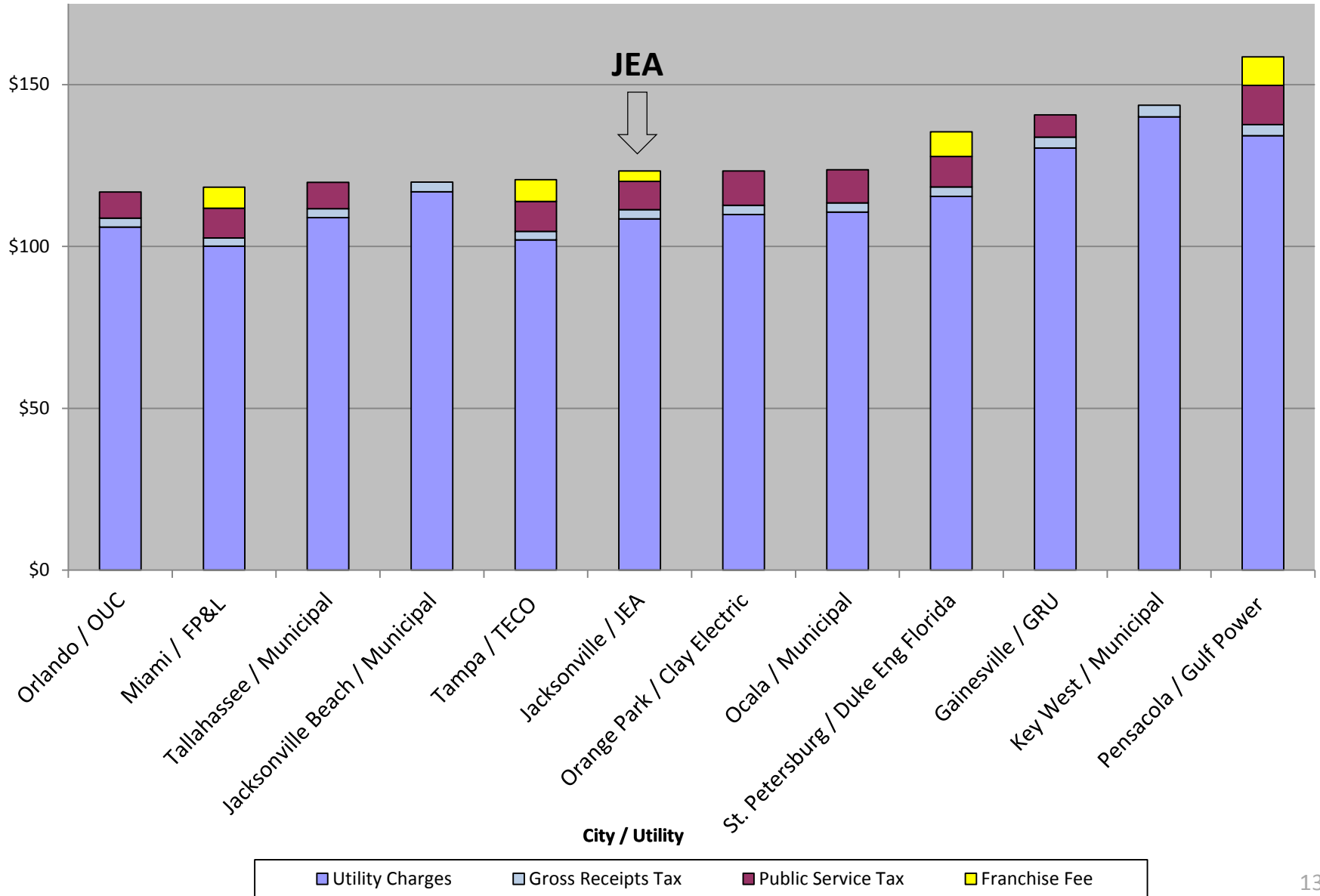
² Net of \$57 million fuel credit and fuel rate reduction

³ Council approved limit for capital expenditures in FY17 is \$170 million

⁴ Includes additional \$40 million related to advanced debt refunding approved by Board in November 2016

Florida Utilities Monthly Residential Electric Bill Comparison

(Consumption @ 1,000 kWh)
Residential Rates as of August 2017



Customer Experience

Date: August 2017



FY17 Customer Satisfaction Goal

Achieve 1st Quartile Ranking for JD Power Customer Satisfaction Index for both Residential and Business Studies

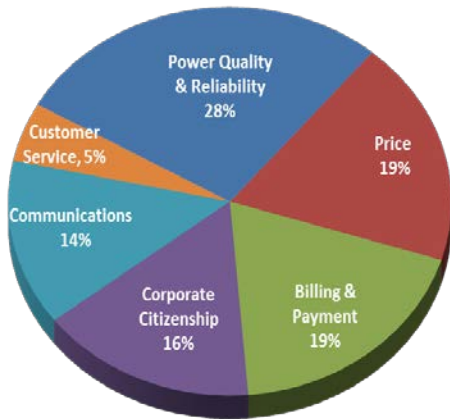
Residential (R)

FY15	FY16	Wave 1	Wave 2	Wave 3	Wave 4	FY17
1Q 692	2Q 703	1Q 745	1Q 772	2Q 728	1Q 745	1Q 747

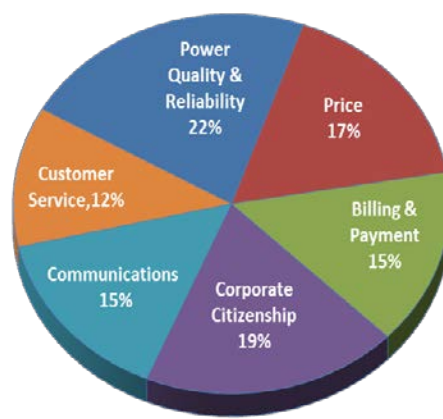
Business (B)

FY15	FY16	Wave 1	Wave 2	FY17
1Q 705	1Q 754	1Q 788	2Q 772	1Q 780

Residential



Business



FY17 Residential # of companies ranked: 138
 FY17 Business # of companies ranked: 86

1Q= 1st quartile 2Q= 2nd quartile 3Q = 3rd quartile 4Q = 4th quartile

Achieve 1st Quartile Ranking on All Drivers

Be Easy to Do Business With

Customer Service

	FY16		Wave 1		Wave 2		Wave 3		Wave 4		FY17	
R	1Q	782	1Q	806	1Q	833	2Q	781	3Q	770	1Q	800
B	1Q	782	2Q	817	1Q	841					1Q	829

Power Quality & Reliability

	FY16		Wave 1		Wave 2		Wave 3		Wave 4		FY17	
R	2Q	749	2Q	786	1Q	821	2Q	774	2Q	787	1Q	792
B	1Q	794	1Q	826	2Q	807					1Q	816

Empower Customers to Make Informed Decisions

Billing & Payment

	FY16		Wave 1		Wave 2		Wave 3		Wave 4		FY17	
R	1Q	763	1Q	817	1Q	821	2Q	785	1Q	805	1Q	807
B	1Q	785	1Q	806	2Q	801					2Q	803

Communication

	FY16		Wave 1		Wave 2		Wave 3		Wave 4		FY17	
R	1Q	665	1Q	707	1Q	741	1Q	728	1Q	708	1Q	712
B	1Q	721	1Q	766	1Q	748					1Q	757

Price

	FY16		Wave 1		Wave 2		Wave 3		Wave 4		FY17	
R	2Q	630	2Q	665	1Q	703	2Q	660	1Q	688	2Q	679
B	1Q	701	1Q	744	2Q	726					1Q	735

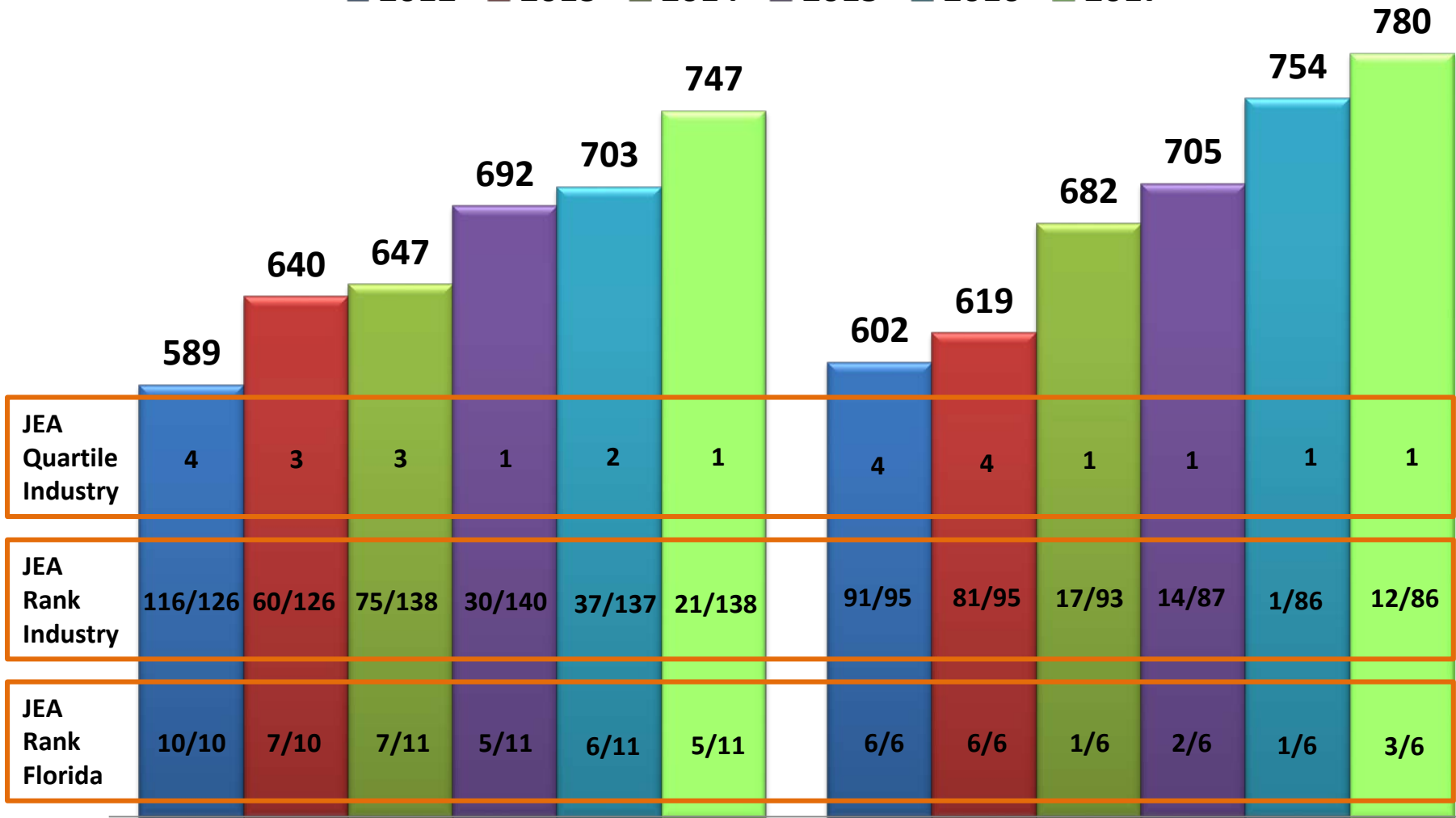
Demonstrate Community Responsibility

Corporate Citizenship

	FY16		Wave 1		Wave 2		Wave 3		Wave 4		FY17	
R	2Q	645	1Q	679	1Q	710	1Q	669	1Q	682	1Q	685
B	1Q	731	1Q	758	2Q	738					1Q	748

Customer Satisfaction Index Scores

■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017

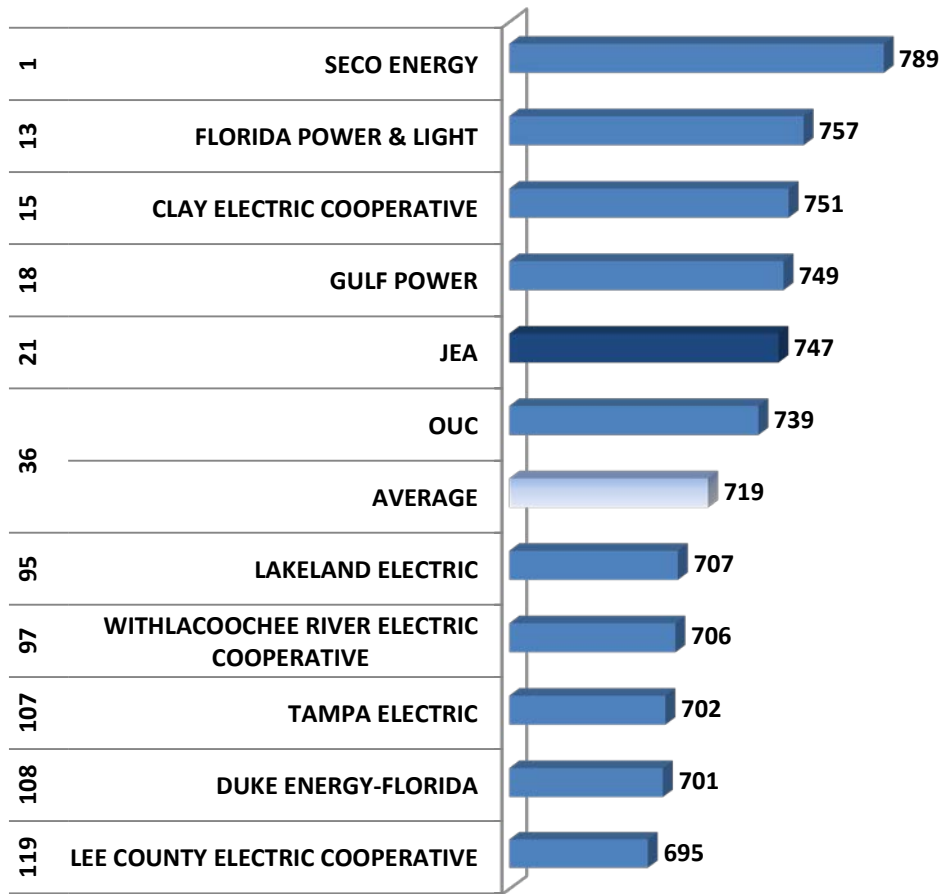


Residential

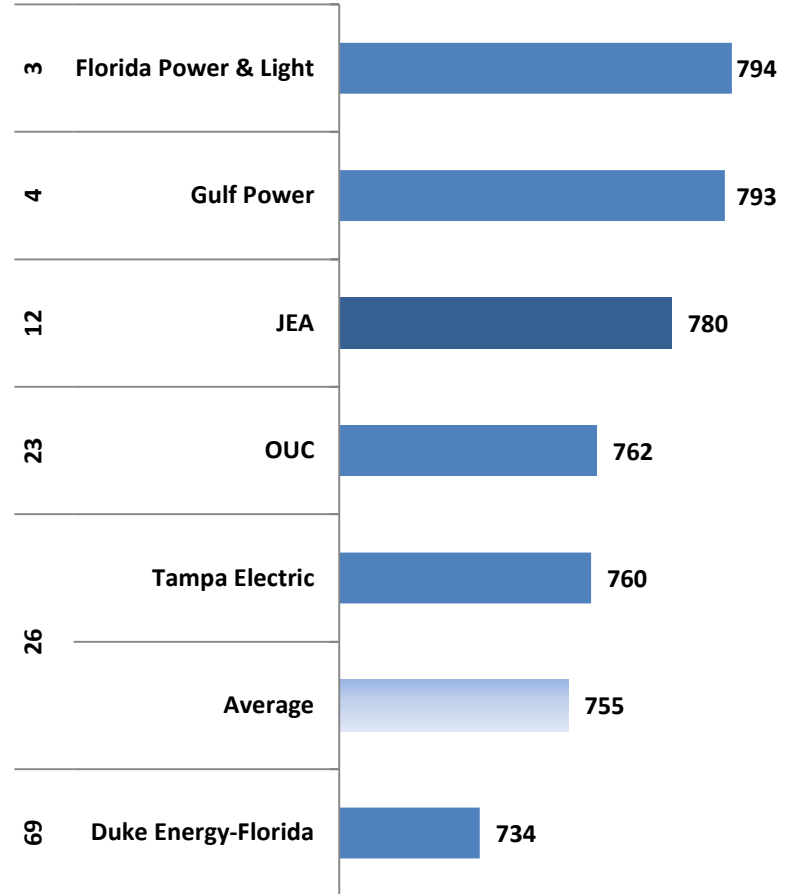
Business

Customer Satisfaction Index Scores – Florida Utilities

Residential FY17



Business CY16/ FY17



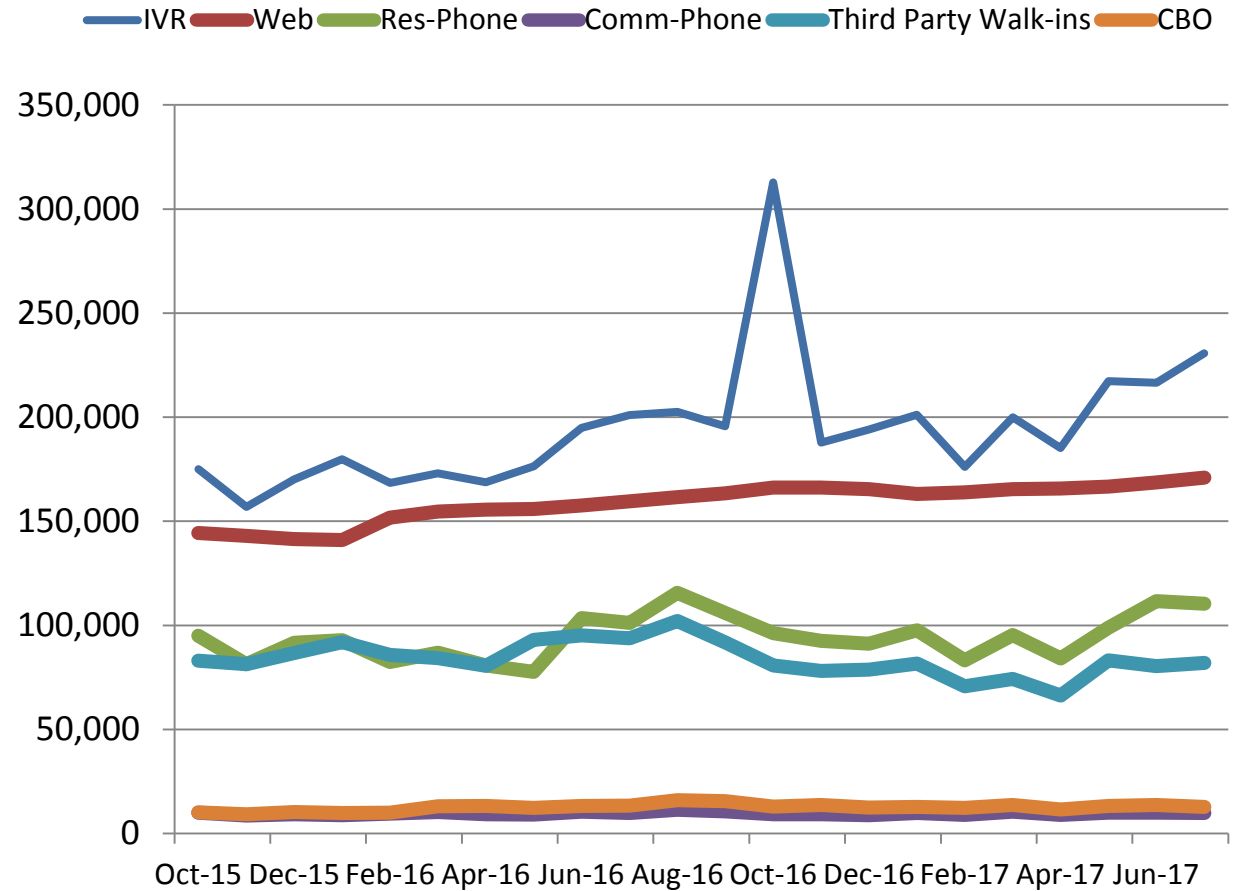
Easy to do Business With

Providing multiple contact channels allows the customer to interact with JEA in a way that's easiest for them.

Customer Satisfaction Rating: 8s-10s by Channel - JDP

	JEA FY16	JEA FY17	Industry FY17
Phone - CCC	57.0%	76.6%	69.0%
IVR	79.6%	74.7%	69.1%
Web	64.6%	76.2%	69.5%

Transactional Volume



Customer Service Easy to do Business With

Accurately addressing a customer's needs the first time produces a positive customer experience

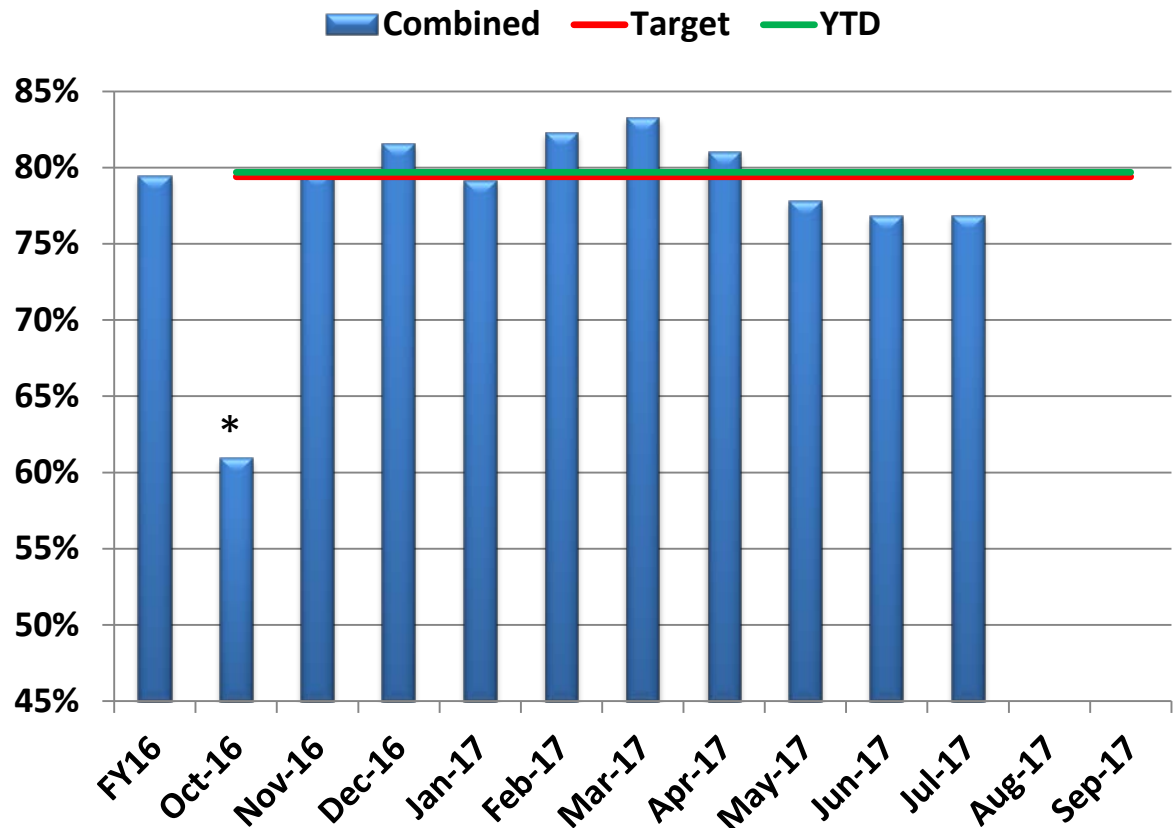
FY2017 YTD Transactional Study

Residential CC	79.5%
Branches	83.0%
Commercial CC	79.4%
IVR	78.7%
jea.com	80.5%
Overall	79.7%

JD Power FCR

	JEA FY16	JEA FY17	Industry FY17
Res CC/IVR	74.8%	70.3%	71.9%
Jea.com	77.7%	72.6%	73.3%
Bus CC/IVR	71.4%	82.1%	71.3%

First Contact Resolution Branches, Call Centers, and jea.com



* October decline result of Hurricane Mathew



Power Quality & Reliability Easy to do Business With

Customers are more satisfied when receiving additional information when reporting an outage and when given updates when power is restored

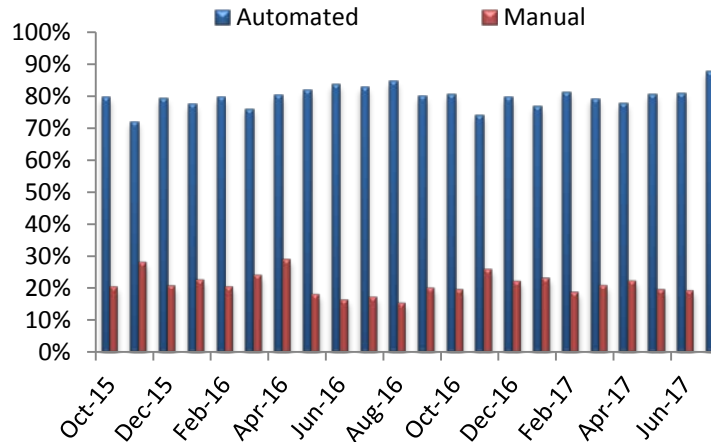
JD Power
“Keeping you informed about outage”

Score	JEA FY16	JEA FY17	Ind FY17
8 – 10	37.9%	55.3%	46.4%
< 5	20.0%	14.0%	16.0%

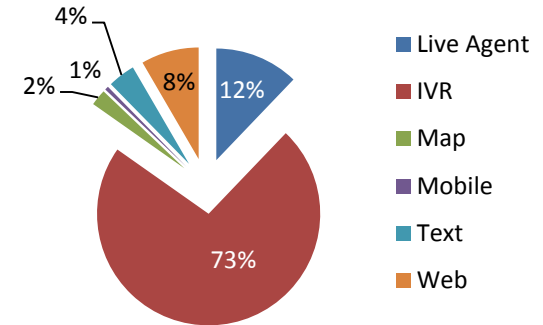
Outage Information Points

	FY16	FY17
JEA	2.3	2.6
Industry	2.1	2.3

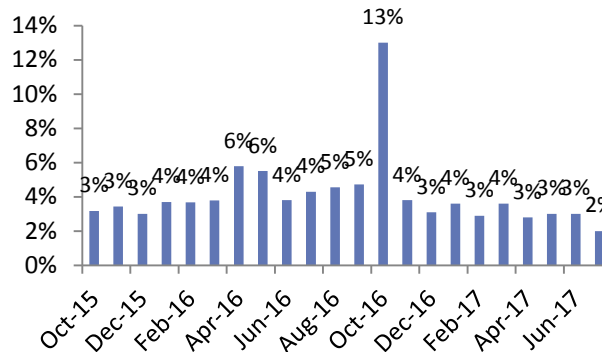
Outage Reporting



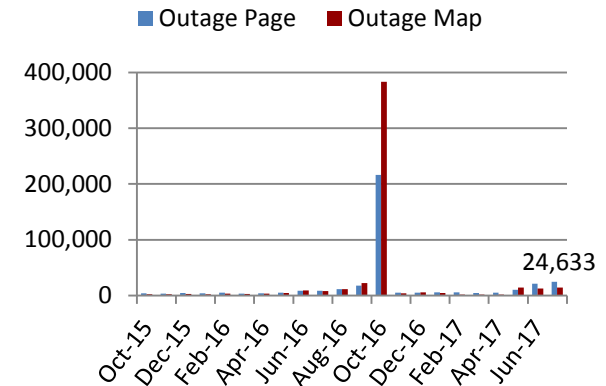
Outage Reporting by Channel



% Customers Receiving Outage Updates



jea.com Outage Page Volume



Billing & Payment: Customer Solutions

Empowering Customers to Make Informed Decisions

Customer Solution Participation	FY17 Goal*	FY17 YTD
e-Billing Participation	97,982	01,950
Levelized Bill Participation	25,592	20,957
AutoPay Participation	41,800	38,762
JEA MyWay Participation	19,418	17,152



The JEA MyBudget MyChoice Summer Campaign started July 1st and will continue through August. Three lucky winners will receive either an Amazon or Visa gift card!

	FY17 YTD	Industry Benchmark*
e-Bill	22.1%	18.5%
Budget Bill	5.0%	9.0%
Auto Pay	9.3%	13.0%
*2015 IOU Benchmark Average		



*FY17 goals modified to reflect shift in resource priorities.

Empowering Customers to Make Informed Decisions

Communicating with customers is a key driver of satisfaction and impacts all drivers.

JDP Frequency of Received Communication

FY17

Not enough	6%
Just right	88%
Too much	6%

JDP Comm Awareness

Residential

FY13	48.8%
FY14	51.9%
FY15	54.6%
FY16	54.4%
FY17	58.2%

Commercial

FY13	53.4%
FY14	55.7%
FY15	68.7%
FY16	55.4%
FY17 YTD	64.2%

NEWS FROM JEA

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JEA Volunteers
Connecting with the Community

JEA Volunteers—Connecting with the Community

We are proud of all the work we do to help make our community a better place. JEA employees serve on boards, build Habitat homes and sort food at food banks. Why do we do it? You'll find answers in the stories of these three JEA employees.

Arthur Jackson
Arthur Jackson, a Utilities Pipeliner Crew Leader in JEA's Water Department, never volunteered much until five years ago when a manager suggested he try it. Since then he regularly serves lunch to the homeless at Cathedral Towers and to the elderly at Cathedral Towers. He also helps out barbers and toys over the holidays at the Salvation Army.

Tina Jacobs
For Tina Jacobs, Jacksonville is synonymous with River Life. As a JEA Environmental Scientist, she works with local industries to ensure they pre-treat their waste before releasing it into JEA's wastewater system and ultimately the river. Tina volunteers every year for the River City Clean Up to pick up trash along the banks of the St. Johns River. Plus, she can't help herself from picking up trash whenever she and her husband walk their dog near the river.

Felita Rackley
Whenever JEA volunteers help build a Habitat home, there is a good chance Felita Rackley is there. Felita has learned a lot about construction thanks to decades of church service with the Arlington Regency and Fort Caroline Kingdom Hall, where she helps build the buildings that will house growing congregations. She says it was easy to translate that construction experience to Habitat, where she has helped install HVAC, crawl, framing, roofing, siding and landscaping as both a JEA volunteer and a volunteer on her own time.



Request some JEA Volunteers for your next event at jea.com/volunteer.

ELECTRIC RELIABILITY

JEA is constantly maintaining its electric systems to minimize the risks of down time from storms. This includes replacing aging utility poles, replacing the equipment on the poles, and trimming sagging tree limbs. For more on JEA's commitment to your power quality visit jea.com/reliability.

COMMUNITY INVESTMENT

JEA employees kick off their Employee Giving Campaign this month. Last year JEA employees raised \$417,000 for United Way and Community Health Charities. The theme: Pure Inspiration. Learn more at jea.com/employeegiving.

ELECTRIC SAFETY

Never fly kites, drones or model airplanes near power lines or substations. For more electric safety tips visit jea.com/electric-safety.

Protecting The Environment

JEA is working with the City of Baldwin to use reclaimed water to cool the generators at Brandy Branch Electric Generating Station, further helping to preserve the Florida aquifer. For more on JEA's environmental efforts visit jea.com/environment.

Communication Channels
FY17
Volume: 226,576,860

- **e-Com** (jea.com, email, social) 44,739,453
- **Paid Media** (Radio, TV, Print) 170,454,505
- **Community Engagement** (Events, Workshops) 556,152
- **Other Communication** (Bill Inserts, Brochures, 10,826,750)

JEA
July 26 at 8:40am

Most of the elements and minerals present in our drinking water occur naturally in the aquifer at very low levels. Learn more about the water journey and the aquifer.

Jacksonville Water Quality
JEA takes stewardship of the community's water supply very seriously and follows all regulatory requirements of the Florida Department of...

Learn More

Empowering Customers to Make Informed Decisions

JEA Employee Volunteer Participation

JEA Ambassadors are engaging customers throughout our community in a greatly expanded way.

FY17 Activities:

- Speakers Bureau—95
- Facility Tours—58
- Community Events—119
- Educational Partnership Activities—36



Sandra Christiansen, Technology Services



JEA Ambassadors participated in the Annual YMCA's Thingamajig event where over 1,000 Summer Campers attended and were provided with conservation information through games and activities.



JEA Ambassadors participated in the 2017 Homebuyer & Homeowner Expo, Philips donated several hundred LED sample bulbs that were given to 1st time homebuyers, along with energy efficiency info.

Giving back to our community through volunteering is foundational as a community-owned utility

FY17 Total Volunteers—716

July — 87 Volunteers

- July 5th Beaches Clean-up – July 5
- Habijax Home Build – July 7 and 14
- Friday Mornings in Jax Parks – Kings Road Historical Park – July 7
- Dignity U Wear – July 14
- No More Homeless Pets – July 14 – 16
- Jax Community and Family Awareness Expo – July 14 and 15
- City Rescue Mission Thrift Store – July 21
- Feeding NE Florida Food Bank – July 28
- Friday Mornings in Jax Parks – Betz-Tiger Point Preserve – July 28

June — Volunteer Events

- Friday Mornings in Jax Parks – August 4
- Back to School Give-Away – August 12
- Special Olympics – August 12 and 19
- City Rescue Mission – August 15
- Aging True – August 17
- The Salvation Army – August 18
- Tech Coast Conference – August 23
- Feeding NE Florida Food Bank – August 25



JEA Ambassador Program

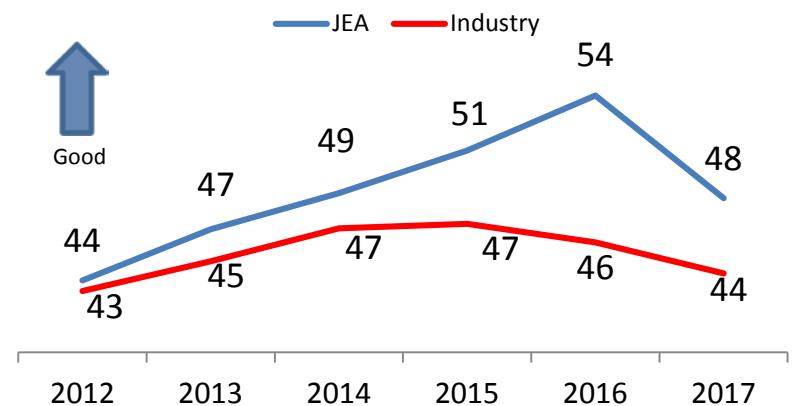
Demonstrating Community Responsibility

DSM Programs & Participation	FY17 Goal	FY17 YTD
Tracker Participation (Entering Site)	110,000	91,007
Invest Smart	395	562
Shop Smart	77,678	91,506
Neighborhood Energy Efficiency	1,262	1,022
Electric Vehicle Rebates	75	69

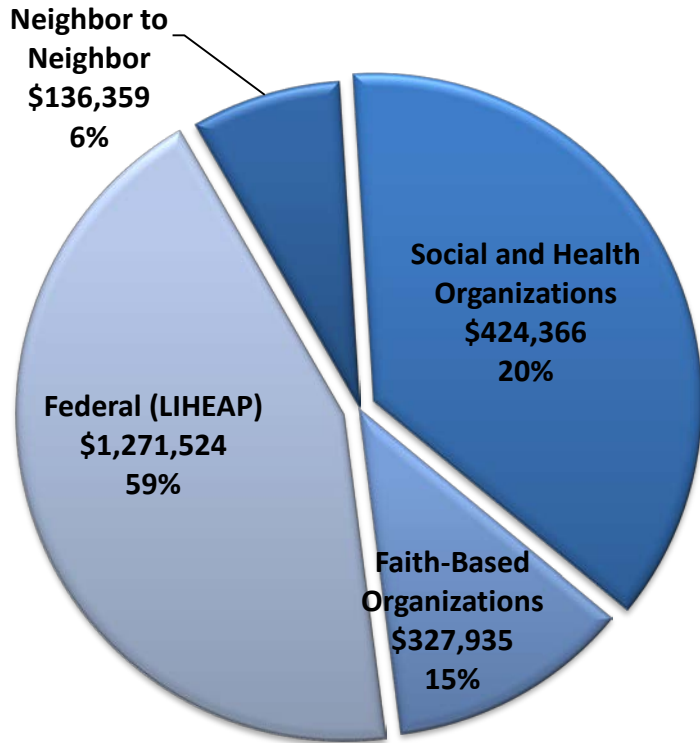
Customer Solutions Highlights for July

The Customer Solutions Demand Rate Pilot is launching a series of “Dinner and Demand” events for customer participants and “Lunch and Learn” events for internal participants to help increase awareness about the pilot and answer questions about ways to control usage and benefit from the new way of looking at your utility bill.

Familiarity with Utility Energy Efficiency or Conservation Programs (%)



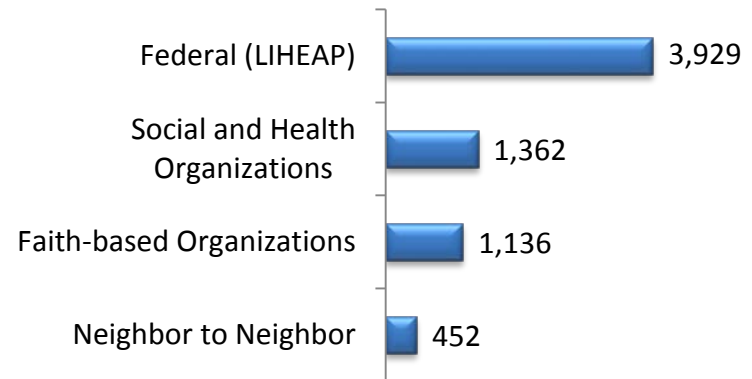
Demonstrating Community Responsibility



Agency & Federal
Customer Assistance
FY 17 YTD
\$2,160,185

26 agencies provided **946** utility payments on behalf of JEA customers in July 2017 totaling **\$305,378**

Customers Receiving Agency Assistance YTD

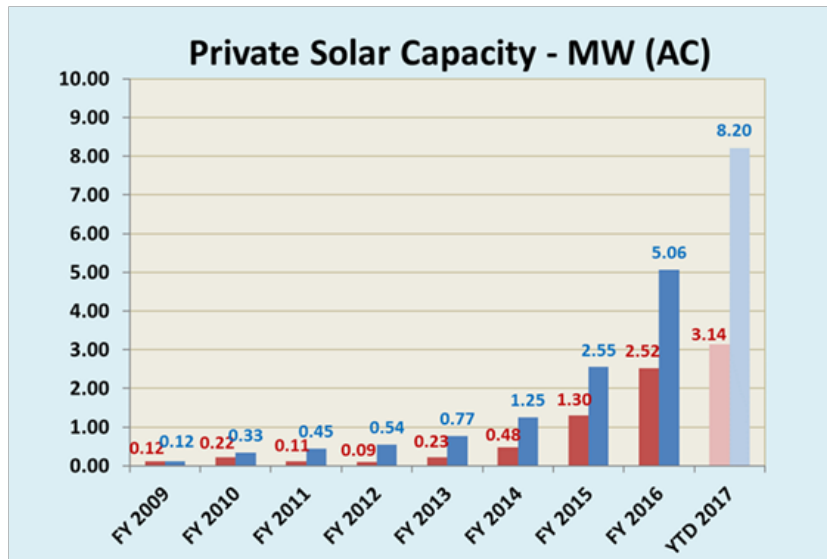


Number of Customers Receiving
Agency & Federal Utility Assistance
FY 17 YTD
6,879

Private Solar Program Status (Net-Metered Solar)

10MW Policy Limit for Private Solar To Be Reached by October

- The installation rate of private solar on the JEA system is growing.
- Private solar capacity added in July was 0.19 MW, YTD 3.14 MW. Total aggregate capacity is 8.20 MW. At the current adoption rate the 10 MW cap may be reached by November.
- The annualized expense for the current 8.20 MW of installed private solar is \$757,000 annually
- The table below reflects the current and future expense levels associated with private solar:



	Current MW	10 MW Policy Limit	Each Future MW
Energy	\$398,000	\$500,000	\$50,000
Capacity	\$277,000	\$330,000	\$33,000
Taxes & Fees	\$82,000	\$98,000	\$9,800
Total	\$757,000	\$928,000	\$92,800
20-yr NPV	\$9,888,235	\$12,100,000	\$1,210,000



III. A. 4.
Monthly FY17 Communications & Engagement Calendar
and Plan Update

(Events highlighted in blue are either JEA corporate or partner events)

	A	B	C	D	E	F
1	Date	Event/Activity	Location	Time	Type	Opportunity for Public to Attend or Participate
2	Jul-17					
3	7/1/2017	Shiva Robotics Academy	Main St Lab	10am	Ambassador Facility Tour	No
4	7/3/2017	1 - Hour Power Pals	Mary Gibbs Center	11am	Ambassador Instructor	No
5	7/5/2017	Communities in Schools	Tour - Main St Lab	10am	Ambassador Facility Tour	No
6	7/6/2017	1 - Hour Power Pals	HT Jones Center	1pm	Ambassador Instructor	No
7	7/6/2017	Communities in Schools	1157 Golfair Blvd.	10am	Ambassador Speaker	No
8	7/7/2017	1 - Hour Power Pals	Julian Barrs Center	11am	Ambassador Instructor	No
9	7/11/2017	1 - Hour Power Pals	Kennedy Center	10am	Ambassador Instructor	No
10	7/14/2017	1 - Hour Power Pals	Cecil Center	1pm	Ambassador Instructor	No
11	7/14/2017	1 - Hour Power Pals	Emmett Reed Center	1pm	Ambassador Instructor	No
12	7/15/2017	Homeowner/Homebuyer Expo	Wealth Watchers - 5031 Lenox Ave	10am	Ambassador Event	Yes
13	7/17/2017	1 - Hour Power Pals	The Legends Center	1pm	Ambassador Instructor	No
14	7/19/2017	Communities In Schools	Tour - Main St Lab	10am	Ambassador Facility Tour	No
15	7/19/2017	Duval Soil & Water Conservation Group	1010 N McDuff Ave	8am	Ambassador Speaker	No
16	7/19/2017	Kirby Smith STEAM Summer Camp	Main St Lab Tour	10am	Ambassador Facility Tour	No
17	7/20/2017	Kid City USA	Main St Lab	10am	Ambassador Facility Tour	No
18	7/21/2017	1 - Hour Power Pals	Oceanway Center	11am	Ambassador Instructor	No
19	7/24/2017	Home Urban Adventures	Main St Lab	10am	Ambassador Facility Tour	No
20	7/26/2017	YMCA Thingamajig	Edward Waters College	9:30am	Ambassador Event	Yes
21						
22	Aug-17					
23	8/5/2017	Touch a Truck	Regency Square Mall	9am	Ambassador Event	Yes
24	8/5/2017	John Love Back to School	1531 Winthrop	9:30am	Ambassador Event	Yes
25	8/5/2017	New Town Back to School	Edward Waters Colleg	10am	Ambassador Event	Yes
26	8/12/2017	Girl Scout Troop	Main St Lab	10am	Ambassador Facility Tour	No
27	8/12/2017	6th Annual Health & Resource Fair	1090- Franklin St. Flossie Brunson Park	10am	Ambassador Event	Yes

JEA Community Engagement Calendar - July - October 2017

(Events highlighted in blue are either JEA corporate or partner events)

	A	B	C	D	E	F
28	8/16/2017	ACP NE Chapter	744 Riverside Ave	4pm	Ambassador Speaker	No
29						
30						
31						
32						
33						
34						
35	Sep-17					
36	9/20/2017	Osher Lifelong Learning	Buckman Wastewater Tour	10am	Ambassador Facility Tour	No
37						
38	9/21/2017	Renault Garden Club	705 Second Ave. N	10am	Ambassador Speaker	No
39	9/26/2017	TEACH Conference	Hyatt Riverfront	8am	Ambassador Event	Yes
40	9/28 - 10/1/2017	Fall Home & Patio Show	Prime Osborn	11am - 9pm	Ambassador Event	Yes
41						
42						
43						
44						
45	Oct-17					
46	10/7/2017	2017 Black Expo	Prime Osborn	10am - 7pm	Ambassador Event	Yes
47	10/19 - 22/2017	2017 Southern Womens Show	Prime Osborn	10am - 9pm	Ambassador Event	Yes
48	10/26/2017	Non-Profit Breakfast	JEA Tower	8am	Ambassador Event	Yes
49						
50						
51						
52						
53						
54						
55						
56						
57						



FY17 Communications & Community Engagement Overview and July/August Update

Overview: Each month we update the board on communications and community engagement activities for the previous and current months. The purpose is to keep you informed about these activities so that you are knowledgeable about JEA's efforts to keep our customers informed, to assist them in the management of their utility services and to be a good corporate citizen.

Communications: In July, we kicked off the JEA MyBudget My Choice Summer Giveaway. During the giveaway any customer who enrolls in JEA MyBudget between July 1 – August 31 will automatically be entered to win their choice of an Amazon or Apple gift card. On July 1st the external customer opt-in JEA SmartSavings pilot officially began and we launched new tools on jea.com, the demand appliance calculator and demand usage graph, to help with their success. July 5th we partnered with the Beaches Clean-up. Our volunteers had the chance to help clean the beaches after the 4th of July celebration. Otherwise we continued all key messages that were identified by J.D. Power as critical to customers. All paid and owned messaging is supported by social media, using Twitter, Facebook, LinkedIn, Google+ and YouTube to provide additional timely, relevant information.

Community Engagement: JEA employees are actively involved in our community engagement efforts. JEA Ambassadors participate in activities where we have an opportunity to help customers manage their utility services and/or to educate customers about how JEA provides critical utility services to our community. These employees are trained and certified ahead of time to help JEA deliver on our mission. On the other hand, JEA Volunteers go out into the community to assist nonprofits accomplish their goals by offering their time and talents to help the nonprofit deliver their mission. Volunteers do not have to have any special training or talent; they just have a caring heart.

In July, Ambassadors were requested by several groups including; Communities in Schools and the SE CPAC. Ambassadors conducted several facility tours including; Kids City USA, Home Urban Adventures and Shiva Robotics. Ambassadors participated in a number of community events including YMCA Thingamajig and the Homeowners & Homebuyers Expo.

Below, JEA Ambassadors participated in the Annual YMCA's Thingamajig event where over 1,000 Summer Campers attended and were provided with conservation information through games and activities.



In July, JEA volunteers came out in support of the Beaches Clean-up, Habijax Home Build, Friday Mornings in Jax Parks – Kings Road Historical Park, Dignity U Wear, No More Homeless Pets, Jax Community and Family Awareness Expo, City Rescue Mission Thrift Store, Feeding NE Florida Food Bank, Friday Mornings in Jax Parks, and Betz-Tiger Point Preserve.



Catty Shack Wildlife Preserve



City Rescue Mission



HabiJax Home Build

As a community-owned utility, JEA employees take a great pride in the Ambassador and Volunteer programs and these programs go a long way to tangibly demonstrate to customers and the community the incredible “Heart of JEA.”

Communications Contacts* Generated Year to Date	226,576,860
• Number of Paid Communications Contacts (Radio, Television, Out of Home, Online, Print)	170,454,505
• Number of Other Communications Contacts (Bill Insert, Bill Envelop, Brochure, etc.)	10,826,750
• Number of E-communications Contacts (jea.com Visitors, Email, Social Media, Videos)	44,739,453
• Number of Community Engagement Communications Contacts (Events, Public Speaking, Presentations, Training, Workshops, etc.)	556,152

*Communications Contacts are the opportunities we have to communication information to our customers.

III. B. 1.

Cedar Bay Transmission Service Conversion



Building Community

AGENDA ITEM SUMMARY

August 1, 2017

SUBJECT:	CEDAR BAY TRANSMISSION SERVICE CONVERSION
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Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: Florida Power & Light (FPL) requests the conversion of existing transmission service provided by the Cedar Bay Agreement to transmission service under JEA's Board approved Open Access Transmission Tariff (OATT).

Significance: Low. This item involves terminating from the existing Cedar Bay agreement and simultaneously executing a provision of JEA's Open Access Transmission Tariff with FPL.

Effect: Minor. The transmission service as provided under the OATT provides the same character of services and price as the existing Cedar Bay Agreement.

Cost or Benefit: Neutral. The character of service and price is identical to the existing agreement.

Recommended Board action: Staff recommends that the Board approve Amendment Number Two to Interconnection and Transmission Service Agreement and authorize staff to execute the Service Agreement for Firm Point-To-Point Transmission Service with FPL.

For additional information, contact: Mike Brost at 665-7547 or Garry Baker at 665-7145

Submitted by: PEM/MJB/WGB

MISSION 	VISION 	VALUES 
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity

Commitments to Action

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team

**INTER-OFFICE MEMORANDUM**

August 1, 2017

SUBJECT: CEDAR BAY TRANSMISSION SERVICE CONVERSION**FROM:** Paul E. McElroy, Managing Director/CEO**TO:** JEA Board of Directors**BACKGROUND:**

On January 9, 1990, JEA entered into an Agreement with AES Cedar Bay, Inc. to provide an electrical interconnection from the AES Cedar Bay 260MW electric generating plant to JEA, provide transmission service to a Florida Power and Light (FPL) interconnection point, provide transmission losses across the JEA system, and provide standby service to support the plant facility when it is offline. In 1998, Cogentrix Energy Inc. purchased the plant from AES Cedar Bay. In 2015, Cogentrix Energy Inc. sold the plant to FPL. FPL then de-commissioned the plant in 2017.

In 1997, the JEA Board approved an Open Access Transmission Tariff (OATT) that is utilized by market entities (including The Energy Authority) desiring to utilize JEA's transmission system. The OATT defines the character of service and its price for transmission service provided. The OATT also provides a process to convert transmission service under pre-existing transmission agreements to transmission service under the OATT. At this time, the original Agreement for transmission service was "grandfathered" in as a pre-OATT service.

According to the Agreement, JEA is responsible for maintaining the interconnection, transmission service and standby service, while FPL is responsible for the financial terms of the Agreement, which runs through 2024. The transmission service and standby charges are approximately \$4.4M per year and \$1.3M per year respectively. The Cedar Bay transmission service rates are the same as JEA's current transmission rates that are contained in JEA's Open Access Transmission Tariff. FPL has no ability to utilize the Cedar Bay transmission service upon shut down of the plant.

DISCUSSION:

FPL has requested to convert the transmission service component under the Cedar Bay Agreement to JEA's OATT. Accordingly, an amendment was prepared to modify the existing Cedar Bay Agreement and a new Service Agreement to JEA's OATT was prepared to effect the changes that has the same character of service and pricing as the original agreement. FPL will then be able to use the terms and conditions of the OATT and redirect the service on the JEA system in the future, if approved by JEA. The two Agreements related to this conversion of transmission service are attached.

RECOMMENDATION:

Staff recommends that the Board approve Amendment Number Two to Interconnection and Transmission Service Agreement and authorize staff to execute the Service Agreement for Firm Point-to-Point Transmission Service with FPL.

Paul E. McElroy, Managing Director/CEO

PEM/MJB/WGB

AMENDMENT NUMBER TWO
TO
INTERCONNECTION AND TRANSMISSION SERVICE AGREEMENT
BETWEEN
CEDAR BAY GENERATING COMPANY LIMITED PARTNERSHIP,
AS SUCCESSOR IN INTEREST TO AES CEDAR BAY, INC.
AND
JEA,
Formerly known as JACKSONVILLE ELECTRIC AUTHORITY

This Amendment Number Two is made and entered into as of the ___th of _____, 2017, by and between Cedar Bay Generating Company Limited Partnership, hereinafter referred to as “Cedar Bay” as successor interest to AES Cedar Bay, Inc., and JEA (formerly known as Jacksonville Electric Authority) and collectively referred to as the “Party” or “Parties”;

WHEREAS, AES Cedar Bay and JEA entered into an Interconnection and Transmission Service Agreement dated January 9, 1990;

WHEREAS, AES Cedar Bay and JEA entered into Amendment Number One to the Interconnection and Transmission Service Agreement on February 19, 1991, to relocate the Interconnection Point, provide for the continued operation of a 138 kV transmission line from its Eastport Substation north along Eastport Road to and including a terminal structure adjacent to the Interconnection Point, delay the Commercial Operation Date, and provide for continued operation of a 138 kV tie line from the JEA terminal structure to the Cedar Bay Facility;

WHEREAS, the Parties desire to amend the Agreement to substitute Cedar Bay for AES Cedar Bay; and

WHEREAS, the Parties wish to unbundle its Agreement by converting the transmission service provided under the Agreement as conditioned by the provisions of Section 5.2 hereof to transmission service provided pursuant to a service agreement under JEA’s Open Access Transmission Tariff (“OATT”) as conditioned by the provisions of Section 5.2 hereof.

NOW, THEREFORE, the Parties hereto agree to amend the Agreement in the following manner:

1. Each occurrence of “AES Cedar Bay” in the Agreement is replaced with “Cedar Bay.”

2. Article 1, Definition 8 is amended to read:

8. “Firm Transmission” or “Firm Transmission Service” as utilized in this Agreement means the transmission service provided pursuant to a service agreement under JEA’s OATT as conditioned by the provisions of Section 5.2 hereof..

3. Article 1 is amended to insert the following new definition:

26. “OATT” means JEA’s Open Access Transmission Tariff.

4. Section 2.1 is amended to read:

SECTION 2.1 – TERM

This Agreement is in full force and effect as of the date first written above and shall continue for an initial period through and including December 31, 2024, and thereafter shall be subject to the rollover and private use restrictions in the OATT, except that this Agreement may be cancelled by either Party at the end of said initial period or any rollover thereof, upon written notice to the other Party, ninety (90) days prior to the end of the initial period or any rollover thereof, or at any time upon written agreement between the Parties.

5. Section 5.1 is amended to read:

SECTION 5.1 – TRANSMISSION SERVICE PROVIDED

Beginning on the effective date of this Amendment, JEA shall provide 260 MW of Firm Transmission Service to Cedar Bay for the electrical path from the CB Facility interconnecting at JEA’s Eastport Substation to FP&L. The service provided, “Firm Transmission Service” hereunder, shall be the reservation and/or use of transmission capacity for the electrical path from the CB Facility interconnecting at JEA’s Eastport Substation to other JEA interconnection points with FP&L that are operated pursuant to the Contract for Interchange Service between Florida Power and Light Company and Jacksonville Electric Authority dated March 12, 1979, as amended (“JEA/FP&L Agreement”). The “Firm Transmission Service” provided under this agreement is subject to the contingencies set forth in Section 5.2 hereof.

The rate for Firm Transmission Service provided pursuant to this Agreement will be the rate set forth in the OATT.

Charges for Firm Transmission Service shall be based on 260 MW of capacity reserved and will commence on the effective date of this Amendment. Capacity charges shall only be imposed to the extent that capacity is available on the path from the CB Facility interconnecting to JEA’s Eastport Substation to a FP&L interconnection point.

The monthly Service Charge shall equal three (3) times the customer charge in JEA Rate Schedule GSLDT.

6. Section 5.2 is amended to read:

SECTION 5.2 – ORDER OF TRANSMISSION SERVICE PRIORITY

JEA shall provide the Firm Transmission Service as defined herein to Cedar Bay with a priority after territorial retail and wholesale customers and other firm commitments existing as of January 9, 1990 and ahead of Firm Transmission Service entered into after January 9, 1990, and all non-firm agreements.

7. Section 5.4 is amended to read:

SECTION 5.4 – TRANSMISSION LOSSES

JEA shall provide for transmission losses pursuant to the OATT.

SAVE AND EXCEPT as hereby expressly amended, all terms and conditions of the Interconnection and Transmission Service Agreement between Cedar Bay Generating Company Limited Partnership, as successor in interest to AES Cedar Bay, Inc., and Jacksonville Electric Authority, dated the 9th day of January, 1990, as amended on February 19, 1991, shall be and remain in full force and effect.

IN WITNESS WHEREOF, the Parties have issued this Amendment Number Two to be executed by their duly authorized officers, and copies delivered to each Party, as of the day and year first above stated.

ATTEST: JEA

By: _____ By: _____

ATTEST: Cedar Bay Generating Company Limited Partnership

By: _____ By: _____

Service Agreement
For Firm Point-To-Point
Transmission Service

1. This Service Agreement, dated as of _____, 2017, is entered into, by and between JEA (formerly Jacksonville Electric Authority or the "Transmission Provider"), and Cedar Bay Generating Company Limited Partnership, ("Transmission Customer").
2. The Transmission Customer desires to convert 260 MW of bundled transmission service per the AES Cedar Bay Interconnection and Transmission Service Agreement ("Cedar Bay Agreement"), dated January 9, 1990, as amended (Attachment No 1), to JEA's Open Access Transmission Tariff ("Tariff") conditional with the terms as set forth in the Cedar Bay Agreement.
3. The Transmission Customer desires to assign its 260 MW of transmission capacity to Florida Power and Light ("FPL") per this Service Agreement and the Cedar Bay Agreement including the terms and conditions included herein.
4. This Service Agreement is in full force and effect as of the date first written above and shall continue for an initial period through and including December 31, 2024, and thereafter shall be subject to the rollover and private use restrictions in the Tariff, except that this Service Agreement may be cancelled by either Party at the end of said initial period or any rollover thereof, upon written notice to the other Party, no less than ninety (90) days prior to the end of the initial period or any rollover thereof, or at any time upon written agreement between the Parties.
5. Beginning on the effective date of this Service Agreement, Transmission Provider shall provide 260 MW of Firm Transmission Service to Transmission Customer for the electrical path from the Cedar Bay Facility interconnecting at Transmission Provider's Eastport Substation to FPL. The service provided shall be the reservation and/or use of transmission capacity for the electrical path from the Cedar Bay Facility interconnecting at Transmission Provider's Eastport Substation to other JEA interconnection points with FPL that are operated pursuant to the Contract for Interchange Service between Florida Power and Light Company and Jacksonville Electric Authority dated March 12, 1979, as amended ("JEA/FPL Agreement"). The Firm Service provided under this Service Agreement is subject to the conditions set forth in Section 6 below.

The rate for Firm Transmission Service provided pursuant to this Service Agreement will be the rate set forth in the Tariff.

Charges for Firm Transmission Service shall be based on 260 MW of capacity reserved and will commence on the effective date of this Service Agreement. Capacity charges shall only be imposed to the extent that capacity is available on the path from the Cedar Bay Facility interconnecting to Transmission Provider's Eastport Substation to a FPL interconnection point.

The monthly Service Charge shall equal three (3) times the customer charge in Transmission Provider's Rate Schedule GSLDT.

6. Transmission Provider shall provide the Firm Transmission Service as defined herein to Transmission Customer with a priority after territorial retail and wholesale customers and other firm commitments existing as of January 9, 1990 and ahead of Firm Transmission Service entered into after January 9, 1990, and all non-firm agreements.
7. The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
8. Any notice or request made to or either Party shall make regarding this Service Agreement in writing to the representative of the other Party as indicated below.

Transmission Provider:

Attention: Director, Electric Systems Operations
JEA
7720 Ramona Blvd. West
Jacksonville, FL 32221

Internet e-mail: TSERVE@jea.com

Transmission Customer:

9. The Tariff is incorporated herein and made a part hereof.
10. Such other terms and conditions that the Parties may agree on or may be required by the nature of the service requested.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

JEA:

By: _____ Director, Electric System Operations _____

W. Garry Baker

Title

Date

CEDAR BAY:

By: _____
Name Title Date

Approved to Form:

By: _____
Name Title Date

III. B. 2.
Water Supply Sustainability Plan



AGENDA ITEM SUMMARY

August 4, 2017

SUBJECT:	WATER SUPPLY SUSTAINABILITY PLAN
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Purpose:	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: JEA provides service to over 340,000 water, 265,000 sewer, and 10,000 reclaimed customers in Duval, northern St. Johns County, most of Nassau County, and a small portion of northwest Clay County. Water quality and long-term sustainability of the water supply are the utmost objectives in JEA’s current and future water supply plans.

Significance: The water supply is regulated by the St. Johns River Water Management District (SJRWMD) through a twenty-year consolidated Consumptive Use Permit (CUP) that was issued in 2011. JEA continues to execute its long-term sustainability water resource plan centered on promoting conservation, expanding the reclaimed water system, and transferring of water through river crossings. JEA will further develop the comprehensive plan for expanding the next generation water resource portfolio to potentially include water purification, a 3rd river crossing, or the use of other supply sources.

Effect: The current groundwater withdrawal limit for CY2017 is 133 million gallons per day (mgd) which totals to 48.7 billion gallons per year. The July 31, 2017 year-to-date actual withdrawal is 117 mgd, which is 12% below the limit. The CUP provides for annual increases of approximately 2 mgd through CY2021 to an expected increased limit of 142 mgd in CY2021 if all conditions are met.

Cost or Benefit: It is essential to leverage JEA’s existing infrastructure, and design and construct the itemized 5-year and 10-year capital improvement plans. The cost of the next generation water resource portfolio, which could potentially include commercial water purification, a 3rd river crossing, or other supply sources could be in the \$100’s millions.

Recommended Board action: Information only, no Board action is required. Staff will continue to prepare the Annual Water Resource Master Plan, implement short-term and mid-term actions, and further develop a long-term comprehensive plan.

For additional information, contact: Brian Roche, VP/GM Water Wastewater Systems at 904-665-6580

Submitted by: PEM/BJR

MISSION	VISION	VALUES
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity

Commitments to Action

- 1 Earn Customer Loyalty**
- 2 Deliver Business Excellence**
- 3 Develop an Unbeatable Team**



INTER-OFFICE MEMORANDUM

August 4, 2017

SUBJECT: WATER SUPPLY SUSTAINABILITY PLAN

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

In 1997, JEA became the Water/Sewer provider in Duval County serving 180,000 customers and has since invested over \$3 billion in the following two decades purchasing private utilities, consolidating plants and rebuilding a significant portion of the infrastructure. Currently, JEA provides service to over 340,000 water, 265,000 sewer, and 10,000 reclaimed customers in Duval, northern St Johns County, most of Nassau County, and a small portion of northwest Clay County. Water quality and long-term sustainability of the water supply are the utmost objectives in JEA's current and future water supply plans.

Northeast Florida's water supply is regulated by the St. Johns River Water Management District (SJRWMD) through a twenty-year consolidated Consumptive Use Permit (CUP) that was issued in 2011, and administratively revised on August 4, 2016. The CUP permits and limits JEA's consolidated annual groundwater withdrawal from the Floridan Aquifer system through 50 conditions. The conditions include withdrawal limits on individual groundwater wellfields, requirements on reclaimed water, well testing, water quality monitoring, metering and reporting.

The current groundwater withdrawal limit for CY2017 is 133 million gallons per day (mgd) which totals to 48.7 billion gallons per year. The July 31, 2017 year-to-date actual withdrawal is 117 mgd, which is 12% below the limit. The CUP provides for annual increases of approximately 2 mgd through CY2021 to an expected increased limit of 142 mgd in CY2021 if all conditions are met. There is a possibility to further increase the annual consolidated groundwater withdrawal limit to 155 mgd in CY2031 if very significant reclaimed water use and additional requirements are met. However, there are other specific items in the CUP that are projected to be more restrictive than the consolidated groundwater withdrawal limit such as Condition 50, Post-River Crossing wellfield allocations. Condition 50 restricts the withdrawals from specific wellfields, including ones within the projected high growth South Grid and Nassau County service areas.

DISCUSSION:

JEA continues to make significant investments to increase water supply capacity by drilling new wells, installing water transmission lines, implementing best practices in wellfield management, promoting water conservation, and investing over \$100 million in reclaimed water infrastructure. The objective is to sustain the long-term health of the Floridan Aquifer and to provide reliable and high quality water to customers. The Total Water Management Plan (TWMP) was developed last decade as a long-term sustainability water resource plan. The TWMP continues to be implemented with a focus on promoting

conservation, expanding the reclaimed water system, drilling new wells, implementing wellfield management programs, and transferring water through two river crossings.

Future water demand will potentially be met through innovative application of technologies such as the commercial use of water purification, a third river crossing, or the use of other supply sources such as the Intermediate Aquifer. The next generation water supply resources will be developed as part of a comprehensive plan that will include expanded use of the reclaimed water system and demand management plans, and an encompassing communication plan.

RECOMMENDATION:

Information only, no Board actions is required. Staff will continue to prepare the Annual Water Resource Master Plan, implement short-term and mid-term actions, and further develop a long-term comprehensive plan.

Paul E. McElroy, Managing Director/CEO

PEM/BJR

Water Supply Sustainability Plan

Board of Directors Meeting
August 15, 2017

■ Water Supply and Quality

- ❑ Water Source – Floridan Aquifer
- ❑ Water Storage, Treatment and Distribution System
- ❑ Drinking Water Quality Standards
- ❑ Water and Reclaimed Unit Sales Trends
- ❑ Reclaimed Water Objectives
- ❑ Total Water Management Plan (TWMP)
- ❑ Wellfield Production Capacity, Sustainability and Water Quality
- ❑ Water Supply Sustainability Milestones

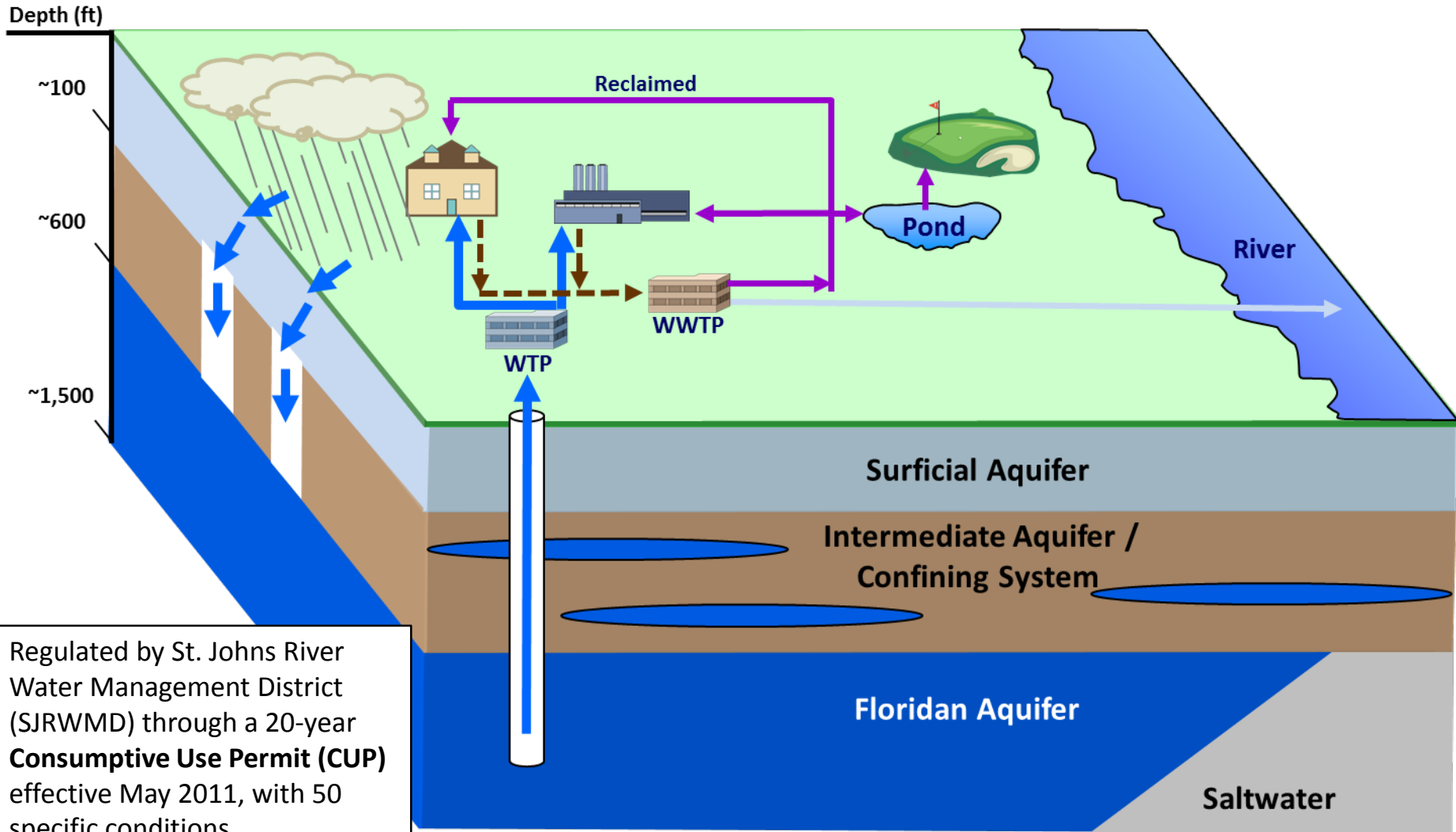
■ Consumptive Use Permit (CUP) Compliance

- ❑ Consumptive Use Permit Monitoring
- ❑ South Grid Water Supply Plan
- ❑ Water Purification – “One Water”

■ Summary

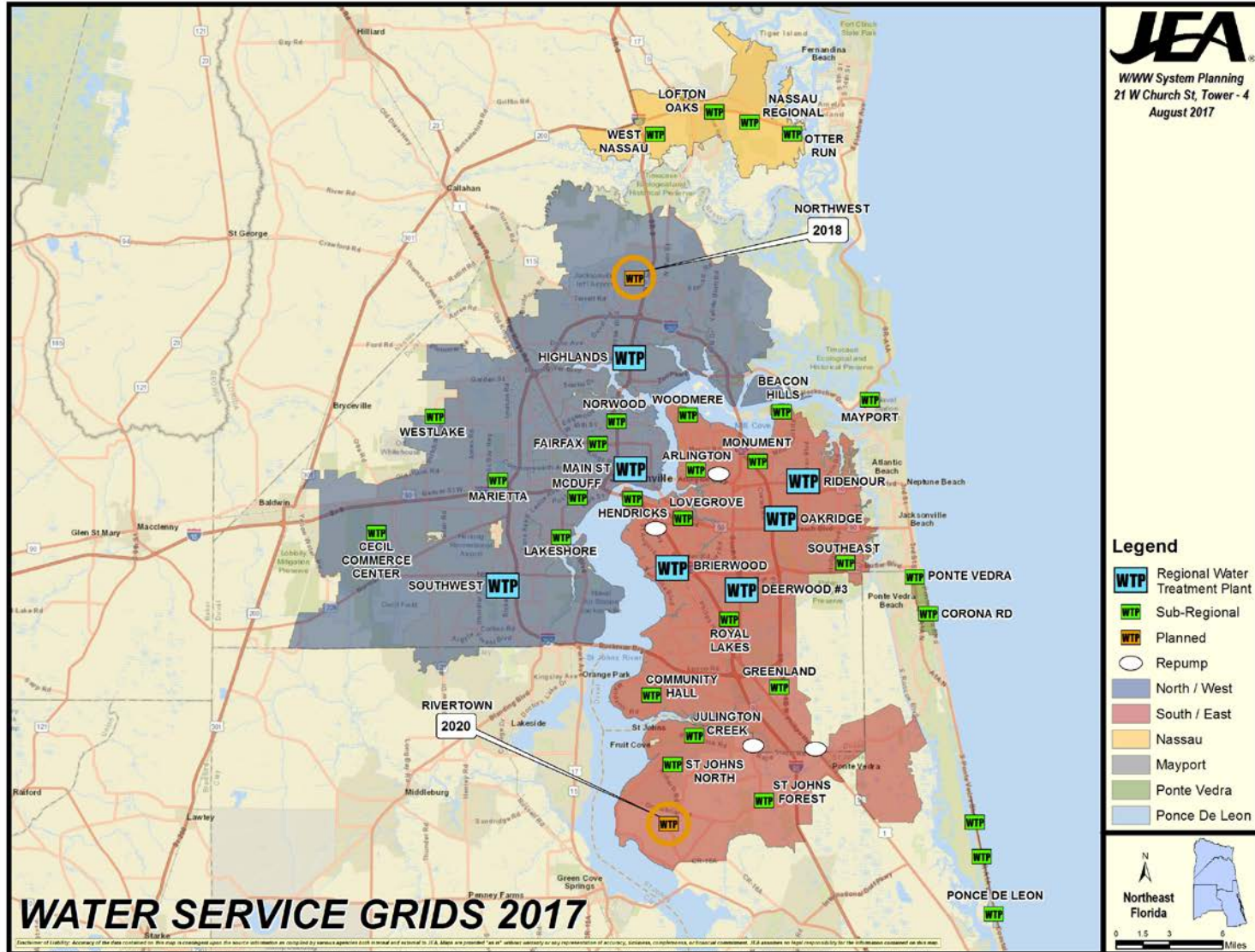
■ Supplemental

Water Source – Floridan Aquifer



Regulated by St. Johns River Water Management District (SJRWMD) through a 20-year **Consumptive Use Permit (CUP)** effective May 2011, with 50 specific conditions

Two (2) Major Grids and Four (4) Independent Grids



Environmental Protection Agency (EPA)

- Safe Drinking Water Act of 1974
- Code of Federal Register EPA Title 40 CFR

Florida Department of Environmental Protection (FDEP)

- Primacy as Regulatory Authority
- Rules equal or more stringent than Federal Regulations

System Operation
Florida Administrative Code (FAC)
Chapter 62-555

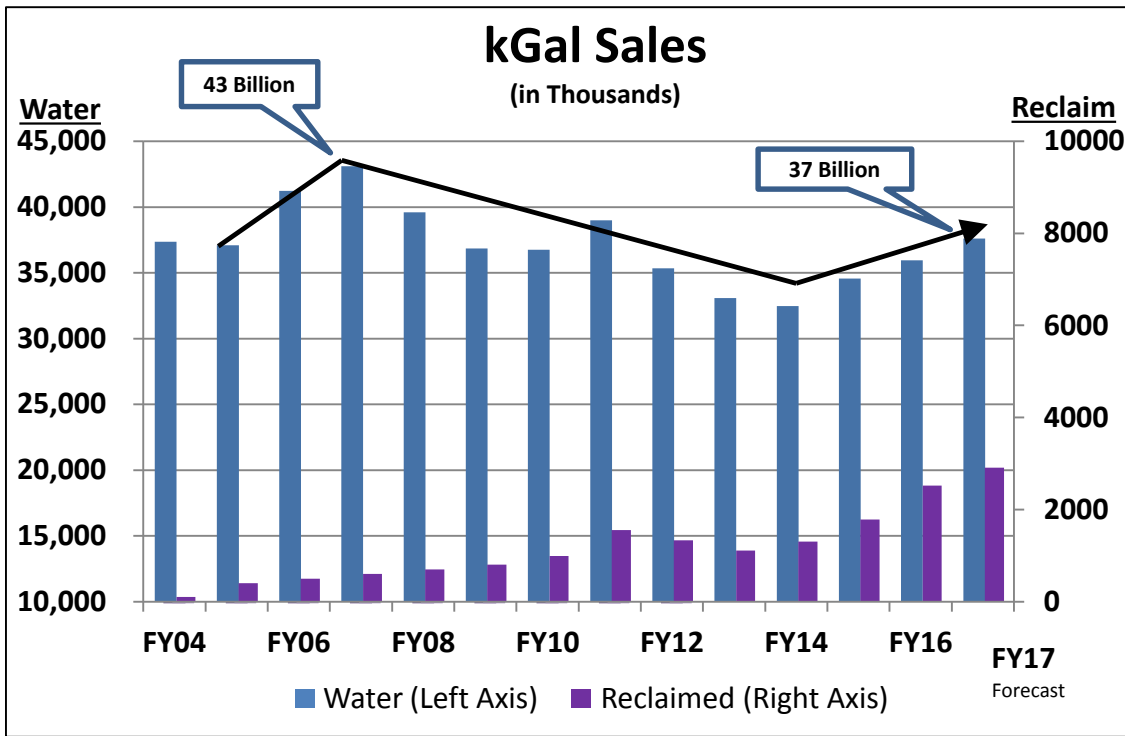
Water Quality
Florida Administrative Code (FAC)
Chapter 62-550

- Routine contaminant monitoring
- Greater than 45,000 annual water samples

Public Safety
is #1



Water and Reclaimed Unit Sales Trends



- ## Sales Drivers
- Growth
 - Weather
 - Economic Conditions
 - Demand Management
 - Conservation Messaging
 - Expanded Programs
 - Pricing Signals

Note: Unit sales are 12%-14% lower than CUP groundwater withdrawals due to metering, leakage, flushing, etc.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017F
Monthly Residential kgal	6.9	6.5	7.0	7.0	6.4	5.9	5.9	6.2	5.5	5.2	5.0	5.1	5.2	5.2
kgal Sales (in 000s)	37,360	37,093	41,236	43,101	39,610	36,846	36,750	38,983	35,345	33,088	32,468	34,558	36,357	37,389
Inches of Rain	67.5	64.5	38.1	46.0	57.2	53.7	40.8	42.4	55.2	45.5	51.2	49.4	31.4	50.5 YTD
Days of Rain	125	131	97	102	106	105	96	82	103	122	119	114	98	74

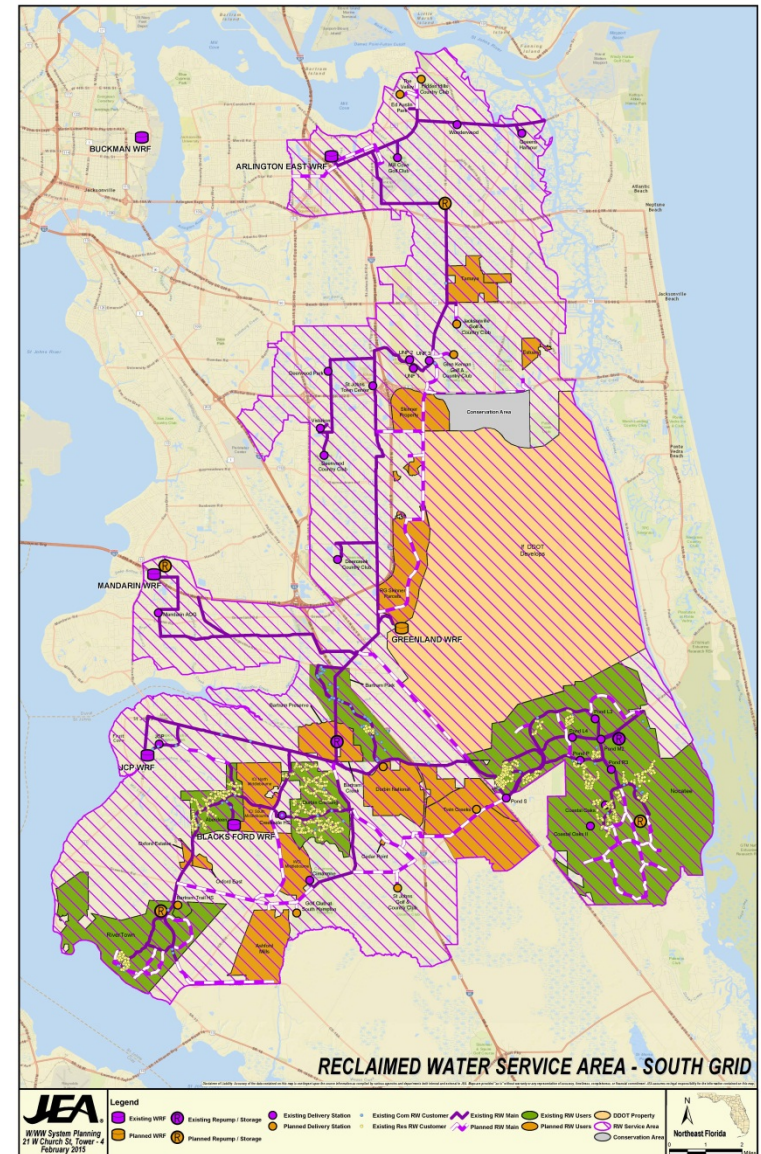
- Conservation messaging
- Economic downturn
- Increased combined utility bill

Reclaimed Water Objectives

CUP Compliance

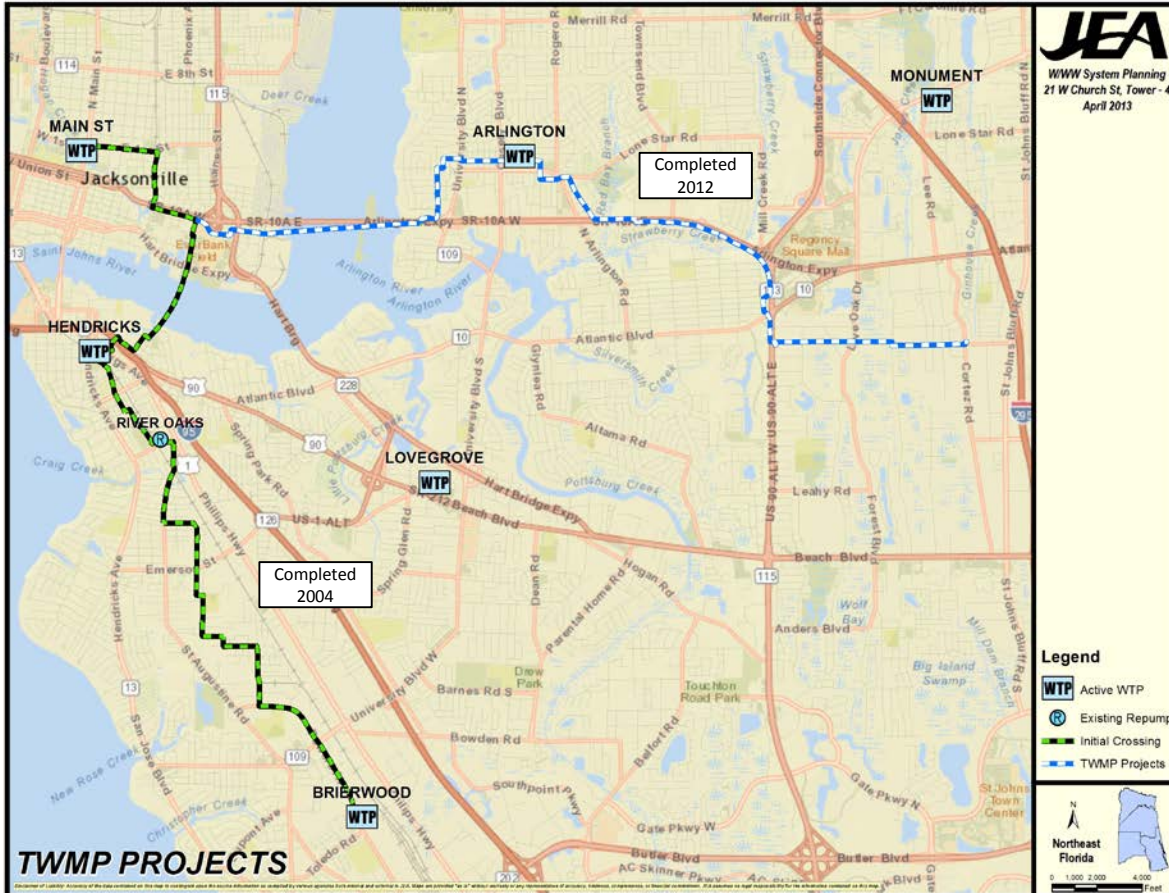
- ❑ Started in year 2000 with New Developments and bulk users such as golf courses, power plants and UNF
- ❑ Require new potable water connections within the Reclaimed Water Service Area to install reclaimed water pipe for irrigation at sites where JEA expects reclaimed service will become available within five years
- ❑ Retrofit of existing neighborhoods is not economically feasible
- ❑ Additional Reclaimed Water Service Areas include Nassau County and North Duval County

South Grid



Total Water Management Plan (TWMP)

CUP Compliance



Three Key Components of TWMP

- Conservation messaging and price signals
- Reclaimed system expansion
- Transfer raw water through two river crossings

Wellfield Production Capacity, Sustainability and Water Quality

CUP Compliance

CUP Condition 49

Wells of Concern

- ❑ Water quality monitoring
- ❑ Monitor chlorides and sulfides
- ❑ Prevent salt water intrusion

CUP Condition 50

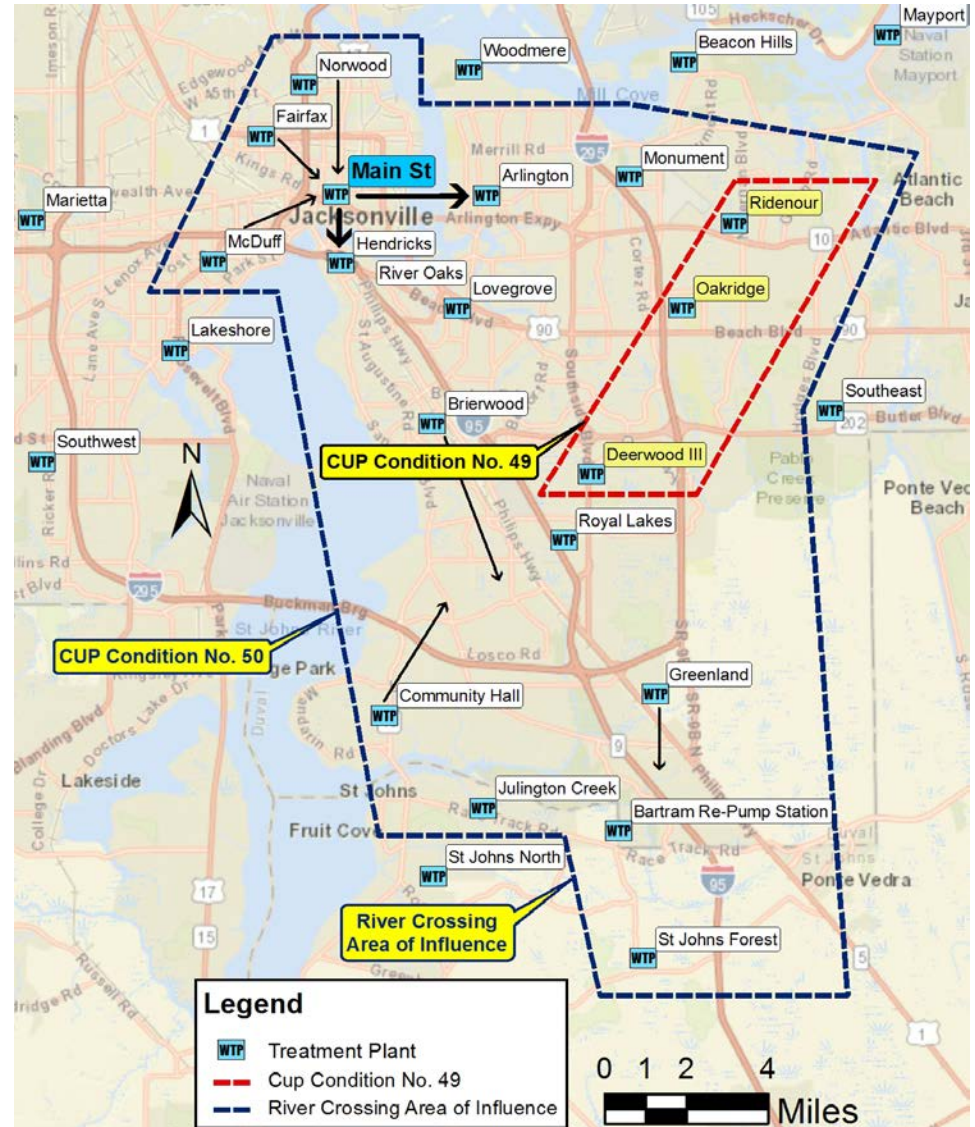
South Grid Allocation

Restrictions came into effect:

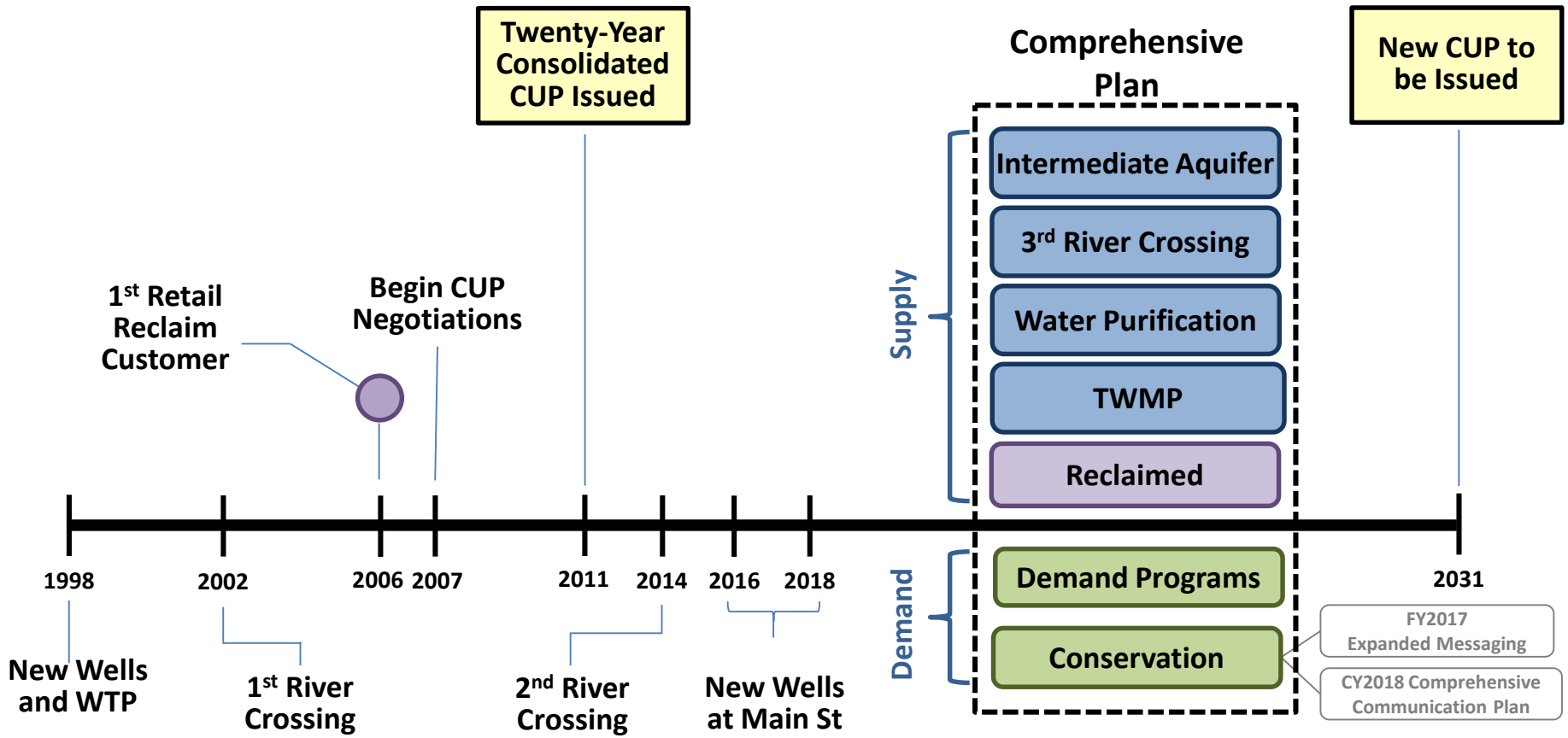
- ❑ 2nd river crossing
- ❑ 2014 Greenland WTP

iWATER:

- ❑ Integrated Water Supply Testing and Rehabilitation
- ❑ Well rehab and performance
- ❑ River crossing area of influence: 84 of JEA's 137 raw water wells
- ❑ Hydraulic and water quality modeling



Water Supply Sustainability Milestones

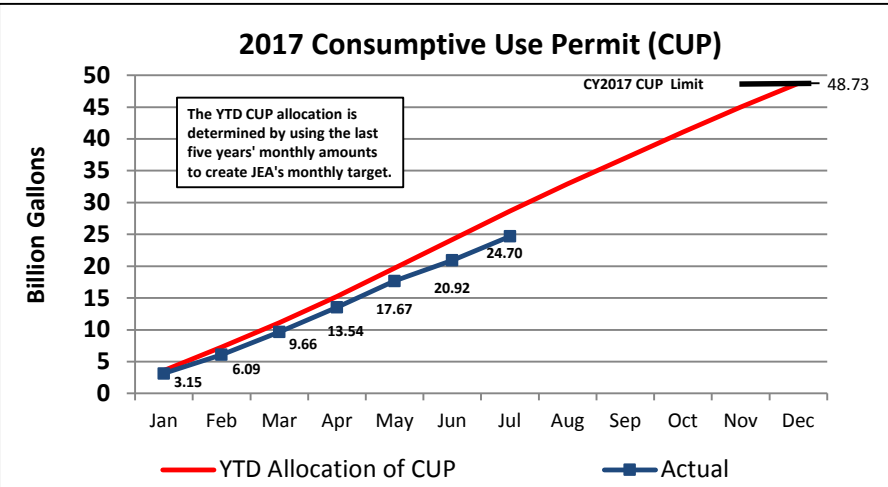




Consumptive Use Permit (CUP) Compliance

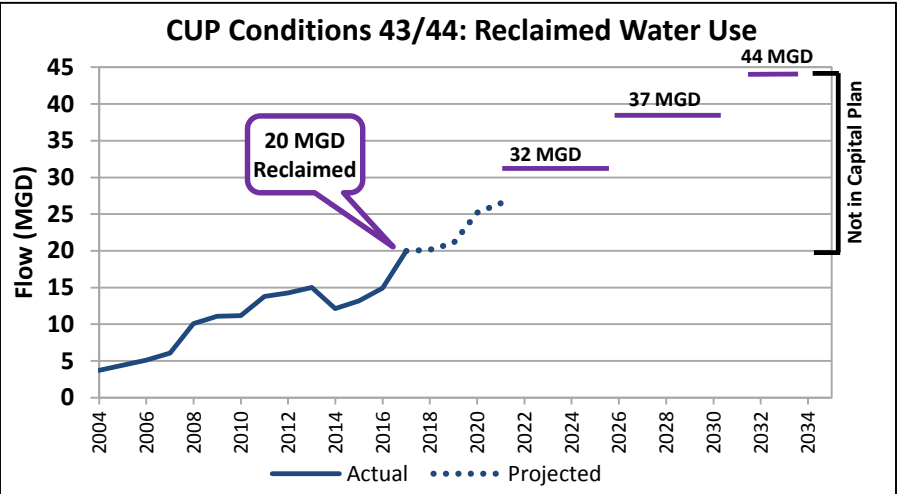
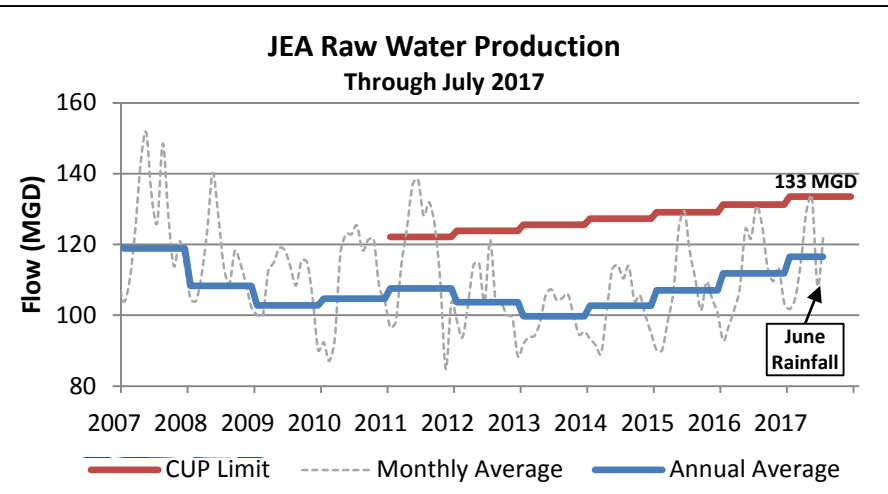
Monthly Board Operations Report – CUP Compliance

Compliance	Metric – CY Basis	FY2017	2017 Target	2016	2015
Water	CUP Limits (MGD)	117	133 limit	112 (131 limit)	107 (131 limit)
South Grid	Wellfield Allocation (MGD)	50.17	< 50.23 limit	52.95 (<50.23 limit)	47.50 (<50.23 limit)
Reclaim	Usage (MGD)	20	15	16	13



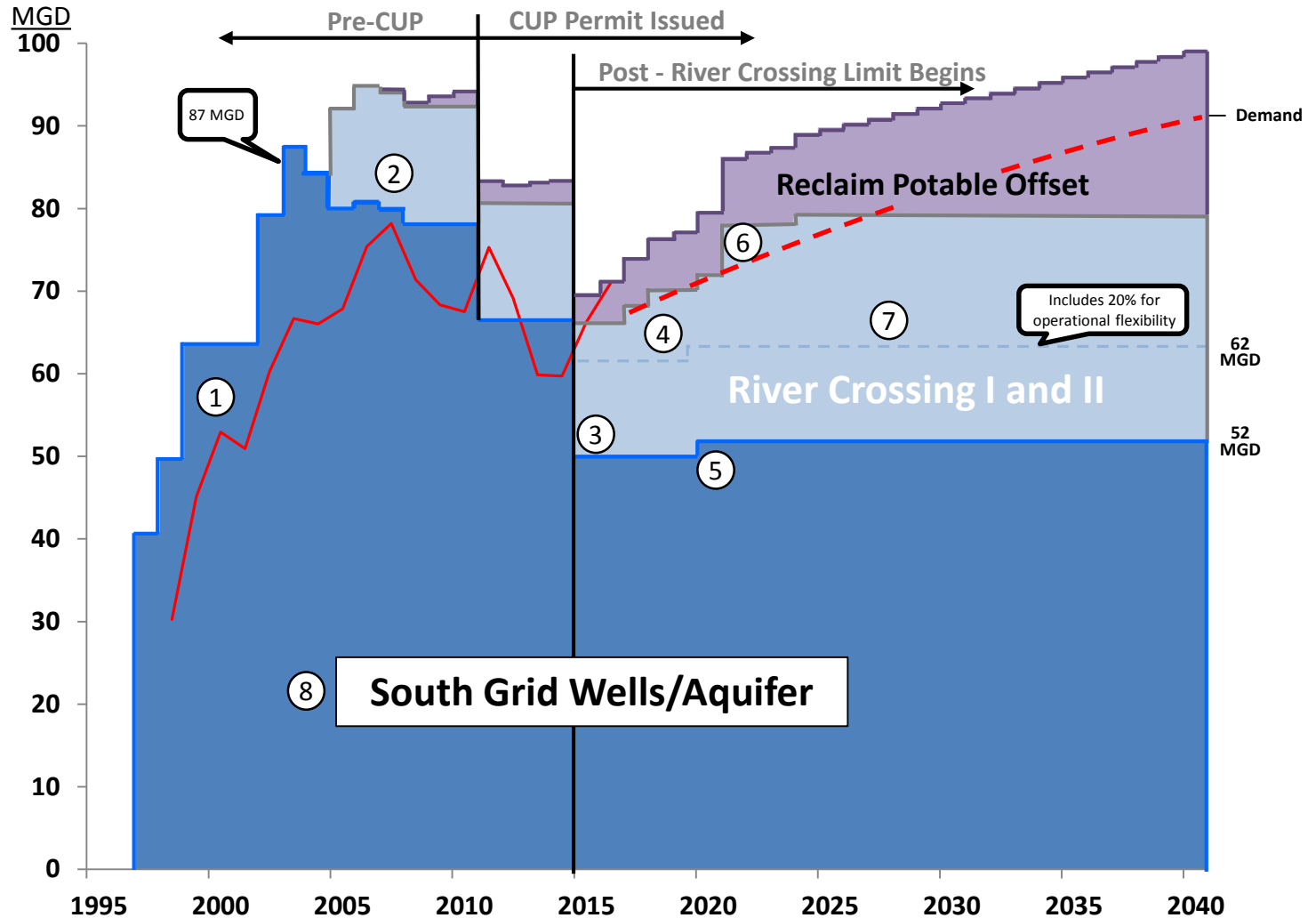
CUP Condition 50: South Grid Wellfield Allocation Limits

Critical Wellfields	Actuals					YTD 2017	Post Sep-14 Limit
	2013	2014	2015	2016	2017		
Deerwood III	6.96	7.01	6.67	7.88	7.96	7.00	
Ridenour	5.97	6.39	6.66	7.64	6.77	6.85	
Oakridge	8.78	6.23	4.99	5.79	5.18	5.65	
Greenland	---	1.53	4.27	4.16	4.02	4.53	
Brierwood	5.58	4.53	2.84	3.36	3.17	3.02	
Subtotal	27.29	25.69	25.43	28.83	27.10	27.05	
Other Wellfields	22.21	20.92	22.07	24.12	23.07	23.18	
Total South Grid	49.50	46.61	47.50	52.95	50.17	50.23	
Total System MGD	100	104	107	112	117	133	



South Grid Water Supply Plan

CUP Compliance

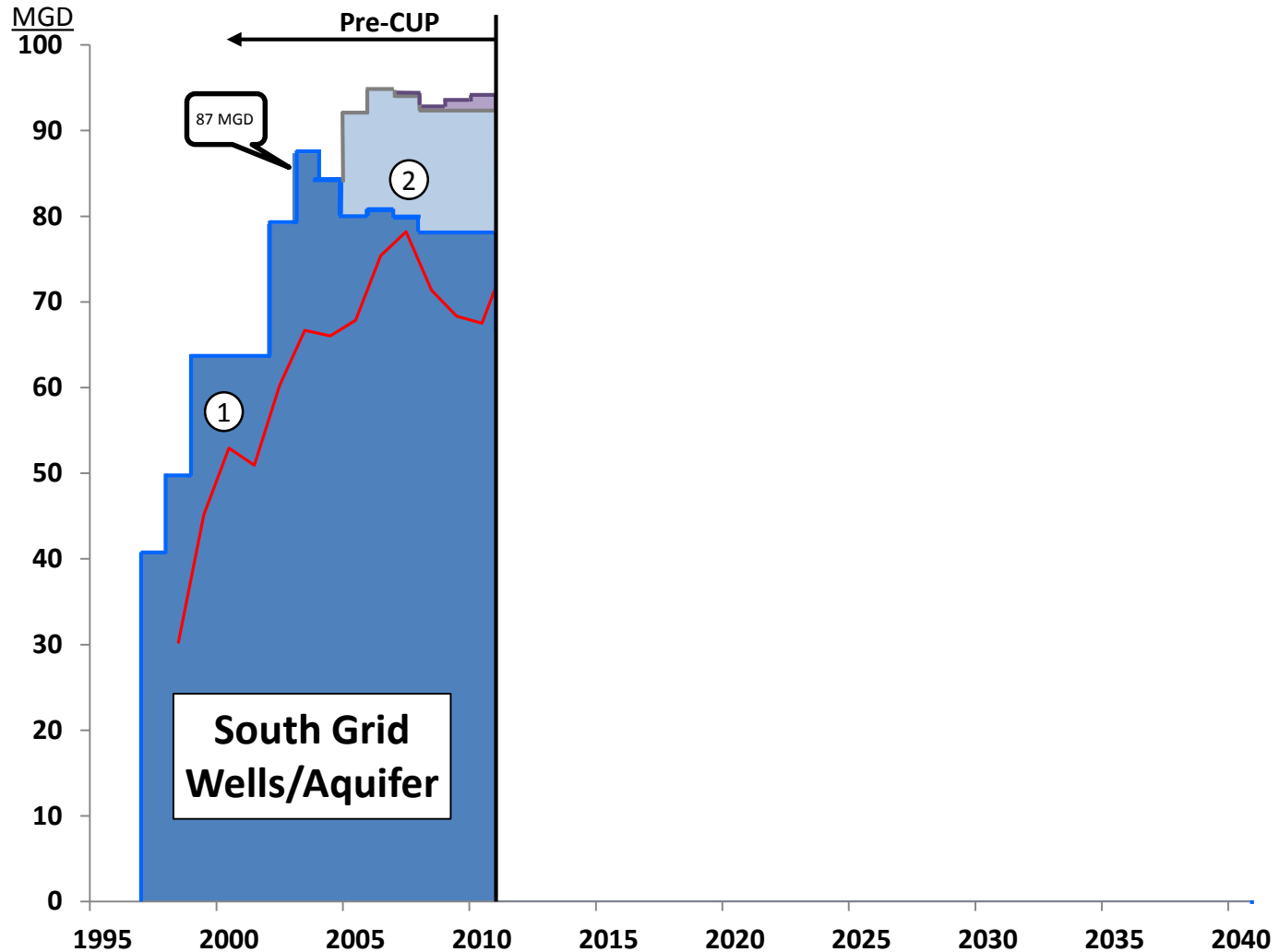


- Source of Water Supply**
- ① New Wells:
Deerwood WTP
Ridenour WTP
Brierwood WTP
 - ② River Crossing I
 - ③ River Crossing II
Greenland WTP
 - ④ Main St Wells
 - ⑤ Rivertown WTP
 - ⑥ Transmission Capacity
 - ⑦ 120% of CUP for operational flexibility
 - ⑧ South Grid wellfield's allocation in the CUP

Leverage future South Grid Demand (Growth and Development) with reclaimed water, evaluate water purification, and a 3rd river crossing, or other alternate supply sources

South Grid Water Supply Plan

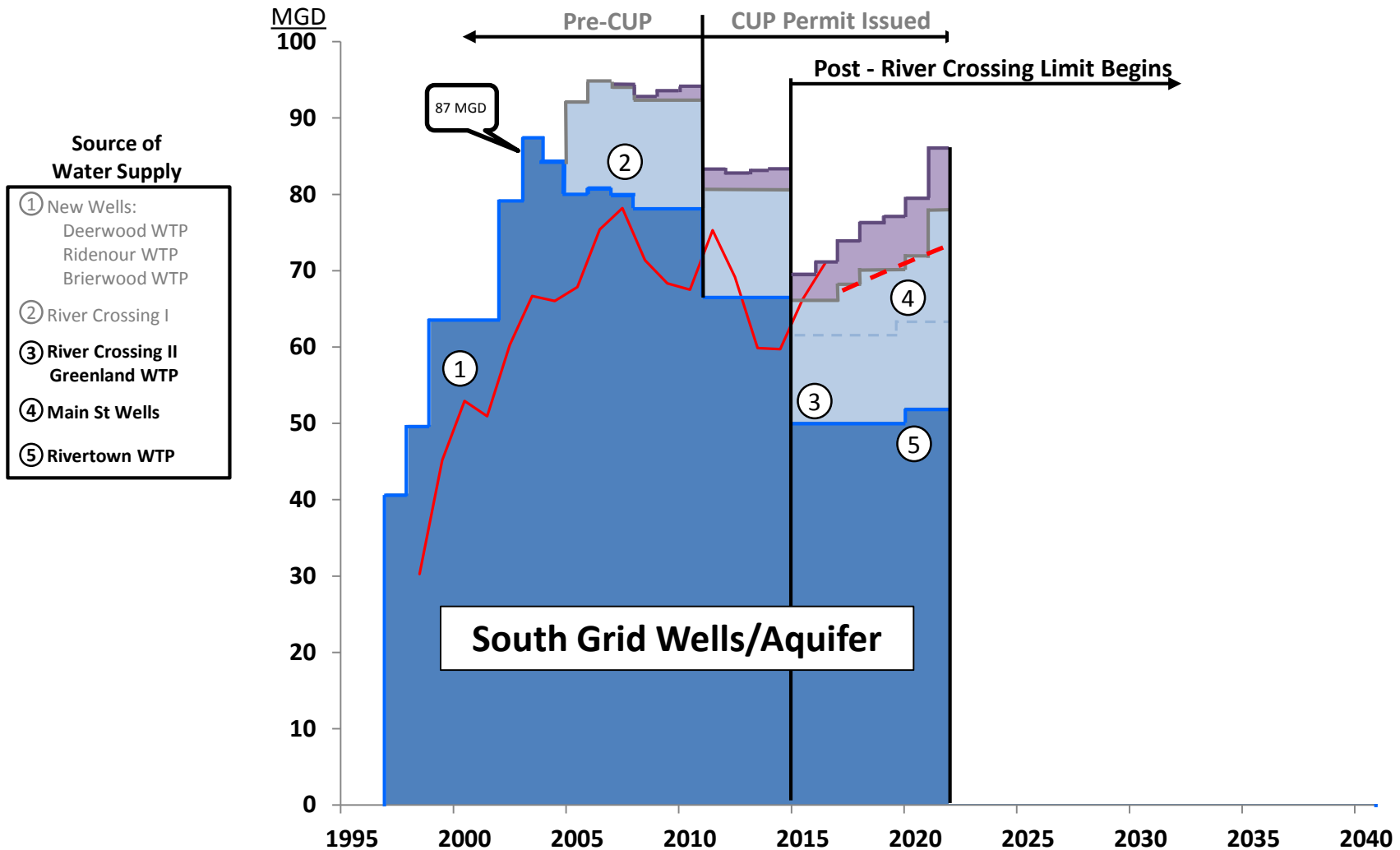
CUP Compliance



- New Wells and WTPs to rapidly provide water supply during 1998/1999 drought
- River Crossing I provided 10MGD transfer capacity beginning in CY2004
- CUP Issued effective May 2011

South Grid Water Supply Plan

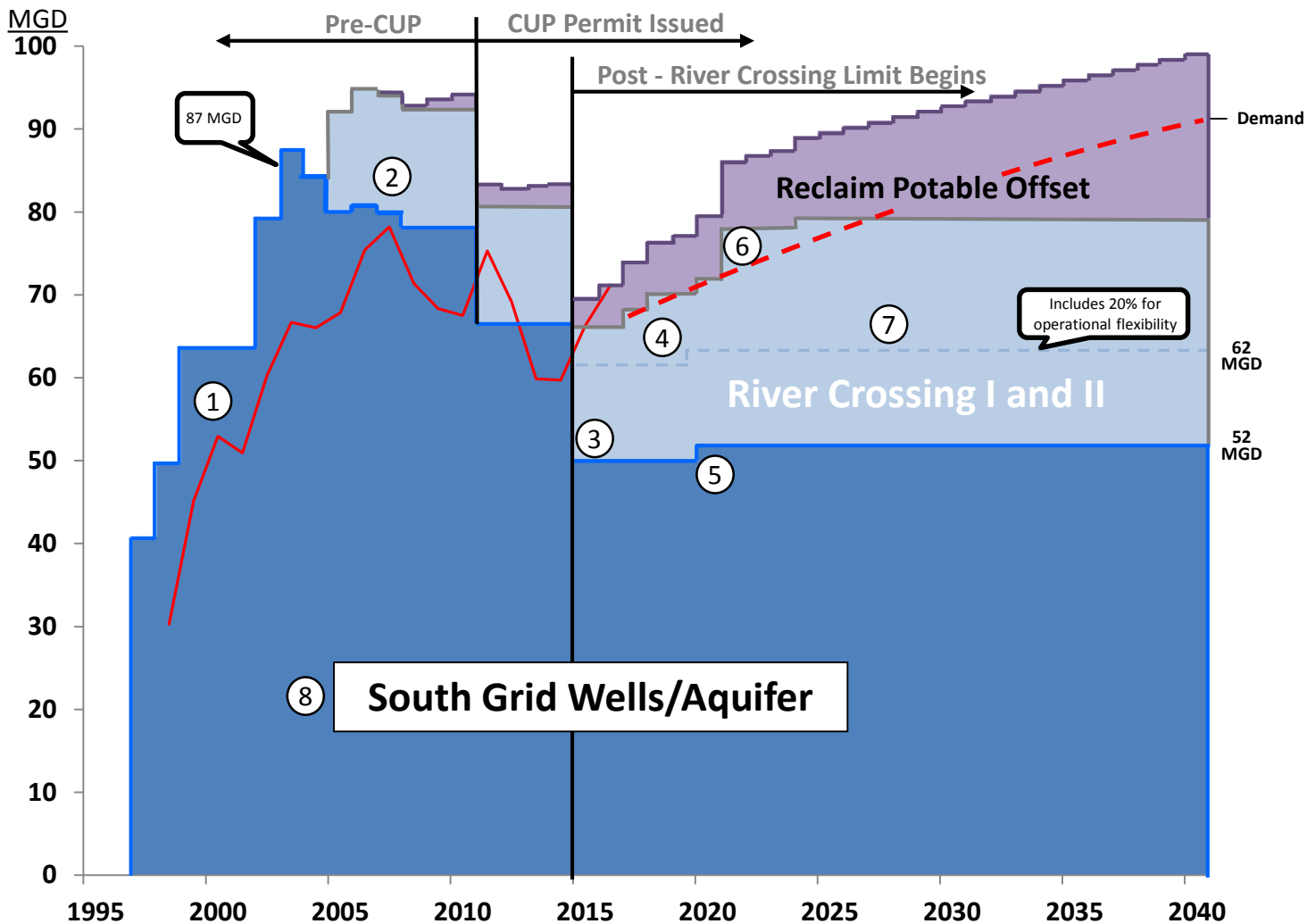
CUP Compliance



- Post-River Crossing allocation limit begins with completion of the Greenland WTP
- New Wells at Main St WTP in CY2016, 2017, 2018, and new Rivertown WTP in CY2020
- New Rivertown WTP in CY2020

South Grid Water Supply Plan

CUP Compliance



- Source of Water Supply**
- ① New Wells:
Deerwood WTP
Ridenour WTP
Brierwood WTP
 - ② River Crossing I
 - ③ River Crossing II
Greenland WTP
 - ④ Main St Wells
 - ⑤ Rivertown WTP
 - ⑥ Transmission Capacity
 - ⑦ 120% of CUP for operational flexibility
 - ⑧ South Grid wellfield's allocation in the CUP

Leverage future South Grid Demand (Growth and Development) with reclaimed water, evaluate water purification, and a 3rd river crossing, or other alternate supply sources

Water Purification – “One Water”

CUP Compliance

Phase I R & D

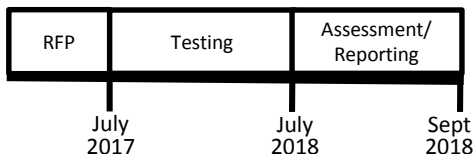
\$2.3 million

Funding: 38% / 62%

\$900K from SJRWMD

Concurrent Testing
@ Buckman &
@ Southwest

- (A) Reverse Osmosis (RO)
- (B) Biologically Active Carbon Ozone (Bac – Ozone)



- Side by side technical evaluation
- Concentrate/Permeate evaluation
- Aquifer Recharge evaluation
- Utility and District Collaboration
- Stakeholder Outreach

Phase II Pilot

\$15 million

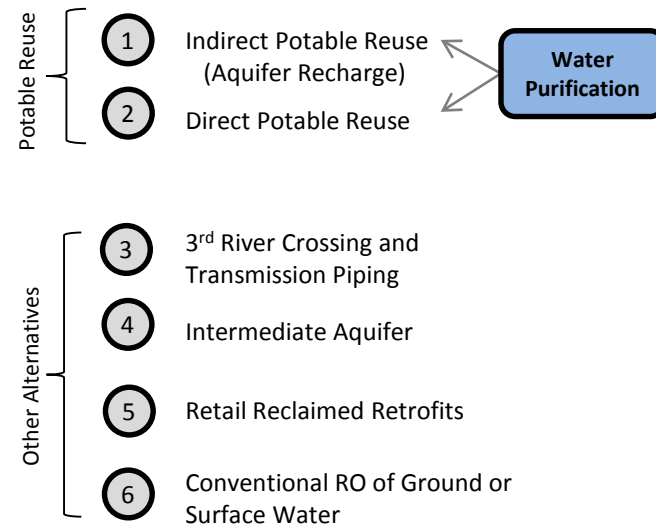
Funding: 50% / 50%

1 MGD Brick and Mortar Facility
constructed at Buckman or
Southwest WWTP

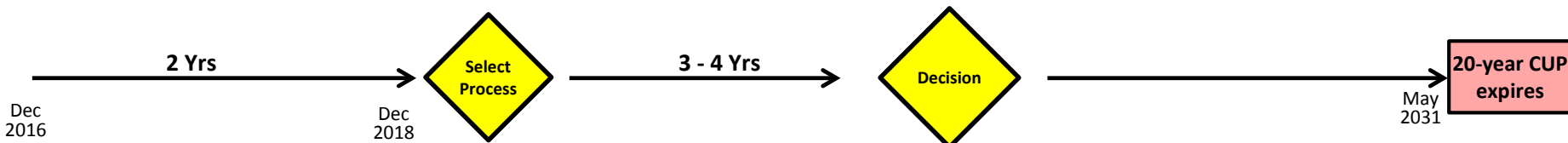
Phase III Commercial

\$100's millions

Funding: 75% / 25%



Commercial scale facility would take four to five years to engineer and construct



Objective: Manage Aquifer withdrawal to most effectively sustain the water supply and water quality, while meeting the water demand of the growing Northeast Florida Region and the JEA Service Area

Action Plans:

- Short-term:** New wells, pipelines, storage tanks, and conservation messaging
- Mid-term:** Further develop the comprehensive plan for further expanding the water resource portfolio. Complete mid-term initiatives such as water purification evaluation, FY2018 communication plan and expanded demand management programs. Consider a 3rd river crossing, the use of the intermediate aquifer or other supply sources.
- Long-term:** Implement the comprehensive plan to increase water supply and reduce per capita demand

Recommendation: Information only, no Board action is required

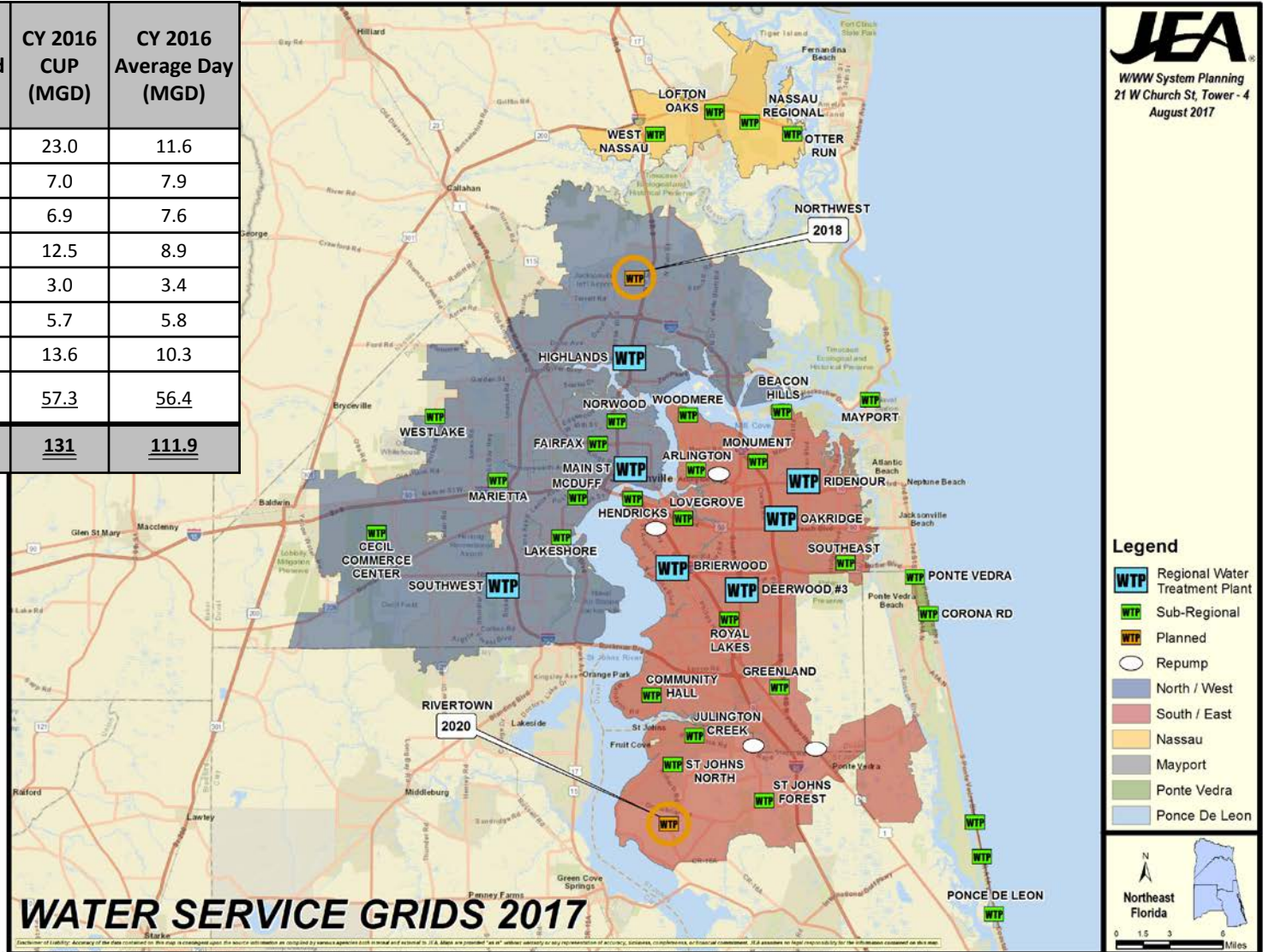
Staff will continue to prepare the Annual Water Resource Master Plan, implement short-term and mid-term actions, and further develop a long-term comprehensive plan.

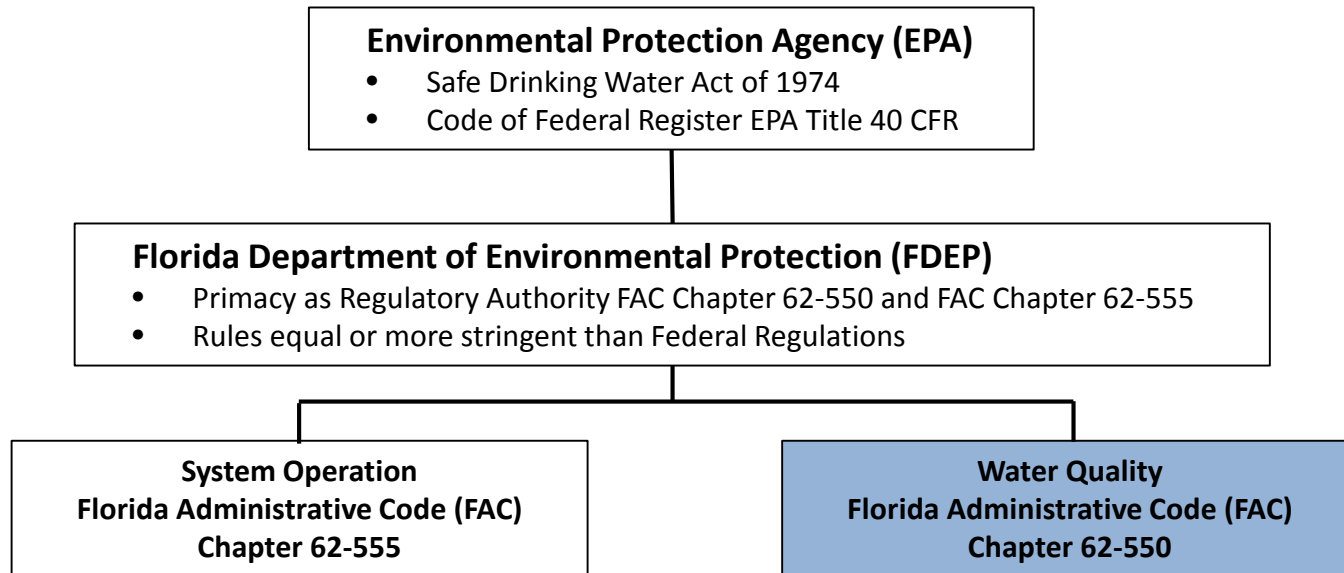


Supplemental

Regional Water Treatment Plants	FDEP Permitted (MGD)	CY 2016 CUP (MGD)	CY 2016 Average Day (MGD)
Main Street	23.1	23.0	11.6
Deerwood III	22.6	7.0	7.9
Ridenour	19.4	6.9	7.6
Southwest	18.7	12.5	8.9
Brierwood	18.0	3.0	3.4
Oakridge	16.4	5.7	5.8
Highlands	14.4	13.6	10.3
Other (30) Plants	<u>165</u>	<u>57.3</u>	<u>56.4</u>
Total	<u>297</u>	<u>131</u>	<u>111.9</u>

MGD- Million Gallons per Day of flow





- The minimum pressure for distribution system is 20 psi to prevent intrusion of materials
- There are no specifications regarding the water age as long as it meets the regulatory guidelines as established by EPA/FDEP
- If a break occurs and the main is fed from two sides, pressures may be maintained in the water main
- There are no minimum flow velocities for drinking water distribution systems

- Chlorine minimal residual ≥ 0.2 mg/L; MRDL for chlorine 4.0 mg/L
- LRAA of TTHM < 0.08 mg/L; HAAS < 0.06 mg/L
- Total Coliform Monitoring Rule – Absence/Present
- Lead and Copper Rule
- Primary and Secondary List MCL; example Fluoride
- Consumer Confidence Report (JEA’s Annual Water Quality Report)

Water Supply Action Plan

Short-term 0 – 6 Months	Mid-term 7 – 36 Months	Longer-term 36 – 120 Months
<p>Ongoing: Continue rehabilitation of the south grid wellfield</p>	<p>2018: 3.5 MGD Main St Well # 15 South grid storage tanks</p>	<p>FY2020: 1.8 MGD Rivertown WTP</p> <p>Consider alternative water supply including intermediate aquifer wells</p>
<p>Dec 2017: 3.5 MGD Main Street Well #13 - transfer to south grid</p>	<p>Construct transmission lines to increase transfer from Main St WTP</p>	<p><u>3rd River Crossing Pipeline</u></p> <p>Plan for 10-15 MGD from the west side of the River if needed</p>
<p>Optimize supply with minor CUP modifications including back-up wells</p> <ul style="list-style-type: none"> <input type="checkbox"/> Main St Wells <input type="checkbox"/> Reclaimed Augmentation Wells 	<p style="text-align: center;"><u>Water Purification</u></p> <p>Pursue Partnerships/Funding Sources</p> <ul style="list-style-type: none"> <input type="checkbox"/> \$2.3 Million R&D Bench Test <input type="checkbox"/> \$15 Million, 1 MGD Pilot Plant 	<p>Study results of Water Purification and Water Supply Methodology</p> <ul style="list-style-type: none"> <input type="checkbox"/> Aquifer Recharge <input type="checkbox"/> Direct Potable Reuse

- Sustain the pristine Floridian Aquifer fresh groundwater supply
- Diversify the source water portfolio to potentially include potable reuse, or the intermediate aquifer, prior to considering other long-term potential sources utilized in Florida such as brackish water, surface water, stormwater, or seawater

Water Demand Action Plan

Short-term 0 – 6 Months	Mid-term 7 – 36 Months	Longer-term 36 – 120 Months
<p>Expand conservation messaging across multiple channels</p>	<p>Develop comprehensive CY2018 communication plan, evaluating additional customer alerts</p>	<p>Adapt comprehensive communication plans, and enhance specific messaging</p>
<p>Engage thought leaders, and local government officials</p>	<p>Consider partnerships with developers for Florida Friendly landscaping alternatives</p>	<p>Identify more ways for the community to embrace drought tolerant landscaping</p>
<p>Evaluate expansion of demand side management (DSM) program</p>	<p>Evaluate rebates in an expanded DSM program for customer efficiency and alternative supplies</p>	<p>Evaluate DSM program and rebates for shallow wells and efficient landscaping</p>
<p>Analyze price signals to curb excess water usage</p>	<p>JEA expansion of reclaimed supply and transmission, and developer driven distribution</p>	<p>Examine value of residential reclaimed retrofits in overall supply/demand</p>

- Expand conservation messaging and develop a CY2018 comprehensive communications plan
- Evaluate expansion of DSM program including rebates
- Consider implementing additional conservation based price signals

III. B. 3.

Recommendation to Call a Public Hearing to Modify the
Water and Sewer Rate Document



Building Community

AGENDA ITEM SUMMARY

July 27, 2017

SUBJECT: RECOMMENDATION TO CALL A PUBLIC HEARING TO MODIFY THE WATER AND SEWER RATE DOCUMENT

Purpose: Information Only Action Required Advice/Direction

Issue: JEA has an ongoing plan to review, update, and where possible, expand its rate options, to provide customers more rate choices for their utility services.

Significance:

SEE ATTACHED

Effect:

MEMORANDUM FOR

Cost or Benefit:

DETAILS

Recommended Board action: Staff recommends that the Board take action and call a public hearing to occur during the regularly scheduled Board meeting on September 19, 2017.

For additional information, contact: Melissa Dykes

Submitted by: PEM/ MHD/ RFW

MISSION	VISION	VALUES
		
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity

Commitments to Action

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team



INTER-OFFICE MEMORANDUM

July 27, 2017

SUBJECT: RECOMMENDATION TO CALL A PUBLIC HEARING TO MODIFY THE WATER AND SEWER RATE DOCUMENT

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

As part of providing central wastewater service to 254,000 customers located in Northeast Florida, JEA operates 11 wastewater treatment plants. JEA's largest treatment plant, the Buckman Wastewater Treatment Facility (Buckman), treats an average of about 26 million gallons of wastewater each day. In addition to providing service to the Jacksonville core downtown area and a large part of the JEA's industrial base, Buckman treats the majority of biosolids produced at JEA's other regional wastewater treatment facilities, as well as landfill leachate from the City of Jacksonville's two primary landfills. As it has been a number of years since the costs of handling leachate were evaluated, JEA engaged Burton & Associates, now a part of Stantec, to identify and analyze the costs associated with treatment of this landfill leachate.

The City of Jacksonville operates the Trail Ridge and North Landfills in order to meet its solid waste disposal requirements. Landfill leachate is generated as a result of normal operations at these facilities and must be disposed of in an environmentally responsible manner. Landfill leachate is the liquid that percolates through landfills after rainfall events. While landfill leachate can vary significantly among landfills for a number of reasons, including age and the nature of the deposited waste, it generally contains significantly elevated concentrations of a number of waste constituents. As is the case in many communities, the City relies on the regional wastewater treatment facilities for proper disposal of landfill leachate, in this case, trucking leachate from both City landfills to Buckman.

The City has relied on JEA for these treatment services for many years. The original relationship involved reciprocal treatment services provided by each entity for the benefit of the other. The City delivered landfill leachate to JEA, and JEA delivered solids from its wastewater treatment processes for landfill disposal by the City. The two entities developed a special contract-wastewater-treatment rate to be charged to the City by JEA to reflect the benefit to JEA of the City's provision of landfill services. This "net" wastewater treatment rate was calculated to be \$.39 for each 100 gallons of leachate delivered by truck to Buckman. This rate has been in effect for many years and generates approximately \$77,000 of annual revenue based on the most recent 12 months of leachate volume.

Two significant changes necessitate a review and update of JEA's charges for treatment of landfill leachate – operational issues at Buckman and JEA's solids management processes have changed. Since that time, solids are now being processed for beneficial reuse, and are no longer delivered to the City's landfills.

This review was initiated in 2014 and concluded earlier this year. The results of the cost of service study performed by Stantec report that based on current assets and operating processes, JEA's current costs for leachate treatment using current treatment technology is approximately \$2.171 million per year, or

\$11.00 per 100 gallons, of which \$5.16 is marginal cost and the remainder is capital recovery. The City is currently charged \$0.39 per 100 gallons.

Due to the nature of the leachate and its impact on the wastewater system, many of the capital assets used in the process are in need of replacement. JEA is currently evaluating a replacement system for the treatment of biosolids, including the landfill leachate. This engineering and design study will take place over the coming year. The outcome of this study could have a substantial impact on the capital recovery portion of the cost of service.

JEA is required to set rates based on cost of service. Recognizing the potential impact of the treatment process analysis, staff recommends a two-step process for the adjustments needed, first to collect the marginal cost of leachate treatment and second to collect the full cost of service once the capital study is completed. The resulting cost does not include recovery for the capital assets needed to treat the landfill leachate, but allows JEA to recover the marginal operating costs of providing treatment on an annual basis. The following rate has been proposed for FY2018. This solution is only intended for FY2018 and JEA and the City will endeavor to create a recovery mechanism for the capital components of the rate once a new treatment process has been designed and engineered.

Cost Component	Cost (Per 100 Gal)
UV Energy Costs	\$2.11
UV Technician	\$1.62
UV Bulbs	\$0.78
Strength Costs	\$0.65
Total:	\$5.16

This marginal cost option recovers most of the normal and direct operating expenses identified in the study as being incurred due to the treatment of leachate at the Buckman facility. The components consist of the additional energy, personnel, and UV bulb replacement costs associated with the operation of all UV system trains at 100% rated capacity, instead of at design capacity. In addition, this rate includes the treatment plant process costs related to treating the high strength leachate stream based on measured loadings. At \$5.16 per hundred gallons, this option would fail to recover JEA's biosolids related costs of accepting the City's leachate volumes at about \$5.84 per hundred gallons, or over half of the total; however, it recovers the costs from primary treatment operations.

During FY18, JEA will analyze the treatment technology at Buckman, including an analysis of continuing UV treatment or converting to hypochlorite treatment. Once a decision is made with respect to the future treatment technology, JEA will collaborate with the City on an appropriate capital recovery mechanism to ensure service continues to be provided at cost. The capital recovery mechanism will be implemented for the FY19 budget year.

DISCUSSION:

Subject to Board direction, staff will prepare for a September 19, 2017 Public Hearing to modify the Water and Sewer Rate Document to include a leachate treatment rate of \$5.16 charge per 100 gallons.

RECOMMENDATION:

Staff recommends that the Board take action and call a public hearing to occur during the regularly scheduled Board meeting on September 19, 2017.

Paul E. McElroy, Managing Director/CEO

III. B. 4.
Monthly Operational and Financial Review







[Return to Agenda](#)

III. B. 4.
8/15/2017

Board of Directors Meeting August 15, 2017











Water & Wastewater Monthly Operations Scorecard

Water & Wastewater	FY2016	FY2017 Goal	FY2017 YTD	Status
JEA Safety RIR	1.82	1.40	1.77	
Sales Forecast (kGals in 1000's)	36,358	34,558	37,389	
Water Unplanned Outages (# cust.)	12,735	9,000	4,206	
CUP Compliance	Yes	Yes	Yes	
Nitrogen to the River (tons)	527	550	436	
Sanitary Sewer Overflows (SSO's)	32	27	41	

Significant Occurrences or Concerns This Month

- Zero (0) OSHA recordable safety incidents for JEA in July, 31 YTD
- Unplanned Water Main Outages: 414 customers in July, event communication enhancements ongoing
- CUP: Average daily flow of 117 MGD is 12% below CY limit of 133 MGD; reclaim usage reached 20 MGD
- Nitrogen to River: 436 tons YTD with storm impacts, current forecast is 540 tons
- SSO's Impacting Waters of the US: *41 YTD, all undergoing root cause analysis

Electric Monthly Operations Scorecard

Electric System	FY2016	FY2017 Goal	FY2017 YTD	Status
JEA Safety RIR	1.82	1.40	1.77	
Sales Forecast (million MWh)	12.6	12.4	12.0	
T&D Grid Performance Customer Outage				
<i>Frequency (outages/year)</i>	1.4	1.8	1.45	
<i>Electric Outage Duration (minutes/year)</i>	71	80	92	
<i>Transmission Line Faults (# per 100 miles)</i>	0.7	2.5	1.8	
<i>CEMI₅ (% cust. > 5 outages/year)</i>	1.4	1.5	0.9	
Generating Plant Performance				
<i>Generation Fleet Reliability (forced outages rate)</i>	2.0	2.1	2.47	
<i>Environmental Compliance (permit exceedances)</i>	4	5	6	

Significant Occurrences or Concerns This Month

- Generation Fleet performed well so far this year. Successful outages completed this year on steam units at Northside and SJRPP, along with the Combined Cycle Unit at Brandy Branch.
- Despite a tough weather year, T&D grid performance are at or near targets, and in line with prior year results. Excellent outage response and restoration by JEA field crews.

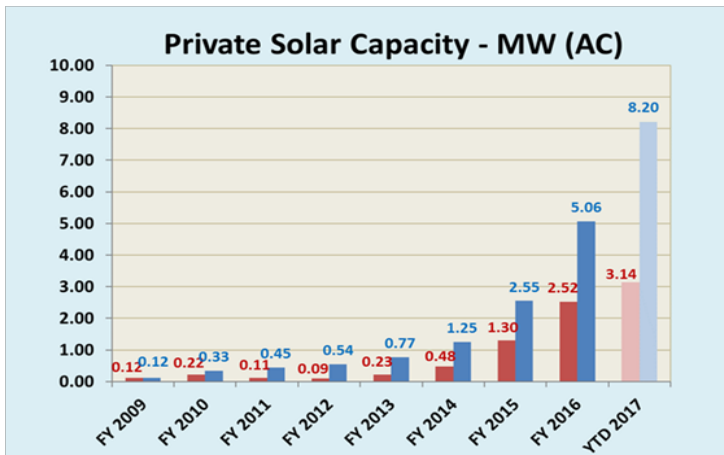


Customer Experience Monthly Operations Scorecard

Customer Experience	FY2016	FY2017 Goal	FY2017 YTD	Status
JDP Customer Satisfaction Index - Residential	2 nd Q	1 st Q	1 st Q	●
JDP Customer Satisfaction Index - Business	#1	Top Decile	#12	●
Overall First Contact Resolution Index	79.4%	≥79.4%	80.0%	●
Self Service Utilization	76.0%	≥77.3%	78.4%	●
Net Write-Offs	0.14%	≤0.20%	0.15%	●

Significant Occurrences or Concerns This Month

10MW Policy Limit for Private Solar To Be Reached by October



- The installation rate of net-metered private solar on the JEA system is growing.
- Private solar capacity added in May was 0.19 MW, YTD 3.14 MW. Total aggregate capacity is 8.20 MW.
- The annualized expense for the current 8.20 MW of installed private city is \$757,000 annually.



Financial Results and Cost Metrics

Electric System Metrics Forecast

	Rating Agency/ Perform. Goal	Forecast	Score
System Sales (GWh)	12,000	12,078	
Base Revenue Growth	(0.1%)	(0.3%)	
Debt Svc. Coverage	2.3x	2.5x	
Days Liquidity (Cash)	318 (215)	312 (210)	
Debt/Asset %	62%	62%	
Non-Fuel/MWh	\$53.94	\$53.45	
Net Funded Debt Reduction	\$216m	\$216m	
Capital Expenditures	\$166m	\$150m	
Moody's/S&P/Fitch Ratings	Aa2/AA-/AA	Aa2/AA-/AA	

Water and Sewer Systems Metrics Forecast

	Rating Agency/ Perform. Goal	Forecast	Score
Water System Sales (mGals)	35,000	37,389	
Base Revenue Growth	(1.3%)	2.5%	
Debt Svc. Coverage	2.5x	2.8x	
Days Liquidity (Cash)	507 (405)	609 (510)	
Debt/Asset %	50%	50%	
Water Cost/kgal	\$4.75	\$4.54	
Sewer Cost/kgal	\$10.27	\$9.16	
Net Funded Debt Reduction	\$77m	\$77m	
Capital Expenditures	\$205m	\$185m	
Moody's/S&P/Fitch Ratings	Aa2/AA/AA	Aa2/AAA/AA	

Significant Occurrences or Concerns This Month

- Despite significant rainfall in July, Water System Sales remain 5% over FY16 YTD.
- Due to mild weather, Electric System Sales continue 5% below FY16 YTD, despite 1.5% growth in accounts.

IV. A.
Finance & Audit Committee Report

**JEA
FINANCE & AUDIT COMMITTEE AGENDA**

DATE: August 7, 2017
TIME: 8:00 – 10:00 AM
PLACE: 21 W. Church Street
 8th Floor Conference Room

			Responsible Person	Action (A) Info (I)	Total Time
I.	OPENING CONSIDERATIONS		Kelly Flanagan		
	A.	Call to Order			
	B.	Adoption of Agenda		A	
	C.	Approval of Minutes – May 8, 2017	Melissa Charleroy	A	
II.	NEW BUSINESS				
	A.	Approval of Annual Internal Audit Plan	Steve Tuten/Lee Montanez	A	15 mins.
	B.	Annual Approval of Audit Services Charter	Steve Tuten	A	5 mins.
	C.	Audit Services - Quarterly ERM/Audit Update	Steve Tuten/Frank DiBenedetto	I	10 mins.
	D.	Ethics Officer Quarterly Report	Walette Stanford	I	5 mins.
	E.	Ernst & Young FY2017 Annual Financial Audit Plan	John DiSanto	A	20 mins.
	F.	Electric System and Water and Sewer System Reserve Fund Quarterly Report	Joe Orfano	I	5 mins.
	G.	JEA Commercial Natural Gas Sales	Steve McInall	I	5 mins.
	H.	Plant Vogtle Update	Steve McInall/ Joe Orfano	I	15 mins.
	I.	JEA Energy Market Risk Management Policy Report	Steve McInall	I	5 mins.
	J.	Announcements			
	1.	Next Meeting, December 5, 2017, 12:00 – 2:00 PM Lunch available at 11:15 AM			
	K.	Committee Discussion Sessions			
	1.	Ernst & Young	John DiSanto	I	5 mins.
	2.	Director, Audit Services	Steve Tuten	I	5 mins.
	3.	Council Auditor's Office	Robert Campbell	I	5 mins.
	L.	Adjournment			

IV. A. 1.

Approval of Minutes

JEA FINANCE & AUDIT COMMITTEE MINUTES
May 8, 2017

The Finance & Audit Committee of JEA met on Monday, May 8, 2017, in the 8th Floor Conference Room, JEA Plaza Tower, 21 W. Church Street, Jacksonville, Florida.

Agenda Item I – Opening Considerations

- A. Call to Order – Chair Kelly Flanagan called the meeting to order at 8:00 AM with Member Husein Cumber in attendance. Board Chair Pro Tem Tom Petway attended telephonically. Others in attendance were Paul McElroy, Melissa Dykes, Brian Roche, Mike Hightower, Mike Brost, Ted Hobson, Jody Brooks, Steve Tuten, Joe Orfano, Walette Stanford, Janice Nelson, Ryan Wannemacher, Steve McInall, Larry Pinkstaff, Dan Mishra, Barry Greenleaf, Tom Davis, David Jolley, and Judi Spann. Russ Jeans, Ernst & Young; David Cawton, Financial News and Daily Record; and Rob Smedley, RS&H, were also in attendance.
- B. Adoption of Agenda – The agenda was adopted on **motion** by Mr. Cumber and second by Chair Pro Tem Petway.
- C. Approval of Minutes – The March 13, 2017 minutes were unanimously approved on **motion** by Husein Cumber and second by Chair Pro Tem Petway.

Agenda Item II – New Business

- A. FY2018 Budget Presentation – Melissa Dykes, Chief Financial Officer, introduced Ryan Wannemacher, Director, Financial Planning and Analysis. Ms. Dykes and Mr. Wannemacher presented and reviewed the FY2018 draft budget and process. Staff requested the Committee provide feedback and direction regarding the key strategic issues and major budget assumptions used in preparing the FY2018 operating and capital budget including revenue, O&M expense levels, interest rates and debt structure, financial metrics and regulatory accounting items. The proposed budgets include considerable internal funding for the capital program in an effort to support the “pay-go” philosophy. Ms. Dykes stated the budget includes a record high contribution to the City of Jacksonville General Fund in the amount of \$117.0 million. Mr. Wannemacher noted the revision to the slide FY2018 Electric System Budget: Debt Service revising JEA’s credit rating to remove the positive rating. Staff also recommended that the Finance and Audit Committee provide feedback and direction, in its report or staff presentation to the Board at the May 16, 2017 meeting for final Board approval at the June 20, 2017 meeting. This presentation was received for information, advice and direction.
- B. Quarterly Audit Services Update – Steve Tuten, Director, Audit Services, provided an update to the Committee regarding vacant positions, progress of the FY17 Internal Audit Plan, open audit and investigation report issues, Enterprise Risk Management (ERM) highlights, risks and trend report, and the Ethics Hotline Report. This presentation was received for information.
- C. Identity Theft Protection Program Fair and Accurate Credit Transactions Act (FACTA) Annual Risk Assessment – Dan Mishra, Director, CIP Compliance, provided the annual report to the Committee as mandated by federal regulations governing identity theft. Mr. Mishra stated the primary objective of JEA’s Identity Theft Protection Program (PII) is to prevent identity fraud involving JEA customers. This presentation was provided for information.
- D. Ethics Officer Quarterly Report – Walette Stanford, Ethics Officer and Director, Workforce Strategies, provided an update regarding ethics inquiries, FY17 gift registry, Business Ethics Training Survey results and information on an upcoming Ethics Decision Tree handout to be distributed in August 2017. This presentation was received for information.

E. Treasury

1. Electric System and Water and Sewer System Reserve Fund Quarterly Report – Joe Orfano, Treasurer, reviewed the Electric System and Water and Sewer System Reserve Fund Quarterly Report, which was received for information.
2. JEA Investment Policy – Revision to Investment Limitations – Joe Orfano, Treasurer, presented a revision to Table 1 of the JEA Investment Policy. Mr. Orfano stated the recommendation is to include the State of Florida Local Government Surplus Funds Trust Fund (“Florida Prime”) in Table 1. The addition of Florida Prime would provide improved portfolio diversification and day-to-day operations, providing for the opportunity to improve the investment portfolio yield. On **motion** by Mr. Cumber and second by Chair Pro Tem Petway, the revision to Table 1 of the Investment Policy was unanimously approved.

- F. JEA Energy Market Risk Management Policy Report – Mike Brost, Vice President/General Manager, Electric Systems, reviewed the Energy Market Risk Management Policy Report, which was received for information.

G. Announcements

1. The next Finance and Audit Committee meeting will be held on August 7, 2017, at 8:00 AM.

Paul McElroy, Managing Director/CEO, requested to add a New Business item consisting of the Draft Definitive Agreements for the Retirement, Decommissioning and Dismantlement of the St. Johns River Power Park. Handouts were provided to Committee Members including a summary of key transactions, draft timeline, comparison of term sheet against terms in definitive agreements, and draft Asset Transfer and Contract Termination Agreement. Staff will present this item for action at the May 16, 2017 Board Meeting. Paul McElroy recognized Jody Brooks, Mike Brost, Melissa Dykes, Larry Pinkstaff, Steve McInall, Latham & Watkins, LLP, and the General Counsel with Florida Power & Light Company for their hard work.

H. Committee Discussion Sessions

1. Ernst & Young – At 9:24 AM, Ms. Flanagan dismissed staff and the Committee held a general conversation with Russ Jeans.
2. Director, Audit Services – At 9:28 AM, Ms. Flanagan and the Committee held a general conversation with Steve Tuten, Director, Audit Services.
3. Council Auditor’s Office – The Council Auditor’s Office was not in attendance.

Closing Considerations

With no further business claiming the attention of this Committee, the meeting was declared adjourned at 9:30 AM.

APPROVED BY:

Kelly Flanagan, Committee Chair
Date: _____

Submitted by:

Melissa Charleroy
Executive Assistant

IV. A. 2.
Approval of Annual Internal Audit Plan



Building Community

AGENDA ITEM SUMMARY

July 14, 2017

SUBJECT:	APPROVAL OF ANNUAL INTERNAL AUDIT PLAN
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Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: JEA's Audit Services adheres to the Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing (Standards), which require that the Finance & Audit Committee formally approves the Annual Internal Audit Plan, as stated in the Finance & Audit Committee Operating Policy.

Significance: High

Effect: The effect of the formal approval is to demonstrate that the Finance & Audit Committee has reviewed and is in agreement with the Annual Internal Audit Plan, and to allow Audit Services to be in compliance with the IIA Standards.

Cost or Benefit: There is no cost. See Effect above for Benefit.

Recommended Board action: Staff recommends that the Finance & Audit Committee and the Board approve the attached FY2018 Annual Internal Audit Plan.

For additional information, contact: Steven V. Tuten, Director, Audit Services

Submitted by: PEM/TEH/SVT

MISSION 	VISION 	VALUES 
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth² • Accountability • Integrity

Commitments to Action

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team

II. A.
8/7/2017

IV. A. 2.
8/15/2017

FY18 Internal Audit Plan

Steve Tuten – Director, Audit Services
Lee Montanez – Manager, Audit Services



FY18 Internal Audit Plan – Planning Guidance

- A cornerstone of our annual planning process is conducting a risk assessment of the identified auditable entities within JEA.
- We rely on the guidance of the Institute of Internal Auditors (IIA), which has established the International Professional Practices Framework (IPPF), the global authoritative guidance for the internal audit profession. The IPPF, through its Standards, presents the professional requirements for risk assessments conducted by internal auditors.

FY18 Internal Audit Plan - Risk Assessment & Audit Planning Approach

- Interviews with the nine Senior Leadership Team members, a combination of 95 risk assessment surveys completed by department Directors and 30+ follow-up meetings were used to identify perceived areas of risk and potential internal audits.
- This information was combined into an overall audit plan designed to address critical risks to achieving JEA's objectives while being sensitive to operational and regulatory requirements.
- The following approach was taken in creating the Audit Plan:

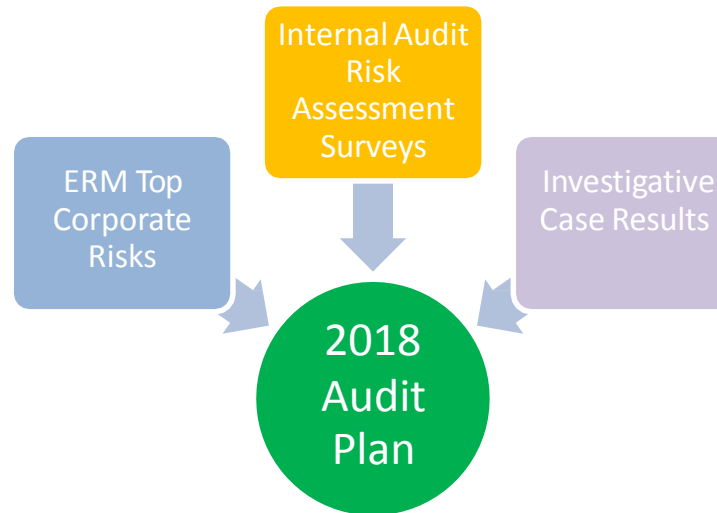


FY18 Internal Audit Plan - Risk Assessment Survey

- The risk assessment survey consisted of 27 questions (23 multiple choice and 4 open questions), designed for management to help identify and document risk factors related to their business objectives. These risk factors included:
 - Key Committee of Sponsoring Organizations of the Treadway Commission (COSO) objectives of operational, compliance and reporting risk.
 - Qualitative measures (Process complexity, governance matters and degree of change).
 - Potential impact risks (Financial and Reputational)
- Internal Audit surveyed management about these risks in each of the 95 areas of JEA's audit universe. We then combined the scores to determine the highest risk areas for JEA.
- A copy of the survey form is shown on Appendix pp. A6-A13.

Audit Plan Integration with ERM and Ethics & Investigations Audit

Integration with ERM and Ethics & Investigations Audit - Internal Audit risk assessment surveys include detailed information on JEA's Top Corporate Risks, and results & statistics from investigative cases. The Audit Plan includes specific information on Tier 1 and 2 risks applicable to each auditable entity.



FY18 Audit Plan - Description of Scheduled Audits

- The final plan has twenty-one (21) audits/projects scheduled:
 - Thirteen (13) new audits based on the FY2018 risk assessment process.
 - Two (2) recurring audits and/or projects.
 - Three (3) follow-up audits due to “Needs improvement” audit report rating.
 - Three (3) carry-over audits from FY2017.
- The proposed timeline for these audits is shown on page 7.
- A detailed list of these audits/projects, which includes an entity description and mapping to the relevant top corporate risks, is shown on Appendix pp. A1-A5.

FY18 Internal Audit Plan - Proposed Timeline

Audit/Project	Budgeted Hours	Auditor-in-Charge	Estimated Draft Report Date	FY2018												
				Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	
2017 Safety and Health	100	David Arnold (DA)	10/31/17													
2017 Customer Revenue – Branch	100	Rashid Brittain (RB)	10/31/17													
2017 Permitting & Regulatory Conformance	200	Troy England (TE) / New Auditor (NA)	11/15/17													
JEA and SJRPP FY2017 Performance Pay Audit	200	TE	11/30/17													
TEA Audit	300	Laurie Gaughan (LG) / RB	*Fieldwork only*													
Disaster Recovery Follow-Up	250	RB	12/15/17													
Customer Experience Centers	400	DA	01/31/18													
W/WW Project Engineering & Construction	500	TE / NA	02/15/18													
T&D Electric Transmission Planning	450	LG	02/15/18													
Telecommunications and Support	450	RB / NA	03/31/18													
Personnel Out Process (POP) Process Audit	300	DA	03/31/18													
Utility Locate Services / 3 rd . Party Claims	350	TE	06/15/18													
Benefit Services	350	NA	06/15/18													
Transmission and Substation Maintenance	450	LG	06/30/18													
Tax Administration	300	DA	06/30/18													
Technology Infrastructure	500	RB	07/31/18													
Response and Environmental Programs	350	TE	09/30/18													
W/WW Reuse and Treatment	400	NA	09/30/18													
Electric Production Engineering and Outages	450	LG	09/30/18													
Meter Operations Follow-Up	275	DA	09/30/18													
Information Security Follow-Up	275	RB	10/31/18													
FY2018 Action Plan Follow-Up	625	All Staff	N/A													
FY2019 Annual Risk Assessments	300	All Staff	N/A													

In-Progress Audit
 Scheduled Audit
 Administrative



- The following supplemental documents are included in the Appendix, and were cross-referenced in the preceding presentation:
 - A1-A5 – Proposed FY18 Internal Audit Plan with Details (pp. 6-7)
 - A6-A13 – Risk Assessment Survey for FY18 Internal Audit Plan (pp. 3-4)

II.A.
8/7/2017

**JEA AUDIT SERVICES
 PROPOSED FY 2018 INTERNAL AUDIT PLAN
 ENTITY DESCRIPTION & MAPPING TO TOP CORPORATE RISKS
 (SEE PP. 6-7 IN PRESENTATION)**

Title	Entity Description	Top Corporate Risks
Electric Systems		
Electric Transmission and Substation Maintenance	Perform required maintenance on substation equipment including tap changes, transformers, switches, and breakers. Perform and track battery maintenance per NERC reliability standards (short and long term). Provide proactive life cycle predictions based on asset health.	<p><u>Tier 2</u> Long-term Planning/Load Forecasting (E06) FERC/NERC O&P Reliability & Compliance (E09) Infrastructure Maintenance – Electric System Assets (E11) Public and Employee Safety (H03)</p>
T&D Electric Transmission Planning	Responsible and accountable for the long-term planning of the generation, transmission, and distribution components (i.e. production and delivery) of the electric system such that the core service of providing electricity to current and future markets is done reliably, cost effectively, and in compliance with regulatory requirements.	<p><u>Tier 1</u> Weather and Climate Change Impact (C16) New Technology (C03)</p> <p><u>Tier 2</u> Long-term Planning/Load Forecasting (E06)</p>
Electric Production Engineering and Outages	Supports both combustion turbine (CT) and solid fuel generating plants through the Availability Improvement Program (AIP), root cause analysis, capital project definition, engineering design, and efficiency monitoring & testing. Also includes predictive maintenance.	<p><u>Tier 1</u> Effluent Limit Guidelines for Steam Units (E02) Coal Combustion Residual Rule (CCR) (E03) CIP Compliance (E07)</p> <p><u>Tier 2</u> Disaster Recovery/Business Continuity (C07) FERC/NERC O&P Reliability & Compliance (E09) Infrastructure Maintenance – Electric System Assets (E11) Public and Employee Safety (H03)</p>

**JEA AUDIT SERVICES
PROPOSED FY 2018 INTERNAL AUDIT PLAN
ENTITY DESCRIPTION & MAPPING TO TOP CORPORATE RISKS
(SEE PP. 6-7 IN PRESENTATION)**

Title	Entity Description	Top Corporate Risks
Water / Wastewater Systems		
Water Wastewater Reuse & Treatment	Provides potable and reclaimed water for delivery to customers.	<u>Tier 1</u> Water Supply Management/Long-term Planning (W01) Physical Security (Facilities Infrastructure Security and Regulatory Compliance) (C02) Sanitary Sewer Overflow Management (W03) <u>Tier 2</u> Infrastructure Maintenance – Water/Wastewater Systems (W04) Infrastructure Destruction Due to Severe Weather (E13) Public and Employee Safety (H03) Water Quality Management (W06)
Water Wastewater Project Engineering & Construction	Manages the planning, engineering, and construction processes associated with upgrades, repair or new construction of water utility infrastructure.	<u>Tier 1</u> Water Supply Management/Long-term Planning (W01) Physical Security (Facilities Infrastructure Security and Regulatory Compliance) (C02) <u>Tier 2</u> Sanitary Sewer Overflow Management (W03) Infrastructure Maintenance – Water/Wastewater Systems (W04) Public and Employee Safety (H03)
Financial & Logistical Services		
Utility Locate Services/3 rd Party Claims	Responsible for maximizing redlining GIS, third party damage recovery, OSHA recordable incident-free and maintaining accuracy in locating lines.	<u>Tier 2</u> Infrastructure Maintenance – Electric Systems (E11)

**JEA AUDIT SERVICES
 PROPOSED FY 2018 INTERNAL AUDIT PLAN
 ENTITY DESCRIPTION & MAPPING TO TOP CORPORATE RISKS
 (SEE PP. 6-7 IN PRESENTATION)**

Title	Entity Description	Top Corporate Risks
Tax Administration	Responsible for the processing of tax billings, payments and exemptions.	Tier 2 Other Regulatory Compliance (C09)
Customer Relationships		
Water Meter Services Follow-Up	Maintains JEA's residential, commercial and industrial water meters and systems to ensure accurate readings for billing purposes.	Tier 1 Customer Relationship Management (C01) Tier 2 Infrastructure Maintenance – Water/Wastewater Systems (W04) Disaster Recovery/Business Continuity (C07)
Customer Experience Centers	Responsible for handling customer inquiries as they relate to the start, stop and transfer of service, and billing concerns.	Tier 1 Customer Relationship Management (C01)
Information Technology		
Information Security Follow-Up	Protects information and information systems from unauthorized access, use, disclosure, disruption, modification, perusal, inspection, recording or destruction.	Tier 2 Cyber Security Information Protection (T02) Cyber Security Business Disruption (T03) Technology Services Resource Optimization (T05) Customer Relationship Management (C01) Other Regulatory Compliance (C09)

**JEA AUDIT SERVICES
PROPOSED FY 2018 INTERNAL AUDIT PLAN
ENTITY DESCRIPTION & MAPPING TO TOP CORPORATE RISKS
(SEE PP. 6-7 IN PRESENTATION)**

Title	Entity Description	Top Corporate Risks
Disaster Recovery Follow-Up	Provides oversight and coordination of all activities associated with system restoration tasks, including testing, updating plans and coordinating Disaster Recovery exercises.	<u>Tier 2</u> Staffing (H02) Technology Infrastructure Reliability (T01) Cyber Security Business Disruption (T03) Technology Services Disaster Recovery/Business Continuity (T04) Technology Services Resource Optimization (T05)
Technology Infrastructure	Provides infrastructure services associated with equipment and software used to support enterprise systems. Also provides support for middle-tier code deployment, tape backup and restore, Citrix, SharePoint, corporate email and Critical Cyber Assets associated with CIP.	<u>Tier 2</u> Staffing (H02) Technology Infrastructure Reliability (T01) Cyber Security Business Disruption (T03) Technology Services Resource Optimization (T05)
Telecommunications & Support	Provides communication services such as: radio, fiber, network, wireless, business phones. Also responsible for leasing fiber and cell towers.	<u>Tier 1</u> Revenues and Expenses Management (F01) <u>Tier 2</u> Technology Infrastructure Reliability (T01) Cyber Security Business Disruption (T03) Technology Services Resource Optimization (T05)
Public Affairs		
Response and Environmental Programs	Responds to emergency environmental incidents and provides prompt and appropriate actions that reduce the likelihood of adverse environmental impacts.	<u>Tier 1</u> Effluent Limit Guidelines for Steam Units (E02) Coal Combustion Residual Rule (CCR) (E03) Cooling Water Intake Structures 316(b) (E05)

**JEA AUDIT SERVICES
 PROPOSED FY 2018 INTERNAL AUDIT PLAN
 ENTITY DESCRIPTION & MAPPING TO TOP CORPORATE RISKS
 (SEE PP. 6-7 IN PRESENTATION)**

Title	Entity Description	Top Corporate Risks
Human Resources		
Benefits Services	Responsible for administering benefits for JEA employees and retirees, in accordance with plan documents, and for ensuring consistent application of operating procedures.	Tier 1 Revenues and Expenses Management (F01) Tier 2 Staffing (H02) Cyber Security Information Protection (T02) Tier 3 Benefits Risk (H04)
Personnel Out Process (POP) Process	Process for removing “active” physical and system access to users due to retirement, resignation and involuntary separation.	Tier 2 Staffing (H02) Cyber Security Information Protection (T02)
Compliance		
None.		
Recurring Audits / Projects		
JEA/SJRPP Performance Pay Audits	Determine if achieved levels of performance were calculated in conformance with the incentive plan approved by JEA’s Board of Directors.	
The Energy Authority (TEA) Audit	Audit of TEA’s East Coast Operations performed by a team of representatives from several member utilities.	
Annual Risk Assessments	Identifying and prioritizing risks to the business. We will use these assessments to develop the FY 2019 audit plan.	
Action Plan Follow-Up & Reporting	Ensure that management’s action plans are being implemented and are working effectively to mitigate internal control deficiencies reported in internal audits and investigations.	



**Audit Services
Risk Assessment Survey
FY2018 Planning**

Purpose

Audit Services uses this survey to generally assess the internal controls your department has in place to mitigate risks and help achieve its goals. Your survey responses will assist Audit Services in developing our annual risk-based audit plan and allocating the necessary staff resources for conducting the selected audits.

Instructions

Please read the survey questions carefully, and mark the best answer for each. Under each question, there is a section to add additional information, if necessary. **Please complete only Section I of this assessment; Audit Services will complete Sections II-V.**

Please let us know if you have any questions. Your cooperation is greatly appreciated.

Certification

The information provided is true and objective to the best of my knowledge and ability.

Completed by: Enter Name
Title: Enter Title
Department: Enter Department
Cost Center: Enter Cost Center
Date: Enter Date

Reviewed By: Enter Name
Approved By: Enter Name

Audit Services use only

Date: Enter Date
Date: Enter Date

Section I

1. **Department's Strategic Initiatives and Goals** (*Please distinguish between short-term and long-term*)

Enter your comments here

Reserved for comments by Internal Audit

2. **Key Metrics** – Are these used to assess progress toward meeting the department's goals?

- Key Metrics have been developed and are used to assess progress toward established goals.
- Key Metrics are in the process of being developed or are partially in place to assess progress.
- Key Metrics have not been developed.

Enter your comments here

Reserved for comments by Internal Audit

3. **Operations or Transactions** managed by your department: inherently complex, require a significant amount of time, coordination or extensive training?

- Relatively simple processes and time commitments, with minimal training.
- Moderately complex, somewhat time-consuming, requires significant training.
- Extensive operations that are very time-consuming and require extensive training.

Enter your comments here

Reserved for comments by Internal Audit

4. **Workforce** – How effective has been your Department in replacing employees who have retired or resigned from JEA over the past 12 months?

- Very effective.
- Moderately effective, but some positions are still open.
- Ineffective as many positions are still open, which has affected operations.

Enter your comments here

Reserved for comments by Internal Audit

5. **Significant Changes** in staff size, funding, functions, systems, key positions and/or responsibilities of the department during the past year (*describe changes, if applicable*).

- No significant changes have occurred.
- Moderate changes.
- Continuous and large-scale changes have been made, or are expected in the near future.

Enter your comments here

Reserved for comments by Internal Audit

6. Status of **Written Policies and Procedures**, including any desktop procedures.

- Policies are in place, with no recent significant updates. Written procedures, which support the policies, are in place.
- Policies are in place; however, employees are not always familiar with the policies and adherence to procedures is not always enforced.
- Limited or no written policies and procedures, or substantially outdated.

Enter your comments here
Reserved for comments by Internal Audit

7. **Business Continuity** – Adequacy of plan after Hurricane Matthew.

- Plan was successfully executed during Hurricane Matthew, with short and long-term disruption coverage.
- Several minor issues were encountered with the execution of the plan during Hurricane Matthew.
- Major issues prevented the plan from being executed, which did not effectively address short and long-term disruption.

Enter your comments here
Reserved for comments by Internal Audit

8. **Service Level Quality** - Impact on JEA if the department's services were not provided at the usual or expected level?

- Nominal, if any.
- Moderate impact, likely short-term.
- Significant impact creating serious internal problems that could impair JEA's reputation.

Enter your comments here
Reserved for comments by Internal Audit

9. **Management Overrides** – In your opinion, to what degree can established controls or policies be circumvented in this department?

- Complete inability to circumvent controls.
- Ability to override some controls without detection.
- Ability to override most controls without detection.

Enter your comments here
Reserved for comments by Internal Audit

10. **Departmental Training** (JEA-required training excluded)

- Provided at least regularly; employees consider training is adequate and effective.
- Some training provided, but more is needed.
- Little or no training provided, and may not be adequate or effective.

Enter your comments here
Reserved for comments by Internal Audit

11. **Impact of Federal or State Regulations** – Consider both current and pending.

- None, or minimal.
- Moderate.
- Significant.

Enter your comments here
Reserved for comments by Internal Audit

12. **Fines or Penalties** assessed or levied by regulatory agencies in the past year (*describe*):

- Not applicable
- Less than \$5,000 per occurrence, not exceeding \$20,000 in total.
- At least one fine or penalty exceeding \$5,000.

Enter your comments here
Reserved for comments by Internal Audit

13. **Agencies/Organizations** that may review or monitor your department (*describe*)

- None.
- Limited to local Agencies and/or Organizations, no exposure to fines or penalties.
- May include State/Federal Agencies and/or Organizations with exposure to fines or penalties.

Enter your comments here
Reserved for comments by Internal Audit

14. **Cross-Dependencies** of other JEA business units and this department:

- Department is mostly self-contained.
- Department provides/receives limited informational/service needs to/from several dependent business units within JEA.
- Department provides/receives very complex informational needs to/from numerous dependent business units within JEA.

Enter your comments here
Reserved for comments by Internal Audit

15. **Degree of Information Confidentiality** produced or handled by the department.

- Not confidential, is generally available to the public, and its release would not result in any potential loss or embarrassment to JEA.
- Information is available to designated employees of JEA in connection with their jobs. Release to the public or to an unauthorized department could result in minor financial loss or moderate embarrassment or violation of an individual's privacy.
- Information produced by this department requires protection against unauthorized or premature disclosure. Such disclosure could result in serious loss or embarrassment or could adversely affect the department or JEA.

Enter your comments here
Reserved for comments by Internal Audit

16. **Incorrect or Inaccurate Data** – its impact on the department's operations and/or ability to provide service.

- None or minimal.
- Moderate impact.
- Serious impact.

Enter your comments here
Reserved for comments by Internal Audit

17. **Management / Employee Turnover** over the past 12 months.

- None, or minimal.
- Moderate turnover.
- Significant turnover.

Enter your comments here
Reserved for comments by Internal Audit

18. **Technology Services (TS)** impact on your department over the past 12 months.

- No changes; nominal impact.
- Significant changes.
- TS environment has changed or been replaced, affecting most key operations.

Enter your comments here
Reserved for comments by Internal Audit

19. **Communication with External Parties**, such as legislators, city personnel, and news media or citizens groups.

- None, or minimal.
- Occasional.
- Significant and often.

Enter your comments here
Reserved for comments by Internal Audit

20. **Inventory/Materials**

- No inventory, or nominally valued. No specialized inventory or materials.
- Inventories are at relatively moderate dollar amounts and do not include specialized items.
- Inventories are valued at high dollar amounts or include specialized items.

Enter your comments here
Reserved for comments by Internal Audit

21. **Reputational Risk** impact on JEA if errors or problems within the department receive negative publicity?

- Minimal impact, not a likely occurrence.
- Moderate impact, but generally manageable.
- Significant impact due to the high degree of interest emanating from customers or external parties.

Enter your comments here
Reserved for comments by Internal Audit

22. **Potential Fraud, Waste or Loss** - What is the worst case, or most likely, scenario for possible loss in your department (*description of event and estimated financial loss*)?

Enter your comments here

Reserved for comments by Internal Audit

23. **Total Budget** (All Accounts): Cost Center: Enter Cost Center

FY	Total Budget	Operating Budget	Capital Budget
2017	Enter Amount	Enter Amount	Enter Amount
2016	Enter Amount	Enter Amount	Enter Amount
2015	Enter Amount	Enter Amount	Enter Amount

24. **Revenue-generating activities.**

- No revenue is generated.
- Minimal revenue is generated.
- Moderate to high revenues are generated.

Enter your comments here

Reserved for comments by Internal Audit

25. **External Audits / Consulting Reviews** during the past year. (*Not including annual Ernst & Young financial audit*).

- None.
- Audits or reviews which are not required by external regulations.
- Audits and/or reviews which are generally required by external regulations.

Enter your comments here

Reserved for comments by Internal Audit

26. **Next Internal Audit** – If your department was selected for an audit in FY18, do you foresee obstacles regarding its timing?

- No.
- Maybe, based on possible events. (*describe below, if known*)
- Yes, an audit scheduled next year would not be advisable.

Enter your comments here

Reserved for comments by Internal Audit

27. **Additional Concerns or Risks** – Please provide a brief description.

Enter your comments here
 Reserved for comments by Internal Audit

Section II – Internal Audit History

Please identify any audit reports related to this Department.

Fiscal Year	Audit Report Rating	Comments
Enter Year	Enter Report Rating	Enter Comments
Enter Year	Enter Report Rating	Enter Comments
Enter Year	Enter Report Rating	Enter Comments

Section III - ERM Top Corporate Risks

Please identify and provide a brief description of Top Corporate Risks that pertain to this department.

Tier	Risk Name	Description
Enter Risk Tier	Enter Risk Name	Enter Description
Enter Risk Tier	Enter Risk Name	Enter Description
Enter Risk Tier	Enter Risk Name	Enter Description

Section IV – EHL

Please identify any EHL case and outcome for this department.

Fiscal Year	EHC Case Number	Outcome / Comments
Enter Year	Enter Case Number	Enter Outcome /Comments
Enter Year	Enter Case Number	Enter Outcome /Comments
Enter Year	Enter Case Number	Enter Outcome /Comments

Section V – Risk Scores

COSO	OR	2	4	6	7	8	Sum	Avg.
	CR	11		12		13	Sum	Avg.
	RR	14		15		16	Sum	Avg.

Qualitative Measures	PC	3		19		20	Sum	Avg.
	GM	25		26			Sum	Avg.
	DC	5		17		18	Sum	Avg.
	CCE	9		10			Sum	Avg.

Impact Risks	PFI	22		23		24	Sum	Avg.
	PRI	21					Sum	Avg.

IV. A. 3.
Annual Approval of Audit Services Charter



Building Community

AGENDA ITEM SUMMARY

July 14, 2017

SUBJECT: ANNUAL APPROVAL OF AUDIT SERVICES CHARTER

Purpose: Information Only Action Required Advice/Direction

Issue: The Institute of Internal Auditors (IIA) requires that the Finance & Audit Committee annually reviews and formally approves the JEA Audit Services Charter. There have been no revisions to the charter since the last review.

Significance: Medium

Effect: To demonstrate that the Finance & Audit Committee has reviewed and is in agreement with the Audit Services Charter, and to allow Audit Services to be in compliance with the Charter and IIA Professional Standards.

Cost or Benefit: There is no cost. See Effect above for Benefit.

Recommended Board action: Staff recommends that the Finance & Audit Committee and the Board approve the attached version of the Audit Services Charter.

For additional information, contact: Steven V. Tuten, Director, Audit Services, 904-665-5206

Submitted by: PEM/TEH/SVT

MISSION	VISION	VALUES
		
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth² • Accountability • Integrity

Commitments to Action

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team



Audit Services Charter

Purpose

The purpose of JEA's internal audit function is to provide independent and objective assurance and consulting services designed to add value and improve JEA's operations. Internal Audit helps JEA to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of internal control, compliance, and governance processes.

Authority

The Director, Audit Services is the Chief Audit Executive (CAE) and reports administratively to the Chief Risk and Compliance Officer, as established by the Chief Executive Officer. On audits involving Compliance Department functions, the Director, Audit Services reports directly to the CEO. The Director, Audit Services also meets quarterly with the CEO, and reports to and meets quarterly with the Finance & Audit Committee of the Board of Directors.

The Director, Audit Services and Internal Audit Staff are authorized:

- To carry out a program of Internal Audit projects as necessary to fulfill the purpose and mission of the department, including an annual risk assessment and development of an annual audit plan.
- To have access to all JEA records, assets, properties, plants, computers, personnel, etc., with strict and absolute accountability for safekeeping and confidentiality while conducting their internal audit duties.

To minimize duplication of efforts, Audit Services will not audit JEA's financial statements, which are already audited by JEA's external auditors.

Mission

The Institute of Internal Auditors' (IIA) definition of internal auditing is: "an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes." The IIA's Mission of Internal Audit is "To enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight."

The specific mission of JEA's Internal Audit is to perform comprehensive, objective audits (assurance services) and consulting reviews (consulting services) that fulfill the purpose outlined above while conforming to the IIA's Standard Practices, Code of Ethics, Definition of Internal Auditing, and Mission of Internal Audit.



Audit Services Charter

Scope and Responsibilities

Internal Audit's responsibilities include both assurance services and consulting services, which are defined by the IIA as follows:

Assurance Services: "An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples may include financial, performance, compliance, system security, and due diligence engagements."

Consulting Services: "Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training."

Activities performed by Internal Audit in executing its assurance and consulting services responsibilities include, but are not limited to, the following:

Assurance/Audit Activities

- Evaluate the effectiveness of controls over the reliability and integrity of management information. Ascertain the level of compliance with policies, procedures, laws and regulations.
- Review operations to evaluate whether established objectives and goals are being achieved.
- Assist management in identifying operational, financial, regulatory and reputational risks, and assess JEA's ability to adequately mitigate these risks.
- Conduct objective reviews of company business activities, operations, internal controls and performance management systems, and report results to JEA management.
- Proactively consult with internal customers on recommendations and the implementation of action plans, and monitor results.
- Perform engagement level audit planning and risk control assessment.
- Perform action plan follow-up.

A detailed description of audit practices is contained in Procedures for Conducting Internal Audits ASC0500 113.

Annual Risk Assessment and Audit Plan Activities

- Perform annual risk assessment activities and develop an annual audit plan. The CAE will present the annual audit plan to the Finance & Audit Committee for review and approval. Annual risk assessment/audit plan development will be performed according to Audit Services Procedures ASC0500 1101 Risk Assessment/Develop Audit Plan.



Audit Services Charter

- The audit scope will be based on Internal Audit's assessment of risk. Audit coverage will focus on high risk areas as defined in the annual risk assessment process.

Consulting Activities

- Provide consulting services per Audit Services' Consulting Engagement Procedure ASC0500 CE, where the level of risk warrants our involvement. However, Audit Services does not act in an operating capacity, and cannot be part of the approval process.

Auditors will not be assigned to audits or projects in areas where they previously worked within the past 24 months, or where their degree of independence could be questioned in any other way.

Quality Assurance

Adequate supervision and quality assurance will be performed and documented for each auditor and each audit assignment as defined in Audit Services' Quality Assurance Improvement Program (QAIP) Procedure ASC0500QA, which includes external peer reviews as required by the IIA, at least every five years beginning in 2005.

Reporting

Detailed written reports will be prepared and issued to management following the completion of each audit. The contents will be discussed with auditee management before the reports are finalized, except in cases of fraud. Reports will generally be distributed to the Chief/Vice President/General Manager and Director/Manager of the area being audited, along with the Chief Executive Officer and the Chief Risk and Compliance Officer. Final audit reports are also submitted to the Council Auditor's office and the Office of the Inspector General for the City of Jacksonville. Quarterly summaries of audit results are presented to the Finance & Audit Committee of the Board of Directors.

JEA Management Responsibilities

Although the role of Internal Audit is to assess internal controls, systems, procedures, risks, etc., JEA management retains full responsibility for ensuring that JEA maintains an appropriate framework of controls to reduce business risks to an acceptable level.

Management also has the responsibility and accountability for addressing weaknesses and inefficiencies identified in both External and Internal Audit Reports and for taking the necessary corrective action. If JEA management decides to accept a level of risk that Internal Audit believes is imprudent and improper, and this difference of opinion cannot be resolved, the CAE has the option to refer the matter to the Enterprise Compliance & Risk Committee (ECRC) for discussion and resolution, as stated in the ECRC Charter.



Audit Services Charter

Management should immediately inform the CAE of any significant internal control problems, thefts, frauds, or unauthorized transactions.

Annual Review of Charter

This charter will be reviewed at least annually and revised as needed. The CAE will present the charter at least annually to the Finance & Audit Committee for review and approval.

Presented to the Executive Management Team October 5, 2004

Presented to JEA Board of Directors November 16, 2004

Revised January 7, 2009 to include the Finance & Audit Committee (F&AC)

Revised August 8, 2011 and presented to F&AC

Presented to the F&AC for review and approval Aug. 13, 2012, with no revisions

Presented to the F&AC for review and approval Aug. 12, 2013, with revisions

Presented to the F&AC for review and approval Aug. 11, 2014, with no revisions

Presented to the F&AC for review and approval Dec. 10, 2014, with revisions

Presented to the F&AC for review and approval Aug. 10, 2015, with no revisions

Presented to the F&AC for review and approval Aug. 8, 2016

Presented to the F&AC for review and approval Aug. 7, 2017, with no revisions

IV. A. 4.

Audit Services - Quarterly ERM/Audit Update



Building Community

AGENDA ITEM SUMMARY

July 14, 2017

SUBJECT:	AUDIT SERVICES – QUARTERLY ENTERPRISE RISK MANAGEMENT (ERM)/AUDIT UPDATE
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Purpose:	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: The Quarterly ERM/Audit Update provides the JEA Board of Directors with information on the current Internal Audit, Enterprise Risk Management and Ethics Investigations & Audit activities.

Significance: The Internal Audit Group reviews internal control processes and ensures that departments maintain compliance with all procedures and regulations. JEA’s Enterprise Risk Management (ERM) Program identifies, assesses, measures, monitors and actively manages risk. The Ethics Investigations and Audit Group conducts internal investigations of confidential reports into JEA’s Ethics Hotline (EHL) and from other sources.

Effect: JEA is able to manage risks and monitor controls, identifying issues to reduce and/or prevent impact to business operations.

Cost or Benefit: The benefits to the organization are seen in risk avoidance or management and the knowledge that the business is in compliance with rules and regulations.

Recommended Board action: No action required. The Quarterly Audit Services Update is for information only.

For additional information, contact: Steven V. Tuten – Director, Audit Services, 904-665-5206

Submitted by: PEM/TEH/SVT

MISSION 	VISION 	VALUES 
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity

Commitments to Action

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team

II. C.
8/7/2017

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IV. A. 4.
8/15/2017

Audit Services Q3 FY17 Report

Steve Tuten – Director, Audit Services

Lee Montanez – Manager, Audit Services

Frank DiBenedetto – Manager, Enterprise Risk Management



Audit Services Q3 FY17 Report – Table of Contents

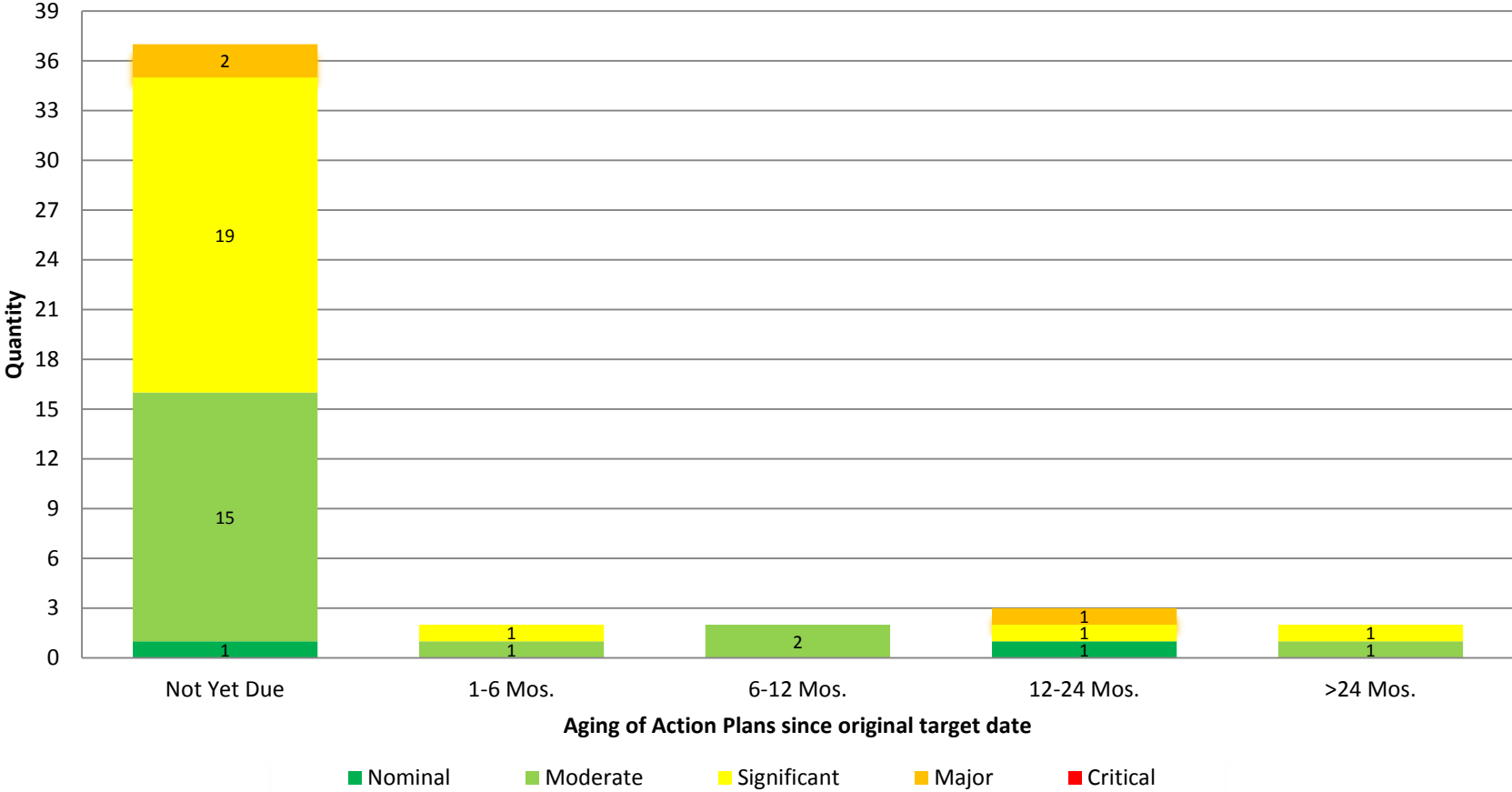
<u>Topic</u>	<u>Pages</u>
• Internal Audit	3-6
• Enterprise Risk Management (ERM)	7-14
• Ethics Investigations & Audit	15-17

Internal Audit Team Highlights

- **Senior Auditor Position** – Our top candidate has accepted our offer. We anticipate his start date will be in early August.
- **FY17 Internal Audit Plan** - We are slightly behind schedule, due primarily to the open position most of the fiscal year, but still have a good chance of completing the Plan. The current timeline and details regarding the FY17 Plan is shown on pages 5-6.
- **Open Audit and Investigation Report Issues** - As of 6/30/17, there were 46 open issues requiring management's corrective action plans. This represents an increase of 25 open items since our last report. However, this is primarily a timing issue due to the recent issuance of several audit reports. See pg. 4 for the distribution of these issues by issue rating and action plan due date.

Open Audit and Investigation Report Issues

Aging of Open Action Plans (46) by Issue Rating and Due Date



FY17 Internal Audit Plan – Schedule

Audit/Project	Auditor-in-Charge	Status	FY 2017 Hours			First Draft Report			Comments	Final Draft Report Date	Audit Report Rating	2017 Audit Timeline		
			Budgeted Hours <i>(adjusted)</i>	Actual Hours	Will Meet/Met Budget	Audit Estimate due date <i>(italics if updated)</i>	Actual Date	Will Meet/Met Due Date				Jul	Aug	Sep
2016 Disaster Recovery <i>(360 hrs. in FY16)</i>	Rashid Brittain (RB)	Final Report Issued	0	19	●	8/29/2016	9/12/2016	●	Included in this report due to the audit rating and hours used in FY17.	4/11/2017	Needs Improvement			
2016 Distribution, Development & Joint Projects <i>(400 hrs. total)</i>	Troy England (TE)	Final Report Issued	60	257	●	8/29/2016	1/6/2017	●	Exceeded budget due to the time it's taken to thoroughly go through each project and grasp the processes involved.	2/27/2017	Satisfactory			
2016 Facilities Management <i>(375 hrs. total - 116 hrs. in FY16)</i>	David Arnold (DA) / Chris Page (CP)	Final Draft Issued	259	188	●	<i>11/8/2016 (1)</i>	12/2/2016	●	Audit Estimate updated due to Call Center work during Hurricane Matthew. Exceeded budget due to issues related to ADA. Chris Page hrs. not included in calculation. Working with Management to update action plans before sending to the City.	1/17/2017	Satisfactory			
2016 System Protection & Controls <i>(350 hrs. total - 191 hrs. in FY16)</i>	Laurie Gaughan (LG)	Final Report Issued	159	155	●	<i>11/8/2016 (1)</i>	11/8/2016	●	Audit Estimate updated due to Call Center work during Hurricane Matthew	11/29/2016	Satisfactory			
Information Security <i>(FY16 - 60hrs. / FY17 500 hrs.)</i>	RB	Final Draft Issued	500	643	●	<i>2/28/2017 (1)</i>	4/13/2017	●	Audit Estimate updated due to Call Center work during Hurricane Matthew. Hours overage due to complex audit report with 18 issues and a "Needs Improvement" rating.	6/16/2017	Needs Improvement			
TEA Audit	LG	Completed	100	99	●	No Report	N/A	N/A	Audit conducted 11/14-18/16. Nebraska Public Power District (NPPD) led audit.	N/A	Final report to be issued by NPPD.			
JEA & SJRPP FY2016 Performance Pay Audit	TE	Completed	200	79	●	11/22/2016 (JEA)	11/17/2016 (SJRPP) 11/22/2016 (JEA)	●	Memos were issued for JEA and SJRPP Performance Pay reviews.	11/17/2016 (SJRPP) 11/22/2016 (JEA)	-			
Real Estate Services & Revenue Contracts	CP / DA	Final Draft Issued	350	132	●	1/23/2017	2/10/2017	●	Hours for Randstad resource (CP) are not tracked on this spreadsheet.	5/4/2017	Satisfactory			
SJRPP Enviro Engineering & Preventive Maintenance	LG	Final Report Issued	350	348	●	2/28/2017	3/1/2017	●	Workpaper review is completed. First draft report is projected to be issued by due date.	3/27/2017	Satisfactory			
Security	DA / RB	Final Draft Issued	DA - 375 RB - 175	DA - 310 RB - 149	●	2/28/2017	3/22/2017	●	Estimated due date was not met due to complex workpaper review process.	5/5/2017	Satisfactory			
W/W/W Reuse & Delivery	TE	Second Draft Issued	440	486	●	4/18/2017	5/16/2017	●	Estimated due date was not met due to complex report issue development.	TBD	Satisfactory			

Notes:

(1) Updated due to Hurricane Matthew call center duties.

●	Audit will be/has been completed within estimated hours and due date.
●	Audit will be/has been completed slightly above estimated hours and due date. <i>(No more than a 10% variance)</i>
●	Audit will be/has been completed significantly above estimated hours and due date.
N/A	Not Applicable or no data.



FY17 Internal Audit Plan – Schedule

Audit/Project	Auditor-in-Charge	Status	FY 2017 Hours			First Draft Report			Comments	Final Draft Report Date	Audit Report Rating	2017 Audit Timeline		
			Budgeted Hours <i>[adjusted]</i>	Actual Hours	Will Meet/Met Budget	Audit Estimate due date <i>(italic if updated)</i>	Actual Date	Will Meet/Met Due Date				Jul	Aug	Sep
Electric Production CT Operations	LG / RB	Final Draft Issued	LG - 400 RB - 68	LG - 398 RB - 61	●	6/6/2017	6/13/2017	●	Met hours estimate, first draft slightly delayed.	7/12/2017	Satisfactory			
Meter Operations <i>(formerly Water Meter Services)(2)</i>	DA / CP	First Draft Issued	450	557	●	6/15/2017	7/13/2017	●	Estimated due date not met due to complex audit and report.	TBD	Needs Improvement	■		
Payroll and Compensation	RB	Testing	392	270	●	7/31/2017	TBD	●	On track to meet due date and not exceed budgeted hours.			■		
Emergency Preparedness	TE	Testing	350	137	●	8/15/2017	TBD	●	On track to meet due date and not exceed budgeted hours.			■		
Electric Distribution and Construction Maintenance	LG	Planning	400	56	●	9/26/2017	TBD	●	On track to meet due date and not exceed budgeted hours.			■	■	■
P-Card follow-up	DA	Planning	300	10	●	TBD						■	■	
Safety and Health	DA	Planning	300	8	●	TBD						■	■	■
Customer Revenue - Branch (3)	RB	Not Started	300										■	■
Permitting and Regulatory Conformance	TE	Not Started	400										■	■
FY2017 Action Plan Follow-Up	All Staff	Ongoing	400	367	●									
FY2018 Annual Risk Assessments	All Staff	Not Started	300	201	●							■		

Notes:

(2) Business requested to also audit electric meters.

(3) Replaces Receivables and Collections audit due to Director's request.

●	Audit will be completed within estimated hours and due date.
●	Audit will be completed slightly above estimated hours and due date. <i>(No more than a 10% variance)</i>
●	Audit will be completed significantly above estimated hours and due date.
N/A	Not Applicable or no data.



ERM Committee Structure

- **Purpose** - JEA's ERM program identifies, assesses, measures, monitors and actively manages risk, including mitigation strategies and actions. Top corporate risks are reviewed monthly by the Enterprise Compliance & Risk Committee (ECRC) & quarterly with the Board.

- **ECRC & Subcommittees**

- Electric Risk
- FERC/NERC/CIP Electric Compliance
- Fuel and Purchased Power
- Debt and Investment
- Revenue and Expense Management
- Technology Projects
- Information Security Governance (new)*
- Compliance Oversight
- Water and Wastewater Regulatory Compliance



- ❖ The new Information Security Governance Committee establishes a corporate-wide governance structure and coordination between the corporate technology functions and those within the various operation areas. Responsibility for all company-wide activities related to identifying, assessing and mitigating significant information/cybersecurity-related exposure and threats.

ERM Corporate Risk Heat Map

Top Corporate Risks

Score

Tier 1 (See p. 10)

10-25

Tier 2 (See p. 11)

5-9

Tier 3 (See p. 12)

1-4

Impact x
Likelihood

Score

Likelihood	Almost Certain >90%	5	5	10	15	20	25	15-25	Red
	Likely 65-90%	4	4	8	12	16	20	10-12	Orange
	Possible 35-65%	3	3	6	9	12	15	8-9	Yellow
	Unlikely 5-35%	2	2	4	6	8	10	4-6	Light Green
	Rare <5%	1	1	2	3	4	5	1-3	Dark Green
			1	2	3	4	5		
			Minor	Moderate	Significant	Major	Severe		
Impact									

The risk score is a factor of the risk impact x likelihood, which helps us evaluate the criticality of the risks and the need for mitigation.



ERM - Tier 1 Top Corporate Risk Trends (Q3 FY17)

Risk E= Electric, W= Water/Wastewater, F= Financial, H= Human Resources, T= Technology, C= Corporate-wide. Risks are in order by risk score within Business Function	FY13	FY14				FY15				FY16				FY17			Long Term Risk Exposure Trend (> 5 Years)	Change
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3		
Electric Risks																		
E01 - Carbon Emission Mitigation - Clean Power Plan	20	20	20	25	25	25	25	25	25	25	25	25	25	25	25	20	↔ Stable	x
E04 - Adverse Electric Commodity Supply and Pricing	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	↔ Stable	
E03 - Coal Combustion Residual Rule (CCR)	15	15	15	15	15	15	15	10	10	10	10	10	15	15	15	15	↔ Stable	
E05 - Cooling Water Intake Structures 316(b)	10	10	10	10	10	10	10	10	10	10	10	10	20	20	20	20	↔ Stable	
E06 - Long-term Planning/Load Forecast - Electric	6	6	6	10	10	10	10	10	10	10	10	10	10	10	10	10	↑ Increasing	
E07 - Critical Infrastructure Protection (CIP) Compliance	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	↑ Increasing	
Water/Wastewater Risks																		
W01 - Water Supply Management/Long Term Planning	12	12	12	12	15	15	15	15	15	15	15	15	15	15	15	15	↑ Increasing	
W03 - Sanitary Sewer Overflow Management	6	6	6	6	6	6	8	8	8	8	8	8	8	12	12	12	↓ Decreasing	
Corporate Wide Risks																		
H01 - Pensions	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	16	↔ Stable	x
F01 - Revenues and Expenses Management	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	↑ Increasing	
C01 - Customer Relationship Management	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	↔ Stable	
C02 - Physical Security (Facilities Infrastructure Security and Regulatory Compliance)	9	9	12	12	12	12	12	12	12	12	12	12	12	12	12	12	↑ Increasing	
C03 - New Technology				12	12	12	12	12	12	12	12	12	12	12	12	12	↑ Increasing	
C16 - Weather & Climate Change Impact												15	15	15	15	15	↑ Increasing	

These risks possess the greatest potential impacts to JEA. Most are due to external factors including economic factors, inherent risk and/or increased regulatory requirements.



ERM – Tier 2 Top Corporate Risk Trends (Q3 FY17)

Risk E= Electric, W= Water/Wastewater. F= Financial, H= Human Resources, T= Technology, C= Corporate-wide. Risks are in order by risk score within Business Function	FY13				FY14				FY15				FY16				FY17			Long Term Risk Exposure Trend (> 5 Years)	Change
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3					
	Electric Risks																				
E02 - Effluent Limitation Guidelines	16	16	16	16	16	16	16	16	16	16	16	16	20	20	15	8	↔ Stable	X			
E09 - FERC/NERC (Section 693) O&P Reliability & Compliance	9	9	9	9	8	8	8	8	8	8	8	8	8	8	8	8	↔ Stable				
E10 - Nuclear Power Portfolio	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	9	↑ Increasing	X			
E08 - SJRPP	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	6	↓ Decreasing	X			
E11 - Infrastructure Maintenance - Electric Systems Assets	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable				
E20 - Operations Technology Management - Electric	4	4	4	4	4	4	6	6	6	6	6	6	6	6	6	6	↔ Stable				
E12 - By Product Management	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable				
E13 - Infrastructure Destruction Due to Severe Weather	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable				
Water/Wastewater Risks																					
W02 - Operations Technology Management - Water/Wastewater Systems	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↔ Stable				
W04 - Infrastructure Maintenance - Water/Waste Water Systems	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable				
W06 - Water Quality Management												8	8	8	8	8	↔ Stable				
Corporate Wide Risks																					
C05 - Records Management	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↔ Stable				
C06 - Fraud Risk Management	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↑ Increasing				
T02 - Cyber Security Information Protection	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↑ Increasing				
H02 - Staffing	12	12	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↔ Stable				
H03 - Public and Employee Safety	6	6	6	9	9	9	9	9	9	9	9	9	9	9	9	9	↔ Stable				
T01 - Technology Infrastructure Reliability	12	12	12	12	12	12	4	4	4	4	8	8	8	8	8	8	↔ Stable				
T03 - Cyber Security Business Disruption							8	8	8	8	8	8	8	8	8	8	↑ Increasing				
T04 - Technology Services Disaster Recovery/Business Continuity							8	8	8	8	8	8	8	8	8	8	↔ Stable				
T05 - Technology Services Resource Optimization										9	9	9	9	9	9	9	↑ Increasing				
C07 - Disaster Recovery/Business Continuity	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	↔ Stable				
C08 - Black Swan (High Impact - Low probability event)	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	↔ Stable				
F03 - Credit Availability/Cost	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable				
C09 - Other Regulatory Compliance	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable				
F04 - Counterparty Risk	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	↔ Stable				
C04 - External Influence on Policy	9	9	10	10	10	10	10	10	10	10	8	8	8	8	8	8	↔ Stable				

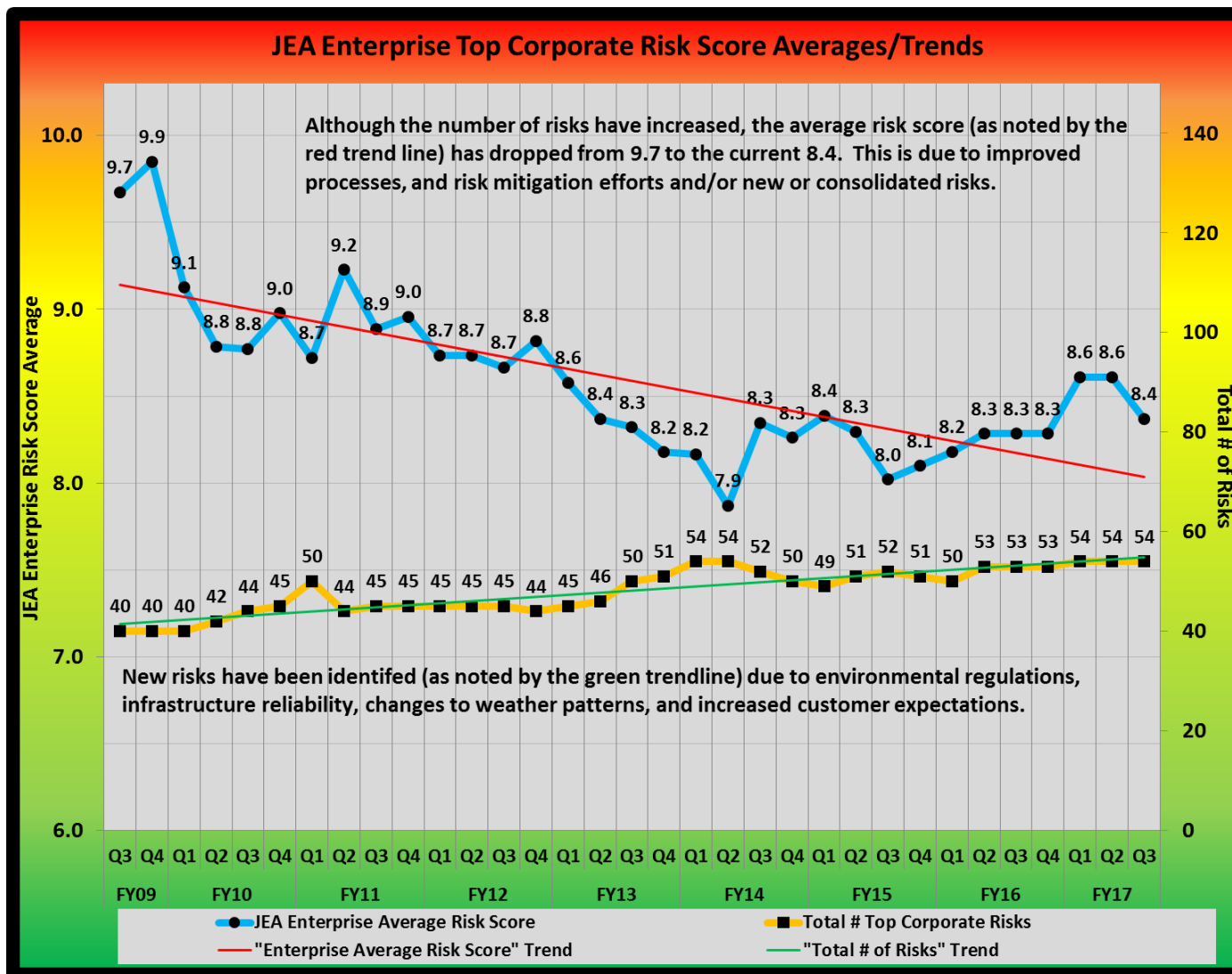


- These risks are primarily operational in nature. Although the impact can still be significant, JEA has more flexibility in mitigating the risks.

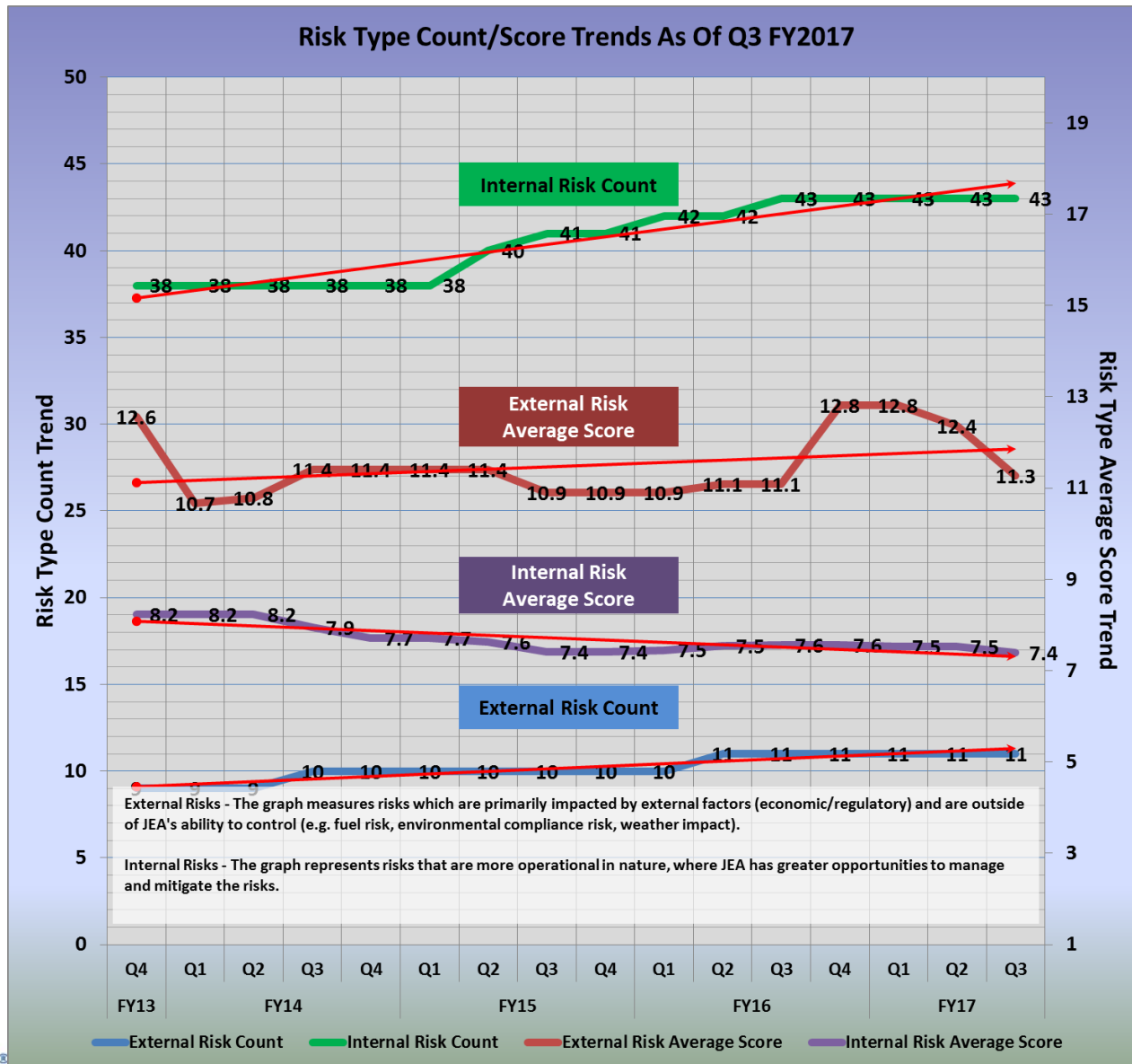
ERM – Top Corporate Risk Score Changes

Risk	Old Score	New Score	Score Change Justification
E01 - Carbon Emission Mitigation - Clean Power Plant	25	20	<ul style="list-style-type: none"> We continue to monitor activities at the EPA and the Courts relating to changes to the rule. Although some form of CO2 emission reduction requirements is expected, the level of reduction may be less stringent and/or the timeframe for compliance extended. The decommissioning of SJRPP further reduces JEA's carbon footprint. Any new generation would have lower CO2 emission rates. Regardless of any future CO2 regulations (e.g. CPP), current market conditions continue to support use of natural gas which further reduces CO2 emissions. Accordingly, the risk score was changed from a 5/5 to a 5/4.
H01 - Pensions	20	16	<ul style="list-style-type: none"> Based on the uncertainty of investment performance and the long term benefit of the tax revenue, the impact score remains the same. However, the likelihood of a significant negative unbudgeted financial impact has been diminished. As such, the risk score was changed from a 4/5 to a 4/4.
E02 - Effluent Limit Guidelines for Steam Units	15	8	<ul style="list-style-type: none"> The rule is currently in effect with compliance as soon as possible but no later than 12/31/23. However, in response to a federal lawsuit, EPA has requested and was granted a stay of the compliance dates and may seek a reconsideration of the rule. The risk description was expanded to include potential lawsuits. Although the FDEP is considering establishing oversight over compliance with the rule, various environmental groups (e.g., Sierra Club) may still file lawsuits challenging various provisions of the rule, in an attempt to further encourage coal retirement. With the decision to decommission SJRPP, the cost of compliance was reduced from \$31M to \$6M. As such, the risk score was changed from a 3/4 to a 2/4.
E10 - Nuclear Power Portfolio	8	9	<ul style="list-style-type: none"> The financial difficulties being faced by Westinghouse/Toshiba increases the likelihood that the project may experience delays and subsequent increased financial exposure. However, the financial impact, above the current reserves and the need to maintain power reserve margins with the closing of SJRPP, are expected not to exceed \$40 million. As such, the risk score was changed from a 4/2 to a 3/3.
E08 - SJRPP	9	6	<ul style="list-style-type: none"> Based on the decision to decommission SJRPP, the risk description was changed to reflect the potential for cost overruns resulting from the physical dismantling of the plant and environmental remediation efforts as well as any activities such as increased traffic and noise concerns that can have negative reputational impact. The risk score was changed from 3/3 to a 3/2. The risk impact score was not changed since cost overruns may exceed \$15M, but the likelihood score was lowered from it being unlikely that those costs will be incurred.

ERM – Top Corporate Risk Score Average/Trends



ERM – Top Corporate Risk Type Count/Score Trends



ERM – Current Projects

INITIATIVE	PROJECT SCOPE
Risk Validation/Key Risk Indicators (KRIs)	A pilot is underway to identify KRIs that would validate the effectiveness of current and/or open mitigations/controls and risk scores in managing risk exposure. The pilot will focus primarily on fraud risk/employee misconduct. Identifying KRIs for other top corporate risks will be determined by risk exposure and/or management concerns/feedback.
Expanding Corporate-Wide Risk Culture	We continue to train employees risk management principals, as well as skills to identify, evaluate and mitigate risks within their own business functions. Class is mandatory for all appointed staff with all managers/directors, but open to all.
District Energy (DE) Risks	Performing a risk assessment of the District Energy business with the focus on reliability, environmental compliance, and reputational impact in the event of a loss risk of services to our major customers (i.e., arena, hospital).
HIPAA Risk Assessment	In conjunction with business functions and TS, we are conducting a risk assessment of JEA’s HIPAA requirements.
Supply Chain Risk Management	Working with Procurement and Financial Services areas to develop a process to evaluate counterparties utilized by various business functions both on financial stability (i.e. credit risk), potential disruption of services provided, and any vendor misconduct which can impact JEA’s reputation.
Talking Points	In conjunction with the External Affairs group and risk owners developing consistent talking points for our external stakeholders (i.e. media, COJ, public) in the event any questions/concerns arise.
TEA	In conjunction with the business units, we are assessing the functions performed by TEA and how they are utilized by JEA.
Terrorism	In conjunction with Security Services, we are assessing the potential for terrorism risk to JEA in relation to potential impacts and identifying any significant gaps that require remediation – including Active Shooter risks and controls.

Ethics Hotline (EHL) Case Statistics

Open Cases 3/31/2017	Cases Opened 3Q FY17	Cases Closed 3Q FY17	Open Cases 6/30/2017
16	7	6	17

Categories For Cases Opened During 3Q FY17	
Alleged Fraud/Theft/Abuse	4
Conflict of Interest/Ethics Matters	1
Alleged Discrimination/Harassment	1
Other (General Inquiries)	1
Total	7

Summary of Closed EHL Cases - 3Q FY17

Reporting Source	Allegation	Investigation Results
External	JEA-16-09-0003 - JEA's Ethics Investigation & Audit Unit received information suggesting that a JEA employee may have falsified information on JEA's tri-annual car allowance survey. The mileage data from this survey determines the amount of the employee's monthly car allowance.	A review of the employee's mileage log documentation and other relative data determined the employee did qualify for the respective car allowance. However, our review of the survey process presented opportunities for improvement, of which feedback was provided to management.
EHL	JEA-17-03-0001 - A customer made a complaint that JEA assigned a relative's outstanding account balance of approximately \$900 to the customer's business account.	We determined JEA's Customer Revenue Department had already been working with the customer to resolve the issue. The disputed account balance was transferred back to the original customer's account for the debt to be paid from estate funds.
External	JEA-17-03-0003 - An individual contacted JEA's Call Center to report that a contract employee was using drugs and selling customer social security numbers for money.	Given the nature of the allegation, law enforcement was contacted to determine the extent of any criminal activity. The investigation resulted in no evidence to substantiate the claim of ID theft. However, the allegation of ongoing drug use by the employee did have merit. As a result, the contract employee was terminated.

Summary of Closed EHL Cases - 3Q FY17 (cont.)

Reporting Source	Allegation	Investigation Results
External	JEA-17-03-0007 - A complaint came through JEA.com alleging an employee was using and selling drugs.	An employee could not be identified based on the name provided in the complaint. Several unsuccessful attempts were made to reach out to the complainant for additional information to help identify the individual in question. Also, a check with law enforcement did not result in a match for an alias name. Therefore, the case was closed.
EHL	JEA-17-05-0001 - A caller alleged a JEA Supervisor addressed a subordinate employee in a confrontational and critical manner. Also, the supervisor targeted the employee with unwarranted scrutiny.	Because this case dealt with possible workplace harassment, it was referred to Labor Relations. Their investigation did not find any specific evidence to either confirm or deny the allegation, but they indicated the employee was moved to a different position that does not report to the supervisor noted in the allegation.
External	JEA-17-05-0003 - JEA received an email containing an allegation that an employee was conducting a personal cosmetics business and often posts advertisements on social media during working hours.	We determined the individual in question was a JEA contract employee. Our investigation revealed the employee sent emails using JEA's email account to other employees for purposes of marketing cosmetic products. Additionally, the individual used a website to promote these products while at work. Based on the evidence found, the contract employee was terminated.

IV. A. 5.
Ethics Officer Quarterly Report



Building Community

AGENDA ITEM SUMMARY

July 18, 2017

SUBJECT:	ETHICS OFFICER QUARTERLY REPORT
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Purpose:	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: The Ethics Officer Quarterly Report provides the JEA Board of Directors with information on the current ethics inquiries, hotline activity and training.

Significance: JEA's Ethics Officer ensures information is shared and advice given regarding issues and questions.

Effect: JEA is able to manage ethical concerns for the organization, ensuring compliance with business and governmental regulations.

Cost or Benefit: JEA fosters an environment that ensures ethical behaviors.

Recommended Board action: This item is for information only.

For additional information, contact: Walette Stanford, 904-665-4282

Submitted by: W. Stanford

MISSION	VISION	VALUES
		
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth² • Accountability • Integrity

Commitments to Action

- 1 Earn Customer Loyalty
- 2 Deliver Business Excellence
- 3 Develop an Unbeatable Team

II. D.
8/7/2017

[Return to Agenda](#)

IV. A. 5.
8/15/2017

JEA

Ethics Officer Report

August 7, 2017

Creating an Ethical Culture

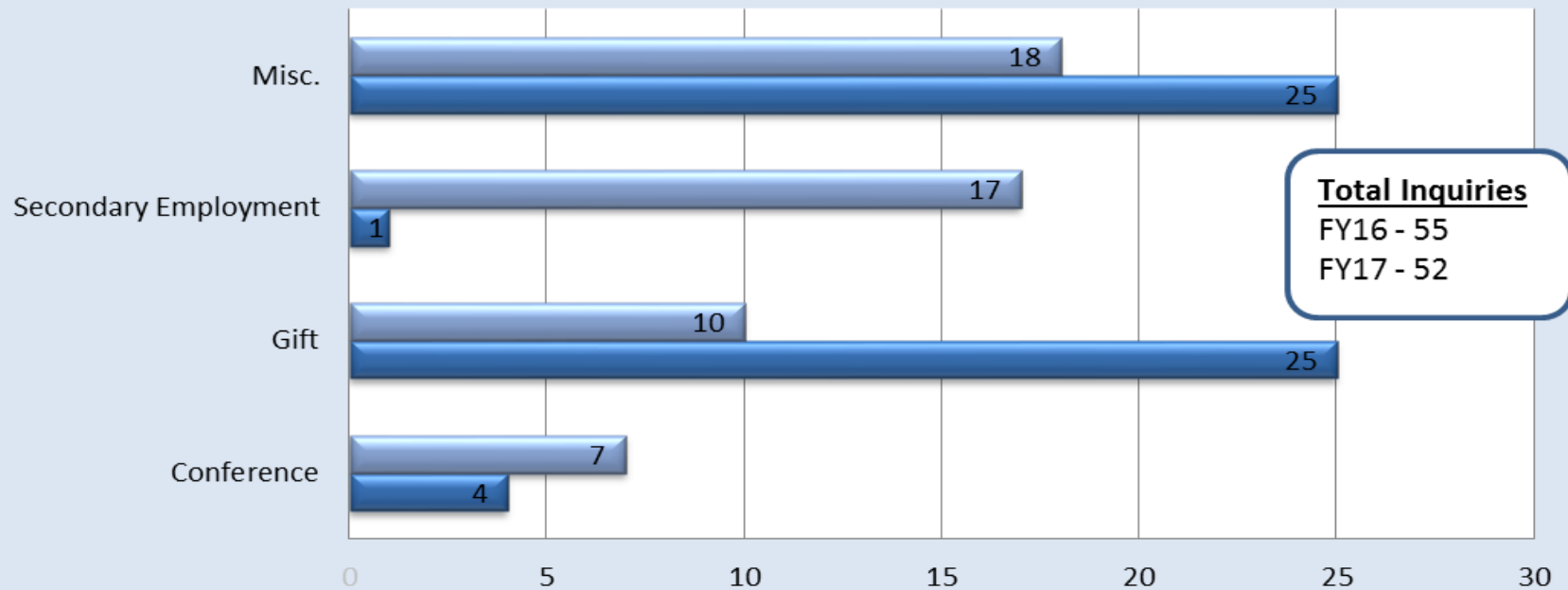
JEA will conduct its business fairly, impartially, in an ethical and proper manner, and in full compliance with all applicable laws and regulations.

Walette Stanford, Ethics Officer
JEA/SJRPP



FY16/FY17 Comparisons

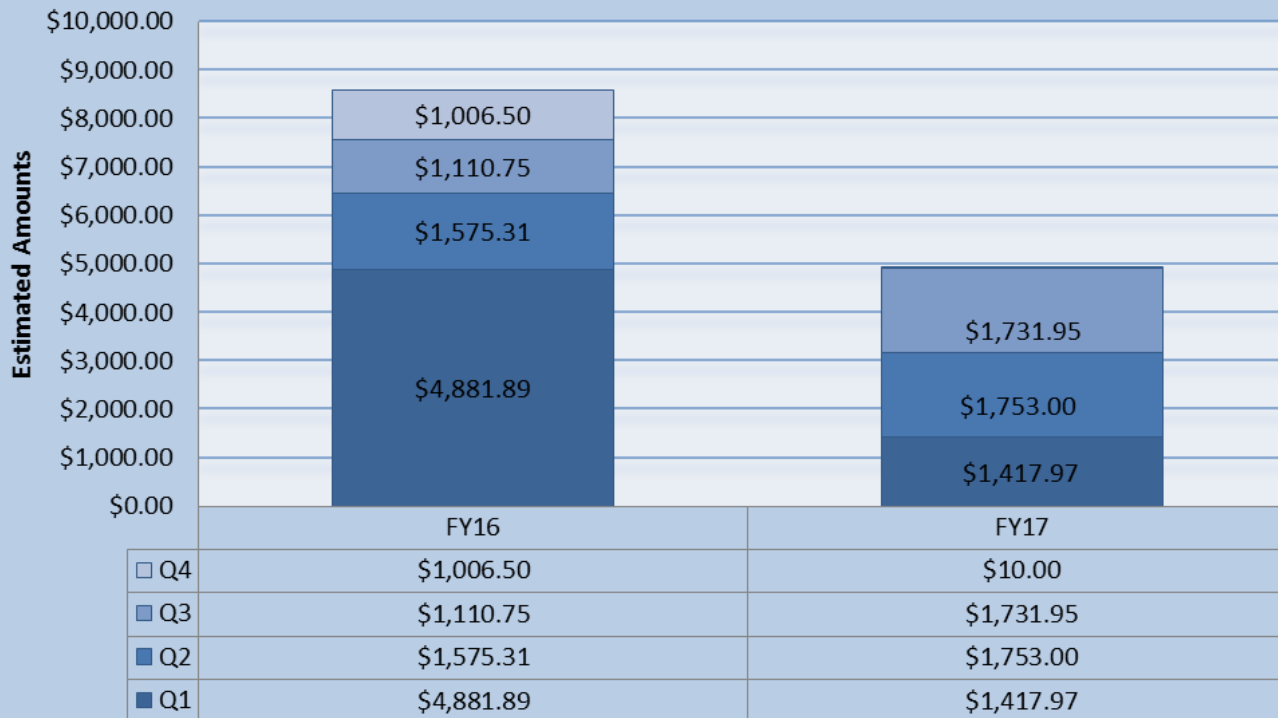
Ethics Inquiries Comparison FY16/FY17 1st-3rd Quarter Results



	Conference	Gift	Secondary Employment	Misc.
■ FY17	7	10	17	18
■ FY16	4	25	1	25

FY16/FY17 Gift Registry

FY16/FY17 Gift Registry Estimates Comparison Per Quarter



Food Items: bakery gift basket, popcorn tins, Peterbrooke chocolate

Promotional items: t-shirts, beach towel, ball caps, promo jacket

Misc: promo water bottles, gift cards, coffee mug

*FY17 Q4 value is only \$10.00 from data 9 days into the quarter.

Ethics Matter Resource Card



Ethics Matter

Reporting a Concern

JEA encourages open reporting and open communications. Reporting ethical violations is part of everyone's job and is expected. Retaliation against an employee who makes a good faith report is prohibited and will not be tolerated.

To file a report or seek guidance, you may:



Speak to your
manager or next level
of management



Call the Ethics Hotline
at 1-800-805-3569



Email the JEA Ethics
Officer Mailbox at
ethicsofficer@jea.com

IV. A. 6.

Ernst & Young FY2017 Annual Financial Audit Plan



Building Community

AGENDA ITEM SUMMARY

July 17, 2017

SUBJECT:	ERNST & YOUNG FY2017 ANNUAL FINANCIAL AUDIT PLAN
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Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: Ernst & Young (E&Y) has been invited to attend the August 7, 2017 Finance & Audit Committee (FAC) meeting to review the FY2017 annual financial audit scope and approach. At that meeting, they will outline the scope of their services, identify the E&Y team that will perform the audit and present the key considerations that will affect the FY2017 audit.

Significance: Auditing standards require the auditors to communicate certain matters to the governing board that may assist the Board in overseeing management's financial reporting process.

Effect: To keep in compliance with the FAC Policy, a formal approval of the annual audit plan is required. The effect of the formal approval is to demonstrate that the governing board has reviewed and is in agreement with the plan. In addition, meeting with auditors to discuss the audit plan, assists the Board in overseeing management's financial reporting process.

Cost or Benefit: There is no cost. See effect above for benefits.

Recommended Board action: Staff recommends that the Board approve the attached FY2017 Annual Audit Plan.

For additional information, contact: Janice Nelson

Submitted by: PEM/MHD/JRN

MISSION	VISION	VALUES
		
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth² • Accountability • Integrity

Commitments to Action

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team

JEA

2017 audit plan

August 7, 2017



Ernst & Young LLP
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201 North Franklin St.
Tampa, Florida 33602

Tel: +1 813 225 4957
Fax: +1 866 870 7196
john.disanto@ey.com

The Finance and Audit Committee
JEA

July 26, 2017

Dear Members of the Finance and Audit Committee,

We look forward to discussing the current year audit plan for JEA on August 7, 2017.

At that meeting, we will outline the scope of our services, identify the EY team that will perform the audit and present the key considerations that will affect the 2017 audit. We are providing the enclosed materials so you can familiarize yourselves with them prior to our meeting.

The audit is designed to express an opinion on the 2017 financial statements.

We are currently completing the planning phase of our audit, and have aligned our procedures to consider JEA's current and emerging business risks and evaluate those risks that could materially affect the financial statements.

We appreciate that JEA selected EY to perform its 2017 audit and are committed to executing a quality audit that embraces the responsibility of serving the Finance and Audit Committee.

Very truly yours,

A handwritten signature in black ink that reads 'John DiSanto'. The signature is written in a cursive, flowing style.

John DiSanto
Executive Director



Contents

3	2017 EY services
4	Executive summary
5	EY critical insights
6	▶ Audit analytics roadmap
7	Our audit plan
7	▶ Client service team
8	▶ Audit timetable
10	▶ Areas of audit emphasis
11	▶ Involvement of council auditors
12	Inquiries relating to matters relevant to the audit
13	Appendices
	▶ Appendix A – Areas of audit emphasis (detail)
	▶ Appendix B – Peer Review Report
	▶ Appendix C – Required communications with audit committees
	▶ Appendix D – 2017 engagement agreement – Draft

Services and deliverables

Audit and audit-related services	<ul style="list-style-type: none"> ▶ Express an opinion on, and report to to the Finance and Audit Committee, the results of our audit of: <ul style="list-style-type: none"> – The financial statements of JEA - the audit will meet the requirements of Florida Statutes and Rules of the Auditor General of the State of Florida and will be conducted in accordance with auditing standards related to financial statement audits as set forth in the US Government Accountability Offices Government Auditing Standards. ▶ JEA's Electric System, Water and Sewer System, Bulk Power Supply, and St. John's River Power Park System of debt service coverage ▶ SJRPP FY2016 Pension Plan ▶ Other reports: <ul style="list-style-type: none"> – Issue a report on internal control over financial reporting compliance with certain provisions of laws, regulations, contracts, and grants and other matters. – Issue a report on compliance with requirements applicable to each major federal awards program and internal control over compliance in accordance with the Uniform Guidance, if required – Issue a management letter including recommendations for improvements of internal controls and other opportunities based on observations made during the course of the audit – Report on other matters as required by Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits in Florida
Other services	<ul style="list-style-type: none"> ▶ Prepare a schedule of findings and questioned costs pursuant to the Uniform Guidance, if required ▶ Issue reports on compliance with debt covenants as required by JEA credit agreements ▶ Issue a summary results report to the Audit Committee ▶ Provide comfort and consent letters for bond offerings, if applicable

Executive summary

Audit timeline

- ▶ We will perform our interim procedures during the months of April through August and our year end procedures during the months of October through December. Refer to the audit timetable on page 8.

Audit scope and strategy

- ▶ Our audit scope and strategy for the 2017 audit are outlined in the Areas of audit emphasis and the EY Services Appendixes.

Accounting developments

- ▶ GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans - Effective FY17*
- ▶ GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - Effective FY18*
- ▶ GASB Statement No. 77, *Tax Abatement Disclosures - Effective FY17 - No Impact*
- ▶ GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans - Effective FY17 - No impact*
- ▶ GASB Statement No. 81, *Irrevocable Split-Interest Agreements - Effective FY18 - No Impact*
- ▶ GASB Statement No. 82, an amendment of GASB Statement No. 67, No. 68 and No. 73. - *Effective FY17/18 - Impacts RSI Disclosures*
- ▶ GASB Statement No. 83, *Certain Asset Retirement Obligations - Effective FY19 - Impacts SJRPP Decommissioning*
- ▶ GASB Statement No. 84, *Fiduciary Activities - Effective FY20 - Impacts Pension Plan and OPEB Reporting*
- ▶ GASB Statement No. 85, *Omnibus 2017 - Effective FY18*
- ▶ GASB 86, *Certain Debt Extinguishment Issues - Effective FY18 - Potential Impact on Future Debt Extinguishments*
- ▶ GASB 87, *Leases - Effective FY21*

Topics to be discussed at the meeting with the Finance and Audit Committee:

EY critical insights

- ▶ Audit analytics roadmap (page 6)

Significant 2017 considerations (page 10)

- ▶ Revenue recognition
- ▶ Allowance for doubtful accounts
- ▶ Regulatory accounts
- ▶ Legal reserves
- ▶ Derivative instruments and hedging activities
- ▶ Pollution remediation obligations
- ▶ OPEB liabilities
- ▶ Pension plan accounting and reporting
- ▶ Investments
- ▶ Capital assets
- ▶ Asset impairments
- ▶ SJRPP decommissioning
- ▶ Plant Vogtle

Our audit plan (page 7)

Inquiries relating to matters relevant to the audit (page 12)



Supplements

EY critical insights
Audit analytics roadmap

Audit analytics roadmap

Topic summary

Companies are investing heavily in people, processes and technology to analyze “big data” – including vast amounts of financial data. Audit committees are expecting auditors to leverage their investment in analytics by challenging traditional audit procedures and providing more relevant business insights. The effective use of analytics can bring confidence, transparency and perspective for a higher quality audit.

Impact of analytics on the audit

EY Helix, our suite of analytics, enables us to deliver a high quality audit by:

- ▶ Allowing us a deeper understanding of your business by analyzing larger populations of audit relevant data, to present a fuller picture of what happened and identify relevant risks.
- ▶ Identifying trends and anomalies in your processes to help direct our audit efforts in the right areas.
- ▶ Using complete data populations to obtain higher quality audit evidence within areas of higher risk.
- ▶ Delivering relevant feedback and insights during the audit, so you can optimize your business processes and controls.
- ▶ Saving the Company valuable time and effort through our repeatable data capture process using globally-integrated data extraction tools and processes.

Keys to a successful integration of analytics

- ▶ Commitment from management to support the planned data capture and analysis strategy
- ▶ Confirmation that the right people from finance and IT are available to provide approval and access rights for data extraction
- ▶ Support in creating an efficient, repeatable data capture process as quickly as possible to allow for the use of analytics throughout the audit



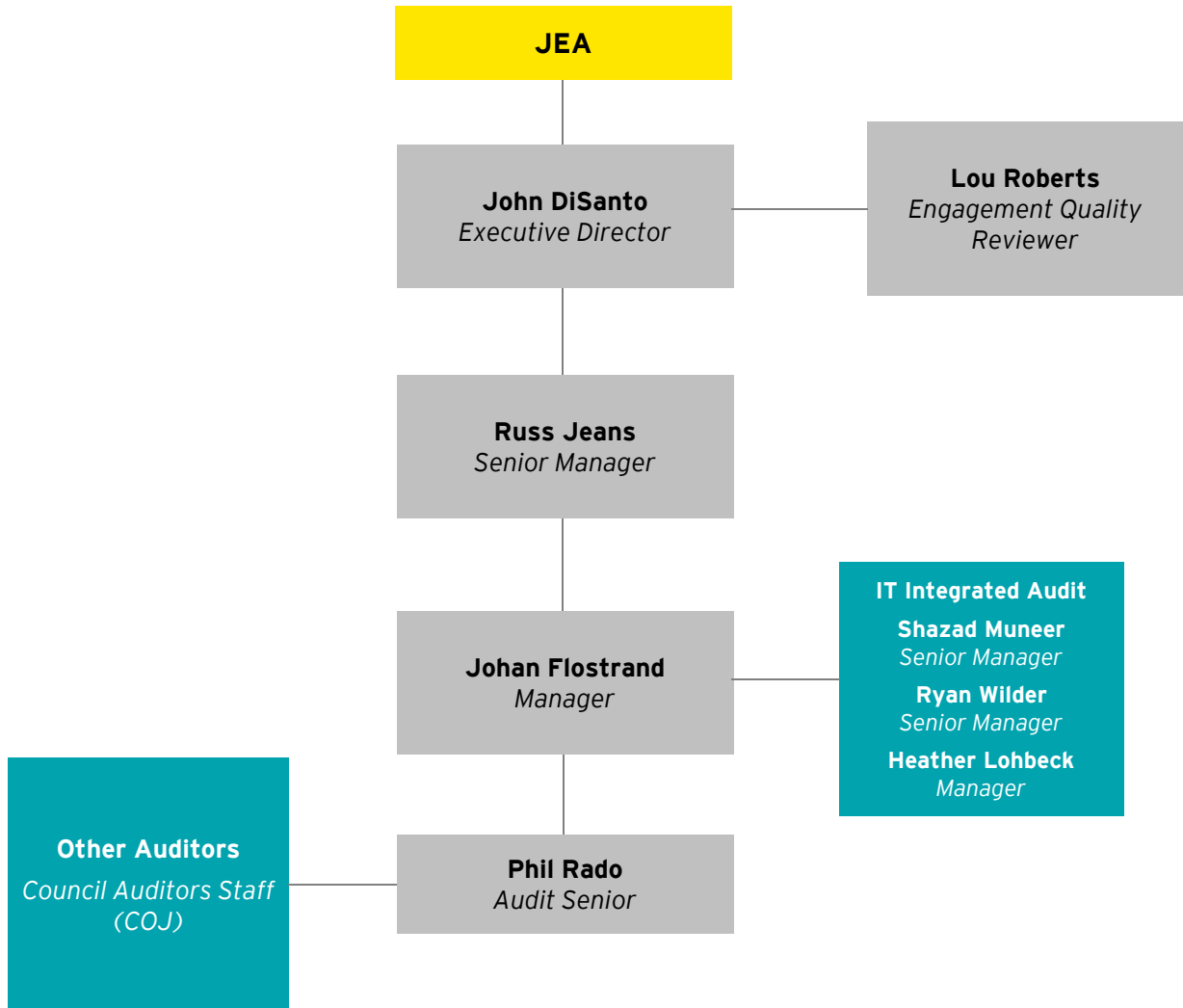
Comments from the team

- ▶ **Current or prior use of analytics in the audit** – in past periods the EY team has leveraged JEA’s general ledger journal entry data to make journal entry selections based on pre-determined parameters. Sub-ledger data has not been previously used by the audit team.
- ▶ **Preliminary plan for the use of analytics going forward** – establishing a repeatable data capture process for the general ledger journal entry data, and possible use of sub-ledger data from CC&B.

Relevant materials are available on the Center for Board Matters (www.ey.com/boardmatters)

Big data and analytics in the audit process: mitigating risk and unlocking value – In just the last few years, the terms “big data” and “analytics” have become hot topics in company boardrooms around the world. This article helps board members understand the complexities and have a grasp of the issues surrounding these technology trends.

Client service team



Audit timetable

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Planning and risk identification												
Understand service requirements and audit scope and coordinate with management and internal audit	■											
Update our understanding of the business	■											
Establish the team including determining the need for specialized skills or knowledge	■											
Audit planning including identification of significant risks and budgeting	■	■	■									
Strategy and risk assessment												
Update our understanding of the Company's use of technology, including relevant IT applications, and develop overall audit strategy and audit program		■	■	■								
Evaluate entity level internal controls		■	■	■	■							
Update our understanding of significant classes of transactions and perform walkthroughs		■	■	■								
Make combined (inherent and control) risk assessments and develop audit approach		■	■	■	■							
Execution of audit procedures												
Perform FY16 SJRPP pension plan audit					■	■						
Perform interim substantive procedures	■	■	■	■	■							
Perform year end substantive procedures							■	■	■			
Design and perform tests of controls							■	■	■			
Perform general audit procedures							■	■	■			

Our audit plan

Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar

Conclusion and reporting

- Issue audit opinion on the financial statements
- Communicate audit results to management and the Finance and Audit Committee
- Issue reports to management and the Finance and Audit Committee on any significant deficiencies or material weaknesses
- Issue a management letter including recommendations for improvements in controls and procedures

Areas of audit emphasis

Our audit procedures emphasize testing those accounts, contracts, or transactions where we believe there is the greatest risk of material misstatement to the financial statements, whether due to error or fraud. We consider the effects of current market risk factors on JEA, and also place emphasis on those areas requiring subjective determinations by management. We will reassess our risk assessment and other internal and external factors influencing JEA throughout our audit, and communicate to you any changes to our initial plan, as necessary. Our areas of audit emphasis are as follows.

▸ Revenue recognition

▸ Allowance for doubtful accounts

▸ Regulatory accounts

▸ Legal reserves

▸ Derivative instruments and hedging activities

▸ Pollution remediation obligations

▸ Other postretirement benefits liabilities

▸ Pension plan accounting and reporting

▸ Investments

▸ Capital assets

▸ Asset impairments

▸ SJRPP Decommissioning

▸ Plant Vogtle

Involvement of council auditors

Areas where EY is using the work of council auditors for direct assistance:

- Test of controls/transactions
- Substantive procedures for certain audit areas (including cash and investments, accounts receivable, capital assets, accounts payable, long-term debt)

Direct assistance model ⁽¹⁾:

- ▶ EY will work closely with council auditors who provide us direct assistance:
 - On-site direction and supervision
 - Detailed review of working papers

⁽¹⁾ Direct assistance model – When we use the direct assistance model, we treat internal audit, or in this instance council auditors, as our own staff by providing audit programs, supervising their work, and performing a detail and second-level review of the workpapers.

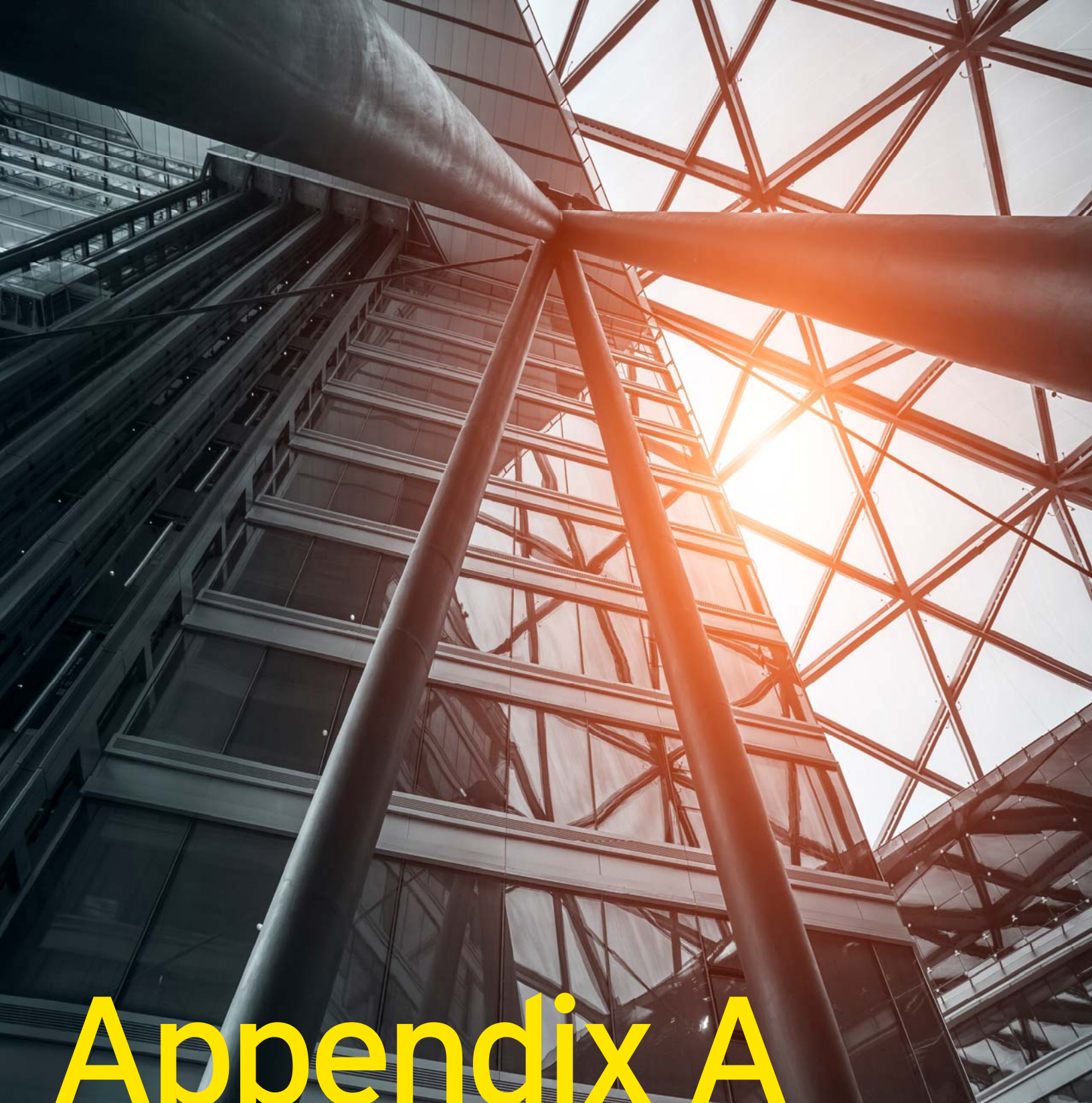
Inquiries relating to matters relevant to the audit

We perform inquiries related to fraud and other matters to help inform our audit strategy and execution of our audit procedures. As a part of our upcoming meeting, we would like to discuss the following topics with you in order to understand any matters of which you believe we should be aware, including, but not limited to:

- ▶ Your views about the risks of material misstatements due to fraud, including the risks of management override of controls
- ▶ Your knowledge of any actual, alleged or suspected fraud
- ▶ How you exercise oversight over the Company's assessment of fraud risks and the establishment of controls to address these risks
- ▶ Your awareness of tips or complaints regarding the Company's financial reporting (including those received through those charged with governance's own "whistleblower" program, if any) and its response to such tips and complaints.
- ▶ Your awareness of other matters, you believe, are relevant to the audit including, but not limited to, violations or possible violations of laws or regulations

- ▶ Your understanding of the Company's relationships and transactions with related parties that are significant to the Company
- ▶ Whether you have any concerns regarding relationships or transactions with related parties and, if so, the substance of those concerns

When we identify a fraud risk, including a fraud risk that arises through or is associated with the risk of management override of controls, we perform audit procedures to address those risks. An overview of these planned procedures is covered on page 14 in this booklet. In addition to any specific responses related to the fraud risk, we also examine journal entries, review accounting estimates for management bias and evaluate the business rationale of significant unusual transactions as required by our professional standards.



Appendix A

Areas of audit emphasis

Areas of audit emphasis

Area of emphasis	Summary of planned audit procedures
<p>Revenue recognition</p> <p>JEA recognizes revenues for estimated services provided on its electric and water and sewer infrastructure. Unbilled revenue relates to services that have not yet been billed to the end customer at fiscal period-end. The calculation is based upon approved rates and historical consumption trends.</p> <p>JEA is a member of The Energy Authority (TEA), a municipal power marketing and risk management joint venture. In addition to providing its members with wholesale power marketing and resource management services, TEA also assists JEA with natural gas procurement and related gas hedging activities. JEA records energy marketing activity in the period when the energy is delivered.</p> <p>Intergovernmental revenues are recognized when the applicable eligibility requirements, including time requirements, are met. Resources remitted before the eligibility requirements are met should, under most circumstances, be reported as deferred revenue. JEA receives revenue from various federal and state-assisted grant programs.</p> <p>Programs are generally reimbursement-based, and JEA records revenue once expenditures for allowable purposes are made or upon compliance with the terms and conditions of grant agreements and applicable regulations.</p>	<ul style="list-style-type: none">▶ Review calculation of unbilled revenue▶ Test contractual arrangements, including unique terms and conditions, to obtain reasonable assurance of compliance with the applicable accounting standards▶ Test timing of revenue recognition based on the terms of the arrangement▶ Confirm terms and conditions with both customers and management as considered necessary▶ Test account reconciliations to determine timely completion and review▶ Perform detailed analytical review procedures, by system, including predictive analytics based on verifiable consumption and production data▶ Perform detailed tests over a sample of revenue transactions to assess the appropriateness and accuracy of recorded amounts▶ Through the use of data analytics we will analyze 100% of the revenue data within the general ledger and perform a correlation analysis between revenue, AR and cash
<p>Allowance for doubtful accounts</p> <p>An allowance for doubtful accounts is established based on JEA's best estimate of billed amounts that will not be collected from its customers.</p>	<ul style="list-style-type: none">▶ Test allowance for doubtful accounts calculation, including the aging of receivables▶ Validate assumptions based on retrospective review of prior estimates▶ Evaluate the appropriateness of the financial statement presentation and disclosure

Areas of audit emphasis

Area of emphasis	Summary of planned audit procedures
Regulatory accounts	
<p>Regulatory accounts are recorded when either future revenues are expected to recover incurred expenses or when amounts have been collected through rates in advance. JEA's regulatory accounts are associated with the Electric, Waster & Sewer, SJRPP and Bulk power systems pursuant to 3rd party agreements, and generally relate to the timing differences between recognition of capital asset costs (depreciation) and amounts collected in rates to cover debt service requirements.</p>	<ul style="list-style-type: none"> ▶ Test approval of any new regulatory assets/liabilities ▶ Verify that amortization and expense recognition are consistent with rate recovery ▶ Vouch significant activity ▶ Test account reconciliations ▶ Perform projection tests to determine that regulatory accounts will be recovered/amortized over the remaining maturities/useful lives of related debt and capital assets
Legal reserves	
<p>Accruals are recorded for regulatory and legal proceedings that arise in the ordinary course of business when probable and subject to reasonable estimation.</p> <p>Many factors are considered in making an assessment of a contingency, including history and stage of litigation. Estimates are based upon consultation with legal counsel (in-house and/or external). Legal fees are generally expensed as incurred.</p>	<ul style="list-style-type: none"> ▶ Interview management and in-house legal counsel regarding all litigation ▶ Obtain external letters from counsel ▶ Review legal accruals and expenses for appropriateness based on management inquiry and responses from outside counsel
Derivative instruments and hedging activities	
<p>JEA uses derivative contracts to manage its exposure to changes in energy commodity prices and interest rates. Derivative contracts are accounted for in accordance with GASB 53. The gains and losses from the change in fair market value of JEA's derivative instruments are deferred if hedge effectiveness is maintained.</p>	<ul style="list-style-type: none"> ▶ Test assessment of hedge effectiveness documentation, including re-performance where quantitative methods are used ▶ Confirm instruments with counterparties ▶ Test recorded market values using independently developed estimates ▶ Test fuel hedge contract settlements ▶ Evaluate disclosures ▶ Reconsider normal purchase/normal sales assumptions for commodity contracts

Areas of audit emphasis

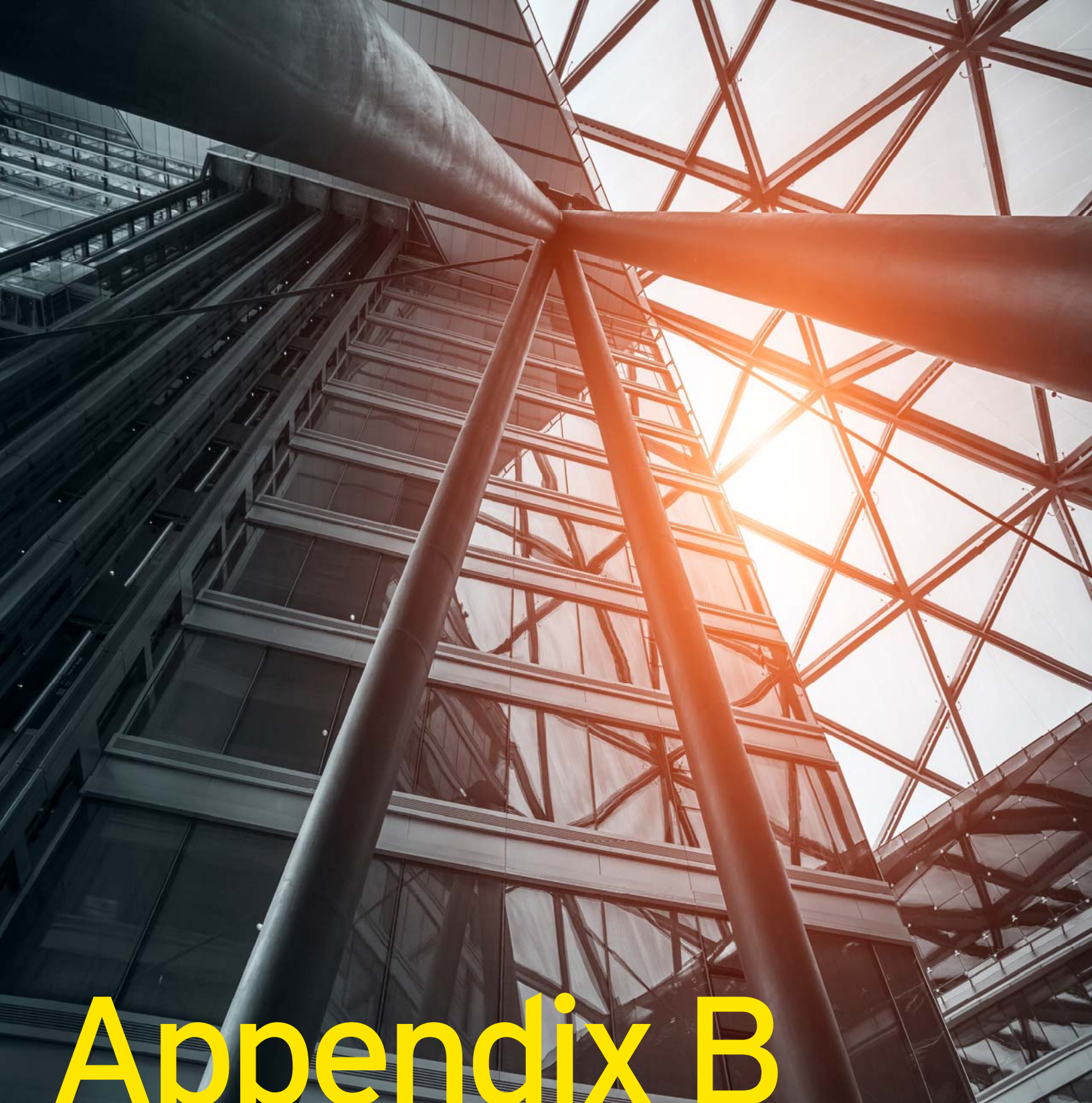
Area of emphasis	Summary of planned audit procedures
Pollution remediation obligations	
<p>JEA records accruals for costs for future and ongoing remediation, litigation and administrative expenses when these amounts are estimable. As required by GASB 49, management applies probability assessments to expected future cash outflows for remediation activities to determine the amounts accrued.</p>	<ul style="list-style-type: none"> ▶ Inquire of management and internal or external engineers regarding remediation plans and efforts ▶ Obtain evidence of the remediation plans and review and test management's probability assumptions for remediation activities ▶ Review estimated recoveries and obtain evidence that amounts recorded are considered probably of occurring
Other postretirement benefits liabilities	
<p>JEA engages an actuary to calculate the liability related to the other post-employment benefit liability.</p> <p>JEA's benefit obligations recognizable under these standards are significantly affected by certain assumptions, among which are the discount rate, long-term rate of return on plan assets, life expectancies and the assumed health care cost trend rate assumption.</p>	<ul style="list-style-type: none"> ▶ Review key assumptions for reasonableness ▶ Test census data provided to the actuaries ▶ Develop independent estimates for corroboration
Pension plan accounting and reporting – COJ Plan	
<p>In accordance with GASB 68 JEA is required to record a liability for its unfunded pension obligations for the City of Jacksonville (COJ) cost-sharing multi employer pension plan.</p>	<ul style="list-style-type: none"> ▶ Review actuary reports for reasonableness of assumptions and methodology ▶ For cost sharing plan (City Plan) obtain allocation schedule to determine the City's liabilities, expenses, deferred inflows and outflows ▶ In accordance with AU-C 805, obtain a report on elements from CRI ▶ Census data testing for JEA plan participants ▶ Assess reasonableness of require disclosures

Areas of audit emphasis

Area of emphasis	Summary of planned audit procedures
Pension plan accounting and reporting – SJRPP Plan	
<p>In accordance with GASB 68 JEA is required to record a liability for its unfunded pension obligations for the SJRPP single employer pension plan.</p>	<ul style="list-style-type: none">▶ Review actuary reports for reasonableness of assumptions and methodology▶ For single employer plan, obtain actuary's reports and procedures performed by plan auditors▶ We will issue and opinion on the plan for the year ended September 30, 2016.▶ Census data testing for JEA plan participants▶ Assess reasonableness of require disclosures▶ Test plan assets
Investments	
<p>All investments are stated at fair value based on quoted market prices or other observable market inputs (e.g., matrix pricing for fixed income securities).</p>	<ul style="list-style-type: none">▶ Assess estimation uncertainty for significant classes of securities in JEA's portfolio▶ Confirm investments with custodial institutions and managers▶ Test valuation for selected securities using alternative pricing sources▶ Test selected transactions▶ Evaluate GASB 40 risk disclosures▶ Evaluate GASB 72 fair market value disclosures
Capital assets	
<p>Property and equipment is carried at historical cost. Depreciation is determined using the straight-line method over the estimated useful lives of the related assets ranging from 5 to 50 years.</p>	<ul style="list-style-type: none">▶ Review expenses to determine expenses should be capitalized versus expensed▶ Test selection of assets added during fiscal year▶ Review depreciation for reasonableness

Areas of audit emphasis

Area of emphasis	Summary of planned audit procedures
Asset impairments	
<p>JEA assesses recoverability of long-lived assets as indicators of impairment become known, as required by GASB Statement No. 42. If an indicator or change in circumstance affecting the value of the asset has occurred, JEA would evaluate the need for an impairment charge by determining whether the carrying value is recoverable based on expected future cash flows of the asset. The assets are reduced to reflect their fair value if they are determined to be unrecoverable.</p>	<ul style="list-style-type: none"> ▶ Review and evaluate impairment indicators through inquiries and review of other records and meeting minutes ▶ Discuss and understand management's assessment if a change in circumstance potentially effects the value of an asset ▶ If applicable, test impairment computations and disclosures
SJRPP decommissioning	
<p>The Company announced that they, along with Florida Power and Light Co., will be decommissioning the St. Johns River Power Park in early 2018. The 1,252-megawatt coal-fired electric generating plant, which is owned jointly by JEA and FPL, was built in the early 1980s.</p>	<ul style="list-style-type: none"> ▶ The Company will adopt GASB No. 83, <i>Certain Asset Retirement Obligations</i>, to account for the decommissioning of SJRPP. ▶ We will engage internal specialists to value the decommissioning valuation provided by management, and assess for reasonableness. ▶ We will evaluate management's use of a specialist, obtain and inspect executed agreements, for any expenditures incurred during the year we will test a sample of the expenditures and vouch for existence and valuation. ▶ As part of our review of the financial statements we will assess any required disclosures in accordance with GASB 83.
Plant Vogtle	
<p>Management will continue to monitor the developments of the nuclear power plant construction at Plant Vogtle to evaluate the possible impact on JEA's financial statements including any required disclosures.</p>	<ul style="list-style-type: none"> ▶ As part of our procedures we will continue to inquire of management, and evaluate the possible impact on JEA's financial statements including disclosures



Appendix B

Peer Review Report



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

System Review Report

To the Partners of Ernst & Young LLP
And the National Peer Review Committee of the AICPA Peer Review Board

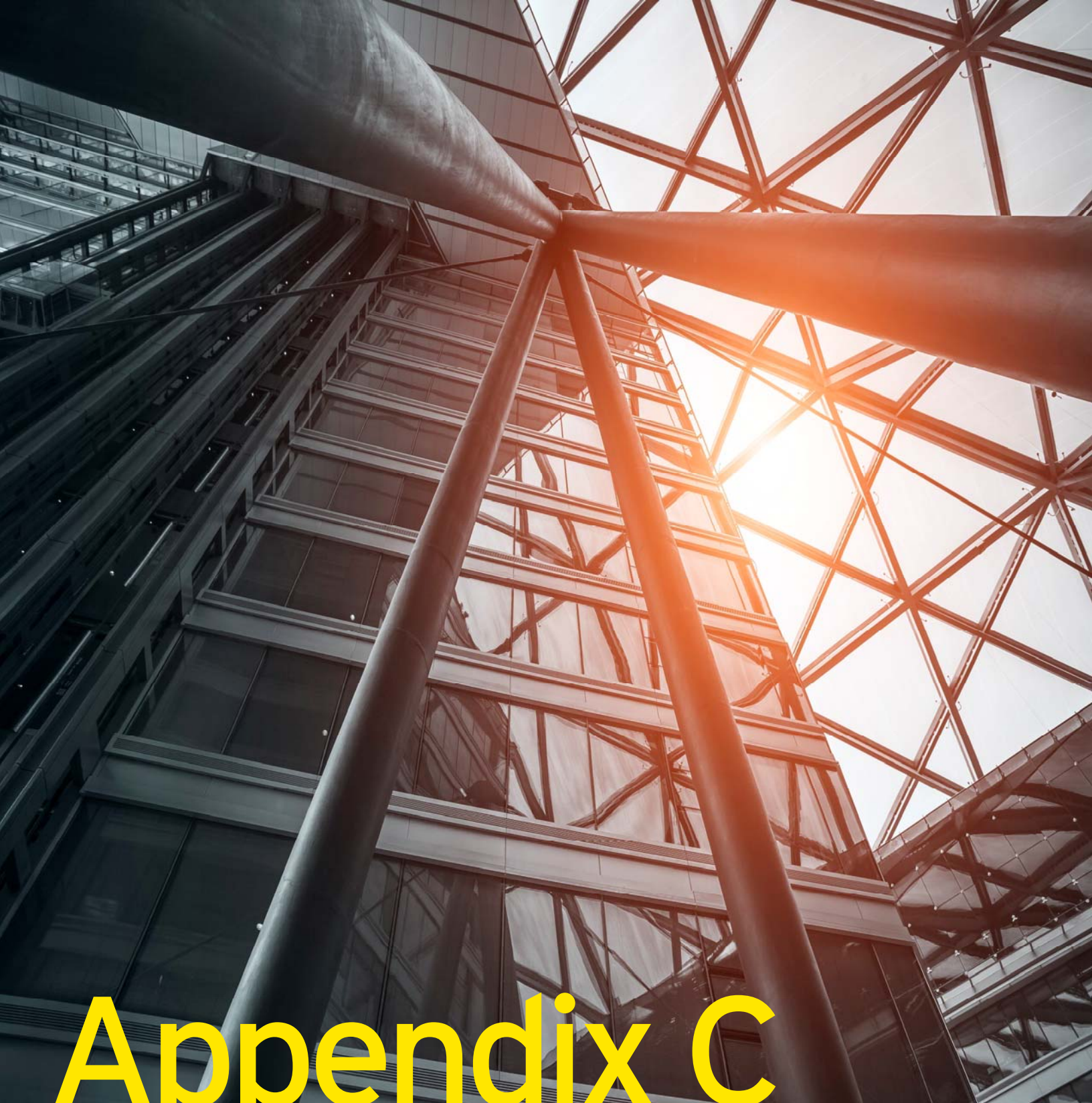
We have reviewed the system of quality control for the accounting and auditing practice of Ernst & Young LLP (the Firm) applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended June 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The Firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the Firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations [Service Organization Control (SOC) 1 and SOC 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Ernst & Young LLP, applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended June 30, 2016, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Ernst & Young LLP has received a peer review rating of *pass*.

KPMG LLP

December 2, 2016



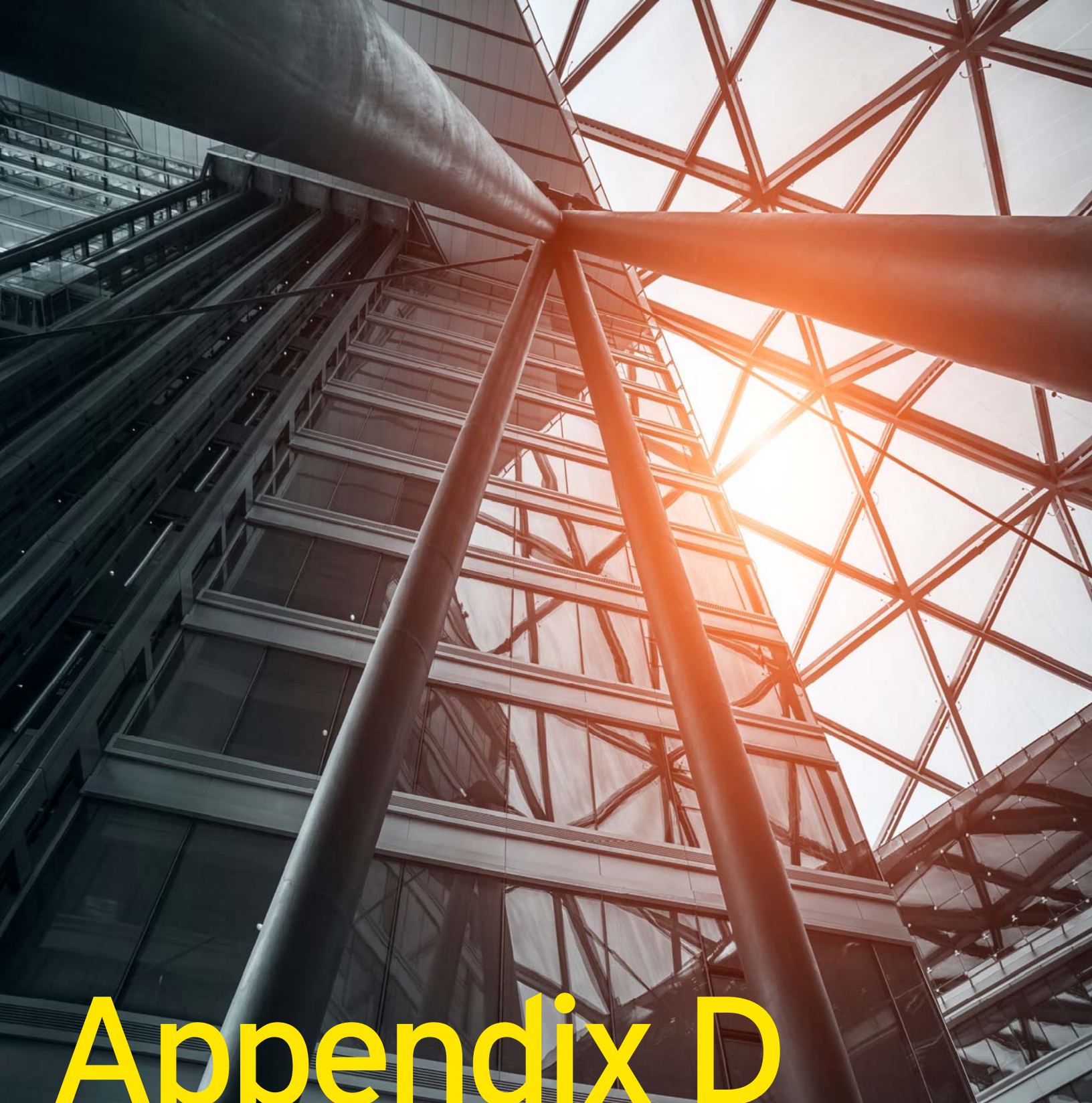
Appendix C

Required communications with
audit committees

Summary of required communications

Provided below is a summary of required communications between the audit team and those charged with governance.

Services and deliverables	Communicate when event occurs	Communicate on a timely basis, at least annually
Overview of the planned scope and timing of the audit		X
Auditor's responsibility under generally accepted auditing standards, including discussion of the type of auditor's report we are issuing and if there are any events or conditions that cause us to conclude that there is substantial doubt about the entity's ability to continue as a going concern		X
Our views about the qualitative aspects of the entity's significant accounting practices, including:		
▸ Accounting policies		X
▸ Additional views		X
Uncorrected misstatements, related to accounts and disclosures, considered by management to be immaterial		X
Material corrected misstatements, related to accounts and disclosures		X
Significant deficiencies and material weaknesses in internal control	X	X
Our responsibility, any procedures performed and the results relating to other information in documents containing audited financial statements		X
Fraud and non-compliance with laws and regulations (illegal acts)	X	
Independence matters		X
Representations we are requesting from management		X
Changes to the terms of the audit with no reasonable justification for the change	X	
Significant findings and issues arising during the audit relating to related parties	X	
Significant findings or issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management	X	
Significant difficulties encountered during the audit	X	
Disagreements with management	X	
Management's consultations with other accountants	X	
Findings regarding external confirmations	X	
AICPA ethics ruling regarding third-party service providers		X
Other findings or issues regarding the oversight of the financial reporting process	X	



Appendix D

2017 engagement agreement – Draft

Jacksonville Electric Authority
21 W Church Street
Jacksonville, FL 32202
Attention: Ms. Melissa Dykes, CFO

June 26, 2017

Ladies and Gentlemen:

1. This agreement (together with all attachments hereto, “the Agreement”) confirms the engagement of Ernst & Young LLP (“we” or “EY”) to audit and report on the basic financial statements and supplementary information of Jacksonville Electric Authority (“JEA” or the “Company”) for the year ended September 30, 2017. In addition, we will audit the financial statements of JEA’s SJRPP Defined Benefit Pension Plan for the year ended September 30, 2017. We will conduct the audit of the financial statements and supplementary information in accordance with the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and thus will also provide a report on internal control over financial reporting related to the financial statements and compliance with laws, regulations and the provisions of contracts or grant agreements and other matters, noncompliance with which could have a material effect on the financial statements, as required by *Government Auditing Standards*. We will conduct the audit of JEA’s SJRPP Defined Benefit Pension Plan in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of United States. If required, we also will audit and report on each major program of JEA for the year ended September 30, 2017 in accordance with the Single Audit Act Amendments of 1996, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). All of the services described in this paragraph are referred to collectively as the “Audit Services” or the “audits.”

Audit responsibilities and limitations

2. The objective of the audit of the financial statements is to express an opinion on whether the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles and whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We also will conduct an audit in accordance with the Single Audit Act Amendments of 1996 and the provisions of the Uniform Guidance, if required, and Chapter 10.550, Rules of the Auditor General, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance (“Uniform Guidance compliance audit”), and other procedures we consider necessary to enable us to express an opinion on compliance for each major program and to render the required reports.

3. In connection with our audit of the financial statements, we will not perform sufficient procedures to render an opinion on internal control over financial reporting nor on compliance with provisions of laws, regulations, contracts or grant agreements and other matters, and therefore, we will not express such an opinion.
4. If required, we will report on internal control over compliance related to major programs and provide an opinion on compliance with federal statutes, regulations and terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and the Uniform Guidance.
5. Should conditions not now anticipated preclude us from completing the audits and issuing our reports as contemplated by the preceding paragraphs, we will advise you and the Audit and Finance Committee promptly and take such action as we deem appropriate.
6. We will conduct the audit of the basic financial statements in accordance with auditing standards generally accepted in the United States, as established by the American Institute of Certified Public Accountants (the “AICPA”) and the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement whether caused by error or fraud. As management is aware, there are inherent limitations in the audit process, including, for example, selective testing and the possibility that collusion or forgery may preclude the detection of material error, fraud or non-compliance with laws and regulations. Accordingly, because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the applicable auditing standards. Also, an audit is not designed to detect error or fraud that is immaterial to the financial statements. We will conduct the Uniform Guidance compliance audit in accordance with auditing standards established by the AICPA, the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Single Audit Act Amendments of 1996 and the audit requirements of the Uniform Guidance. As part of the financial statement audit, we will consider, solely for the purpose of planning the audit and determining the nature, timing and extent of our audit procedures, the Company’s internal control. Our consideration of internal control for the audit of the financial statements will not be sufficient to enable us to express an opinion on the effectiveness of internal control over financial reporting or to identify all significant deficiencies and material weaknesses.

7. In accordance with AICPA auditing standards, we will communicate certain matters related to the conduct and results of the audit to the Audit and Finance Committee. Changes to the scope of the Audit Services may occur as a result of the issuance of new standards and interpretations or inspections findings. We will communicate any significant changes in the scope of the Audit Services and related procedures to management and the Audit and Finance Committee on a timely basis.
8. If we determine that there is evidence that fraud or possible non-compliance with laws and regulations may have occurred, we will bring such matters to the attention of the appropriate level of management. If we become aware of fraud involving senior management or fraud (whether committed by senior management or other employees) that causes a material misstatement of the financial statements, we will report this matter directly to the Audit and Finance Committee. We will determine that the Audit and Finance Committee and appropriate members of management are adequately informed of instances of non-compliance with laws and regulations that come to our attention unless they are clearly inconsequential. We also will inform the Audit and Finance Committees and appropriate members of management of significant corrected misstatements and uncorrected misstatements noted during our audit procedures other than those that are clearly trivial. In accordance with *Government Auditing Standards*, we will determine that appropriate members of management and Audit and Finance Committee are adequately informed of:
 - ▶ Fraud, and noncompliance with provisions of laws or regulations that have a material effect on the financial statements or financial data significant to the audit objectives and any other instances that warrant the attention of Audit and Finance Committee,
 - ▶ Noncompliance with provisions of contracts or grant agreements that have a material effect on the financial statements or financial data significant to the audit objectives, or
 - ▶ Abuse that is material, either quantitatively or qualitatively to the financial statements or financial data significant to the audit objectives.
9. We will communicate in writing to management and the Audit and Finance Committees all significant deficiencies and material weaknesses identified during the audit, including those that were remediated during the audit. We also will communicate any significant deficiencies and material weaknesses communicated to management and the Audit and Finance Committee in previous audits that have not yet been remediated.
10. We also may communicate other opportunities we observe for economies in or improved controls over the Company's operations.

11. As part of our engagement, we will apply certain limited procedures to JEA's required supplementary information (RSI). The RSI consists of Management's Discussion and Analysis, the schedule of changes in net pension liability and related ratios, schedules of funding progress, and schedule of employer contributions to the SJRPP pension and OPEB plans. Those limited procedures will consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The measurement and presentation of RSI, in accordance with prescribed guidelines, will be affirmed to us by management in its letter of representations.
12. To the extent required by law, we will make our audit documentation available to a federal agency or the Comptroller General of the United States Government Accountability Office and provide copies upon their request. Audit documentation, as well as appropriate individuals, will also be made available upon request to appropriate auditors and reviewers. We shall promptly notify JEA of any such request to review our audit documentation.
13. An audit performed in accordance with *Government Auditing Standards* is not designed to detect noncompliance with provisions of laws, regulations, contracts or grant agreements that do not have a direct and material effect on the financial statements or other financial data significant to the audit objectives.
14. Because the determination of abuse is subjective, an audit conducted in accordance with *Government Auditing Standards* does not require us to detect abuse.
15. In some circumstances, in accordance with *Government Auditing Standards*, we may be required to report known or likely fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements and abuse directly to parties external to JEA.
16. In accordance with *Government Auditing Standards*, we will report in a management letter instances of noncompliance with provisions of contracts or grant agreements or abuse that have an effect on the financial statements or other financial data significant to the audit objectives that are less than material but warrant the attention of Audit and Finance Committee.
17. Under *Government Auditing Standards*, we are required to provide to JEA our most recent peer review report, as well as subsequent peer review reports received during the term of this Agreement. Our most recent peer review report dated December 2, 2016 accompanies this Agreement as Appendix B.

Management’s responsibilities and representations

18. The financial statements (and disclosures) are the responsibility of management. Management also is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to error or fraud, for properly recording transactions in the accounting records, for safeguarding assets and for the overall fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. Management also is responsible for the identification of, and for the Company’s compliance with, the laws and regulations and provisions of contracts and grant agreements applicable to its activities.
19. Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in its letter of representations certain representations made to us during the performance of the Audit Services, including that the effects of any uncorrected misstatements aggregated by us during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.
20. Management is responsible for communicating to us on a timely basis all instances of alleged, identified or suspected non-compliance with laws and regulations that could have an effect on the financial statements or the effects of which should be considered by management when preparing the financial statements, and all instances of alleged, identified or suspected financial improprieties, of which management or the Audit and Finance Committee is aware (regardless of the source or form in which they may have been discovered or communicated to them and including, without limitation, instances identified by “whistle-blowers”), and providing us full access to information and any internal investigations related to them. Such instances include, without limitation, manipulation of financial results by management or employees, misappropriation of assets by management or employees, intentional circumvention of internal controls, inappropriate influence on related party transactions by related parties, intentionally misleading EY or other alleged, identified or suspected illegal acts or fraud that could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Company. If the Company limits the information otherwise available to us under this paragraph (based on the Company’s claims of attorney/client privilege, work product doctrine or otherwise), the Company will immediately inform us of the fact that certain information is being withheld from us. Any such withholding of information could be considered a restriction on the scope of the audit and may prevent us from opining on the Company’s financial statements; alter the form of report we may issue on such financial statements; or otherwise affect our ability to continue as the Company’s independent auditors. We will disclose any such withholding of information to the Audit and Finance Committee.

21. Management is responsible for providing us access to: all information of which management is aware that is relevant to the Audit Services, such as records, documentation and other matters to complete the Audit Services on a timely basis; additional information that we may request from management for purposes of the audit; and unrestricted access to persons within the Company from whom we determine it necessary to obtain audit evidence. Management's failure to do so may cause us to delay our report, modify our procedures, or even terminate the Audit Services.
22. As required by AICPA auditing standards, we will make specific inquiries of management about the representations contained in the financial statements and supplementary information. AICPA auditing standards also require that, at the conclusion of the applicable Audit Services, we obtain a letter of representations from certain members of management about these matters and to represent that management has fulfilled its responsibilities as set forth in this Agreement, including that all material transactions have been recorded in the accounting records and are reflected in the financial statements and supplementary information. The responses to those inquiries, the written representations and the results of our procedures comprise evidence on which we will rely in completing the applicable Audit Services.
23. Management shall make appropriate inquiries to determine whether the Company has a capital lease, material cooperative arrangement or other business relationship with EY or any other member firm of the global Ernst & Young organization (any of which, an "EY Firm") other than one pursuant to which an EY Firm performs professional services.
24. Management shall discuss any independence matters with EY that, in management's judgment, could bear upon EY's independence.
25. The Company shall be responsible for its personnel's compliance with the Company's obligations under this Agreement. Management shall allow those providing direct assistance to EY in the course of the audit (e.g., members of the City of Jacksonville Council Auditor's staff) to follow EY's instructions and JEA will not intervene in the work those individuals perform for EY.
26. Management is responsible for the following, as provided in *Government Auditing Standards*:
 - ▶ Distributing the report on internal control over financial reporting and on compliance and other matters, as well as the steps being taken to make the report available to the public.
 - ▶ Identifying for us previous audits, attestation engagements, and other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented.
 - ▶ Applying a process to track the status of audit findings and recommendations.

- ▶ Providing views on any of our current findings, conclusions and recommendations, as well as management's planned corrective actions, for the report, and the timing and format for providing that information.
- ▶ Taking timely and appropriate steps to remedy fraud, noncompliance with the provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

27. Management is responsible for the following as provided in the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, if applicable:

- ▶ Complying with the provisions of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*.
- ▶ Preparing the appropriate financial statements, including the schedule of expenditures of federal awards, in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General.
- ▶ Establishing and maintaining effective internal control over compliance for federal programs that provides reasonable assurance that federal awards are being managed in compliance with federal statutes, regulations and the terms and conditions of awards that could have a material effect on each of its federal programs.
- ▶ Complying with federal statutes, regulations and the terms and conditions of federal awards related to each of its federal programs.
- ▶ Following up and taking corrective action on audit findings, including preparing a summary schedule of prior audit findings on JEA letterhead and corrective action plans as required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General.
- ▶ Submitting the reporting package to required recipients and the data collection form to the designated federal audit clearinghouse.
- ▶ Communicating to EY any significant contractor relationships where the contractor is responsible for program compliance.

28. Management is responsible for the preparation of the supplementary information in conformity with Uniform Guidance, Chapter 10.550, Rules of the Auditor General, and if applicable, the Governmental Accounting Standards Board. For any document that contains the supplementary information and that indicates that we have issued a report on the supplementary information, management will include the audit report on such supplementary information. Management will make appropriate representations to us regarding these matters.

Assistance with preparing the financial statements

29. We will assist management with the preparation of the financial statements as requested by the Company. The objective of our assistance will be to help management present financial information in the form of financial statements in conformity with the applicable financial reporting framework.
30. We will perform this service in accordance with applicable professional standards promulgated by the AICPA.
31. In performing this service, we will not take any action that we reasonably believe could impair our independence with respect to the governmental entity.
32. Management agrees to retain all management responsibilities related to this service. Without limiting the foregoing, management shall maintain the books and records underlying the financial statements in accordance with the applicable financial reporting framework and provide source documents for all transactions including a complete and final trial balance.
33. Management shall assign a qualified person possessing suitable skill, knowledge and/or experience to oversee this service.
34. Management is responsible for all decisions and significant judgments related to this service, the results and use or implementation of the output and for determining whether the output is appropriate and adequate for management's purposes.
35. Management shall provide (or cause others to provide) to us, promptly, the information, resources and assistance (including access to records, systems, premises and people) that we reasonably require to perform this service.
36. All information provided by management or on management's behalf will be accurate and complete in all material respects and the provision of such information to us will not infringe any copyright or other third-party rights.
37. We will not identify, address or correct any errors or defects in the governmental entity's computer systems, other devices or components thereof ("Systems"), whether or not due to imprecise or ambiguous entry, storage, interpretation or processing or reporting of data. We will not be responsible for any defect or problem arising out of or related to data processing in any Systems.
38. We do not assume any responsibility for any third-party products, programs or services, their performance or compliance with management's specifications or otherwise.

39. The terms, conditions and provisions applicable to the Audit Services and the Company, as set forth in paragraphs 18, 19, 20, 21 and 26 under Management’s responsibilities and representations, the paragraphs under *Fees and billings* and *Other matters* below and in the final two paragraphs of this Agreement shall apply equally to this service.

Full scope benefit plan audits

40. In addition to the Audit Services, we also will audit and report on the financial statements and supplemental schedules of JEA’s SJRPP Defined Benefit Pension Plan for the year ended September 30, 2017 (the “Plan Audit Services” or the “Plan Audit”). In connection with the Plan Audit, references to “management” shall mean management of the Plan Sponsor, acting for the Plan Sponsor in its capacity as such.
41. The objective of the Plan Audit is to express an opinion on whether the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles and whether the supplemental schedules are fairly stated, in all material respects, in relation to the financial statements as a whole. Should conditions not now anticipated preclude us from completing the Plan Audit and issuing a report, we will advise the Audit Committee and management promptly and take such action as we deem appropriate.
42. We will conduct the Plan Audit in accordance with auditing standards generally accepted in the United States, as established by the AICPA. Those standards require that we obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement, whether caused by error or fraud. As management is aware, there are inherent limitations in the audit process, including, for example, selective testing and the possibility that collusion or forgery may preclude the detection of material error, fraud or illegal acts. Accordingly, because of the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States, as established by the AICPA. Also, an audit is not designed to detect error or fraud that is immaterial to the financial statements.
43. The provisions of paragraphs 4, 5, 6, 7, and 8 above shall apply to the Plan Audit Services. Any reference to the Audit Committee shall be deemed to apply to the Audit Committee overseeing the Plan.
44. Management shall have the responsibilities for the financial statements of the Plan as set forth in paragraphs 18 and 19 above, and otherwise as set forth in paragraphs 20, 21, 22, 23, 24 and 25 with respect to the Plan and the Plan Audit.

45. Management is responsible for the preparation of any supplemental schedules and the form and content of the supplemental schedules. For any document that contains the supplemental schedules and indicates that we have issued a report on the supplemental schedules, management will include our report on such supplemental schedules. The supplemental schedules will be presented with the audited financial statements. Management will make appropriate representations to us regarding these matters.
46. Management is responsible for informing EY about any related party transactions, including transactions with parties in interest, sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties. We will assess whether all identified prohibited party-in-interest transactions are included in the supplemental schedule of nonexempt transactions.
47. The terms, conditions and provisions applicable to the Audit Services and JEA, as set forth in the paragraphs under Fees and billings and Other matters below and in the final two paragraphs of this Agreement, shall apply equally to the Plan Audit Services and the Plan Sponsor, and any reference therein to “Audit Services” shall be deemed to include the Plan Audit Services and any reference to the “JEA” shall be deemed to apply to it in its capacity as the Plan Sponsor.

Fees and billings

48. We estimate that our fees for the 2017 Audit Services will be as described in the attached fee schedule. However, our actual fees may exceed the top of this range based on changes to the business (e.g., nature of the business or change in business entities) or additional unplanned effort. Any changes to the fees must be mutually agreed-to by JEA and EY and documented in writing. We will submit our invoices monthly, and you agree to pay our invoices timely in accordance with JEA standard practice.
49. Our estimated pricing and schedule of performance are outlined in the attached fee schedule. Our estimated pricing and schedule of performance are based upon, among other things, our preliminary review of the Company’s records, including, the number of major programs and whether the Company qualifies as a low risk auditee in accordance with the Uniform Guidance, and the representations Company personnel have made to us and are dependent upon the Company’s personnel providing a reasonable level of assistance. Should our assumptions with respect to these matters be incorrect or should the condition of records, degree of cooperation or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimates are based, we may adjust our fees and planned completion dates. Fees for any special audit-related projects, such as proposed business combinations or research and/or consultation on special business or financial issues, non-recurring transactions or implementation of new accounting or auditing standards such as GASB Statement No. 74, decommissioning of

SJRPP, etc., will be billed separately from the fees referred to above and will be the subject of other written agreements. Any changes to the fees must be mutually agreed-to by JEA and EY and documented in writing.

50. If we are requested or authorized by the Company or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to the Audit Services for the Company, the Company will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

Other matters

51. From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY Firms (listed at www.ey.com), who may deal with the Company or its affiliates directly, although EY alone will remain responsible to you for the Audit Services, and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY Firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the Audit Services. Unless prohibited by applicable law, we may provide Company information to other EY Firms and their personnel, as well as third-party service providers acting on our or their behalf, who may collect, use, transfer, store or otherwise process (collectively, "Process") it in various jurisdictions in which they operate to facilitate performance of the Audit Services, to comply with regulatory requirements, to check conflicts, to provide financial accounting and other administrative support services, or for quality and risk management purposes. We shall be responsible to you for maintaining the confidentiality of Company information, regardless of where or by whom such information is Processed on our behalf. Either EY or the Company may use electronic media to correspond or transmit information relating to the Audit Services, and such use will not, in itself, constitute a breach of any confidentiality obligations.
52. The Company shall not, during the term of this Agreement and for 12 months following its termination for any reason, without the prior written consent of EY, solicit for employment or a position on its Board of Directors, or hire or appoint to its Board of Directors, any current or former partner, principal or professional employee of EY, any affiliate thereof, any other EY Firm or any of their respective affiliates, if any such professional either: (i) performed any audit, review, attest or related service for or relating to the Company at any time (a) during the then current fiscal year of the Company up to and including the date of the audit report for that year or (b) in the 12 months ended on the audit report date for the immediately preceding fiscal year; or (ii) influences EY's operations or financial policies or has any capital balances or any other continuing financial arrangement with EY.

53. EY shall remain fully responsible for the Audit Services and for all of its other responsibilities, covenants and obligations under this Agreement, notwithstanding that we may subcontract portions of the Audit Services to other EY Firms or that other EY Firms may participate in the provision of the Audit Services. The Company may not make a claim or bring proceedings relating to the Audit Services or otherwise under this Agreement against any other EY Firm and EY shall not contest its responsibility for the Audit Services on the basis that any of them were performed by another EY Firm. The Company shall make any claim or bring proceedings only against EY. This paragraph is intended to benefit the other EY Firms, which shall be entitled to enforce it. Each EY Firm is a separate legal entity.
54. If we Process Company information that can be linked to specific individuals (“Personal Data”), we will Process it in accordance with paragraph 51 of this Agreement, as well as applicable law and professional regulations, including, where applicable, the EU-U.S. Privacy Shield Framework, administered by the U.S. Department of Commerce (“Privacy Shield”), to which EY has self-certified. Further information (including disclosures required by Privacy Shield) is set out at www.ey.com/us/privacyshield. We will require any service provider that Processes Personal Data on our behalf to provide at least the same level of protection for such data as is required by Privacy Shield and other legal and regulatory requirements applicable to us. If any Company information is protected health information under the Health Insurance Portability and Accountability Act, as amended, this Agreement is deemed to incorporate all of the terms otherwise required to be included in a business associate contract relating to such information. The Company warrants that it has the authority to provide the Personal Data to EY in connection with the performance of the Audit Services and that the Personal Data provided to us has been Processed in accordance with applicable law.
55. In order to provide the Audit Services, we may need to access Personal Data consisting of protected health information, financial account numbers, Social Security or other government-issued identification numbers, or other data that, if disclosed without authorization, would trigger notification requirements under applicable law (“Restricted Personal Data”). In the event that we need access to such information, you will consult with us on appropriate measures (consistent with professional standards applicable to us) to protect the Restricted Personal Data, such as deleting or masking unnecessary information before it is made available to us, encrypting any data transferred to us, or making the data available for on-site review at a Company site. You will provide us with copies of any Restricted Personal Data only in accordance with mutually agreed protective measures.
56. You acknowledge that to the extent the Company is regulated by or under the supervision of a federal, state or other regulator (including, without limitation, the Board of Governors of the Federal Reserve, the Office of the Comptroller of the Currency and the New York State Department of Financial Services) (collectively, “Regulators”), you may be in possession of confidential supervisory information as defined in relevant law or regulations (“CSI”), including

without limitation documents and information comprising CSI arising from, relating to, or concerning inspections and examinations by such Regulator(s). As set forth in paragraph 22, we may require access to such CSI in order to perform the Audit Services. However, CSI may be subject to regulatory restrictions on disclosure to and/or use by third parties. Accordingly: (1) management will identify to EY the Regulators that regulate and/or exercise supervisory oversight over the Company; (2) management will identify to EY all CSI in your possession; (3) to the extent management's provision of CSI to EY is not authorized by applicable law or regulation absent Regulator approval, management will obtain authorization from the applicable Regulator to provide us access to any and all CSI for the purposes of performing the Audit Services with respect to CSI already in its possession immediately following execution of this Agreement (and with respect to any later-identified CSI immediately upon learning of the examination, inspection or other activity that could result in such materials being deemed CSI); and (4) management will not provide any such access prior to having received such authorization and having identified to EY with specificity the information that constitutes CSI. You acknowledge that any failure to provide any such information could be considered a restriction on the scope of the audit, and the parties agree that they shall engage in good faith discussion regarding the effect of any withholding in the Audit Services.

57. By your signature below, you confirm that the Company, through its Board of Directors, has expressly authorized you to enter into this Agreement on behalf of, and to bind, the Company. In addition, you confirm that management agrees to, acknowledges, and understands its responsibilities as outlined in "Management's responsibilities and representations." Either EY or the Company may execute this Agreement (and any supplements or modifications hereto) by electronic means, and each of EY and the Company may sign a different copy of the same document.
58. EY retains ownership in the workpapers compiled in connection with the performance of the Audit Services.
59. This Agreement, and any non-contractual matters or obligations arising out of this Agreement or the Audit Services, including (without limitation) claims arising in tort, fraud, under statute or otherwise relating to the Audit Services, or questions relating to the scope or enforceability of this paragraph, shall be governed by, and construed in accordance with, the laws of New York applicable to agreements made, and fully to be performed, therein by residents thereof. Except for a claim limited solely to seeking non-monetary or equitable relief, any dispute or claim arising out of or relating to the Audit Services, this Agreement or any other services provided by or on behalf of EY or any of its subcontractors or agents to the Company or at the Company's request, shall be resolved by mediation or arbitration as set forth in the attachment to this Agreement, which is incorporated herein by reference. Judgment on any arbitration award may be entered in any court having jurisdiction.

60. If any portion of this Agreement is held to be void, invalid, or otherwise unenforceable, in whole or part, the remaining portions of this Agreement shall remain in effect. This Agreement applies to all Audit Services (as defined in paragraph 1), including any such services performed or begun before the date of this Agreement.

To the extent that EY agrees to perform Audit Services for a subsequent fiscal year, the terms and conditions set forth in this Agreement shall apply to the performance of such Audit Services, except as specifically modified, amended or supplemented in writing by the parties. Changes in the scope of the Audit Services and estimated fees for such services in subsequent fiscal years will be communicated in supplemental agreements. We may terminate performance of the Audit Services and this Agreement upon written notice if we reasonably determine that we can no longer provide the Audit Services in accordance with applicable law or professional obligations. Upon any termination of the Audit Services or this Agreement, the Company shall pay EY for all work-in-progress, Audit Services already performed and expenses incurred by us up to and including the effective date of such termination.

EY appreciates the opportunity to be of assistance to the Company. If this Agreement accurately reflects the terms on which the Company has agreed to engage EY, please sign below on behalf of the Company and return it to John Di Santo 201 N Franklin St Suite 2400, Tampa, FL 33602.

Very truly yours,

Agreed and accepted by:

JEA

By:

Ms. Melissa Dykes, CFO

Dispute resolution procedures

Mediation

A party shall submit a dispute to mediation by written notice to the other party or parties. The mediator shall be selected by the parties. If the parties cannot agree on a mediator, the International Institute for Conflict Prevention and Resolution (“CPR”) shall designate a mediator at the request of a party. Any mediator must be acceptable to all parties and must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director or substantial equity owner of any EY Firm audit client.

The mediator shall conduct the mediation as he/she determines, with the agreement of the parties. The parties shall discuss their differences in good faith and attempt, with the mediator’s assistance, to reach an amicable resolution of the dispute. The mediation shall be treated as a settlement discussion and shall therefore be confidential. The mediator may not testify for either party in any later proceeding relating to the dispute. The mediation proceedings shall not be recorded or transcribed.

Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator.

If the parties have not resolved a dispute within 90 days after written notice beginning mediation (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the dispute shall be settled by arbitration. In addition, if a party initiates litigation, arbitration or other binding dispute resolution process without initiating mediation or before the mediation process has terminated, an opposing party may deem the mediation requirement to have been waived and may proceed with arbitration.

Arbitration

The arbitration will be conducted in accordance with the procedures in this document and the CPR Rules for Non-Administered Arbitration (“Rules”) as in effect on the date of the Agreement or such other rules and procedures as the parties may agree. In the event of a conflict, the provisions of this document will control.

The arbitration will be conducted before a panel of three arbitrators, to be selected in accordance with the screened selection process provided in the Rules. Any issue concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation or enforceability of any of these procedures, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator may be appointed unless he or she has agreed in writing to these procedures and has confirmed in writing that he or she is not, and will not become during the term of the arbitration, an employee, partner, executive officer, director or substantial equity owner of any EY Firm audit client.

The arbitration panel shall have no power to award non-monetary or equitable relief of any sort or to make an award or impose a remedy that (i) is inconsistent with the agreement to which these procedures are attached or any other agreement relevant to the dispute, or (ii) could not be made or imposed by a court deciding the matter in the same jurisdiction. In deciding the dispute, the arbitration panel shall apply the limitations period that would be applied by a court deciding the matter in the same jurisdiction, and shall have no power to decide the dispute in any manner not consistent with such limitations period.

Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The parties and the arbitration panel may disclose the existence, content or results of the arbitration only in accordance with the Rules or applicable professional standards. Before making any such disclosure, a party shall give written notice to all other parties and shall afford them a reasonable opportunity to protect their interests, except to the extent such disclosure is necessary to comply with applicable law, regulatory requirements or professional standards.

The result of the arbitration shall be binding on the parties and judgment on the arbitration award may be entered in any court having jurisdiction.

Appendix A

<u>Service</u>	<u>FY17 Fees</u>	<u>Notes</u>
JEA Financial Statement Audit	\$ 380,000	Base audit fee does not include additional required procedures (for example, SJRPP decommissioning)
Federal Florida Single Audit	\$ 20,000	Assumes 1 major program (if required)^ and new OMB Uniform Guidance
Debt Issuance AUP Report	\$ 11,000	Per bond issue, issued at closing (as required)
Consent Letter	\$ 10,500	Per bond issue, issued at closing (as required)
Debt Covenant Compliance Report	\$ 1,500	Per report (approx. 11 per year), in connection with financial statement audit
Report on Compliance with Internal Debt Management Policy	\$ 2,400	Per report (if required) – Has not been required for several years
SJRPP Pension Plan Audit	\$ 18,500	FY 16 plan financial statements
DEP Certificate	\$ 2,384	Per report
Additional Services, As Requested, per Hour:		
Partner	\$ 580	
Senior Manager	\$ 435	
Manager	\$ 345	
Senior	\$ 240	
Staff	\$ 160	

^ Each additional major program will be billed at 50% of the stated fee.

FY17 Financial statement audit billing schedule

<u>Bill No.</u>	<u>Bill date</u>	<u>Bill amount</u>
1	06/19/17	\$ 65,000
2	08/04/17	\$ 78,750
3	10/06/17	\$ 78,750
4	11/03/17	\$ 78,750
5	12/01/17	\$ 78,750

All other services will be billed at the time of performing the service.

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IV. A. 7.

Electric System and Water and Sewer System Reserve Fund
Quarterly Report



Building Community

AGENDA ITEM SUMMARY

July 17, 2017

SUBJECT:	ELECTRIC SYSTEM AND WATER AND SEWER SYSTEM RESERVE FUND QUARTERLY REPORT
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Purpose:	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: Electric System and Water and Sewer System Reserve Fund Quarterly Report as of June 30, 2017. This report is provided for transparency into JEA’s reserve fund accounts and various cash balances.

Significance: High. JEA’s liquidity position is an important balance between operating security and flexibility, financial metrics, and carrying cost of cash.

Effect: JEA operational needs, bond resolution requirements, and credit ratings.

Cost or Benefit: JEA’s reserves are an important component of operating security and flexibility, a critical credit ratings factor.

Recommended Board action: No action required; provided for information only.

For additional information, contact: Joe Orfano, Treasurer, 665-4541

Submitted by: PEM/MHD/JEO/BHG

MISSION 	VISION 	VALUES 
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth² • Accountability • Integrity

Commitments to Action

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team



INTER-OFFICE MEMORANDUM

July 17, 2017

SUBJECT: **ELECTRIC SYSTEM AND WATER AND SEWER SYSTEM RESERVE
FUND QUARTERLY REPORT**

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Finance and Audit Committee

Kelly Flanagan, Chair
Husein Cumber

BACKGROUND:

At the May 7, 2012 Finance and Audit Committee meeting, JEA staff presented schedules reflecting historical and projected activity in JEA's Electric System and Water and Sewer System unrestricted and restricted fund balances. Many of these reserves are required under the respective System's bond resolutions or under Board approved policies such as Pricing Policy or Debt Management Policy. JEA staff also stated that these schedules would be provided to the JEA Board on a quarterly basis beginning in August 2012.

DISCUSSION:

Attached are the reserve fund schedules referenced above for the period ending June 30, 2017.

RECOMMENDATION:

No action required; provided for information only.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO/BHG

Electric System and Water & Sewer System Reserve and Fund Balances (1)

*For the Fiscal Quarter Ending June 30, 2017
(In Thousands of Dollars)*

	<u>Fiscal Year</u> <u>FY 2013</u>	<u>Fiscal Year</u> <u>FY 2014</u>	<u>Fiscal Year</u> <u>FY 2015</u>	<u>Fiscal Year</u> <u>FY 2016</u>	<u>Fiscal Year</u> <u>FY 2017</u>	<u>Detail</u> <u>Page #</u>
Electric System						
Unrestricted						
Operations/Revenue Fund	\$ 46,588	\$ 43,178	\$ 46,624	\$ 56,665	\$ 44,650	
Debt Management Strategy Reserve	-	-	-	-	-	3
Self Insurance Reserve Fund						
• Property	10,000	10,000	10,000	10,000	10,000	4
• Employee health insurance	15,914	10,749	10,937	11,179	9,179	5
Rate Stabilization						
• Fuel	108,289	105,457	150,742	180,115	130,371	6
• DSM/conservation	3,891	3,570	2,886	3,515	3,386	7
• Environmental	10,023	16,639	23,430	29,975	36,210	8
• Debt Management	42,126	42,126	42,126	42,126	29,884	9
• Non-Fuel Purchased Power	-	12,000	38,000	34,400	25,727	10
Environmental	18,662	18,662	18,662	18,556	18,556	11
Customer Deposits	44,882	42,688	42,389	41,084	41,657	12
Total Unrestricted	300,375	305,069	385,796	427,615	349,619	
Days of Cash on Hand (2)	172	166	225	270	211	
Restricted						
Debt Service Funds (Sinking Funds)	101,305	120,458	134,927	136,232	168,025	13
Debt Service Reserve Funds	64,841	64,841	64,595	60,582	60,582	14
Renewal and Replacement Funds/OCO (3)	140,486	146,910	145,711	192,179	161,966	15
Construction Funds	5,184	42	-	-	-	16
Total Restricted	311,816	332,251	345,233	388,993	390,573	
Total Electric System	\$ 612,191	\$ 637,320	\$ 731,029	\$ 816,608	\$ 740,192	
Water and Sewer System						
Unrestricted						
Operations/Revenue Fund	\$ 5,886	\$ 9,227	\$ 22,588	\$ 42,948	\$ 68,495	
Debt Management Strategy Reserve	304	304	-	-	-	17
Rate Stabilization						
• Debt Management	20,290	20,291	20,290	20,290	14,209	18
• Environmental				1,699	2,857	19
Customer Deposit	13,860	12,787	13,255	13,910	14,797	20
Total Unrestricted	40,340	42,609	56,133	78,847	100,358	
Days of Cash on Hand (2)	395	438	466	528	494	
Restricted						
Debt Service Funds (Sinking Funds)	80,317	75,019	67,720	65,410	82,870	21
Debt Service Reserve Funds	119,915	116,829	108,849	108,086	107,488	22
Renewal and Replacement Funds						
• R&R/OCO (4)	78,689	59,295	37,337	76,020	60,682	23
• Capacity Fees/State Revolving Loans	60,360	76,887	90,912	103,411	81,861	24
• Environmental	(9,857)	5,299	19,245	2,659	1,411	25
Construction Funds	2,305	326	664	152	-	26
Total Restricted	331,729	333,655	324,727	355,738	334,312	
Total Water & Sewer System	\$ 372,069	\$ 376,264	\$ 380,860	\$ 434,585	\$ 434,670	

(1) This report does not include Scherer, SJRPP, DES or funds held on behalf of the City of Jacksonville.

(2) Days of Cash on Hand includes R&R Fund in the cash balances, and includes the Contribution to the City of Jacksonville General Fund with the Operating Expenses net of Depreciation.

(3) Balance includes \$47,000 of Electric System Renewal and Replacement Reserve for MADS calculation.

(4) Balance includes \$20,000 of Water & Sewer System Renewal and Replacement Reserve for MADS calculation.

Funds Established Per the Bond Resolutions

Fund/Account Description	Electric System	Water and Sewer System
Revenue Fund	Net Revenues (i.e. Revenues minus Cost of Operation and Maintenance), pledged to bondholders, balance available for any lawful purpose after other required payments under the bond resolution have been made.	Pledged to bondholders; balance available for any lawful purpose after other required payments under the bond resolution have been made, however, revenues representing impact fees may only be used to finance costs of expanding the system or on the debt service on bonds issued for such expansion purposes.
Rate Stabilization Fund	Not pledged to bondholders; available for any lawful purpose.	Pledged to bondholders; able to transfer to any other fund or account established under the resolution or use to redeem Bonds.
Subordinated Rate Stabilization Fund	Pledged to bondholders; available for any lawful purpose.	Pledged to bondholders; available for any lawful purpose.
Debt Service Account	Pledged to bondholders; used to pay debt service on bonds.	Pledged to bondholders; used to pay debt service on bonds.
Debt Service Reserve Account	Pledged to bondholders; used to pay debt service on bonds in the event revenues were insufficient to make such payments.	Pledged to bondholders; used to pay debt service on bonds in the event revenues were insufficient to make such payments.
Renewal and Replacement Fund	Not pledged to bondholders but required amounts deposited into this Fund pursuant to the bond resolution are limited as to what they can be spent on (e.g. capital expenditures and, bond redemptions) .	Pledged to bondholders; but required amounts deposited into this Fund pursuant to the bond resolution are limited as to what they can be spent on (e.g. capital expenditures and, bond redemptions).
Construction Fund	Pledged to bondholders; applied to the payment of costs of the system.	Pledged to bondholders; applied to the payment of costs of the system.
Subordinated Construction Fund	Pledged to bondholders; applied to the payment of costs of the system	Pledged to bondholders; applied to the payment of costs of the system
Construction Fund - Construction Reserve Account	Pledged to bondholders; applied to fund downgraded reserve fund sureties.	Pledged to bondholders; applied to fund downgraded debt service reserve fund sureties.
General Reserve Fund	Not pledged to bondholders; available for any lawful purpose.	n/a

Regardless of whether the Funds/Accounts are designated as pledged, in the event that monies in the Debt Service Account are insufficient to pay debt service on the bonds, pursuant to the respective bond resolutions, amounts in the various Funds/Accounts are required to be transferred to the respective Debt Service Accounts and used to pay debt service.

Electric System Debt Management Reserve

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Debt Management Policy

Metric: One-half percent of the par amount of outstanding variable debt (adjusted for variable to fixed rate long term swaps). Capped at 3% of the par amount of outstanding variable debt

Definitions and Goals: For the period FY 04 through FY 09, an annual budgeted reserve contribution for variable rate debt was made. The calculation was based upon one half percent of the par amount of outstanding variable rate debt (adjusted for variable rate to fixed rate long term swaps). The budget reserve was capped at three percent of the par amount of the outstanding variable rate debt. The reserve can be used for any lawful purpose including debt service, debt repayment, and capital outlay and must be approved in writing by the CEO.

	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
<i>(In Thousands)</i>								
Opening Balance	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -
Additions:								
Contributions				N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals			-	N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 12,257	\$ 12,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,903	\$ 12,257
Additions:									
Contributions	-	-	-	-	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Withdrawals	-	12,257				-	6,129	6,129	12,257
Sub-total	\$ -	\$ 12,257	\$ -	\$ -	\$ -	-	-	-	-
Ending balance	\$ 12,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,451	\$ 12,257

Observations:

- This reserve fund discontinued contributions in FY 2009 due to adoption of new policy. Reserve activity reflected in RSF - Debt Management for that year.
- A portion of this reserve was used to pay on interest rate swap terminations in connection with a refunding of variable rate debt in February 2013, and the remainder was used in Sept 2013 for a defeasance.

Electric System Self Insurance - Property

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Budget Appropriation

Metric: Budgeted Deposit = \$10 million

Definitions and Goals: JEA's self-insurance fund is for catastrophic damage to JEA's electric lines (transmission and distribution) caused by the perils of hurricanes, tornadoes, and ice storms. This fund was established in October, 1992, as an alternative to JEA's procurement of commercial property insurance.

	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
<i>(In Thousands)</i>								
Opening Balance	\$ 10,000	\$ 10,000	\$ 10,000	N/A	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Additions:								
Reserve Contribution				N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deductions:								
Reserve Withdrawal				N/A				
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 10,000	\$ 10,000	\$ 10,000	N/A	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Additions:									
Reserve Contribution						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Reserve Withdrawal						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Ending balance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000

Electric System Self Insurance - Employee Health Insurance

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Florida Statute for self insured government plans

Metric: An actuary calculates amount annually

Definitions and Goals: This reserve fund is a requirement under Florida Statute 112.08 that requires self insured government plans to have enough money in a reserve fund to cover the Incurred But Not Reimbursed (IBNR) claims and a 60 day surplus of claims. The IBNR claims are claims that would still need to be paid if the company went back to a fully insured plan or dropped coverage all together. An actuary calculates this amount annually.

(In Thousands)	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
	Opening Balance	\$ 10,073	\$ 11,179	\$ 11,179	N/A	\$ 10,937	\$ 9,179	\$ 8,279
Additions:								
Employee Contributions	1,503	4,366	5,869	N/A	5,460	5,986	6,286	6,600
Retiree & Other Contributions	1,869	5,067	6,936		5,694	7,075	7,428	7,799
Employer Contributions	4,695	14,324	19,195		24,231	18,739	21,586	23,701
Sub-total	\$ 8,067	\$ 23,757	\$ 32,000	\$ -	\$ 35,385	\$ 31,800	\$ 35,300	\$ 38,100
Deductions:								
Payments for Claims	7,626	23,264	31,381	N/A	32,946	29,950	32,413	35,069
Actuary & Other Payments	487	1,645	2,619		2,197	2,750	2,887	3,031
Sub-total	\$ 8,113	\$ 24,909	\$ 34,000	\$ -	\$ 35,143	\$ 32,700	\$ 35,300	\$ 38,100
Ending Balance	\$ 10,027	\$ 10,027	\$ 9,179	N/A	\$ 11,179	\$ 8,279	\$ 8,279	\$ 8,279

(In Thousands)	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 12,505	\$ 15,440	\$ 15,914	\$ 10,749	\$ 10,937	\$ 10,749	\$ 12,505	\$ 13,109	\$ 15,914
Additions:									
Employee Contributions	6,147	5,893	4,573	5,447	5,460	4,573	5,460	5,504	6,147
Retiree & Other Contributions	6,910	5,701	5,188	5,141	5,694	5,141	5,694	5,727	6,910
Employer Contributions	21,155	20,629	14,252	22,220	24,231	14,252	21,155	20,497	24,231
Sub-total	\$ 34,212	\$ 32,223	\$ 24,013	\$ 32,808	\$ 35,385				
Deductions:									
Payments for Claims	29,220	29,354	27,157	30,408	32,946	27,157	29,354	29,817	32,946
Actuary & Other Payments	2,057	2,395	2,021	2,212	2,197	2,021	2,197	2,176	2,395
Sub-total	\$ 31,277	\$ 31,749	\$ 29,178	\$ 32,620	\$ 35,143				
Ending balance	\$ 15,440	\$ 15,914	\$ 10,749	\$ 10,937	\$ 11,179	\$ 10,749	\$ 11,179	\$ 12,844	\$ 15,914

Observations:

- Self Insurance for Employee Health Insurance began in July 2009.
 - Projections are using the 8% rate of increase based on information obtained from the Actuarial Memorandum and Report.
- Calendar year data is presented above in fiscal year format.

Electric System Rate Stabilization - Fuel Management

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Targeted 15% of total annual projected energy costs

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Established pursuant to the section VII and Section IX of the Pricing Policy, the Fuel Reserve target is 15% of the greater of (a) the maximum 12-month historical fuel cost or (b) the projected 12-month fuel cost. Withdrawals from the Rate Stabilization Fund for fuel stabilization are limited to the following purposes: (a) to reduce the variable fuel rate charge to the customers for a determined period of time; (b) to reduce the excess of the actual fuel and purchased power expense for the fiscal year over the variable fuel rate revenues; (c) to be rebated back to the customers as a credit against the electric bill; and/or (d) to reimburse the costs associated with any energy risk management activities.

	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
<i>(In Thousands)</i>								
Opening Balance	\$ 166,397	\$ 180,115	\$ 180,115	N/A	\$ 150,742	\$ 130,371	\$ 97,571	\$ 86,268
Additions:								
Contributions		2,845	2,845	37,705	85,979			3,600
Sub-total	\$ -	\$ 2,845	\$ 2,845	\$ 37,705	\$ 85,979	\$ -	\$ -	\$ 3,600
Withdrawals	19,331	35,894	52,589		-	32,800	11,303	2,003
Customer Fuel Rebate Credit					56,606			
Sub-total	\$ 19,331	\$ 35,894	\$ 52,589	\$ -	\$ 56,606	\$ 32,800	\$ 11,303	\$ 2,003
Ending Balance	\$ 147,066	\$ 147,066	\$ 130,371	N/A	\$ 180,115	\$ 97,571	\$ 86,268	\$ 87,865

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 24,990	\$ 92,362	\$ 108,289	\$ 105,457	\$ 150,742	\$ 24,990	\$ 105,457	\$ 96,368	\$ 150,742
Additions:									
Contributions	76,763	52,523	22,496	95,224	85,979	22,496	76,763	66,597	95,224
Sub-total	\$ 76,763	\$ 52,523	\$ 22,496	\$ 95,224	\$ 85,979	-	-	-	-
Deductions:									
Withdrawals	9,391					9,391	9,391	9,391	9,391
Customer Fuel Rebate Credit		36,596	25,328	49,939	56,606	25,328	43,268	42,117	56,606
Sub-total	\$ 9,391	\$ 36,596	\$ 25,328	\$ 49,939	\$ 56,606	-	-	-	-
Ending balance	\$ 92,362	\$ 108,289	\$ 105,457	\$ 150,742	\$ 180,115	\$ 92,362	\$ 108,289	\$ 127,393	\$ 180,115

Observations:

- Actual and historical numbers reflect fuel recovery contributions and withdrawals on a gross basis. Forecast and projected numbers reflected on a net basis. The fuel recovery charge ended 12/31/11.

Electric System Rate Stabilization - Demand Side Management (DSM)

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: \$0.50 per 1,000 kWh plus \$0.01 per kWh residential conservation charge for consumption greater than 2,750 kWh monthly

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Pursuant to section VII of the Pricing Policy, \$0.50 per 1,000 kWh plus \$0.01 per kWh residential conservation charge for consumption greater than 2,750 kWh monthly. These revenue sources are to fund demand side management and conservation programs.

	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
<i>(In Thousands)</i>								
Opening Balance	\$ 3,235	\$ 3,515	\$ 3,515	N/A	\$ 2,886	\$ 3,386	\$ 2,770	\$ 2,650
Additions:								
Contributions	1,635	4,493	6,578	7,200	7,232	7,510	6,586	6,586
Other								
Sub-total	\$ 1,635	\$ 4,493	\$ 6,578	\$ 7,200	\$ 7,232	\$ 7,510	\$ 6,586	\$ 6,586
Withdrawals	1,572	4,710	6,707	8,117	6,603	8,126	6,706	6,706
Sub-total	\$ 1,572	\$ 4,710	\$ 6,707	\$ 8,117	\$ 6,603	\$ 8,126	\$ 6,706	\$ 6,706
Ending Balance	\$ 3,298	\$ 3,298	\$ 3,386	N/A	\$ 3,515	\$ 2,770	\$ 2,650	\$ 2,530

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 10,703	\$ 6,912	\$ 3,891	\$ 3,570	\$ 2,886	\$ 2,886	\$ 3,891	\$ 5,592	\$ 10,703
Additions:									
Contributions	6,657	6,683	6,929	7,059	7,232	6,657	6,929	6,912	7,232
Transfer from Rev Fd						-	-	-	-
Sub-total	\$ 6,657	\$ 6,683	\$ 6,929	\$ 7,059	\$ 7,232				
Deductions:									
Withdrawals	10,448	9,704	7,250	7,743	6,603	6,603	7,743	8,350	10,448
Sub-total	\$ 10,448	\$ 9,704	\$ 7,250	\$ 7,743	\$ 6,603				
Ending balance	\$ 6,912	\$ 3,891	\$ 3,570	\$ 2,886	\$ 3,515	\$ 2,886	\$ 3,570	\$ 4,155	\$ 6,912

Observations:

- Rate Stabilization Fund for Demand Side Management began in April 2009.

Electric System Rate Stabilization - Environmental

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: \$0.62 per 1,000 kWh

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits to this fund began in fiscal year 2010 for amounts representing the Electric System Environmental Charge (\$0.62 per 1000 kWh). Withdrawals from this reserve will represent payments for regulatory initiatives such as the premium cost of renewable energy generation which is considered available for JEA's capacity plans.

	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
<i>(In Thousands)</i>								
Opening Balance	\$ 32,995	\$ 29,975	\$ 29,975	N/A	\$ 23,430	\$ 36,210	\$ 42,101	\$ 46,981
Additions:								
Contributions	1,910	5,173	7,363	7,564	7,700	7,942	7,320	7,320
Sub-total	\$ 1,910	\$ 5,173	\$ 7,363	\$ 7,564	\$ 7,700	\$ 7,942	\$ 7,320	\$ 7,320
Withdrawals	365	608	1,128	2,078	1,155	2,051	2,440	3,660
Sub-total	\$ 365	\$ 608	\$ 1,128	\$ 2,078	\$ 1,155	\$ 2,051	\$ 2,440	\$ 3,660
Ending Balance	\$ 34,540	\$ 34,540	\$ 36,210	N/A	\$ 29,975	\$ 42,101	\$ 46,981	\$ 50,641

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 4,232	\$ 5,343	\$ 10,023	\$ 16,639	\$ 23,430	\$ 4,232	\$ 10,023	\$ 11,933	\$ 23,430
Additions:									
Contributions	2,436	5,650	7,395	7,586	7,700	2,436	7,395	6,153	7,700
Sub-total	\$ 2,436	\$ 5,650	\$ 7,395	\$ 7,586	\$ 7,700	-	-	-	-
Deductions:									
Withdrawals	1,325	970	779	795	1,155	779	970	1,005	1,325
Sub-total	\$ 1,325	\$ 970	\$ 779	\$ 795	\$ 1,155	-	-	-	-
Ending balance	\$ 5,343	\$ 10,023	\$ 16,639	\$ 23,430	\$ 29,975	\$ 5,343	\$ 16,639	\$ 17,082	\$ 29,975

Observations:

- Rate Stabilization Fund for Environmental began in June 2010.

Electric System Rate Stabilization - Debt Management

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Difference in actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on unhedged variable rate debt

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Funds provide a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits are made to this Rate Stabilization Fund for the purpose of managing JEA's debt portfolio. Deposits to this reserve reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Additionally, deposits can be made from excess debt service budget over the actual debt service expense for any fiscal year. However, the total amounts deposited (in addition to actual debt service costs for the fiscal year) cannot exceed the total amount of the budgeted debt service for any fiscal year. At a minimum, 50% of the calculated reserve contribution, if any, will be recorded and deposited each fiscal year. Debt and Investment Committee will review and record at their option an additional contribution amount, up to the full value of the calculated reserve contribution (the remaining 50%). The reserve contributions will be calculated on a system by system basis; however, based on the calculation, any mandatory deposit will exclude the District Energy System. The reserve contributions shall cease in the event the reserve balance exceeds the cap of five percent of the par amount of the total outstanding variable rate debt of all systems. Withdrawals from the Rate Stabilization Fund for Debt Management Strategy can be made for expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget.

	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
<i>(In Thousands)</i>								
Opening Balance	\$ 29,884	\$ 42,126	\$ 42,126	N/A	\$ 42,126	\$ 29,884	\$ 29,884	\$ 29,884
Additions:								
Contributions				N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals		12,242	12,242		-			
Sub-total	\$ -	\$ 12,242	\$ 12,242	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 29,884	\$ 29,884	\$ 29,884	N/A	\$ 42,126	\$ 29,884	\$ 29,884	\$ 29,884

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 35,930	\$ 41,611	\$ 42,126	\$ 42,126	\$ 42,126	\$ 35,930	\$ 42,126	\$ 40,784	\$ 42,126
Additions:									
Contributions	5,681	6,581				5,681	6,131	6,131	6,581
Sub-total	\$ 5,681	\$ 6,581	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Withdrawals		6,066				6,066	6,066	6,066	6,066
Sub-total	\$ -	\$ 6,066	\$ -	\$ -	\$ -	-	-	-	-
Ending balance	\$ 41,611	\$ 42,126	\$ 42,126	\$ 42,126	\$ 42,126	\$ 41,611	\$ 42,126	\$ 42,023	\$ 42,126

Observations:

- Rate Stabilization Fund for Debt Management began in May 2009.

Electric System Rate Stabilization - Non-Fuel Purchased Power

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Difference in actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on unhedged variable rate debt

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Funds provide a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits to the Rate Stabilization Fund for Non-Fuel Purchased Power Stabilization during the fiscal year are made with the approval of the CEO or CFO, provided such deposits are not in excess of JEA's total operating budget for the current fiscal year. Withdrawals from the Rate Stabilization Fund for Non-Fuel Purchased Power are to reimburse the costs associated with any non-fuel purchased power activities. Withdrawals can be made as necessary during the fiscal year and requires the approval of the CEO or the CFO.

	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
<i>(In Thousands)</i>								
Opening Balance	\$ 30,885	\$ 34,400	\$ 34,400	N/A	\$ 38,000	\$ 25,727	\$ 13,982	\$ 540
Additions:								
Contributions					-	-		
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals	2,850	6,365	8,673	9,232	3,600	11,745	13,442	540
Sub-total	\$ 2,850	\$ 6,365	\$ 8,673	\$ 9,232	\$ 3,600	\$ 11,745	\$ 13,442	\$ 540
Ending Balance	\$ 28,035	\$ 28,035	\$ 25,727	N/A	\$ 34,400	\$ 13,982	\$ 540	\$ -

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ -	\$ -	\$ -	\$ 12,000	\$ 38,000	\$ -	\$ -	\$ 10,000	\$ 38,000
Additions:									
Contributions			12,000	26,000		12,000	19,000	19,000	26,000
Sub-total	\$ -	\$ -	\$ 12,000	\$ 26,000	\$ -	-	-	-	-
Deductions:									
Withdrawals					3,600	3,600	3,600	3,600	3,600
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 3,600	-	-	-	-
Ending balance	\$ -	\$ -	\$ 12,000	\$ 38,000	\$ 34,400	\$ -	\$ 12,000	\$ 16,880	\$ 38,000

Observations:

- The Non-Fuel Purchased Power Rate Stabilization Fund began in FY 2014.

Electric System Environmental Reserve

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Pricing Policy

Metric: Target equals the balance in the environmental liability account

Definitions and Goals: This reserve represents the initial amounts collected from the Electric System Environmental Charge and will be deposited until the balance in this reserve equals the balance in the environmental liability account. Withdrawals from this account will represent payments for these liabilities.

(In Thousands)	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 18,556	\$ 18,556	\$ 18,556	N/A	\$ 18,662	\$ 18,556	\$ 18,556	\$ 18,556
Additions:								
Contributions			-	N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals			-	N/A	106			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 106	\$ -	\$ -	\$ -
Ending Balance	\$ 18,556	\$ 18,556	\$ 18,556	N/A	\$ 18,556	\$ 18,556	\$ 18,556	\$ 18,556

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 20,899	\$ 18,359	\$ 18,662	\$ 18,662	\$ 18,662	\$ 18,359	\$ 18,662	\$ 19,049	\$ 20,899
Additions:									
Contributions		970				970	970	970	970
Sub-total	\$ -	\$ 970	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Withdrawals	2,540	667			106	106	667	1,104	2,540
Sub-total	\$ 2,540	\$ 667	\$ -	\$ -	\$ 106	-	-	-	-
Ending balance	\$ 18,359	\$ 18,662	\$ 18,662	\$ 18,662	\$ 18,556	\$ 18,359	\$ 18,662	\$ 18,580	\$ 18,662

Observations:

- The Environmental Reserve began in FY 2008.

Electric System Customer Deposits

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Management Directive 302 Credit and Collections and Internal Procedure CR40400 MBC302

Metric: Internal procedure CR40400 MBC302 Credit and Collections

Definitions and Goals: Pursuant to internal procedure CR40400 MBC302 Credit and Collections, JEA accesses customers a deposit that may be used to offset any future unpaid amounts during the course of providing utility service to a customer.

	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
<i>(In Thousands)</i>								
Opening Balance	\$ 41,709	\$ 41,084	\$ 41,084	N/A	\$ 42,389	\$ 41,657	\$ 41,657	\$ 41,657
Additions:								
Net Customer Activity		573	573	N/A	-			
Loan Repayment to ES Revenue Fund					-			
Sub-total	\$ -	\$ 573	\$ 573	\$ -	\$ -	\$ -	\$ -	\$ -
Net Customer Activity	52		-		1,305			
Loan to ES Revenue Fund				N/A	-			
Sub-total	\$ 52	\$ -	\$ -	\$ -	\$ 1,305	\$ -	\$ -	\$ -
Ending Balance	\$ 41,657	\$ 41,657	\$ 41,657	N/A	\$ 41,084	\$ 41,657	\$ 41,657	\$ 41,657

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 42,767	\$ 43,454	\$ 44,882	\$ 42,688	\$ 42,389	\$ 42,389	\$ 42,767	\$ 43,236	\$ 44,882
Additions:									
Net Customer Activity	905	1,430				905	1,168	1,168	1,430
Loan Repayment to ES Revenue Fund						-	-	-	-
Sub-total	\$ 905	\$ 1,430	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Net Customer Activity	218	2	2,194	299	1,305	2	299	804	2,194
Loan to ES Revenue Fund						-	-	-	-
Sub-total	\$ 218	\$ 2	\$ 2,194	\$ 299	\$ 1,305				
Ending balance	\$ 43,454	\$ 44,882	\$ 42,688	\$ 42,389	\$ 41,084	\$ 41,084	\$ 42,688	\$ 42,899	\$ 44,882

Observations:

- JEA is in the process of implementing a prepaid meter program which could reduce customer deposits starting in Fiscal Year 2014.

Electric System Debt Service Sinking Fund

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Bond Resolution

Metric: Accrued interest and principal currently payable on fixed and variable rate bonds pursuant to the Bond Resolutions

Definitions and Goals: JEA is required monthly to fund from revenues an amount equal to the aggregate of the Debt Service Requirement for senior and subordinated bonds for such month into this account. On or before such interest payment date, JEA shall pay out of this account to the paying agents the amount required for the interest and principal due on such date.

(In Thousands)	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 89,157	\$ 136,232	\$ 136,232	N/A	\$ 134,927	\$ 168,025	\$ 161,153	\$ 149,799
Additions:								
Revenue Fund Deposits	58,123	151,338	212,462		177,847	210,807	201,948	141,059
Bond funded interest					-			
Sub-total	\$ 58,123	\$ 151,338	\$ 212,462	\$ -	\$ 177,847	\$ 210,807	\$ 201,948	\$ 141,059
Principal and Int Payments	36,838	177,128	180,669	N/A	176,542	217,679	213,302	199,191
Sub-total	\$ 36,838	\$ 177,128	\$ 180,669	\$ -	\$ 176,542	\$ 217,679	\$ 213,302	\$ 199,191
Ending Balance	\$ 110,442	\$ 110,442	\$ 168,025	N/A	\$ 136,232	\$ 161,153	\$ 149,799	\$ 91,667

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 125,988	\$ 107,754	\$ 101,305	\$ 120,458	\$ 134,927	\$ 101,305	\$ 120,458	\$ 118,086	\$ 134,927
Additions:									
Revenue Fund Deposits	159,724	159,072	167,340	181,006	177,847	159,072	167,340	168,998	181,006
Bond funded interest						-	-	-	-
Sub-total	\$ 159,724	\$ 159,072	\$ 167,340	\$ 181,006	\$ 177,847				
Deductions:									
Principal and Int Payments	177,958	165,521	148,187	166,537	176,542	148,187	166,537	166,949	177,958
Sub-total	\$ 177,958	\$ 165,521	\$ 148,187	\$ 166,537	\$ 176,542				
Ending balance	\$ 107,754	\$ 101,305	\$ 120,458	\$ 134,927	\$ 136,232	\$ 101,305	\$ 120,458	\$ 120,135	\$ 136,232

Observations:

- September 30th ending balances are used to pay the October 1st interest and principal payments.
- This report does not include any Scherer debt service sinking funds.
- Timing differences occur due to the accrual of debt service during one fiscal year and the payment in the following fiscal year (primarily fixed rate principal and interest on October 1st of the following fiscal year).

Electric System Debt Service Reserve Account

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Bond Resolution

Metric: Maximum interest payable on outstanding senior Electric System bonds as required by the Bond Resolutions

Definitions and Goals: This reserve will be funded, maintained and held for the benefit of bondholders as specified in the Supplemental Resolution authorizing the sale of the bonds to pay principal and/or interest on the bonds should revenues from operations not be sufficient for such purpose in accordance with the appropriate bond resolution. It is JEA's current practice to fund this reserve account with cash from the sale of bonds; however, revenues may be utilized to fund this reserve if necessary.

	Actual as of 06/30/2017		Full Year Budget Amounts			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
(In Thousands)								
Opening Balance	\$ 60,582	\$ 60,582	\$ 60,582	N/A	\$ 64,595	\$ 60,582	\$ 60,582	\$ 60,582
Additions:								
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Release to Revenue Fund				N/A	4,013			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 4,013	\$ -	\$ -	\$ -
Ending Balance	\$ 60,582	\$ 60,582	\$ 60,582	N/A	\$ 60,582	\$ 60,582	\$ 60,582	\$ 60,582

	Historical Actuals					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 72,226	\$ 72,226	\$ 64,841	\$ 64,841	\$ 64,595	\$ 64,595	\$ 64,841	\$ 67,746	\$ 72,226
Additions:									
Proceeds from Bonds				-	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Defeasance		7,385		246	4,013	246	4,013	3,881	7,385
Sub-total	\$ -	\$ 7,385	\$ -	\$ 246	\$ 4,013	-	-	-	-
Ending balance	\$ 72,226	\$ 64,841	\$ 64,841	\$ 64,595	\$ 60,582	60,582	64,841	65,417	72,226

Observations:

- This report does not include any Scherer debt service reserves.
- In FY 2007, the debt service reserve requirement was satisfied 100% by the use of debt service reserve surety policies. In accordance with the bond resolution, beginning in FY 2008, cash/investments replaced the downgraded sureties due to their downgrade by the rating agencies. Sureties of \$67.6 million are still outstanding but are not eligible to be utilized as debt service reserve deposits per the Bond Resolutions.
- The debt service reserve account balance is currently in excess of the the debt service reserve requirement under the bond resolution by \$8.0 million. The excess will be used, if needed, to (1) fund an increase in the reserve requirement caused by a future issuance of new money bonds and/or variable to fixed refunding bonds, (2) help satisfy cash reserve targets instituted by the rating agencies, and/or (3) redeem bonds, in accordance with applicable tax laws.

Electric Renewal and Replacement (R&R) / Operating Capital Outlay (OCO)

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Bond Resolution, Article 21 of the City of Jacksonville Charter and Pricing Policy

Metric: Renewal and Replacement required to deposit from the revenue fund annually an amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues per JEA's Electric System bond resolutions. Operating Capital Outlay - by 2013 the goal is to fund all non-capacity capital expenditures.

Definitions and Goals: Pursuant to the Electric System bond resolution and Article 21 of the City of Jacksonville Charter, JEA is required to deposit from the revenue fund annually an amount for Renewal and Replacement of system assets. According to the bond resolutions the amount is equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues. The funds shall be used for the purposes of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the Electric System. In addition, as a portion of the base rate, JEA will recover from current revenue a formula driven amount for capital expenditures which is referred to as Operating Capital Outlay. This amount is calculated separately from the R&R deposit and may be allocated for use between capacity or non-capacity related expenditures based on the most beneficial economic and tax related financing structure incorporating the use of internal and bond funding.

(In Thousands)	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 154,721	\$ 192,179	\$ 192,179	N/A	\$ 145,711	\$ 161,966	\$ 156,587	\$ 98,985
Additions:								
R&R/OCO Contribution	51,550	125,253	146,000		200,692	164,146	160,837	141,317
Loans betw Capital Fds					-			
Other	1,548	3,319	16,181		3,744	18,590		
Sub-total	\$ 53,098	\$ 128,572	\$ 162,181	\$ -	\$ 204,436	\$ 182,736	\$ 160,837	\$ 141,317
Deductions:								
Capital Expenditures	39,101	101,553	138,545		157,201	188,115	218,439	128,069
Transfers betw Capital Fds					-	765		
R&R/OCO Contribution								
Debt Defeasance		37,200	37,200		-			
Other	3,391	16,671	16,649					
Sub-total	\$ 42,492	\$ 155,424	\$ 192,394	\$ -	\$ 157,966	\$ 188,115	\$ 218,439	\$ 128,069
Ending Balance	\$ 165,327	\$ 165,327	\$ 161,966	N/A	\$ 192,181	\$ 156,587	\$ 98,985	\$ 112,233

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 73,727	\$ 105,235	\$ 140,486	\$ 146,910	\$ 145,711	\$ 73,727	\$ 140,486	\$ 122,414	\$ 146,910
Additions:									
R&R/OCO Contribution	142,822	124,630	85,639	110,351	200,692	85,639	124,630	132,827	200,692
Loans betw Capital Fds	-	-	-	-	-	-	-	-	-
Other	943	2,423	4,014	970	3,744	943	2,423	2,419	4,014
Sub-total	\$ 143,765	\$ 127,053	\$ 89,653	\$ 111,321	\$ 204,436				
Deductions:									
Capital Expenditures	112,257	91,802	82,889	112,483	157,201	82,889	112,257	111,326	157,201
Bond Buy Back	-	-	-	-	2	-	1	1	2
Transfer to Scherer									
Loans betw Capital Fds			340	37	765				
Other									
Sub-total	\$ 112,257	\$ 91,802	\$ 83,229	\$ 112,520	\$ 157,968				
Ending balance	\$ 105,235	\$ 140,486	\$ 146,910	\$ 145,711	\$ 192,179	\$ 105,235	\$ 145,711	\$ 146,104	\$ 192,179

Observations:

- Other includes the Oracle Financing and Sale of Property.
- Includes \$47 million for Maximum Annual Debt Service calculation.

Electric Construction / Bond Fund

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Bond Resolution

Metric: Target = Capital expenditures per year minus internal funding available

Definitions and Goals: JEA maintains a senior and subordinated construction fund of which bonds proceeds are deposited and used for the payment of the costs of additions, extensions and improvements to the Electric System. The senior construction fund is limited to the costs of additions, extension and improvements relating to non-generation capital expenditures. The subordinated construction fund is used for capital projects relating to all categories of capital expenditures but primarily targeted to fund generation capital expenditures.

(In Thousands)	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 268	\$ -	\$ -	N/A	\$ 4	\$ -	\$ -	\$ -
Additions:								
Bond Proceeds		429	429	-	-			
Line of Credit				-	-			
Transfers b/w Capital Fds	-			-	-			
Other				-	2			
Sub-total	\$ -	\$ 429	\$ 429	\$ -	\$ 2	\$ -	\$ -	\$ -
Deductions:								
Capital Expenditures					6	-	-	-
Bond Funded Interest					-	-	-	-
Transfers b/w Capital Fds					-	-	-	-
Other	229	390	429	-	-	-	-	-
Sub-total	\$ 229	\$ 390	\$ 429	\$ -	\$ 6	\$ -	\$ -	\$ -
Ending Balance	\$ 39	\$ 39	\$ -	N/A	\$ -	\$ -	\$ -	\$ -

(In Thousands)	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 63,915	\$ 40,034	\$ 5,184	\$ 42	\$ 4	\$ 4	\$ 2,613	\$ 18,203	\$ 63,915
Additions:									
Bond Proceeds		1,550				1,550	1,550	1,550	1,550
Line of Credit						-	-	-	-
Transfers b/w Capital Fds			3,091			3,091	3,091	3,091	3,091
Other		34	340	37	2	2	36	103	340
Sub-total	\$ -	\$ 1,584	\$ 3,431	\$ 37	\$ 2				
Deductions:									
Capital Expenditures	23,385	35,253	4,821	75	6	6	4,821	12,708	35,253
Bond Funded Interest						-	-	-	-
Line of Credit									
Transfers b/w Capital Fds		35	3,091			35	1,563	1,563	3,091
Other	496	1,146	661			496	661	768	1,146
Sub-total	\$ 23,881	\$ 36,434	\$ 8,573	\$ 75	\$ 6				
Ending balance	\$ 40,034	\$ 5,184	\$ 42	\$ 4	\$ -	\$ -	\$ 42	\$ 9,053	\$ 40,034

Observations:

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used line of credit borrowings and loans between capital funds to decrease borrowing costs.
- No new debt issues for the FY 2017 - 2019 projection period.

Water and Sewer Debt Management Reserve

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Debt Management Policy

Metric: One-half percent of the par amount of outstanding variable debt (adjusted for variable to fixed rate long term swaps). Capped at 3% of the par amount of outstanding variable debt.

Definitions and Goals: For the period FY 04 through FY 09, an annual budgeted reserve contribution for variable rate debt was made. The calculation was based upon one half percent of the par amount of outstanding variable rate debt (adjusted for variable rate to fixed rate long term swaps). The budget reserve was capped at three percent of the par amount of the outstanding variable rate debt. The reserve can be used for any lawful purpose including debt service, debt repayment, and capital outlay and must be approved in writing by the CEO.

	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
<i>(In Thousands)</i>								
Opening Balance	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -
Additions:								
Contributions					-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deductions:								
Withdrawals					-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 6,458	\$ 6,458	\$ 304	\$ 304	\$ -	\$ -	\$ 304	\$ 2,705	\$ 6,458
Additions:									
Contributions						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Withdrawals		6,154		304		304	3,229	3,229	6,154
Sub-total	\$ -	\$ 6,154	\$ -	\$ 304	\$ -	-	-	-	-
Ending balance	\$ 6,458	\$ 304	\$ 304	\$ -	\$ -	\$ -	\$ 304	\$ 1,413	\$ 6,458

Observations:

- This reserve fund discontinued contributions in FY 2009 due to adoption of new policy. Reserve activity reflected in RSF - Debt Management for that year.
- \$6 million was used in Sept 2013 for a defeasance.

Water and Sewer Rate Stabilization Debt Management

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Difference in actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on unhedged variable rate debt.

Definitions and Goals: The Water & Sewer System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Funds provide a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits are made to this Rate Stabilization Fund for the purpose of managing JEA's debt portfolio. Deposits to this reserve reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Additionally, deposits can be made from excess debt service budget over the actual debt service expense for any fiscal year. However, the total amounts deposited (in addition to actual debt service costs for the fiscal year) cannot exceed the total amount of the budgeted debt service for any fiscal year. At a minimum, 50% of the calculated reserve contribution, if any, will be recorded and deposited each fiscal year. Debt and Investment Committee will review and record at their option an additional contribution amount, up to the full value of the calculated reserve contribution (the remaining 50%). The reserve contributions will be calculated on a system by system basis; however, based on the calculation, any mandatory deposit will exclude the District Energy System. The reserve contributions shall cease in the event the reserve balance exceeds the cap of five percent of the par amount of the total outstanding variable rate debt of all systems. Withdrawals from the Rate Stabilization Fund for Debt Management Strategy can be made for expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget.

	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
<i>(In Thousands)</i>								
Opening Balance	\$ 20,290	\$ 20,290	\$ 20,290	N/A	\$ 20,290	\$ 14,209	\$ 14,209	\$ 14,209
Additions:								
Contributions	-	-	-	N/A	-	-	-	-
Financial Statement Rounding								
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deductions:								
Withdrawals			6,081					
Sub-total	\$ -	\$ -	\$ 6,081	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 20,290	\$ 20,290	\$ 14,209	N/A	\$ 20,290	\$ 14,209	\$ 14,209	\$ 14,209

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 17,560	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 17,560	\$ 20,290	\$ 19,744	\$ 20,290
Additions:									
Contributions	2,730					-	-	-	-
Sub-total	\$ 2,730	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Withdrawals						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Ending balance	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290

Observations:

- Contributions began in June 2009.

Water & Sewer System Rate Stabilization - Environmental

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Definitions and Goals: The Water & Sewer System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as debt management and regulatory requirements or initiatives.

(In Thousands)	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 2,057	\$ 1,699	\$ 1,699	N/A	\$ -	\$ 2,857	\$ 2,857	\$ 2,857
Additions:								
Contributions	6,653	18,131	24,105		-	25,500	25,500	25,500
Regulatory Receivable								
Sub-total	\$ 6,653	\$ 18,131	\$ 24,105	\$ -	\$ -	\$ 25,500	\$ 25,500	\$ 25,500
Deductions:								
Withdrawals	3,813	14,933	22,947		-	25,500	25,500	25,500
Regulatory Receivable								
Sub-total	\$ 3,813	\$ 14,933	\$ 22,947	\$ -	\$ -	\$ 25,500	\$ 25,500	\$ 25,500
Ending Balance	\$ 4,897	\$ 4,897	\$ 2,857	N/A	\$ -	\$ 2,857	\$ 2,857	\$ 2,857

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions:									
Contributions					23,635	23,635	23,635	23,635	23,635
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 23,635	-	-	-	-
Deductions:									
Withdrawals					21,936	21,936	21,936	21,936	21,936
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 21,936	-	-	-	-
Ending balance	\$ -	\$ -	\$ -	\$ -	\$ 1,699	\$ -	\$ -	\$ 340	\$ 1,699

Observations:

- Rate Stabilization Fund for Environmental began in June 2010.

Water and Sewer System Customer Deposits

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Management Directive 302 Credit and Collections and Internal Procedure CR40400 MBC302

Metric: Internal procedure CR40400 MBC302 Credit and Collections

Definitions and Goals: Pursuant to internal procedure CR40400 MBC302 Credit and Collections, JEA accesses customers a deposit that may be used to offset any future unpaid amounts during the course of providing utility service to a customer.

(In Thousands)	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
	Opening Balance	\$ 14,526	\$ 13,910	\$ 13,910	N/A	\$ 13,255	\$ 14,797	\$ 14,797
Additions:								
Allocated from Electric Loan Repayment	271	887	887	N/A	655			
Sub-total	\$ 271	\$ 887	\$ 887	\$ -	\$ 655	\$ -	\$ -	\$ -
Deductions:								
Allocated from Electric Loan to W&S Operations			-	N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 14,797	\$ 14,797	\$ 14,797	N/A	\$ 13,910	\$ 14,797	\$ 14,797	\$ 14,797

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 9,727	\$ 12,627	\$ 13,860	\$ 12,787	\$ 13,255	\$ 9,727	\$ 12,787	\$ 12,451	\$ 13,860
Additions:									
Allocated from Electric Loan Repayment	2,900	1,233		468	655	468	562	562	655
Sub-total	\$ 3,900	\$ 1,233	\$ -	\$ 468	\$ 655	-	-	-	-
Deductions:									
Allocated from Electric Loan to W&S Operations	1,000		1,073			1,073	1,073	1,073	1,073
Sub-total	\$ 1,000	\$ -	\$ 1,073	\$ -	\$ -	-	-	-	-
Ending balance	\$ 12,627	\$ 13,860	\$ 12,787	\$ 13,255	\$ 13,910	\$ 12,627	\$ 13,255	\$ 13,288	\$ 13,910

Observations:

- JEA is in the process of implementing a prepaid meter program which could reduce customer deposits at some future date.

Water and Sewer Debt Service Sinking Fund

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Bond Resolution

Metric: Accrued interest and principal currently payable on fixed and variable rate bonds pursuant to the Bond Resolutions

Definitions and Goals: JEA is required monthly to fund from revenues an amount equal to the aggregate of the Debt Service Requirement for senior and subordinated bonds for such month into this account. On or before such interest payment date, JEA shall pay out of this account to the paying agents the amount required for the interest and principal due on such date.

(In Thousands)	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 56,518	\$ 65,410	\$ 65,410	N/A	\$ 67,720	\$ 82,870	\$ 82,725	\$ 84,744
Additions:								
Revenue fund deposits	28,851	86,059	116,725		97,077	119,433	122,454	122,763
Sub-total	\$ 28,851	\$ 86,059	\$ 116,725	\$ -	\$ 97,077	\$ 119,433	\$ 122,454	\$ 122,763
Deductions:								
Principal and interest payments	31,359	97,459	99,265	N/A	99,387	119,578	120,435	121,219
Sub-total	\$ 31,359	\$ 97,459	\$ 99,265	\$ -	\$ 99,387	\$ 119,578	\$ 120,435	\$ 121,219
Ending Balance	\$ 54,010	\$ 54,010	\$ 82,870	N/A	\$ 65,410	\$ 82,725	\$ 84,744	\$ 86,288

(In Thousands)	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 80,936	\$ 81,675	\$ 80,317	\$ 75,019	\$ 67,720	\$ 39	\$ 77,668	\$ 64,284	\$ 81,675
Additions:									
Revenue fund deposits	125,160	119,535	117,444	102,789	97,077	97,077	117,444	112,401	125,160
Bond funded interest						-	-	-	-
Sub-total	\$ 125,160	\$ 119,535	\$ 117,444	\$ 102,789	\$ 97,077	-	-	-	-
Deductions:									
Principal and interest payments	124,421	120,893	122,742	110,088	99,387	99,387	120,893	115,506	124,421
Sub-total	\$ 124,421	\$ 120,893	\$ 122,742	\$ 110,088	\$ 99,387	-	-	-	-
Ending balance	\$ 81,675	\$ 80,317	\$ 75,019	\$ 67,720	\$ 65,410	\$ 65,410	\$ 75,019	\$ 74,028	\$ 81,675

Observations:

- September 30th ending balances are used to pay Oct 1st interest and principal payments.
- Timing differences occur due to the accrual of debt service during one fiscal year and the payment in the following fiscal year (primarily fixed rate principal and interest on Oct 1st of the following fiscal year).

Water and Sewer Debt Service Reserve Account

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Bond Resolution

Metric: 125% of average annual debt service on outstanding senior fixed and variable rate bonds plus subordinated fixed rate bonds as required by the Bond Resolutions

Definitions and Goals: This reserve will be funded, maintained and held for the benefit of bondholders as specified in the Supplemental Resolution authorizing the sale of the bonds to pay principal and/or interest on the bonds should revenues from operations not be sufficient for such purpose in accordance with the appropriate bond resolution. It is JEA's current practice to fund this reserve account with cash from the sale of bonds; however, revenues may be utilized to fund this reserve if necessary.

(In Thousands)	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 107,488	\$ 108,086	\$ 108,086	N/A	\$ 108,849	\$ 107,488	\$ 107,488	\$ 107,488
Additions:								
Construction reserve fund/bond issues			-	N/A	-			
Revenue fund			-	N/A	-			
Rounding			-					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deductions:								
Revenue fund		598	598		763			
Sub-total	\$ -	\$ 598	\$ 598	\$ -	\$ 763	\$ -	\$ -	\$ -
Ending Balance	\$ 107,488	\$ 107,488	\$ 107,488	N/A	\$ 108,086	\$ 107,488	\$ 107,488	\$ 107,488

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 102,214	\$ 119,131	\$ 119,915	\$ 116,829	\$ 108,849	\$ 102,214	\$ 116,829	\$ 113,388	\$ 119,915
Additions:									
Construction reserve fund/bond issues	10,917	784				784	5,851	5,851	10,917
Revenue fund	6,000	3,821				3,821	4,911	4,911	6,000
Sub-total	\$ 16,917	\$ 4,605	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Revenue fund		3,821	3,086	7,980	763	763	3,454	3,913	7,980
Sub-total	\$ -	\$ 3,821	\$ 3,086	\$ 7,980	\$ 763	-	-	-	-
Ending balance	\$ 119,131	\$ 119,915	\$ 116,829	\$ 108,849	\$ 108,086	\$ 108,086	\$ 116,829	\$ 114,562	\$ 119,915

Observations:

- In 2008, debt service reserve sureties downgraded and JEA began replacing those downgraded sureties with cash/investments as required by the bond resolutions. Sureties of \$149.8 million are still outstanding but are not eligible to be utilized as debt service reserve deposits per the Bond Resolutions.

Water and Sewer Renewal and Replacement (R&R) / Operating Capital Outlay (OCO)

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Bond Resolution, Article 21 of the City of Jacksonville Charter and Pricing Policy

Metric: Renewal and Replacement required to deposit from the revenue fund annually an amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues per JEA's Water and Sewer System bond resolutions. Operating Capital Outlay - by 2013 the goal is to fund all non-capacity capital expenditures.

Definitions and Goals: Pursuant to the Water and Sewer System bond resolutions and Article 21 of the City of Jacksonville Charter, JEA is required to deposit from the revenue fund annually an amount for Renewal and Replacement of system assets. According to the bond resolutions the amount is equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues. The funds shall be used for the purposes of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the Electric System. In addition, as a portion of the base rate, JEA will recover from current revenue a formula driven amount for capital expenditures which is referred to as Operating Capital Outlay. This amount is calculated separately from the R&R deposit. In accordance with the Pricing Policy, by 2013, the objective is to fund an amount equal to all non-capacity capital expenditures with current year internally generated funds.

(In Thousands)	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 86,863	\$ 76,020	\$ 76,020	N/A	\$ 37,337	\$ 60,682	\$ 60,304	\$ 33,530
Additions:								
R&R/OCO Contribution	36,692	99,789	111,295	-	124,574	152,187	137,807	141,988
Transfer from Capital Fds					-			
Other	937	5,066	10,566		30,889	8,600	8,600	8,600
Sub-total	\$ 37,629	\$ 104,855	\$ 121,861	\$ -	\$ 155,463	\$ 160,787	\$ 146,407	\$ 150,588
Deductions:								
Capital Expenditures	33,403	89,700	137,113	-	116,674	161,165	173,181	139,601
Transfer to Capacity Fund		86	86	-	-			
Transfer to Construction Fund								
R&R/OCO Contribution					106	-		
Sub-total	\$ 33,403	\$ 89,786	\$ 137,199	\$ -	\$ 116,780	\$ 161,165	\$ 173,181	\$ 139,601
Ending Balance	\$ 91,089	\$ 91,089	\$ 60,682	N/A	\$ 76,020	\$ 60,304	\$ 33,530	\$ 44,517

	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 28,840	\$ 64,260	\$ 78,689	\$ 59,295	\$ 37,337	\$ 28,840	\$ 59,295	\$ 53,684	\$ 78,689
Additions:									
R&R/OCO Contribution	76,157	91,245	48,373	62,793	124,574	48,373	76,157	80,628	124,574
Loans betw Capital Fds	-	-	-	22	-	-	-	7	22
Other (incl septic tank)	5,771	1,539	1,614	653	30,889	653	1,614	8,093	30,889
Sub-total	\$ 81,928	\$ 92,784	\$ 49,987	\$ 63,468	\$ 155,463				
Deductions:									
Capital Expenditures	46,508	68,355	67,488	85,426	116,674	46,508	68,355	76,890	116,674
Loan Repayment	-	-	-	-	-	-	-	-	-
Transfer to Constr. Fund	-	10,000	1,893	-	106	-	1,000	3,000	10,000
Other (incl septic tank)	-	-	-	-	-	-	-	-	-
Sub-total	\$ 46,508	\$ 78,355	\$ 69,381	\$ 85,426	\$ 116,780				
Ending balance	\$ 64,260	\$ 78,689	\$ 59,295	\$ 37,337	\$ 76,020	\$ 37,337	\$ 64,260	\$ 63,120	\$ 78,689

Observations:

- Other includes the Septic Tank Phase-out project, Sale of Property, and the transfer of RSF - Environmental in FY 2016 - 2019
- Includes \$20 million for Maximum Annual Debt Service calculation.
- \$57 million is projected to be withdrawn from this capital balance in FY 2016-2017 to support the capital program with lower Net Revenues as planned with the June 2012 approved reduction in the October 1, 2012 rate increase.

Water and Sewer Capacity Fees / State Revolving Fund Loans

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Florida Statute and Rate Tariff

Metric: Tariff rate

Definitions and Goals: Capacity fees are charged to customers as a one- time fee for a new connection to the Water System and a one- time fee for a new connection to the Sewer System. Capacity charges may be used and applied for the purpose of paying costs of expansion of the Water and Sewer System or paying or providing for the payment of debt that was issued for the same purpose. In addition, the Water and Sewer System has received funds from the State Revolving Fund (SRF) program for the construction of water and wastewater treatment facilities. SRF loans are subordinated to all Water and Sewer System Revenue Bonds and Water and Sewer System Subordinated Revenue Bonds.

(In Thousands)	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 101,324	\$ 103,411	\$ 103,411	N/A	\$ 90,912	\$ 81,861	\$ 45,738	\$ 35,252
Additions:								
Capacity Fees	8,194	18,489	23,239	-	21,995	19,865	20,162	20,465
State Revolving Fd Loan				-	-			
Transfer from R&R/OCO Fund		86	86	-	145	650	650	650
Other				-	-			
Sub-total	\$ 8,194	\$ 18,575	\$ 23,325	\$ -	\$ 22,140	\$ 20,515	\$ 20,812	\$ 21,115
Deductions:								
Capital Expenditures	8,993	21,461	44,875	-	9,648	56,638	31,298	42,260
Other				-	-			
Sub-total	\$ 8,993	\$ 21,461	\$ 44,875	\$ -	\$ 9,648	\$ 56,638	\$ 31,298	\$ 42,260
Ending Balance	\$ 100,525	\$ 100,525	\$ 81,861	N/A	\$ 103,404	\$ 45,738	\$ 35,252	\$ 14,107

(In Thousands)	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 41,025	\$ 45,454	\$ 60,360	\$ 76,887	\$ 90,912	\$ 41,025	\$ 60,360	\$ 62,928	\$ 90,912
Additions:									
Capacity Fees	10,820	17,394	18,298	19,579	21,995	10,820	18,298	17,617	21,995
State Revolving Fd Loan	3,798	-	-	-	-	-	-	1,266	3,798
Loan Repayments	-	-	-	246	145	-	-	78	246
Other	-	12	-	5	7	-	5	5	12
Sub-total	\$ 14,618	\$ 17,406	\$ 18,298	\$ 19,830	\$ 22,147				
Deductions:									
Capital Expenditures	7,096	2,270	1,758	5,805	9,648	1,758	5,805	5,315	9,648
Loans betw Capital Fds	-	-	-	-	-	-	-	-	-
Other	3,093	230	13	-	-	13	230	1,112	3,093
Sub-total	\$ 10,189	\$ 2,500	\$ 1,771	\$ 5,805	\$ 9,648				
Ending balance	\$ 45,454	\$ 60,360	\$ 76,887	\$ 90,912	\$ 103,411	\$ 45,454	\$ 76,887	\$ 75,405	\$ 103,411

Observations:

Water and Sewer Environmental

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Pricing Policy

Metric: Unit tariff rates times consumption

Definitions and Goals: The Environmental Charge will be applied to all water, sewer, irrigation and non bulk user reclaimed consumption. The environmental charge revenue will be collected from customers to partially offset current and future environmental and regulatory needs as specified in the Pricing Policy for specific environmental and regulatory programs.

(In Thousands)	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 2,953	\$ 2,659	\$ 2,659	N/A	\$ -	\$ 1,411	\$ -	\$ -
Additions:								
Environmental Contributions	2,228	8,991	11,982	-	15,539	13,190	18,547	12,878
Loans betw Capital Fds				-	-			
Other				-	-			
Sub-total	\$ 2,228	\$ 8,991	\$ 11,982	\$ -	\$ 15,539	\$ 13,190	\$ 18,547	\$ 12,878
Deductions:								
Capital Expenditures	4,537	11,006	13,230	-	12,880	14,601	18,547	12,878
Septic Tank Phase Out				-	-			
Other	-			-	-			
Sub-total	\$ 4,537	\$ 11,006	\$ 13,230	\$ -	\$ 12,880	\$ 14,601	\$ 18,547	\$ 12,878
Ending Balance	\$ 644	\$ 644	\$ 1,411	N/A	\$ 2,659	\$ -	\$ -	\$ -

(In Thousands)	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 9,795	\$ (8,158)	\$ (9,857)	\$ 5,299	\$ -	\$ (9,857)	\$ -	\$ (584)	\$ 9,795
Additions:									
Environmental Contributions	21,747	21,193	21,018	22,056	15,539	15,539	21,193	20,311	22,056
Loans betw Capital Fds	-	-	-			-	-	-	-
Other						-	-	-	-
Sub-total	\$ 21,747	\$ 21,193	\$ 21,018	\$ 22,056	\$ 15,539				
Deductions:									
Capital Expenditures	39,700	22,892	5,862	7,318	12,880	5,862	12,880	17,730	39,700
Septic Tank Phase Out				203		203	203	203	203
Other				19,834		19,834	19,834	19,834	19,834
Sub-total	\$ 39,700	\$ 22,892	\$ 5,862	\$ 27,355	\$ 12,880				
Ending balance	\$ (8,158)	\$ (9,857)	\$ 5,299	\$ -	\$ 2,659	\$ (9,857)	\$ -	\$ (2,011)	\$ 5,299

Observations:

Water and Sewer Construction / Bond Fund

For the Fiscal Quarter Ending June 30, 2017

Reserve/Fund Authorization: Bond Resolution

Metric: Capital expenditures per year minus internal funding available

Definitions and Goals: JEA maintains a senior and subordinated construction fund of which bonds proceeds are deposited and used for the payment of the costs of additions, extensions and improvements to the Water and Sewer System.

(In Thousands)	Actual as of 06/30/2017		Full Year			Projection		
	Current Quarter	Year -to-Date	2017 Forecast	2017 Budget	Prior Year Actual	2018	2019	2020
Opening Balance	\$ 152	\$ 152	\$ 152	N/A	\$ 664	\$ -	\$ -	\$ -
Additions:								
Bond Proceeds			-	-	-			
Line of Credit			-	-	-			
Transfer from R&R/OCO Fund								
Other					17			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ -	\$ -	\$ -
Deductions:								
Capital Expenditures					-			
Bond Proceeds					-			
Other			152		529			
Sub-total	\$ -	\$ -	\$ 152	\$ -	\$ 529	\$ -	\$ -	\$ -
Ending Balance	\$ 152	\$ 152	\$ -	N/A	\$ 152	\$ -	\$ -	\$ -

(In Thousands)	Historical					Statistical			
	2012	2013	2014	2015	2016	Low	Median	Mean	High
Opening Balance	\$ 29,622	\$ 7,419	\$ 2,305	\$ 326	\$ 664	\$ 326	\$ 2,305	\$ 8,067	\$ 29,622
Additions:									
Bond Proceeds	-	486	-	-	-	-	-	162	486
Line of Credit	-	-	-	-	-	-	-	-	-
Loans/trnsf btw CapFds	-	10,000	1,893	-	-	-	1,893	3,964	10,000
Other	-	3	476	344	17	-	17	168	476
Sub-total	\$ -	\$ 10,489	\$ 2,369	\$ 344	\$ 17				
Deductions:									
Capital Expenditures	20,243	14,855	3,784	6		6	9,320	9,722	20,243
Bond Proceeds	-	411	48	-	-	-	48	153	411
Line of Credit	-	-	-	-	-	-	-	-	-
Loans/trnsf btw CapFds	-	337	516	-	-	-	337	284	516
Other	1,960	-	-	-	529	-	265	622	1,960
Sub-total	\$ 22,203	\$ 15,603	\$ 4,348	\$ 6	\$ 529				
Ending balance	\$ 7,419	\$ 2,305	\$ 326	\$ 664	\$ 152	\$ 152	\$ 664	\$ 2,173	\$ 7,419

Observations:

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used line of credit borrowings and loans between capital funds to decrease borrowing costs.
- No new debt issues for the FY 2017-2019 projection.

IV. A. 8.
JEA Commercial Natural Gas



Building Community

AGENDA ITEM SUMMARY

July 17, 2017

SUBJECT:	JEA COMMERCIAL NATURAL GAS SALES
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Purpose:	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: JEA began selling commercial natural gas under the Peoples Gas Natural Choice Program in April 2015. We currently have over 100 customers, and are growing at a steady rate. Investment in the business has been minimal: one key hire and some billing system modifications. Based on forecasted growth, net revenue is expected to cover labor costs by mid-FY2018.

Significance: Medium. Natural gas commercial sales are still low-volume and represent a modest income stream. There is potential for growth with large customers (i.e., new Liquefied Natural Gas (LNG) plants). Risk levels are very low as deposits cover any at-risk billings.

Effect: Participating as a natural gas provider enables us to engage with key customers on all facets of energy supply.

Cost or Benefit: Supplying natural gas to commercial customers enables JEA to be an all-energy source provider to our commercial customers. Annual cost to JEA is approximately \$150,000 of salary and benefits. Revenues are forecasted to exceed these costs by mid-FY2018.

Recommended Board action: None required. The report is in response to a Finance and Audit Committee request.

For additional information, contact: Steve McInall, 665-4309

Submitted by: PEM/ MJB/ SGM

MISSION	VISION	VALUES
		
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth² • Accountability • Integrity

Commitments to Action

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team

II. G.
8/7/2017

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IV. A. 8.
8/15/2017

JEA Commercial Natural Gas Sales

Finance and Audit Committee
August 7, 2017



Commercial Natural Gas Sales

TECO/PGS Natural Choice Program:

Natural Gas deregulated in Florida in 1994.

TECO/PGS developed a program to give gas customers more options.

Fifteen natural gas suppliers participating in TECO/PGS Program.

Background

- TECO/Peoples Gas System (TECO/PGS) owns and operates local gas distribution assets
- TECO/PGS offers the Natural Choice Program in response to gas deregulation in Florida and welcomes JEA participation
- Natural Choice Program allows commercial/industrial natural gas users to choose their gas supplier as an alternative to bundled service from a local distribution company
- JEA will utilize existing TECO/PGS infrastructure and interstate transportation capacity to supply local commercial/industrial customers
- Of 15 participating gas suppliers, 7 are active in the JEA service territory... all headquartered outside of Jacksonville... 4 outside of Florida



JEA Participation in Natural Choice Helps Build Community

JEA Natural Choice participation is a win/win for JEA and our community

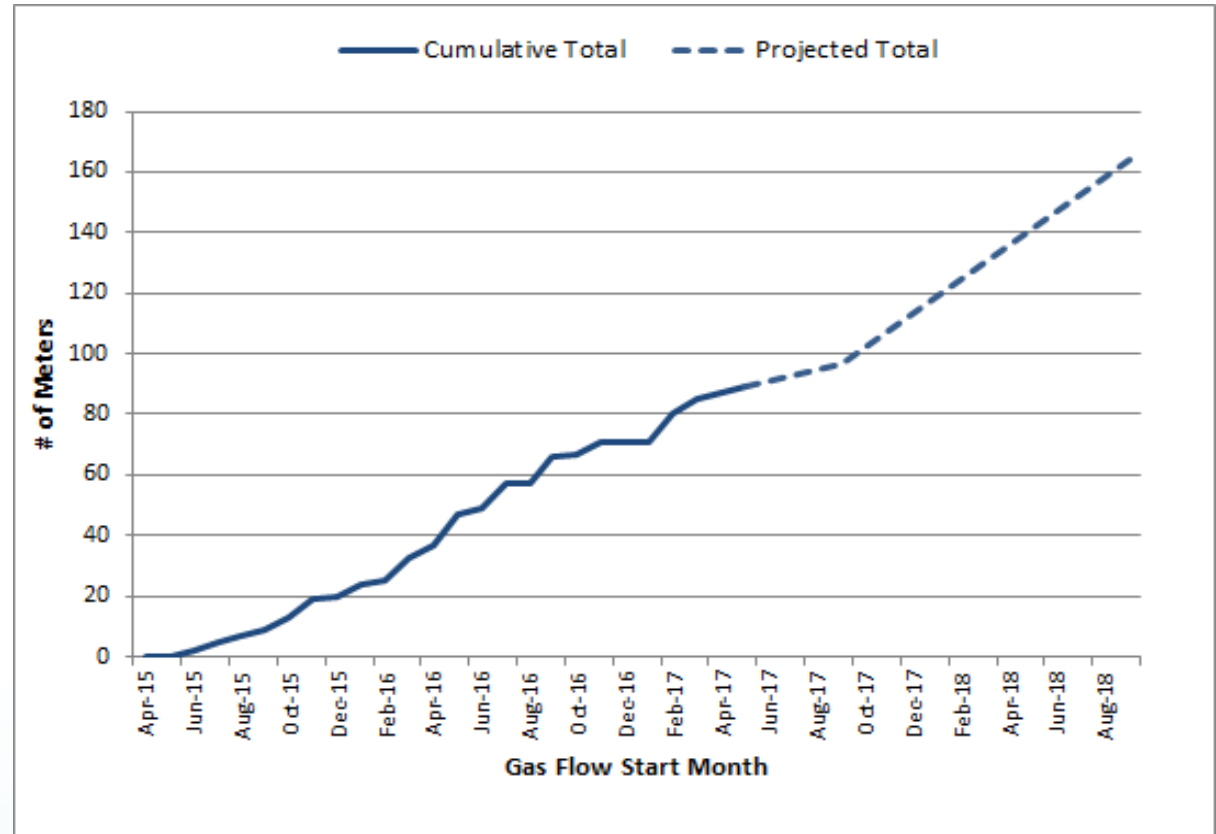
- Benefits from JEA participation:
 - Reduces costs for local commercial/industrial natural gas consumers
 - Keeps dollars at work in the local economy
 - Establishes JEA as customers' one-stop, full service utility
 - Costs are a pass-through with a marginal revenue adder
- JEA strengths make this program successful:
 - Positive brand recognition in the community
 - Customer service expertise and existing customer relationships
 - JEA experience as the largest purchaser/consumer of natural gas in NE Florida
 - JEA has consumed an average of over 100,000 mmBtu/day since beginning of FY2012
 - JEA utilizes the natural gas market expertise of The Energy Authority (TEA)
 - JEA has a strong, long-standing relationship with TECO/PGS
 - JEA is an approved Pool Manager in the Natural Choice Program
 - Staff experience in establishing local gas sales under Natural Choice Program



Historical and Projected Growth - Customers

Customer Highlights:

- GE
- Hyatt
- YMCA
- First Baptist Church
- Bold City Brewing
- Black Sheep
- M Shack
- Bono's BarBQ
- Brooks Rehab



Program has grown rapidly since inception in April 2015
Currently 100 customers, projecting over 150 by end of FY18

Eagle LNG Facility - Maxville



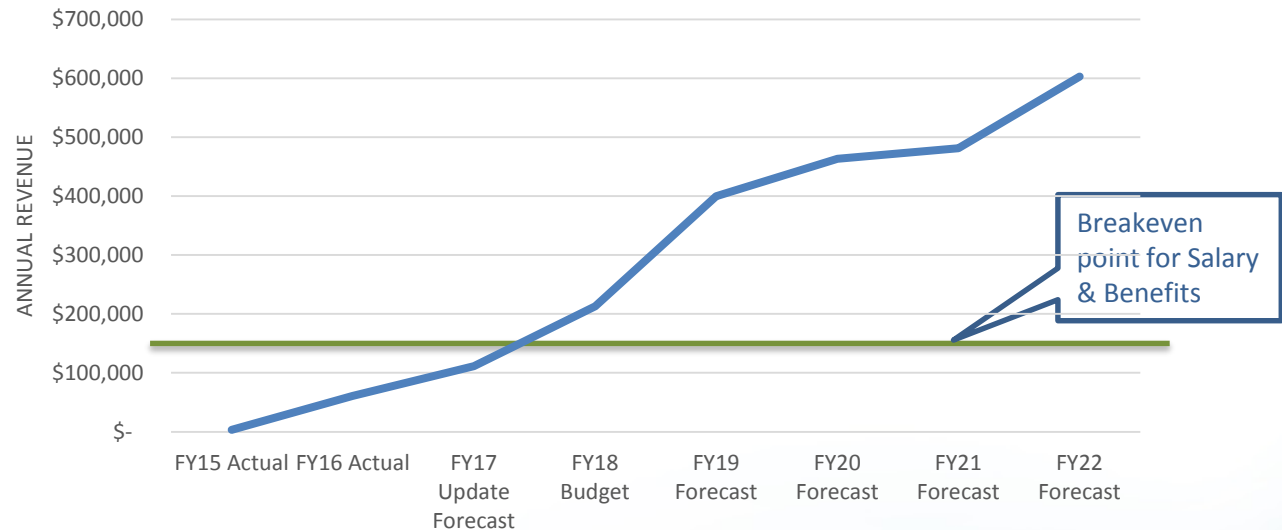
- JEA has signed a transportation/ sales agreement with Eagle to supply gas for the Maxville Liquefied Natural Gas facility.
- 3,000 mmBtu/day, administered through TEA
- Projected annual revenue of \$32,850
- Negotiating for Eagle's planned Zoo Parkway LNG facility (25K-75K/mmBtu/day)

Historical and Projected Growth - Revenue

Potential Natural Gas Customers:

- Approximately 3500 commercial / industrial local natural gas end-users
- Gas users include manufacturers, hospitals, restaurants, dry cleaners, and hotels

Annual Revenue - Actual & Forecast



Marketing

- Target JEA key accounts with their prospective account manager
- Customer Care & Billing script has been added so Commercial Call Center can flag natural gas prospects
- Email completed daily to all new commercial accounts
- Field customer visits
- JEA.com natural gas webpage

Receivables and Risk

Aging Report

- Natural Gas customers are designated as Key Accounts on Aging Report
 - JEA's exposure on Natural Gas customers is 0.0007%
 - Currently there are no Natural Gas customers with balances due over 30 days

Customer Name	Account No	Cust Class	Collection Class	Credit Rating	Account Balance	Deposit on Hand	Exposure	Deposit Coverage %	WRITE_OFF	Pay Arrg Amt	Days 0 - 30	Days 30 - 60
		KEY/IND	KEY ACCT	1000				0.0%	\$ -	\$ -	\$ -	\$ -

Risk

- There is minimal risk in Natural Gas sales
- TEA purchases the gas at an index price with a small premium
- JEA sells the gas to the customer at an index price plus an adder based on a usage matrix or market intel
- The pipeline charges JEA for any transportation or imbalances charges
- JEA charges the customer for any transportation or imbalance charges from the pipeline

IV. A. 9.
Plant Vogtle Update



Building Community

AGENDA ITEM SUMMARY

July 18, 2017

SUBJECT:	PLANT VOGTLE UPDATE
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Purpose:	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: In 2008, JEA’s Board established a target to acquire 10 percent of JEA’s energy requirements from nuclear sources by 2018. In May 2008, JEA entered into a power purchase agreement (PPA) with the Municipal Electric Authority of Georgia (MEAG) for an estimated 206 MW of capacity and related energy from MEAG’s interest in Vogtle Units 3 and 4 (Project J). The primary contractor, Westinghouse, filed for bankruptcy in March 2017, with impacts to the project structure, schedule, and cost.

Significance: High. The 206 MW from Plant Vogtle will represent approximately 13 percent of JEA’s estimated total energy requirements in the year 2020, when Unit 4 is currently scheduled to be completed. The Westinghouse bankruptcy has resulted in the cancellation of the Engineering, Procurement and Construction (EPC) contract. A new construction manager will be selected by Southern Company affiliate, Southern Nuclear, and the co-owners. An assessment is underway to determine the estimated cost to complete the revised schedule for the project.

Effect: Under the PPA, JEA is entitled to approximately 9.35 percent of capacity and related energy from each unit for a 20-year term commencing on each unit’s commercial operation date and is required to pay for its output share on a “take-or-pay” basis. Payments for the portion of the PPA associated with the repayment of principal maturing prior to commercial operation began in 2016, and are fully funded through the current scheduled completion dates (June 2019/June 2020) through a rate stabilization fund created in 2014.

Cost or Benefit: Toshiba has guaranteed \$3.68 billion payment to the Vogtle project. It is reasonably possible the cost and schedule assessments currently underway will result in estimated costs to complete the project that materially exceed the Toshiba guarantee. Results of the assessments are expected in September 2017.

Recommended Board action: None required. Provided for Board information only.

For additional information, contact: Steve McInall, 665-4309 or Joe Orfano, 665-4541

Submitted by: PEM/ MHD/ SGM

MISSION	VISION	VALUES
 Energizing our community through high-value energy and water solutions.	 JEA is a premier service provider, valued asset and vital partner in advancing our community.	 <ul style="list-style-type: none"> • Safety • Service • Growth² • Accountability • Integrity

Commitments to Action

- 1 Earn Customer Loyalty
- 2 Deliver Business Excellence
- 3 Develop an Unbeatable Team

II. H.
8/7/2017

[Return to Agenda](#)

IV. A. 9.
8/15/2017

Plant Vogtle Update

Project Update

As of July 18, 2017

JEA Finance and Audit Committee

August 7, 2017



Recent Developments in Vogtle Project

March 29

Westinghouse files for bankruptcy

First interim assessment agreement ensures work continues

June 23

Westinghouse files Services agreement with bankruptcy court

Toshiba reports negative outlook for total equity due to Westinghouse bankruptcy

September
Georgia Public Service Commission considers whether Georgia Power Corporation can recover additional construction expenses

June 9

Settlement agreement executed:
- Payment schedule for \$3.68b Toshiba guaranty, paid whether or not construction continues

Services agreement executed transitioning construction management to Southern Nuclear (some services continue from Westinghouse)

June 29

JEA staff visit to site to validate construction progress

July 20

Bankruptcy court approves Services agreement

Westinghouse rejects existing EPC contract, which provides a clear legal path to Toshiba's \$3.68b guaranty



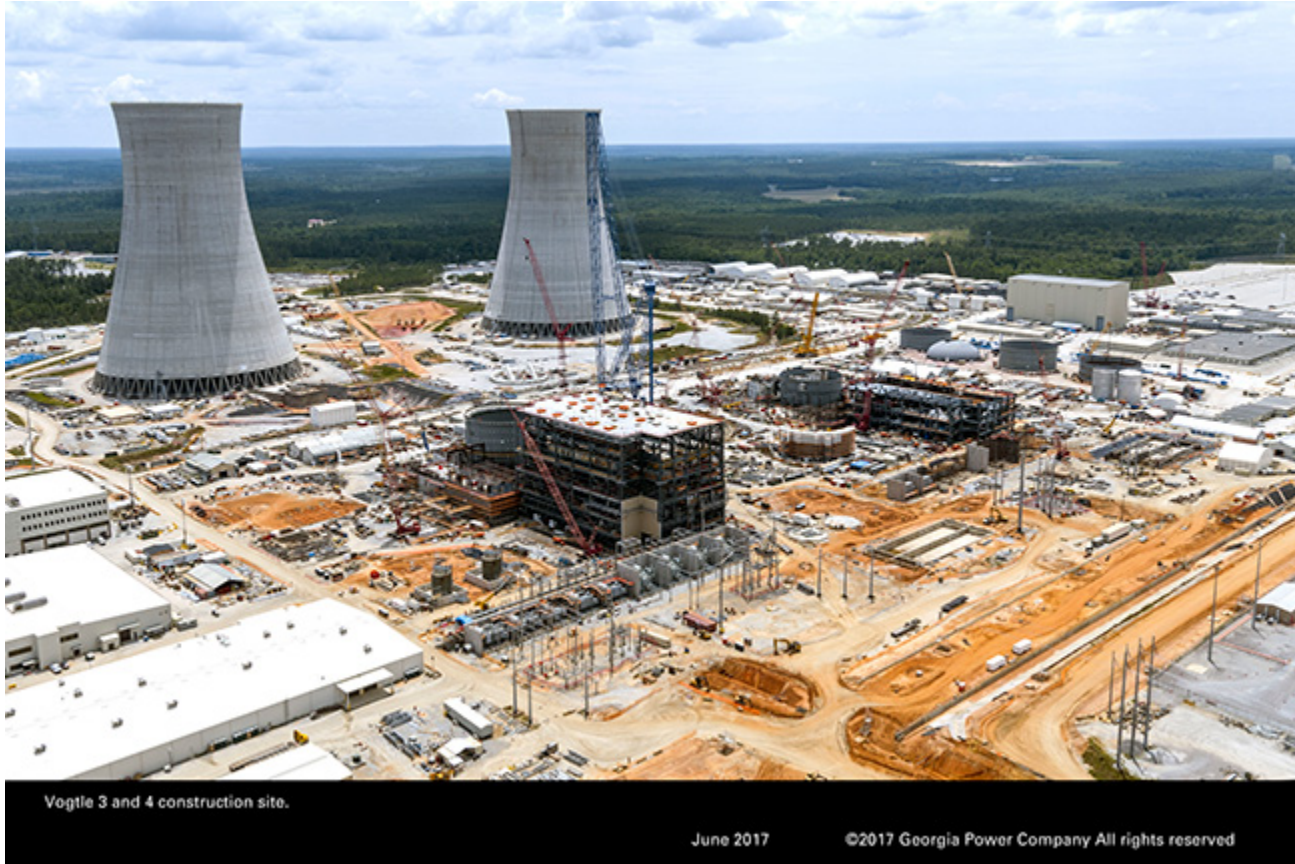
Toshiba Recent Developments

- Substantial risk regarding the Vogtle Co-Owners' ability to fully collect under the guarantee settlement agreement
- Negative total equity attributable to shareholders (-581.6 billion yen [-5.2B USD]), negative net assets of 303.9 billion yen [-2.7B USD]
- Toshiba payments under the guarantee settlement agreement are dependent upon the sale of Westinghouse and, more importantly, its memory chip business
- Western Digital seeking court injunction to prevent sale without its consent

Construction/Regulatory Update

- Georgia Power is continuing work on schedule and cost-to-complete, as well as a cancellation cost assessment
- It is reasonably possible these assessments result in estimated costs to complete that materially exceed the \$3.68 billion Toshiba guaranty
- Georgia Power will continue working with the Georgia Public Service Commission and the other co-owners to determine future actions related to Vogtle Units 3 & 4
- JEA staff visited the construction site on June 29th and observed that the site is more active and productive than on earlier visits
- Production Tax Credit legislation extending the deadline for in-service and making credits more accessible to all co-owners passed the U.S. House of Representatives
- Fluor Corporation is managing the Vogtle Construction. Over 6,000 workers (from Southern Co., Westinghouse, Fluor and crafts) are involved in the project. Both Fluor and Bechtel are preparing bids to complete the construction on a cost plus basis.

Construction Progress Continues But Much Work Remains



Vogtle 3 and 4 construction site.

June 2017

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Other News: Southern Company Update

- On June 28, Southern Company announced that it is suspending the coal gasification portion of the Kemper County energy facility
- The Kemper facility has been operating as a natural gas facility for almost three years, while the inability to put crucial coal gasifiers into service has led to a total project cost of \$7.5 billion for the 582 MW facility
- The Mississippi Public Service Commission issued an order on July 6, requiring Mississippi Power to propose a settlement to the Commission within 45 days to ensure that its customers will not pay for the coal portion of the plant
- Southern Company has warned investors that it may take a \$3.4 billion 2nd quarter charge for Kemper costs incurred through May 31; since June 20, Southern's common stock price has declined over 8%

IV. A. 10.

JEA Energy Market Risk Management Policy Report



Building Community

AGENDA ITEM SUMMARY

August 8, 2017

SUBJECT:	JEA ENERGY MARKET RISK MANAGEMENT POLICY REPORT
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Purpose:	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: The JEA Board approved the Energy Market Risk Management (EMRM) Policy in March 2014. The Policy was developed to codify the risk, governance, limits, and criteria associated with managing energy market exposure, and to comply with requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The reporting section of the Policy requires a quarterly report on JEA's financial and physical fuel and power transactions. This report includes physical transactions greater than one year and all financial transactions.

Significance: High. The Policy governs JEA's wholesale energy market risk management and allows JEA to execute certain physical and financial transactions. The attached report is provided to the Board Finance and Audit Committee and satisfies the requirements of the reporting section of the EMRM Policy.

Effect: Financial and physical transactions allow the JEA Fuels group to manage the risks inherent in the wholesale fuel and energy markets. The attached Finance and Audit Committee report summarizes JEA's current positions.

Cost or Benefit: The costs of financial transactions are reflected in comparison to market indices. The benefits include establishment of a stable fuel price for the future.

Recommended Board action: None required. The report is required by the EMRM Policy and is provided as information.

For additional information, contact: Steve McInall, 665-4309

Submitted by: PEM/ MJB/ SGM

MISSION
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VISION
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VALUES

- Safety
- Service
- Growth²
- Accountability
- Integrity

Commitments to Action

- 1 Earn Customer Loyalty
- 2 Deliver Business Excellence
- 3 Develop an Unbeatable Team

Energy Market Risk Management: Physical and Financial Positions

Summary as of 7/5/2017		
Projected FY17 Expense (Budget = \$412M)	\$443M	☹
Projected Fuel Fund Ending Balance FY17	\$130M	☺
EMRM Compliance	Yes	☺
Counterparty Credit Limit Exceptions	No	☺
Any Issues of Concern	No	☺

Table 1: Physical Counterparties (Contracts One Year or Greater) as of 7/1/2017

Generating Unit	Fuel Type	Supplier/ Counterparty	Contract Type	Remaining Contract Value	Remaining Contract Term
SJRPP	Coal	Coal Marketing Company	Fixed Price	\$ 44,211,050	4 months
Scherer 4	Coal	Alpha- Eagle Butte	Fixed Price	\$ 2,008,956	6 months
Scherer 4	Coal	Coal Sales, LLC	Fixed Price	\$ 959,793	6 months
Scherer 4	Coal	Arch Coal Sales Company, Inc	Fixed Price	\$ 670,125	6 months
Scherer 4	Coal	CY18 Contura Eagle Butte	Fixed Price	\$ 2,657,078	12 months
Scherer 4	Coal	CY19 Contura Eagle Butte	Fixed Price	\$ 2,806,870	12 months
NG Fleet	Natural Gas	Shell Energy	Index w/Fixed Price Option	\$ 253,415,350	3.83 years

Table 2: Financial Positions as of 7/1/2017

Year	Commodity	Physical Volume (mmBtu)	Hedged Volume (mmBtu)	Percent Hedged	Unhedged Cost (\$/mmBtu)	Hedge Type	Hedge Price	Mark-to-Market Value	Counter Party
FY17	Natural Gas	7,877,000	1,200,000	15.2%	\$3.03	Collar	\$2.93/\$4.50	\$108,028	Wells Fargo
FY18	Natural Gas	41,510,200	-	0.0%	\$3.02	-	-	-	-
FY19	Natural Gas	43,787,000	-	0.0%	\$2.86	-	-	-	-

Table 3: Fuel Procurement as of 7/1/2017

Fuel Type	Coal	Petcoke	Oil/Diesel	Purchased Power	Natural Gas	Renewables	Nuclear
FY17 Remaining							
Expected Spend (\$)	50.6M	10.0M	0.0M	10.0M	36.6M	3.1M	
% Procured	100%	100%	100%	29%	50%	100%	
% Hedged	100%	9%	100%	29%	16%	100%	
FY18							
Expected Spend (\$)	96.1M	62.5M	0.9M	53.4M	133.4M	14.7M	
% Procured	34%	9%	100%	0%	54%	100%	
% Hedged	34%	9%	100%	0%	0%	100%	
FY19							
Expected Spend (\$)	70.8M	61.7M	1.7M	71.3M	121.4M	14.0M	3.6M
% Procured	46%	9%	100%	0%	53%	100%	100%
% Hedged	46%	9%	100%	0%	0%	100%	100%

Supporting Notes:

- Renewable and nuclear power purchase agreements are not included in Table 1
- Natural Gas Transportation is 100% fixed capacity and price
- Solid fuel procurement – quarterly at Northside; longer term 2017 for SJRPP and 2017/18/19 for Scherer
- FY17 Energy Mix: 43% Gas, 45% Solid Fuel, 12% Purchase Power expected (based on MWH)
- In Table 3, the procured percent relates to inventory on hand, or contracted and the percent hedged is inventory on hand or contracted with fixed pricing or financial hedges. New renewable projects are added as they attain commercial operation. 7 MW Montgomery Solar PPA added since prior report
- The FY17 projected fuel fund ending balance has decreased from budget because of increases in fuel prices (\$45M) and lowering of the fuel rate from \$36.75 to \$32.50 on 12/2016 (\$43M)