

JEA
BOARD AGENDA

DATE: April 17, 2018

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. Recognition of JEA Employees

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 March 20, 2018 – **action**
 - 2. Approval of Board Workshop Minutes March 20, 2018 – **action**
 - 3. Approval of Nominating Committee Minutes – March 12, 2018 – **action**
 - 4. March 20, 2018 Board Workshop Response – information
 - a. JEA Board Roles and Responsibilities Related to the Potential Sale of JEA

- b. Jacksonville Small & Emerging Business (JSEB) Program
 - c. Utility Services Provided by Sources Other Than JEA
 - d. Water Products and Services Horizon Chart
 - e. Water Price to Earnings Chart
 - f. Forecast Methodology
 - g. Annual Budget Process
 - h. Possible Privatization Structure Term Sheet
 - i. Plant Vogtle and Power Purchases
- 5. Sole Source and Emergency Procurement/Procurement Appeals Board Report – information
 - 6. Monthly JEA Financial Review & Statements – information
 - 7. Monthly JEA Operations Report – information
 - 8. Monthly FY18 Communications & Engagement Calendar and Plan Update – information
- B. Strategic Discussions/Action
- 1. JEA FY2017 Annual Disclosure Reports – Melissa Dykes, Chief Financial Officer – 5 minutes – presentation/**action**
 - 2. Monthly Operational and Financial Review – Melissa Dykes, Chief Financial Officer – 10 minutes – presentation/information
- C. Old Business – none
- D. Other New Business
- 1. CEO Search
- E. Open Discussion

IV. REPORTS

- A. Managing Director/CEO's Report
- B. Chair's Report

V. CLOSING CONSIDERATIONS

A. Announcements – Next Board Meeting May 15, 2018

B. Adjournment

Board Calendar

Board Meetings: 12:00 PM – Third Tuesday of Every Month

Exceptions: December 11, 2018

Committees:

Finance & Audit Committee: May 7, 2018

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

April 11, 2018

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, April 17, 2018**, are as follows:

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

We are looking forward to seeing you on the 17th. Please call Melissa Charleroy at 665-7313 or Cheryl Mock at 665-4202 if you require additional information.

/mmc

cc:

P. McElroy	M. Hightower	S. Tuten	W. Stanford
J. Brooks	T. Hobson	M. Charleroy	M. Evans
M. Brost	B. Roche	C. Mock	J. Gutos
P. Cosgrave	K. Stewart	B. Taylor	L. Bartley
M. Dykes	J. Bryant	M. Jones	S. Datz
A. Hiers	G. Boyce	D. Swain	G. Kyle
Council Member Matt Schellenberg		J. Gabriel, OGC	
Dr. Johnny Gaffney, Office of the Mayor		K. Billy, CAO	

e-copy:

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

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.

III. A. 1.

Approval of Board Meeting Minutes March 20, 2018

JEA
BOARD MINUTES
March 20, 2018

The JEA Board met in regular session on Tuesday, March 20, 2018, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Alan Howard, Husein Cumber, Kelly Flanagan, Frederick Newbill, April Green and Aaron Zahn.

Agenda Item I – Welcome

- A. The meeting was **called to order** at 12:01 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 Mr. Cumber and second by Secretary Newbill.
- E. The **Safety Briefing** was given by Paul McElroy, Managing Director/Chief Executive Officer.
- F. **Sunshine Law/Public Records Statement** – Jody Brooks, Office of General Counsel (OGC), stated this Board Meeting is being held in compliance with Florida's Government in the Sunshine Law, §286.011. The complete statement can be found in section I. F. of the Board package.

Agenda Item II – Presentations and Comments

- A. **Comments from the Public** –
 - 1. Michael Barger addressed the Board regarding net metering.
 - 2. Thomas Bledsoe addressed the Board regarding net metering.
 - 3. Catherine Pierce addressed the Board regarding privatization.
- B. **Council Liaison's Comments** – The Honorable Matt Schellenberg thanked Chair Howard and the Board for hosting today's workshop.
- C. **Office of the Mayor Liaison's Comment** – Dr. Johnny Gaffney was not in attendance.
- D. **Recognition of JEA Employees** – Chair Howard postponed the recognition of JEA employees to the April 17, 2018 JEA Board Meeting. In honor of former Chair Tom Petway, Chair Howard read a resolution in appreciation for his lasting contributions to the JEA Board of Directors. On **motion** by Ms. Flanagan and second by Mr. Zahn, the resolution was unanimously adopted.

Agenda Item III – 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, items 1 and 2 on the Consent Agenda was unanimously approved and items 3 through 5 were received for information.
 - 1. Approval of Special City Council Meeting Minutes February 14, 2018 – approved
 - 2. Approval of Board Meeting Minutes February 20, 2018 – approved
 - 3. Monthly JEA Financial Review & Statements – received for information

4. Monthly JEA Operations Report – received for information
5. Monthly FY18 Communications & Engagement Calendar and Plan Update – received for information

B. Strategic Discussions/Action

1. Annual Report on JEA’s Jacksonville Small & Emerging Business (JSEB) Program – John McCarthy, Senior Director, Supply Chain Management and Operations Support, provided a presentation highlighting the history of the program, annual spend percentages, FY17 highlights, program successes, current projects including septic tank phase out and JSEB outreach activities. This presentation was received for information.
2. JEA FY2017 Annual Disclosure Reports – Melissa Dykes, Chief Financial Officer, advised the Board of the draft annual disclosure reports that are available for their review and comment. Prior to requesting approval at the April 17, 2018 Board meeting, staff has scheduled time for discussions with Board Members, if necessary. Ms. Dykes stated copies of the reports would be placed in their offices. This item was received for information.
3. Monthly Operational and Financial Review – Melissa Dykes, Chief Financial Officer, 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 the Managing Director/CEO contract. Chair Howard requested a Compensation Committee meeting be held before the April 17, 2018 Board Meeting.

D. Other New Business – Chair Howard welcomed new Board Member Aaron Zahn.

E. Old Business – none

Agenda Item IV – Reports

A. Finance and Audit Committee Report – Kelly Flanagan, Committee Chair reviewed the Finance and Audit Committee meeting held on March 12, 2018, bringing items to the Board for action and information.

1. Approval of Minutes – December 5, 2017 – received for information
2. FY2019 Budget Assumptions – received for information
3. JEA Annual Disclosure Policy Report – received for information
4. Dark Fiber Utility Services for the 21st Century Digital Utility – Committee Chair Flanagan called upon Paul Cosgrave, Chief Information Officer. Mr. Cosgrave provided an overview of dark fiber including the future state of the dark fiber business, benefits, financial projections, program governance and what JEA is not doing. On **motion** by Secretary Newbill and second by Ms. Flanagan, the Board unanimously approved Resolution #2018-01 authorizing JEA to invest in expansion and enhancement of the existing fiber optic network with the intention to lease dark fiber.
5. Quarterly Audit Services Update – received for information
6. Ethics Officer Quarterly Report – received for information
7. Treasury

- a. Electric System and Water and Sewer System Reserve Fund Quarterly Report – received for information
- b. Recap of Recent JEA Water and Sewer System and Electric System Fixed Rate Debt Refunding Delegated Transactions – received for information
8. JEA Energy Market Risk Management Policy Report – received for information
9. Announcements
 - a. Next Meeting, May 7, 2018, 8:00 – 10:00 AM
10. Committee Discussion Sessions
 - a. Ernest & Young – received for information
 - b. Director, Audit Services – received for information
 - c. Council Auditor’s Office – Council Auditor’s representative was not in attendance

B. Nominating Committee Report – Alan Howard, Committee Chair

1. JEA Board of Directors – Slate of Officers – Chair Howard presented the Board with the following slate of officers for approval, Alan Howard for a second term as Board Chair, Husein Cumber as Vice Chair, and Frederick Newbill for a second term as Secretary – upon **motion** by Ms. Flanagan and second by Secretary Newbill, the new slate of officers was unanimously approved.

C. Managing Director/CEO’s Report – Mr. McElroy provided an update on universal solar expansion and net metering stating that with the addition of 250 MW of solar and 10 - 12 MW of net metering, on top of the current 50 MW of solar, will place Jacksonville on the map as the city with the highest concentration of solar generating assets within its service territory. Additionally, with the historic closing of SJRPP, JEA has made a significant commitment to the environment with the reduction of CO₂.

D. Chair’s Report – Chair Howard stated the Board Meeting will adjourn and immediately begin the Board Workshop. Chair Howard stated that he and Mr. McElroy will make themselves available for questions from the media immediately following the workshop. Additionally all materials provided to the Special Committee on the Potential Sale of JEA will be made available on jea.com.

Agenda Item V – Closing Considerations

A. Announcements – Next Board Meeting – March 20, 2018

B. Adjournment

With no further business claiming the attention of the Board, Chair Howard adjourned the meeting at 1:20 PM.

APPROVED BY:

SECRETARY

DATE: _____

Board Meeting recorded by:

Melissa M. Charleroy
Executive Assistant

III. A. 2.

Approval of Board Workshop Minutes March 20, 2018

JEA
Board Workshop Minutes
March 20, 2018

The JEA Board met for a workshop on Tuesday, March 20, 2018, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida 32202. Members in attendance were Alan Howard, Frederick Newbill, Husein Cumber, Kelly Flanagan, April Green and Aaron Zahn. Others in attendance were Paul McElroy, Jody Brooks and Melissa Dykes.

1. Call to Order – Board Chair Howard called the workshop to order at 1:25 PM. Chair Howard stated this is the first time the Board has convened to discuss the matter of the potential sale of JEA. Chair Howard recognized the attendance of Council President Lopez Brosche, Council Vice President Bowman, Council Member Crescimbeni, Council Member Morgan, Council Member Schellenberg and Council Member Love.
2. Paul McElroy, Managing Director/Chief Executive Officer stated this workshop was not meant to replicate the great work the City Council Members are doing, but to help facilitate discussion and dialogue between JEA Board members. Mr. McElroy and Melissa Dykes addressed the following topics:

Process to date, JEA operating and financial performance, electric, water and wastewater industry trends, contribution agreement and other City of Jacksonville partnerships, capital markets, Public Financial Management valuation, possible structures, industry challenges and Plant Vogtle.

Board Members held discussions regarding the role of Board Members in this process, industry trends, sales growth, capital costs, 2013 strategic plan, FEMA reimbursement for damages related to Hurricanes Matthew and Irma and Plant Vogtle.

3. The Chair thanked Board Members for their time and staff for their preparation of materials and reiterated the purpose of the workshop was to facilitate discussion amongst JEA Board Members and educate all stakeholders.

With no further business claiming the attention of the Board, the workshop was adjourned at 3:43 PM.

APPROVED BY:

SECRETARY

DATE: _____

Prepared by:

Melissa Charleroy
Executive Assistant

III. A. 3.

Approval of Nominating Committee Minutes
March 12, 2018

JEA NOMINATING COMMITTEE MINUTES
March 12, 2018

The Nominating Committee of JEA met on Monday, March 12, 2018, in the 8th Floor Conference Room, JEA Plaza Tower, 21 W. Church Street, Jacksonville, Florida.

Agenda Item I – Opening Considerations

- A. Call to Order – Committee Chair Howard called the meeting to order at 10:07 AM with Members Husein Cumber, Kelly Flanagan and Frederick Newbill in attendance. Also present were Paul McElroy, Jody Brooks and Gina Kyle.
- B. Adoption of Agenda – The Agenda was adopted on **motion** by Secretary Newbill and second by Ms. Flanagan.

Agenda Item II – New Business

- A. JEA Board of Directors – Slate of Officers – Jody Brooks, Chief Legal Officer, advised the Committee of the terms officers may hold as defined by the JEA By-Laws. Ms. Brooks further advised that new officers would be voted in during the March 20, 2018 JEA Board of Directors meeting and would assume office at the April JEA Board of Directors meeting.

Upon **motion** by Mr. Cumber and second by Secretary Newbill, the Committee unanimously voted to recommend Alan Howard for a second term as Board Chair.

Mr. Cumber stated after being on the JEA Board for four years, he would like the opportunity to step into leadership as the Vice Chair.

Upon **motion** by Committee Chair Howard and second by Ms. Flanagan, the Committee unanimously voted to recommend Husein Cumber as the new Board Vice Chair.

Secretary Newbill stated he was willing to remain in the position as Board Secretary.

Upon **motion** by Ms. Flanagan and second by Committee Chair Howard, the Committee unanimously voted to recommend Frederick Newbill for a second term as Board Secretary.

- B. Other New Business – Committee Members discussed the current Board Committee structure.
- C. Announcements –
 - 1. There are no additional Committee meetings needed at this time.
- D. Adjournment – With no further business claiming the attention of this Committee, the meeting was adjourned at 10:22 AM.

APPROVED BY:

Alan Howard, Board Chair
Date: _____

Submitted by:

Melissa Charleroy
Executive Assistant

III. A. 4. a.

JEA Board Roles and Responsibilities Related to the Potential Sale of JEA

April 9, 2018

SUBJECT:	BOARD WORKSHOP RESPONSE – JEA BOARD ROLES AND RESPONSIBILITIES TO POTENTIAL SALE OF JEA
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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: At the March 20, 2018 Board workshop, several requests for additional information were made. The attached February 13, 2018 memorandum prepared by the Office of General Counsel is in response to a request concerning the process and JEA's roles and responsibilities regarding a potential sale of JEA.

Significance: High.

Effect: N/A

Cost or Benefit: N/A

Recommended Board action: For information only.

For additional information, contact: Jody Brooks, 665-6383

Submitted by: MHD/JLB

MISSION



Energizing our community through high-value energy and water solutions.

VISION



JEA is a premier service provider, valued asset and vital partner in advancing our community.

VALUES



- Safety
- Service
- Growth²
- Accountability
- Integrity

Commitments to Action

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

**OFFICE OF GENERAL COUNSEL
CITY OF JACKSONVILLE
117 WEST DUVAL STREET
SUITE 480
JACKSONVILLE, FL 32202
PHONE: (904) 630-1700**



MEMORANDUM

TO: Honorable Mayor Lenny Curry
Honorable Members of the Jacksonville City Council
JEA Board of Directors

CC: Chief Administrative Officer, Sam Mousa
Chief of Staff, Brian Hughes
Chief Financial Officer, Mike Weinstein

FROM: Jason Gabriel, General Counsel
Jody Brooks, Chief Legal Officer, JEA
Gayle Petrie, Chief Financial Officer for OGC

RE: Process for the evaluation of a potential JEA privatization

DATE: February 13, 2018

I. Background and Purpose

In November 2017, former JEA Board Chair Mr. Tom Petway posed questions to the JEA Board which included whether the services and financial benefits derived from the privatization of JEA would better serve the customers of the JEA and the citizens of Jacksonville and the region at large.

In an effort to respond to these inquiries, the current JEA Board Chair, Mr. Alan Howard, requested that JEA management engage a qualified firm “to appraise the value of JEA’s constituent utilities: electric, water/wastewater, and district cooling.” Public Financial Management (PFM) was engaged by JEA to prepare such a report and is working to finalize and deliver the report to the JEA Board, City Council and members of the Administration on or around February 14, 2018. A draft of the PFM report dated February 2, 2018 was provided to City Council members, JEA Board members, and members of the Administration.

The JEA and City Council members have inquired as to the process for exploring and considering the potential privatization of JEA utility operations which include water and

sewer, chilled water, and electric systems. The purpose of this memo is to provide the basic process for such exploration and consideration, including, without limitation to identify local, state and federal regulatory processes that would be necessary to complete.

Please note that this memo provides basic procedural information on a comprehensively large first-of-its-kind transaction and accordingly is subject to further modification, amendment, elaboration and analysis as the evaluation, exploration and consideration process is undertaken.

II. Authority and Responsibilities of JEA

JEA is the largest municipally-owned electric, water and sewer utility in Florida and the 8th largest in the nation. JEA serves Duval County and portions of three adjacent counties including St. Johns County, Nassau County and Clay County. In 1967 upon consolidation, Jacksonville Electric Authority became an independent authority of the City of Jacksonville authorized to own, manage and operate an electric utility system. In 1997, the City amended the Charter to expand this authority to include water, sewer and natural gas, and the City transferred the water and wastewater responsibilities from a City department to Jacksonville Electric Authority and renamed the independent authority to simply JEA.

A. JEA Charter

Article 21 of the City of Jacksonville Charter creates the JEA, defining its responsibilities, authority and power. JEA is authorized to own, manage and operate utility systems within and without the City of Jacksonville and was created for the express purpose of acquiring, constructing, operating, financing and otherwise having plenary authority with respect to electric, water, sewer, natural gas and such other utility systems as may be under its control now or in the future. Such utilities may be owned, operated or managed by JEA separately or in such combined or consolidated manner as JEA may determine. Section 21.01, City Charter.

The JEA's powers are listed in Section 21.04 of the Charter. Specifically, Section 21.04(p), in part, limits JEA's ability to "transfer any function or operation which comprises more than ten percent of the total of the utilities system by sale, lease or otherwise to any other utility, public or private without approval of the council."

Any transaction that comprises more than ten percent of the total utilities system would require approval of City Council. Upon receipt of the PFM final report, the JEA Board could make a recommendation to City Council on pursuing a potential privatization opportunity and exploring the market to do so, however the JEA ultimately does not have the power to complete such a transaction without City Council approval.

B. JEA Charter Amendment Process

Any transaction that would modify the authority or powers of JEA would require an amendment to or repeal of Article 21. Section 21.11 provides the following legislative authority of City Council:

Notwithstanding any provision of this charter to the contrary, the council may repeal or amend any portion of this article, by two-thirds vote of the membership of the council. A public hearing on the adoption of the ordinance shall be advertised in substantially the same manner as the council is required to advertise its intention pursuant to s. 200.065, Florida Statutes, and held not earlier than 30 days after the introduction of the ordinance into the council. The council shall take final action on the ordinance only after the expiration of 60 days after the advertised public hearing, and no ordinance shall be enacted except by a two-thirds vote of the entire council. If the mayor disapproves the ordinance, the council may enact it notwithstanding such disapproval only by a four-fifths vote of the entire council.

Section 21.11 authorizes the City Council to repeal or amend any portion of the JEA Charter. Because this amendment and repeal section (coupled with the sale/transfer provision set forth in Section 21.04(p)) was specifically authorized by the State Legislature, no referendum would be required to amend or repeal the JEA Charter to affect a privatization transaction. Furthermore, any effort to require such a transaction to be subject to a voter referendum would require an amendment to Article 21 of the City Charter.

C. Interlocal and Franchise Agreements

JEA provides utility services to surrounding communities under certain interlocal or franchise agreements. The electric system provides service to the Town of Orange Park, Town of Baldwin, Atlantic Beach and a portion of St. Johns County. The water/wastewater system provides service to parts of Nassau and St. Johns Counties. Each of these agreements will need to be reviewed for the provision of service to these surrounding communities and the transferability of the agreements.

Those agreements are referenced as provided below:

1. Electric:

a. Ordinance No. 305 (Town of Orange Park) Franchise Fee Agreement effective September 1, 1969, between JEA and Town of Orange Park

b. Assignment and Assumption of Franchise Agreement (FPL) dated January 1, 2000, between JEA and Town of Baldwin

Franchise Agreement between JEA and Atlantic Beach

c. Territorial Agreement (FPL) dated December 14, 1998, between JEA and St. Johns County

2. Water/Wastewater:

a. Nassau County/JEA Water and Wastewater Interlocal Agreement dated December 17, 2001

b. St. Johns County/JEA Water and Wastewater Interlocal Agreement dated July 1, 1999

A purchaser would also need to negotiate a franchise agreement with the City of Jacksonville.

3. All Applicable Agreements:

Agreements with governments outside of Jacksonville would need approval for a transfer or will need to be renegotiated with the local governmental units. Those agreements include the agreements listed above. The Office of General Counsel is currently examining all known applicable agreements, and is researching JEA files to ensure that all necessary agreements are identified and reviewed. Accordingly other agreements may be added to the list of agreements that necessitate review.

D. Real Estate / Asset Inventory Review

All governmentally owned, leased, managed, operated or controlled property interests and other assets associated with JEA utilities need to be reviewed, along with the instruments and documents which govern them. The purpose of such examination is to assess the rights, obligations, benefits and burdens contained within them which affect the various utility systems. This is an undertaking conducted by the JEA with assistance from the City, Office of General Counsel, and specialized outside legal counsel.

III. Applicable State and Federal Agencies

A. Regulatory Approvals

As a municipal utility, JEA is exempt from certain federal and state regulatory laws that would be applicable to a non-municipal, investor-owned purchaser. Approval by the Federal Energy Regulatory Commission (FERC) (with respect to the entire transaction of the electric system) and the Florida Public Service Commission (PSC) (with respect to

the approval of utility rates and related matters) of a privatization transaction to a private entity would be required as part of a conversion from a municipal-owned utility to an investor-owned utility.

B. Public Interest Determination for Water/Wastewater System

Pursuant to Florida Statutes, no county, municipality, special district or community development district may sell a water, sewer or wastewater reuse utility or enter into a wastewater facility privatization contract for a wastewater facility until the governing body has held a public hearing and made a determination that the sale or wastewater facility privatization contract is in the public interest (§125.3401 - Purchase, sale, or privatization of water, sewer, or wastewater reuse utility by county, §180.301 - Purchase, sale, or privatization of water, sewer, or wastewater reuse utility by municipality, §189.054 - Purchase, sale, or privatization of water, sewer, or wastewater reuse utility by special district, and §190.0125 - Purchase, privatization, or sale of water, sewer, or wastewater reuse utility by district, Florida Statutes). The public interest determination shall consider at a minimum the specific items required by statute.

IV. Exploration and the Transaction Process

Should the valuation conducted by PFM provide justification for further exploration by the Consolidated Government for examining and considering further action toward privatization, the draft PFM report dated February 2, 2018, outlines a six-phased approach for a utility asset sale:

- Phase 1 – Commitment to the Process
- Phase 2 – Documentation and Disclosure
- Phase 3 – Preparing for the Sale
- Phase 4 – Indications of Interest
- Phase 5 – Due Diligence and Final Bids
- Phase 6 – Regulatory Approvals

Because of the complexity of a multi-faceted privatization transaction of this nature and magnitude and the integral involvement of various parts of the Consolidated Government, the City and JEA will have to craft a process in collaboration with an investment advisor which adequately tests the market, seeks suitable investors and forges a path to evaluating the best value proposition of the asset for the City. The City and JEA have the ability and authority to create a fair and effective process for a privatization transaction that mirrors standard merger and acquisition processes that are tailored for achieving the best result for the City.

Incorporating the six phases from the PFM draft report, the following is an outline of process for the benefit of the City Council and JEA:

A. City Council and JEA evaluate the PFM final report and decide whether to support further exploratory consideration and action. This can be accomplished through a Council resolution. A cohesive, collaborative and cooperative approach by the entire Consolidated Government is highly recommended while the market is tested for such a comprehensive transaction in order to achieve the highest and best potential valuation by interested entities on behalf of the taxpayers.

B. Assuming City Council support is obtained for the exploration of a potential transaction or set of transactions, arrangements are made to retain an investment advisor, merger and acquisition counsel and other necessary professional services including assistance with employee and labor matters and real estate / asset inventory review.

C. In close collaboration with the investment advisor and merger and acquisition counsel, marketing and disclosure documentation and minimum transaction parameters are prepared for potential investors, and discussions commence with such entities.

D. Prospective investors are assisted with their due diligence review / information acquisition, and the parties begin negotiating terms and conditions of associated transaction documents, including any necessary provisions regarding future rates and employee matters. The bid process is narrowed to the potential investor or investors that have provided the favored terms of acquisition.

E. Final proposals are obtained from investors, reviewed and evaluated. The parties then negotiate definitive acquisition documents that are packaged and submitted to City Council for consideration and formal action.

F. If a proposal is accepted and approved by City Council, transaction documents are executed, and work is commenced on satisfaction of closing conditions, including the regulatory approval process with governmental agencies.

V. Conclusion

If pursued, this complex transaction will require extended cooperation between JEA and the City to maximize net proceeds and clear regulatory hurdles which as noted above include FERC and PSC review and approval.

Please let us know of any further questions and if we can be of any further assistance.

III. A. 4. b.

Jacksonville Small & Emerging Business (JSEB) Program



Building Community

AGENDA ITEM SUMMARY

April 4, 2018

SUBJECT:	BOARD WORKSHOP RESPONSE - JEA'S JACKSONVILLE SMALL & EMERGING BUSINESS (JSEB) PROGRAM
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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: Information responsive to JEA Board Member questions from the presentation on JEA's JSEB program during March Board meeting is provided in the attachment.

Significance: This information addresses questions relating to: (1) JSEB Certification process timeliness, (2) JEA's comparison with other Jacksonville Agency programs, (3) JEA's JSEB vendor spend concentration, and (4) JEA's JSEB business sustainability.

Effect: This information provides further insight on the overall effectiveness of JEA's JSEB program and its performance as compared to other Jacksonville agencies.

Cost or Benefit: No significant costs. All Jacksonville agencies provided information on their small business program attributes and FY17 spend results for program comparison purposes. Two clarifications are annotated at the bottom of the FY17 Spend Results table as follows: (1) COJ's reported FY17 annual expenditures of \$32,487,675 are significantly higher than their reported FY16 annual award total of \$20,096,096, or their reported FY17 annual award total of \$18,345,242; and (2) JAA separately tracks expenditures made to their small businesses directly from public travelers and this amount was not included in the table's spend total for like comparison.

Recommended Board action: No action is required by the JEA Board. This item is presented for information only.

For additional information, contact: John McCarthy, Senior Director, Supply Chain Management and Operations Support (904) 665-5544

Submitted by: PEM/ VP/MHD/ RLS

MISSION

Energizing our community through high-value energy and water solutions.

VISION

JEA is a premier service provider, valued asset and vital partner in advancing our community.

VALUES

- Safety
- Service
- Growth²
- Accountability
- Integrity

Commitments to Action

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

Provide Cycle Times For JSEB Cuts and Metrics To The Board

- o On average 6 days to process an application.

How Does JEA Rank To Other Agencies?

Agency Small Business Programs

PROGRAM ATTRIBUTES	JEA	COJ	JAA	JPA	DCPS	JTA
JSEB Program Vendors certified by COJ FY17 New Vendors = 69 / Recertified Vendors = 192	✓ FY17 19 New Vendors	✓	✓	✓		
DBE Program Vendors certified by JTA			✓	✓		✓
SBE Program Vendors certified by DCPS					✓	
ACDBE Program Vendors certified by JTA			✓			
Solicitations contain encouragements, set asides or participation goals	✓	✓	✓	✓	✓	✓
Local funding	✓	✓	✓	✓	✓	✓
Federal and State funding				✓		✓
Federal Aviation and FDOT funding			✓			

FY17 Spend Results

Agency	African American	Asian American	Native American	Hispanic American	Women Owned	Other (Non-MBE)	DBE	MBE (Non-JSEB)	Total
JEA	\$3.4M	\$1.1M		\$500K	\$3.6M	\$4.7M	N/A	\$7.5M	\$20.8M
COJ*	\$9.1M	\$1.9M	\$103K	\$412K	\$11.8M	\$9.2M	N/A	N/A	\$32.5M
JAA**	\$737K	\$615K	\$180K	\$1.1M	\$1.6M	\$624K	N/A	N/A	\$4.8M
JPA	\$231K	\$3.7M	\$74K		\$1.4M	\$167K	\$125K	N/A	\$5.7M
DCPS	\$2.6M	\$4.0M			\$5.6M	\$920K	N/A	N/A	\$13.1M
JTA	\$6.0M	\$3.5M	\$556K	\$1.1M	\$3.6M	\$187K	N/A	N/A	\$14.9M

*COJ's reported FY17 annual expenditures of \$32.5M are significantly higher than their reported FY16 annual award total of \$20M, or their reported FY17 annual award total of \$18M.
**JAA separately tracks expenditures made to their small businesses directly from public travelers and this amount was not included in the table's spend total for like comparison.

Breakdown Of Spend By Business

III. A. 4. b.
4/17/2018

JEA JSEB CONTRACT SPEND FY17

JSEB	MBE Code	FY17 Spend
Xeye Inc.	AA	\$ 1,713,475.00
Donna J. Hamilton Inc.	WBE	\$ 1,261,933.00
Complete Services Well Drilling Inc.	Other	\$ 1,107,957.18
J & D Maintenance and Services	Other	\$ 1,039,437.48
Breaking Ground Contracting Company	WBE	\$ 920,541.00
Kirby Development Inc.	Other	\$ 567,129.37
Complete Coatings Inc.	Other	\$ 490,562.25
Arkest LLC	HA	\$ 486,919.69
J. Collins Engineering Associates LLC	Other	\$ 452,635.02
Eversafe Building Maintenance Corporation	AA	\$ 422,354.88
Advanced Technology Management Inc.	AI	\$ 421,081.91
I-Tech Resources Inc.	AI	\$ 398,087.79
K and J Lawn Care LLC	WBE	\$ 381,763.25
Baldwin's Quality Plumbing	AA	\$ 360,716.00
H Trent Elson Underground Sprinkler Systems Inc.	AA	\$ 352,937.33
American Construction Enterprises of NE FL Inc.	Other	\$ 287,683.86
DJ Contracting of Jacksonville Inc.	WBE	\$ 242,799.53
R. E. Holland & Associates Inc.	Other	\$ 234,618.81
Macs Industrial Supplies Inc.	WBE	\$ 188,244.34
Johnson Surveying and Mapping Inc.	Other	\$ 187,293.90
JB Underground Inc.	Other	\$ 177,824.08
ITG Global	WBE	\$ 175,000.00
Hager Construction	Other	\$ 140,166.87
Mister Gene Clean Janitorial Services Inc.	AA	\$ 108,140.00
Meskel & Associates Engineering LLC	WBE	\$ 97,714.82
Mechling Engineering & Consulting Inc.	Other	\$ 96,334.85
Dajis Construction	AA	\$ 76,100.00
ACE Schedule Consulting Services	WBE	\$ 70,594.98
Fleet Pressure Washing Inc.	AA	\$ 70,256.00
Landscape Construction LLC	WBE	\$ 65,100.00
CSI Geo Inc.	AA	\$ 64,370.50
ABC Cutting Contractors of Jacksonville	Other	\$ 46,254.20
Lumbee Resource Management Group LLC	NA	\$ 46,116.50
Onas Corporation	AA	\$ 45,776.43
Acuity Design Group	AA	\$ 45,713.00
AC Concrete Enterprises Inc.	AA	\$ 44,513.50
Main Street Site & Utility	WBE	\$ 41,789.23
Timus Inc.	NA	\$ 36,421.00
Eagle Lawn Care of N.E. Florida Inc.	WBE	\$ 30,108.50
Construction and Engineering Services	AA	\$ 28,389.60
C&L Landscaping Inc.	WBE	\$ 25,290.00
Aquino Construction	AI	\$ 24,953.63
Jacksonville Lawn Care	Other	\$ 24,578.00
A Real Unique Enterprise LLC	AA	\$ 24,111.00
John R Barnard & Associates	NA	\$ 21,125.00
Babyboy Productions	AA	\$ 20,098.22
Garmon Trucking Inc.	WBE	\$ 19,875.00
Overstreet & Associates Inc.	WBE	\$ 18,627.89
First Coast Industrial Supply	WBE	\$ 18,167.21
Demetrius Shack's Painting Service Inc.	AA	\$ 17,208.00
M & J Striping Inc.	WBE	\$ 17,035.97
Shimp Sign & Design Company	WBE	\$ 14,587.15
Via Concepts LLC	AI	\$ 12,994.00
PQH Architects Inc.	HA	\$ 10,750.00
BGMS Trucking Group LLC	AA	\$ 10,212.26
Adkinson Engineering	Other	\$ 10,069.78
Insights2Talent LLC	WBE	\$ 9,890.00
Four Waters Engineering Inc.	WBE	\$ 7,800.00
Indcom Sales and Service	WBE	\$ 7,061.02
Civil Services Inc.	AA	\$ 6,370.58
Almond Engineering PA	WBE	\$ 6,316.00
Environmental Resource Solution Inc.	WBE	\$ 5,441.39
ENG Engineering Inc.	AI	\$ 3,500.00
BV Group & Associates	HA	\$ 2,300.00
D and J Erosion Control	WBE	\$ 1,480.10
Legacy Engineering Inc.	Other	\$ 95.00
JSEB Total Contract Spend		\$ 13,364,792.85

Metrics – How Effective At Sustaining Businesses Growing

III. A. 4. b.
4/17/2018

- 8 JSEB Graduates achieved annual revenues in excess of \$6M since the program's inception in 2005:
 - Waitz & Moye (Engineering)
 - J&D Maintenance (Landscaping)
 - Arwood (Waste Disposal)
 - KC Integrated Systems (Electric Supplies)
 - Dufresne & Associates (Accounting)
 - TTV Architects (Architectural Services)
 - Myers-Seth Pump (Equipment)
 - Reliance Supply (Supplies)

III. A. 4. c.

Utility Services Provided by Sources Other Than JEA



Building Community

AGENDA ITEM SUMMARY

April 4, 2018

SUBJECT: BOARD WORKSHOP RESPONSE - UTILITY SERVICES PROVIDED BY SOURCES OTHER THAN JEA

Purpose: Information Only Action Required Advice/Direction

Issue: At the March 20, 2018 Board workshop, several requests for additional information were made. The document presented is in response to the question on what utility services are provided in the JEA territory by sources other than JEA.

Significance: High.

Effect: N/A

Cost or Benefit: N/A

Recommended Board action: For information only

For additional information, contact: Melissa Dykes, 665-7054

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

What services are being provided by JEA vs. Other Sources?

1. Commercial/Industrial electric customers

Self-generation is not new or unique to JEA. Some commercial customers choose to invest in their own generating or combined heat-and- power (CHP) assets. There is approximately 46MW of self-serve generation at JEA's industrial customer locations. JEA estimates that this customer-sited generation produces approximately 200,000 MWh annually, or 1.7% of JEA's total generation (at a 50% capacity factor). Nevertheless, JEA maintains capacity to serve these customer's full load requirements. The best way to position JEA for these types of customer decisions is to maintain competitive industrial electric rates.

2. Solar Net metering customers

Rooftop photovoltaic (PV) installations in the JEA service territory generate approximately 19,000 MWh per year or 0.15% of total electric sales. JEA buys back approximately 6,000 MWh per year.

3. Natural gas impact on electric residential customers

Many new neighborhoods in JEA's service territory, particularly in northern St. Johns County, offer natural gas to residential customers. A new gas home uses approximately 50% of the electricity as similar all-electric homes, making natural gas a direct displacement of electric sales.

4. Water and Sewer Customers

JEA estimates that roughly 10% of JEA customers (30,000 – 40,000) receive water from wells.

Based on COJ estimates and the geographic information system (GIS) database tables for septic tanks, there are approximately 50,000 – 60,000 septic tank customers being "self-served" for sewer, or approximately 18% - 21% of JEA's total sewer customers.

III. A. 4. d.

Water Products and Services Horizon Chart



Building Community

AGENDA ITEM SUMMARY

III. A. 4. d.
4/17/2018

April 4, 2018

SUBJECT: BOARD WORKSHOP RESPONSE – WATER PRODUCTS AND SERVICES HORIZON CHART

Purpose: Information Only Action Required Advice/Direction

Issue: At the March 20, 2018 Board workshop, several requests for additional information were made. The document presented is in response to the request for a water products and services horizon chart.

Significance: High.

Effect: N/A

Cost or Benefit: N/A

Recommended Board action: For information only

For additional information, contact: Melissa Dykes, 665-7054

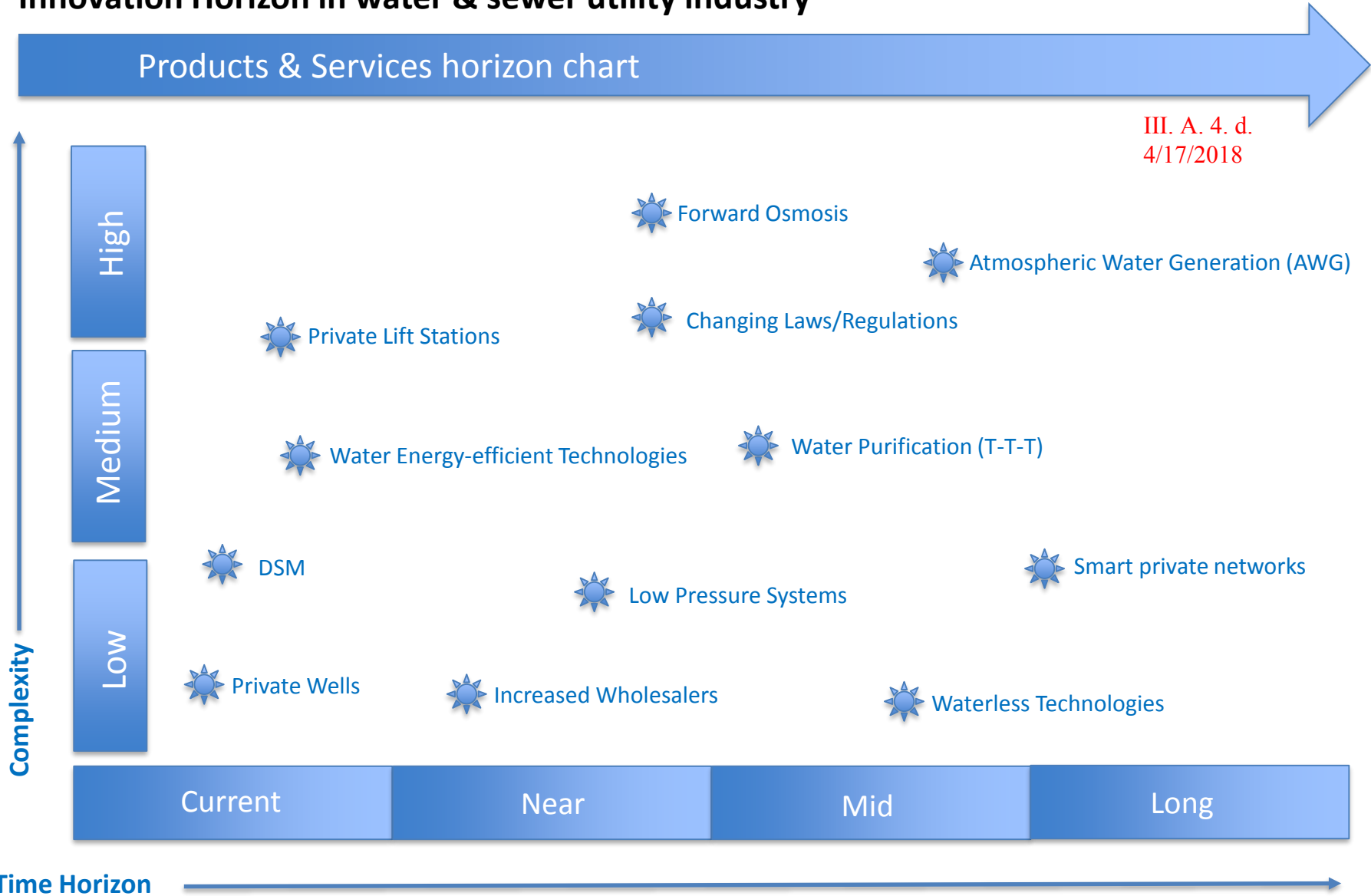
Submitted by: PEM/ MHD/ RFW

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

Innovation Horizon in water & sewer utility industry



III. A. 4. e.

Water Price to Earnings Chart



Building Community

AGENDA ITEM SUMMARY

April 4, 2018

SUBJECT: BOARD WORKSHOP RESPONSE – WATER PRICE TO EARNINGS CHART

Purpose: Information Only Action Required Advice/Direction

Issue: At the March 20, 2018 Board workshop, several requests for additional information were made. The document presented is in response to the request for a historical water and sewer utilities price to earnings chart.

Significance: High.

Effect: N/A

Cost or Benefit: N/A

Recommended Board action: For information only

For additional information, contact: Melissa Dykes, 665-7054

Submitted by: PEM/ MHD/ RFW

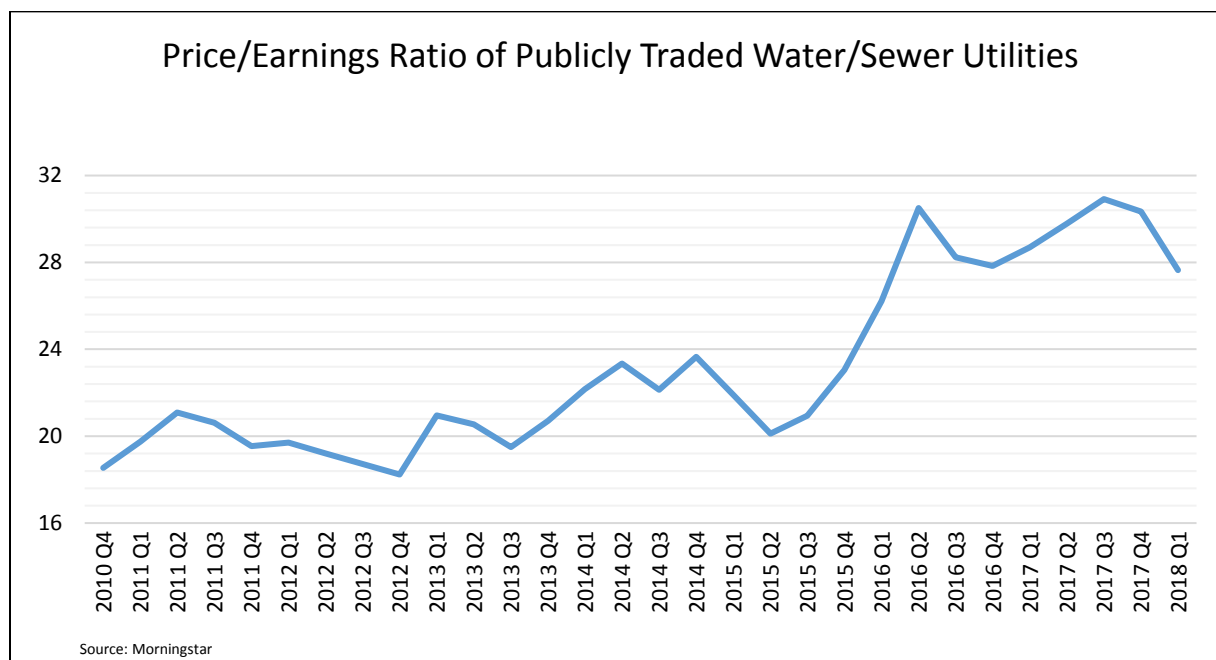
MISSION	VISION	VALUES
		
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity

Commitments to Action

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

Historical Water & Sewer Utilities Price to Earnings

The chart below is based on the weighted historical P/E ratios against publicly traded water/sewer companies. It includes one large cap (revenue \$3B+), one mid cap (revenue \$800M) and 6 small cap (\$100M-\$600M), giving the greater weight to the large and mid-cap utility vs the smaller cap ones.



III. A. 4. f.

Forecast Methodology



Building Community

AGENDA ITEM SUMMARY

III. A. 4. f.
4/17/2018

April 4, 2018

SUBJECT:	BOARD WORKSHOP RESPONSE – FORECAST METHODOLOGY
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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: At the March 20, 2018 Board workshop, several requests for additional information were made. The document presented is in response to the request for more information on JEA’s forecasting methodology. Included are excerpts from the JEA 2018 Ten Year Site Plan and the JEA 2018 JEA Water, Wastewater, Reclaimed Water Customer Population Projections and Demand Forecasts.

Significance: High.

Effect: N/A

Cost or Benefit: N/A

Recommended Board action: For information only

For additional information, contact: Melissa Dykes, 665-7054

Submitted by: PEM/ MHD/ RFW

MISSION

Energizing our community through high-value energy and water solutions.

VISION

JEA is a premier service provider, valued asset and vital partner in advancing our community.

VALUES

- Safety
- Service
- Growth?
- Accountability
- Integrity

Commitments to Action

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

2. Forecast of Electric Power Demand and Energy Consumption

III. A. 4. f.
4/17/2018

Annually, JEA develops forecasts of seasonal peaks demand, net energy for load (NEL), interruptible customer demand, demand-side management (DSM), and the impact of plug-in electric vehicles (PEVs). JEA removes from the total load forecast all seasonal, coincidental non-firm sources and adds sources of additional demand to derive a firm load forecast.

JEA uses National Oceanic and Atmospheric Administration (NOAA) Weather Station - Jacksonville International Airport for the weather parameters, Moody's Analytics (Moody) economic parameters for Duval County, JEA's Data Warehouse to determine the total number of Residential accounts and CBRE Jacksonville for Commercial and Industrial total inventory square footages. JEA develops its annual forecast using SAS and Microsoft Office Excel.

JEA's Fiscal Year 2018 baseline forecast uses 10-years of historical data (2008 to 2017) which captured the pre-2008/09 economic downturn, the 2008/09 economic downturn and the post-recession recovery. Using the shorter periods also allows JEA to capture the more recent trends in customer behavior, energy efficiency and conservation, where these trends are captured in the actual data and used to forecast projections.

2.1 Peak Demand Forecast

JEA normalizes its historical seasonal peaks using historical maximum and minimum temperatures, 24°F as the normal temperature for the Winter peak and 97°F for the Summer peak. JEA then develops the seasonal peak forecasts using multiple regression analysis of normalized historical seasonal peaks, normalized historical and forecasted residential, commercial and industrial energy for Winter/Summer peak months, heating degree hour for the 72 hours leading to winter peak and cooling degree hours for the 48 hours leading to summer peak. JEA's forecasted Average Annual Growth Rate (AAGR) for total peak demand during the TYSP period is 0.55 percent for summer and 0.78 percent for winter, which reflects the expiration of FPU's wholesale agreement beginning 2018.

2.2 Energy Forecast

JEA begins its forecast process by weather normalizing energy for each customer class. JEA uses NOAA Weather Station - Jacksonville International Airport for historical weather data. JEA develops its normal weather using 10-year historical (FY08 to FY17) average heating/cooling degree days and maximum/minimum temperatures. Normal months, with heating/cooling degree days and maximum/minimum temperatures that are closest to the averages, are then selected. JEA updates its normal weather every 5 years or more frequently, if needed.

The residential energy forecast was developed using multiple regression analysis of weather normalized historical residential energy, Total Population, Median Household Income, Total Housing Starts from Moody’s Analytics, JEA’s total residential accounts and JEA’s residential electric rate.

The commercial energy forecast was developed using multiple regression analysis of weather normalized historical commercial energy, commercial inventory square footage, total commercial employment, gross product and JEA’s commercial electric rate.

The industrial energy forecast was developed using multiple regression analysis of weather normalized historical industrial energy, total industrial employment, proprietors’ profit and total retail sales product for existing industrial accounts. JEA then layers in the estimated energy for new industrial customers on the forecasted industrial energy.

The lighting energy forecast was developed using the historical actual energy, number of luminaries and JEA’s estimated High Pressure Sodium (HPS) to Light-Emitting Diode (LED) street light conversion schedule. The LEDs are estimated to use 45% less energy than the HPS street lights. JEA developed the forecasted number of luminaries using regression analysis of the number of JEA customers. The forecasted lighting energy was calculated using the forecasted number of luminaries, applied with the remaining HPS to LED street light conversions with all new street light additions as LED only.

JEA’s forecasted AAGR for net energy for load during the TYSP period is 0.79 percent, which reflects the expiration of FPU’s wholesale agreement beginning 2018.

Figure 1: Summer Peak Demand History & Forecast

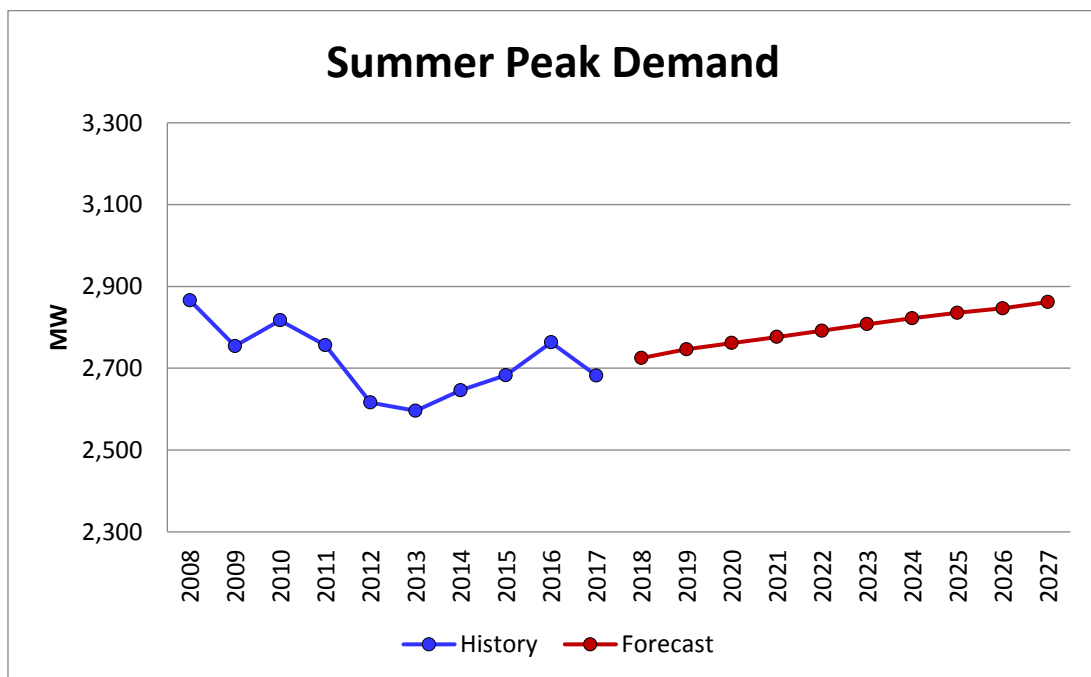


Figure 2: Winter Peak Demand History & Forecast

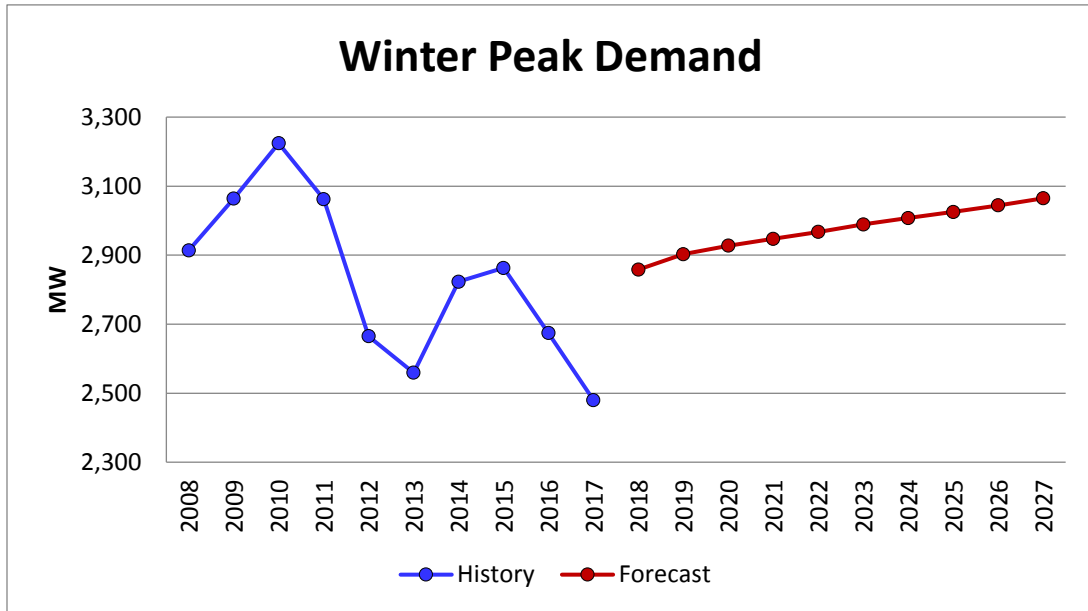
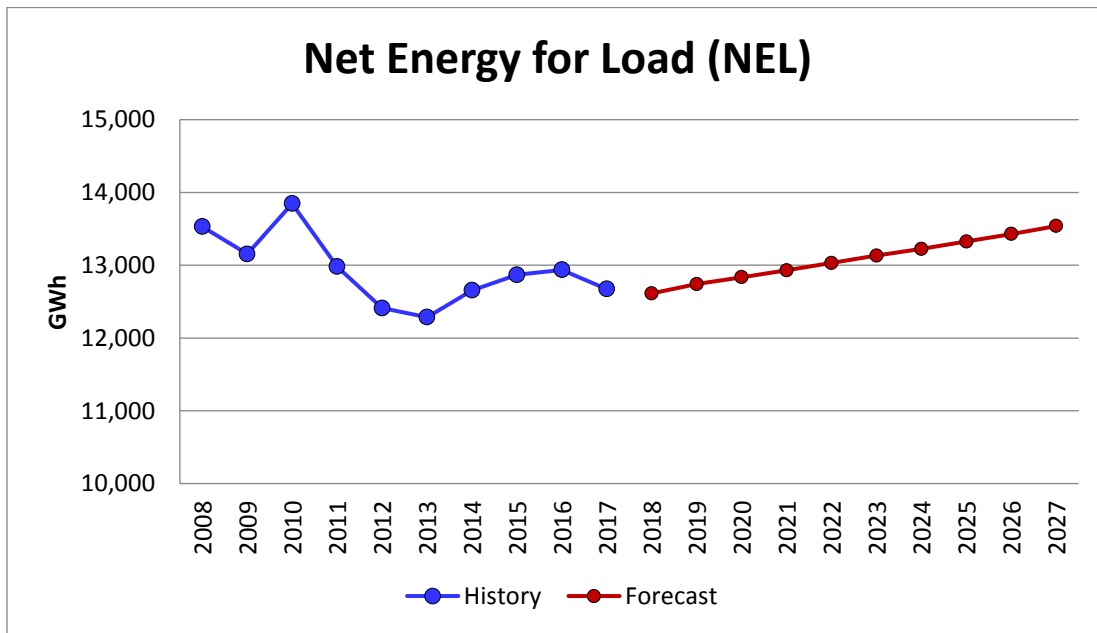


Figure 3: Net Energy for Load History & Forecast



2.3 Plug-in Electric Vehicle Peak Demand and Energy

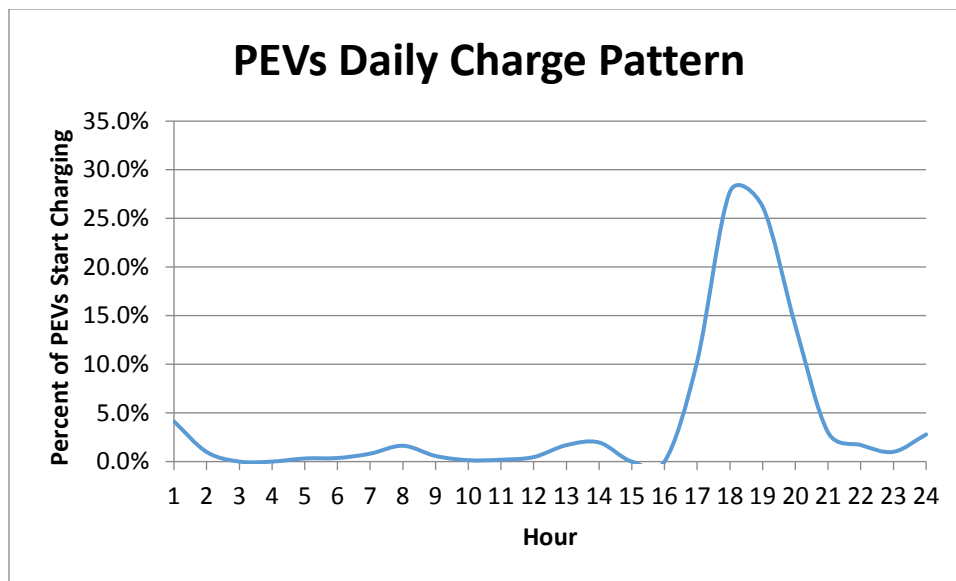
The PEVs demand and energy forecasts are developed using the historical number of PEVs in Duval County obtained from Florida Department of Highway Safety and Motor Vehicles (DHSMV) and the historical number of vehicles in Duval County from the U.S. Census Bureau.

JEA forecasted the numbers of vehicles in Duval County using multiple regression analysis of historical and forecasted Duval Population, Median Household Income and Number of Households from Moody’s Analytics. The forecasted number of PEVs is modeled using multiple regression analysis of the number of vehicles and the average motor gasoline price from the U.S. Energy Information Administration (EIA) Annual Energy Outlook (AEO) 2017.

The usable battery capacity (70% of battery capacity) per vehicle was determined based on the current plug-in vehicle models in Duval County, such as BMW, General Motors’ Chevrolet and Cadillac, Honda, Fisker, Ford, Mitsubishi, Nissan, Porsche, Tesla, Toyota and Volvo. The average usable battery capacity per PEV is calculated using the average usable battery capacity of each vehicle brand and then assumes the annual growth of usable battery capacity per PEV by using historical 5 years average growth of 0.69 kWh. Similarly, the peak capacity is determined based on the average on-board charging rate of each vehicle brand and the forecast peak capacity per PEV grows by 0.28 kW per year.

JEA developed the PEVs daily charge pattern based on the U.S. Census 2013 American Community Survey (ACS-13) for time of arrival to work and travel time to work for Duval County. The baseline forecast assumed that charging will be once per day and uncontrolled; charging starts immediately upon arriving home.

Figure 4: PEVs Daily Charge Pattern



The PEVs peak demand forecast is developed using the on-board charge rate for each model, the PEVs daily charge pattern and the total number of PEVs each year. The PEV energy forecast is developed simply by summing the hourly peak demand for each year.

JEA’s forecasted AAGRs for PEV winter and summer coincidental peak demand and total energy are 24 percent during the TYSP period.

Schedule 2.1: History and Forecast of Energy Consumption and Number of Customers by Class

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Year	Rural and Residential			Commercial			Industrial		
	GWH Sales	Average Number of Customers	Average kWh/ Customer	GWH Sales	Average Number of Customers	Average kWh/ Customer	GWH Sales	Average Number of Customers	Average kWh/ Customer
2008	5,307	365,363	15,072	4,040	44,489	98,887	2,948	225	11,671,666
2009	5,319	365,872	14,506	4,024	45,093	89,591	2,643	231	12,776,809
2010	5,747	368,111	14,448	4,071	45,748	87,957	2,720	226	11,692,820
2011	5,237	369,051	15,572	3,927	46,192	88,137	2,682	223	12,192,004
2012	4,880	369,761	14,163	3,852	46,605	84,255	2,598	215	12,468,380
2013	4,852	372,430	13,102	3,777	47,127	81,735	2,589	218	11,906,357
2014	5,162	377,326	12,860	3,882	47,691	79,204	2,564	219	11,812,944
2015	5,197	383,998	13,443	4,001	49,364	78,642	2,579	215	11,951,824
2016	5,351	398,387	13,431	4,064	51,441	78,994	2,457	202	12,159,793
2017	5,199	404,806	12,842	4,011	51,970	77,176	2,532	202	12,510,027
2018	5,224	410,703	12,721	4,071	52,482	77,561	2,612	201	12,993,687
2019	5,262	417,700	12,598	4,103	53,134	77,217	2,653	199	13,333,588
2020	5,285	424,293	12,455	4,122	53,775	76,646	2,679	199	13,462,838
2021	5,302	430,780	12,307	4,148	54,412	76,237	2,700	199	13,570,053
2022	5,326	437,294	12,180	4,173	55,041	75,812	2,723	199	13,684,532
2023	5,356	443,893	12,066	4,195	55,662	75,369	2,743	199	13,784,130
2024	5,384	450,362	11,954	4,214	56,275	74,886	2,760	199	13,870,624
2025	5,417	456,598	11,864	4,233	56,884	74,407	2,772	199	13,929,925
2026	5,459	462,573	11,802	4,251	57,489	73,942	2,783	199	13,984,670
2027	5,509	468,265	11,766	4,269	58,089	73,485	2,793	199	14,032,692

Schedule 2.2: History and Forecast of Energy Consumption and Number of Customers by Class

Year	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	Street & Highway Lighting	Other Sales to Ultimate Customers	Total Sales to Ultimate Customers	Sales For Resale	Utility Use & Losses	Net Energy For Load	Other Customers	Total Number of Customers
	GWH	GWH	GWH	GWH	GWH	GWH	(Avg. Number)	
2008	117	0	12,413	619	499	13,531	6	410,083
2009	120	0	12,105	591	458	13,155	5	411,200
2010	122	0	12,660	617	569	13,846	2	414,086
2011	123	0	11,968	589	424	12,980	2	415,468
2012	123	0	11,452	585	374	12,411	2	416,583
2013	122	0	11,340	395	550	12,286	2	419,777
2014	105	0	11,713	472	472	12,656	2	425,238
2015	87	0	11,864	392	612	12,868	2	433,578
2016	77	0	11,949	490	498	12,937	2	450,032
2017	63	0	11,805	288	578	12,672	2	456,981
2018	55	0	11,961	42	583	12,586	0	463,386
2019	53	0	12,071	42	581	12,694	0	471,033
2020	52	0	12,137	42	583	12,763	0	478,267
2021	51	0	12,202	43	586	12,830	0	485,391
2022	52	0	12,274	43	588	12,905	0	492,534
2023	53	0	12,347	43	590	12,980	0	499,754
2024	54	0	12,412	43	592	13,047	0	506,836
2025	54	0	12,476	44	600	13,120	0	513,681
2026	55	0	12,548	44	606	13,198	0	520,261
2027	56	0	12,626	44	611	13,281	0	526,553

Schedule 3.1: History and Forecast of Summer Peak Demand

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		(11)	
Calendar Year	Total Demand	Interruptible Load	Load Management		QF Load Served By QF Generation	Cumulative Conservation		Net Firm Peak Demand	Time Of Peak			
			Residential	Comm/Indu		Residential	Comm/Indu		Month	Day	H.E.	Temp
2008	2,866	0	0	0	0	0	0	2,866	8	7	1600	96
2009	2,754	0	0	0	0	0	0	2,754	6	22	1600	98
2010	2,817	0	0	0	0	0	0	2,817	6	18	1700	102
2011	2,756	0	0	0	0	0	0	2,756	8	11	1700	98
2012	2,616	0	0	0	0	0	0	2,616	7	25	1700	95
2013	2,596	0	0	0	0	0	0	2,596	8	14	1600	93
2014	2,646	0	0	0	0	0	0	2,646	8	22	1600	99
2015	2,683	0	0	0	0	0	0	2,683	6	17	1600	97
2016	2,763	0	0	0	0	0	0	2,763	7	7	1700	98
2017	2,682	0	0	0	0	0	0	2,682	8	16	1700	96
2018	2,725	105	0	0	0	2	2	2,616	---	---	---	----
2019	2,746	105	0	0	0	5	3	2,633	---	---	---	----
2020	2,762	105	0	0	0	7	5	2,644	---	---	---	----
2021	2,776	105	0	0	0	10	7	2,655	---	---	---	----
2022	2,792	105	0	0	0	12	8	2,666	---	---	---	----
2023	2,808	105	0	0	0	15	10	2,678	---	---	---	----
2024	2,822	105	0	0	0	17	11	2,689	---	---	---	----
2025	2,836	105	0	0	0	20	13	2,698	---	---	---	----
2026	2,846	105	0	0	0	21	14	2,706	---	---	---	----
2027	2,862	105	0	0	0	24	16	2,717	---	---	---	----

Note: All projections coincident at time of peak.

Schedule 3.2: History and Forecast of Winter Peak Demand

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		(11)	
Calendar Year	Total Demand	Interruptible Load	Load Management		QF Load Served By QF Generation	Cumulative Conservation		Net Firm Peak Demand	Time Of Peak			
			Residential	Comm/Indu		Residential	Comm/Indu		Month	Day	H.E.	Temp
2008	2,914	0	0	0	0	0	0	2,914	1	3	800	25
2009	3,064	0	0	0	0	0	0	3,064	2	6	800	23
2010	3,224	0	0	0	0	0	0	3,224	1	11	800	20
2011	3,062	0	0	0	0	0	0	3,062	1	14	800	23
2012	2,665	0	0	0	0	0	0	2,665	1	4	800	22
2013	2,559	0	0	0	0	0	0	2,559	2	18	800	24
2014	2,823	0	0	0	0	0	0	2,823	1	7	800	22
2015	2,863	0	0	0	0	0	0	2,863	2	20	800	24
2016	2,674	0	0	0	0	0	0	2,674	1	20	800	28
2017	2,480	0	0	0	0	0	0	2,480	1	9	800	30
2018	2,858	102	0	0	0	2	1	2,753	---	---	---	----
2019	2,903	102	0	0	0	4	2	2,794	---	---	---	----
2020	2,927	102	0	0	0	6	4	2,816	---	---	---	----
2021	2,947	102	0	0	0	8	5	2,833	---	---	---	----
2022	2,967	102	0	0	0	10	6	2,849	---	---	---	----
2023	2,989	102	0	0	0	12	7	2,868	---	---	---	----
2024	3,008	102	0	0	0	14	9	2,883	---	---	---	----
2025	3,025	102	0	0	0	16	10	2,897	---	---	---	----
2026	3,044	102	0	0	0	18	11	2,913	---	---	---	----
2027	3,065	102	0	0	0	20	12	2,931	---	---	---	----

Note: All projections coincident at time of peak.

Schedule 3.3: History and Forecast of Annual Net Energy For Load

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Calendar Year	Total Energy for Load	Interruptible Load	Load Management		QF Load Served By QF Generation	Cumulative Conservation		Net Energy for Load	Load Factor
			Residential	Comm/Indu		Residential	Comm/Indu		
2008	13,531	0	0	0	0	0	0	13,531	53%
2009	13,155	0	0	0	0	0	0	13,155	49%
2010	13,846	0	0	0	0	0	0	13,846	49%
2011	12,980	0	0	0	0	0	0	12,980	48%
2012	12,411	0	0	0	0	0	0	12,411	53%
2013	12,286	0	0	0	0	0	0	12,286	54%
2014	12,656	0	0	0	0	0	0	12,656	51%
2015	12,868	0	0	0	0	0	0	12,868	51%
2016	12,937	0	0	0	0	0	0	12,937	53%
2017	12,672	0	0	0	0	0	0	12,672	54%
2018	12,613	0	0	0	0	13	13	12,586	52%
2019	12,741	0	0	0	0	23	23	12,694	52%
2020	12,836	0	0	0	0	36	37	12,763	52%
2021	12,929	0	0	0	0	49	50	12,830	52%
2022	13,031	0	0	0	0	62	63	12,905	52%
2023	13,132	0	0	0	0	75	77	12,980	52%
2024	13,225	0	0	0	0	88	90	13,047	52%
2025	13,325	0	0	0	0	102	103	13,120	52%
2026	13,430	0	0	0	0	115	116	13,198	52%
2027	13,539	0	0	0	0	128	130	13,281	52%

Schedule 4: Previous Year Actual and Two Year Forecast of Peak Demand and Net Energy for Load By Month

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Actual	2017	Forecast	2018	Forecast	2019	Forecast	2020
	Peak Demand (MW)	Net Energy For load (GWH)	Peak Demand (MW)	Net Energy For load (GWH)	Peak Demand (MW)	Net Energy For load (GWH)	Peak Demand (MW)	Net Energy For load (GWH)
January	2,480	957	2,753	1,047	2,794	1,057	2,816	1,063
February	1,770	808	2,533	910	2,569	918	2,587	923
March	2,282	934	1,963	921	1,992	930	2,005	935
April	2,325	972	1,976	915	1,987	923	1,993	929
May	2,421	1,124	2,382	1,063	2,399	1,074	2,405	1,079
June	2,507	1,150	2,509	1,186	2,523	1,198	2,533	1,204
July	2,637	1,323	2,577	1,289	2,594	1,301	2,605	1,308
August	2,682	1,318	2,616	1,263	2,633	1,275	2,645	1,282
September	2,455	1,124	2,456	1,122	2,472	1,133	2,484	1,139
October	2,386	1,084	2,259	990	2,276	995	2,288	1,000
November	1,790	880	2,164	907	2,180	912	2,193	916
December	2,378	998	2,347	973	2,364	978	2,377	983
Annual Peak and Total Energy	2,682	12,672	2,753	12,586	2,794	12,694	2,816	12,763

JEA 2018

JEA Water, Wastewater, Reclaimed Water Customer Population Projections and Demand Forecasts

Prepared By:
JEA Water/Wastewater Systems Planning

February 2018

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Population Projection 1

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Introduction and Purpose

Water and Sewer System Planning provides consolidated water, wastewater and reclaimed water forecast annually as a reference document for planning capital project needs, water/wastewater management planning, and preparation of annual capacity analysis reports.

In fulfilling our community responsibility, JEA must plan appropriately for continued supply of our products to all customers in our authorized service area whenever and wherever feasible to do so. Sound planning requires forecasting of future demands as well as the costs of meeting those demands which is further addressed by the capital and O&M budgeting processes. Consumptive Use permitting of current and future water supplies also requires forecast of future demand within authorized service areas. Water and Wastewater Facility Permits require periodic capacity analysis reports based on forecasted water demand and wastewater generation. The forecast procedure endeavors to successfully fulfill all of these requirements.

Historical demand patterns can effectively be used to forecast demands only if historical growth patterns are expected remain relatively constant. For the JEA service areas, this has not always been a reasonable assumption. Basing demand on population growth projections, allows for reasonable assumptions to be made regarding anticipated growth patterns using statistical correlation and regression analysis applied to a variety of demographic data including categorical consumption.

The population projections include predictions of five year increments over a planning period through fiscal year 2045. These projections may also be applied as calendar year projections without appreciable error due to the limited precision inherent in any forecasting process of this nature. This document includes a description the methods employed to develop this year's projection of the population served by JEA (i.e. customer population) for each fiscal year along with an estimate of the populations served for each of the past five fiscal years.

Population Projection

The water, wastewater and reclaimed water forecasts are typically prepared using 20-25 year county level population projections based on the latest University of Florida's Bureau of Economic and Business Research (BEBR) Medium Population Projections by County. Disaggregation of the county level projections to JEA service areas has been provided through FY 2017 contract work by GIS and Associates (GISA). GISA used data from BEBR provided as an estimate for April 1, 2017 and projections in five year increments from 2020 to 2045 as correlation for their parcel level projections which are also provided in five year increments from 2020 to 2045. The primary time period used for the population analyses is a nominal calendar year; however, customer source data from past time periods is frequently summarized for fiscal year periods from shorter time period data (e.g. monthly). Population projections are in five year time increments consistent with latest available county level projections provided by BEBR. The demand covers a planning period of at least 20 years.

Regarding their population projection, U.S. Census Bureau has stated,

“Projections are estimates of the population for future dates. They illustrate plausible courses of future population change based on assumptions about future births, deaths, international migration, and domestic migration. Projected numbers are based on an estimated population consistent with the most recent decennial census as enumerated, projected forward using a variant of the cohort-component method.

Several alternative series of projections are produced based on alternative assumptions for future fertility, life expectancy, net international migration, and (for state-level projections) state-to-state or domestic migration. For each of these components of population change--fertility, mortality and net migration--three different assumptions about the future are applied. The series using the middle assumption for each component--generally designated as the "middle series"--is the most commonly used.”

The methods used by BEBR are described in, “Projections of Florida Population by County, 2020–2045, with Estimates for 2017.” (2018) The methods used by GISA are described in, “JEA 2017 Population Projections and Methods.” (2018) The methods of both BEBR and GISA are consistent with the general approach described above by the U.S. Census Bureau. BEBR County population growth projections are evaluated by determining the county growth for each five year increment and the percent change from previous year projections for each year’s revised projections. The percent changes are applied to the disaggregated growth estimates from the GISA study to update the population growth anticipated in the JEA service area.

In late 2009, an analysis of active JEA water and sewer accounts on 09/19/2008 estimated 2.32 persons were served for every active water account and 2.01 persons received JEA sewer services for every active water account. This estimate continues to be used in the periodic metrics provided by Water and Sewer System Planning.

For the last two years the forecast considered two new developments in available source data. The population of a single family household was established by the 2010 census. For our service area, weighted county averages provide by the census suggested that approximately 2.5 persons per single family connections would result in a reasonable value for estimating population served over the previous five year period 2011-2015. In 2016, GISA completed another contract to focus on and evaluate the population equivalent of multifamily service connections. On average, each multifamily service connection serves about 23 units based on this GISA evaluation. Using 2010 census data, the results also indicated that the average population equivalent of a multifamily service unit was about 2.2 persons. Using these values, 2.5 persons for single family connections and 2.2 persons per unit times 23 units (51 persons average) for each multifamily service connections, historic population served has been reevaluated for all years since the analysis year 2011. While this indicated that past estimates using the above multipliers were lower than these values, it was determined that the use of these figures as factor for past demand allocation would not have significantly changed the resultant demand calculations due to offsetting effects. The estimates of population served during the previous five years currently reflects the revised determination of customers per connection consistent with last year’s forecast.

Last year additional considerations were evaluated. Household size values provided by the Census Bureau as reported in the American Community 2010-2014 - 5 year estimate were significantly larger than the 2010 census as shown in the following table.

Table 1

County	2010 Average household size	2014 Average household size
Clay	2.76	2.84
Duval	2.47	2.58
Nassau	2.53	2.65
St. Johns	2.49	2.59

However, population estimates prior to the 2010 census determination of population indicated a substantial overestimate of the population. This suggests that the estimated increase *may* also overestimate current population. For our service area, weighted county averages provide by the census may still result in a reasonable value for estimating population served over the new five year period 2013-2017. For this reason, and since the actual values used have offsetting effects on the demand forecast, this year’s forecast is based on the same household size values used in prior year forecasts. This consistency also provides for improved comparability to prior year’s projections.

Water Service Population

The average number of active single family primary water service connections in fiscal year (FY) 2017 was about 279,00. The average number of active multifamily family primary water service connections in fiscal year FY 2017 was 3,340 or about 76,900 dwelling units. These water service connections were obtained from the JEA billing system by finance. Applying the 2.5 multiplier to single family units gives about 700,000 persons. Applying 2.2 persons to multifamily units gives about 171,000 persons. The total is about 871,000 persons that were served water on average during FY 2017. In the same way, the average number of persons served water in CY 2016 was calculated to be about 854,000 while the GISA estimate of the population in JEA service areas in 2016 was about 957,000. The difference is primarily attributable to population in JEA service areas that is self served. In 2016, this amounts to about 11% of the population. The projected customers assumed a 0.5 percent decrease in the self served population each year until 95% of the service area population is served by JEA. It is assumed that JEA will not be able to serve more than 95% of the service area population during the panning period.

SJCUD purchases water from JEA and discharges wastewater to JEA to serve an areas in St. Johns County adjacent to the JEA service area. These amounts are based on contractual agreement and have been excluded from both the water and wastewater demand forecast.

Table 2, below, lists the projections of the populations served water for each fiscal year from the present to 2045.

Table 2

Year	Water Customers
2013	810,000
2014	820,000
2015	840,000
2016	850,000
2017	870,000
2018	970,000
2019	1,020,000
2020	1,060,000
2025	1,130,000
2030	1,200,000
2035	1,270,000
2040	1,320,000
2045	1,370,000

Sewer Service Population

The same basic approach was used for determining a projection of future population receiving sewer service. Table 3, which follows, lists the projections of the populations receiving sewer service for each fiscal year from the present to 2045.

Table 3

Year	Sewer Customers
2013	720,000
2014	740,000
2015	750,000
2016	770,000
2017	790,000
2018	820,000
2019	840,000
2020	860,000
2025	920,000
2030	980,000
2035	1,030,000
2040	1,080,000
2045	1,120,000

Forecast Demand

The demand forecast is based on the projected population served and the historical per capita demand.

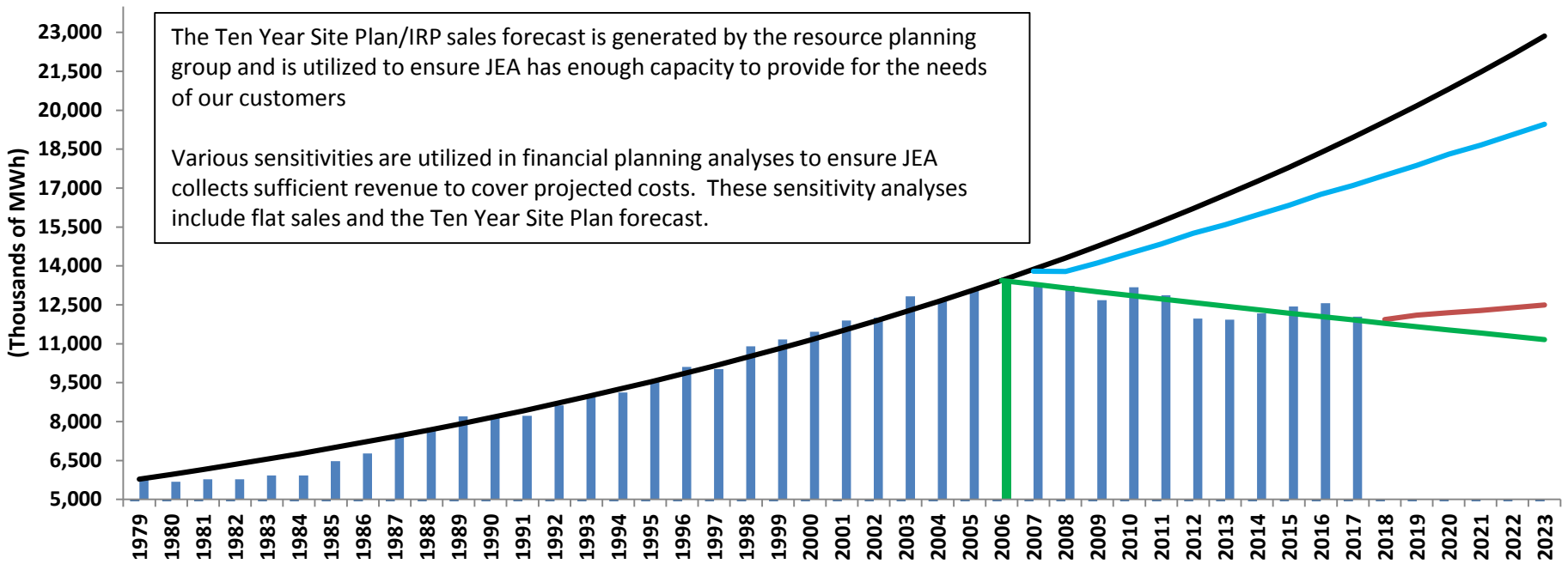
Table 4

Year	Water Demand ¹	Sewer Flow ¹
2018	130	85
2019	140	87
2020	140	89
2025	150	95
2030	160	102
2035	169	107
2040	180	110
2045	180	120

¹Excludes SJCUD demand

JEA Electric Sales

III. A. 4. f.
4/17/18

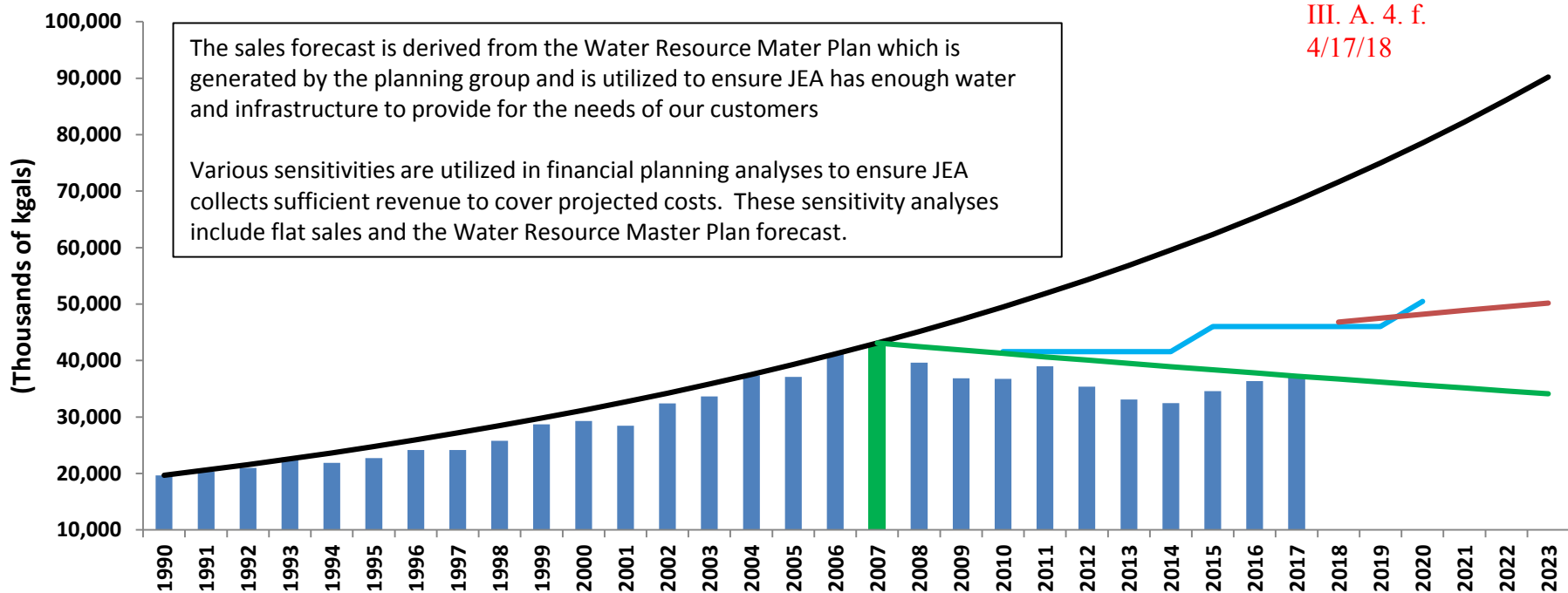


- Projection based on Annual Growth Rate 1979-2006
- 2006 Sales Projection (IRP-Based)
- 2017 Sales Projection (TSP-Based)
- Projection Based on Annual Growth Rate 2006-2017



IRP = Integrated Resource Plan
TSP = Ten Year Site Plan

JEA Water Sales



- Projection based on Annual Growth Rate 1990-2007
- 2008 Sales Projection based on Water Resource Master Plan
- 2017 Sales Projection based on Water Resource Master Plan
- Projection based on Annual Growth Rate 2007-2017



III. A. 4. g.
Annual Budget Process



Building Community

AGENDA ITEM SUMMARY

April 4, 2018

SUBJECT: BOARD WORKSHOP RESPONSE – ANNUAL BUDGET PROCESS

Purpose: Information Only Action Required Advice/Direction

Issue: At the March 20, 2018 Board workshop, several requests for additional information were made. The document presented is in response to the request for more information on JEA’s annual budget process.

Significance: High.

Effect: N/A

Cost or Benefit: N/A

Recommended Board action: For information only

For additional information, contact: Melissa Dykes, 665-7054

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

JEA FY2018 Budget Process Summary

Background

JEA Budget development is a continuous process where the annual Budget is constructed for the following fiscal year beginning each fall, a full year prior to the Budget being in effect. The formation of the annual Budget begins with the Five-Year Financial Plan component of the annual Rating Agency presentation which includes key current inputs such the Annual Resource Master Plans and the prior year’s unit sales and financial results for the fiscal year ending September 30th. The annual Budget development process follows the steps and timeline displayed below, culminating in the formation of the annual Operating and Capital Budgets for JEA Board approval in June and submission to the City Council by July 1st for their approval prior to October 1st. In recent years, the JEA Board’s Finance and Audit Committee has reviewed the proposed Budget assumptions in March and the proposed Budget in May, with the full Board receiving a report or presentation in May and then approving the Budget in June.

Budget Cycle Timeline



Process Steps

Executive Management Strategy Initiatives are incorporated in the financial plans and annual Budgets such as Climate Change, Consumptive Use Permit requirements, September 2008 cost reductions, Succession Planning, Customer Satisfaction and Strategic Technology Services and Sourcing initiatives.

Annual Resource Master Plans provides long term investment plans for non-recurring investments in major assets such as electric generation or transmission, water / wastewater / reclaim production or transmission, distribution, system reliability and regulatory needs, and serve as the direct input of non-recurring projects into to the five-year and ten-year Capital Plans and Annual Budget.

Five-Year Financial Plan is based on integrated ten-year financial projection models for each utility System (Electric, Water/Wastewater/Reclaim, and District Energy) which utilize input variables including projected unit sales and revenues, fixed expenditures such as Debt Service, City Contribution, and Renewal and Replacement (R&R) funding required by bond covenants along with variable expenditures such as Fuel, O&M, and Other Capital Outlay. The JEA Pricing Policy provides guidelines centered on issuing debt only for non-recurring, growth related or major regulatory projects, and target financial metric ranges for Debt Service Coverage, Debt/Asset and Liquidity ratios. The Five-Year Financial Plan assumptions and final plan are presented and discussed with the Board each fall in October and/or November prior to its inclusion as a major component in the annual Rating Agency Presentation conducted each December.

The ten-year financial projections and Five-Year Financial Plan include the following years' targeted Operating and Capital Budgets and serve as a foundation in developing the following year's annual Budget. In addition, the ten-year projections serve as the Revenue Requirements in each system's Utility Cost of Service report, produced every five years per the Pricing Policy that support both overall system and class rate design.

Capital Investment Program for the annual Budget is based on the multi-year Annual Resource Plan and Five-Year Financial Plan, with updates made each February, reflecting timing, scope, cost or other changes to the unique, non-recurring major capital investments. In addition, annual updates are received from the organization's project owners each February on all other capital project requests which include recurring capital R&R projects, such as electric pole replacement, wastewater pump station renewal, new services, meters, fleet, and technology projects. All capital projects greater than \$200,000 are itemized requiring project definitions to include scope, justification, process design, schedule, project delivery methodology, and cost estimates prior to approval, and milestone updates at 30% design and 100% design. A Core Team, consisting of the VP/GM of Electric Systems, VP/GM of Water Wastewater Systems and representatives from Operations and Finance, lead the development of the five-year capital plan, the annual Capital Budget and monthly monitoring/reporting. The Capital Core Team reviews the project requests, prioritizes and formulates the annual Capital Program of itemized projects such that the targeted expenditures are within the allocation of funding based on the prior Five-Year Financial Plan.

Operating Budget Preparation each spring begins with the input variables of unit sales, revenue, fuel, O&M expenses, interest rates and debt service, and capital expenditure assumptions based on the prior Five-Year Financial Plan and then updated with the most current information and results which are monitored and reported on a continuous basis during monthly financial forecast meetings.

The business units' O&M expenses line item totals \$373 million or 21% of the \$1.8 billion proposed FY2018 JEA Consolidated Budget consisting of \$255 million of payroll expenses and

the remaining \$118 million is in material and supplies, other services and charges, insurance payments, succession planning and other expenses.

- Payroll expenses are monitored throughout the year through Human Resources and business unit processes along with monthly budget variance reporting. The payroll expenses in the annual Budget is formed based on a selected payroll period in January, summing each filled personnel allocation and the employees current salary plus all active recruitments and budgeted vacancies with their targeted salaries. If there are new or emerging positions needed to be added to the organization they would also be added to the budgeted baseline salary expense. Benefit costs, primarily medical expenses and pension expenses including unfunded liability payments associated with prior employees no longer on the payroll, are added to the salary and benefit expense. If any bargaining unit or other specific planned salary increases are known, including step increases or general increases, the amounts are added to form the salary and benefit expense. Overtime expenses that are budgeted via the bullet below are added to salary and benefit roll-up amount. Then a “salary lapse” credit is utilized to account for the natural or strategic variances in position vacancies through attrition, and wage differences associated with the hiring of staff at entry level wages replacing staff retiring or leaving at higher level wages. The FY2018 budgeted salary lapse is 6.25% for the Electric System and 4.00% for the Water and Sewer System, which are representative of recent year’s activity.
- Material and Supplies, and Other Services and Charges include chemicals and supplies, information technology and other licensing and maintenance contracts, industrial services, professional services, supplemental workforce, training, utility services and vehicle fuel expense types. All planned expenditures of these expense types over \$20,000 (and many lower than the threshold) are included in a Budget Detail listing. Each year during the month of March, the Budget Detail along with prior year and year-to-date variance reports by expense types are provided to the business unit’s VP/GM’s or Chiefs. The VP/GM’s or Chiefs work with their staff to update the requirements for the next fiscal years’ Budget by denoting betterments and reductions to each line item as required to meet customer service levels and strategy initiatives.
- Capitalization Credits, Fuel and Byproduct Handling Credits, and Shared Services Credits are utilized to allocate payroll, material and supplies, other services and charges, and motor pool costs initially charged to business units’ O&M expenses, and then transferred to capital work orders, fuel expenses or to the Water and Sewer System O&M expenses.
- Reductions are made by the team, if necessary, to meet the financial targets depicted in the prior Five-Year Financial Plan or new targets updated with current business strategies and objectives.

JEA Board Review and Approval formation of the annual Operating and Capital Budgets for JEA Board approval prior to submission to the City Council by July 1st. In recent years, the JEA Board’s Finance and Audit Committee has reviewed the proposed Budget assumptions in March and the proposed Budget in May. The full Board receives the presentations and budget schedules prepared for discussion at the Finance and Audit (F&A) Committee meetings in the monthly Board packages, and either receives a report from the F&A Committee chair or staff presentation in May.

At the June Board meeting, the Board is scheduled to approve the Budget to be submitted to the City Council.

City Council Review and Approval process formally begins each year with the JEA budget transmittal letter and Consolidated Operating and Capital Budget schedules from JEA's Board Chair to the incoming City Council President by July 1st. There is ongoing communication with the City Council throughout the year via Quarterly Financial Schedules that JEA prepares for the City Council Auditor's review and inclusion in the Council Auditor's financial reports to the Council.

- JEA's Five-Year Capital Improvement Plan (CIP) is transmitted to either the City Planning Department or Budget Department as requested each year after the JEA Board approves the annual Budget, and accompanying Five-Year CIP schedule. In recent years, the COJ Budget Department has requested this schedule early, June 1st, thus will receive the Five-Year CIP schedule in Draft Final form pending JEA Board approval.
- After submittal of the Consolidated Operating and Capital Budget schedules, JEA prepares Council Auditor prescribed budget schedules which depict the current year budget, current year projections, and prospective year proposed budget, along with variance analysis and comments.
- JEA CEO, CFO, Legislative Affairs and Director of Financial Planning and Analysis meet individually with the Council Finance Committee members to review JEA's Financial Plan and proposed JEA Board approved Budget.
- In recent years, lead Council Auditor staff provides a report of the JEA Budget to the Council Finance Committee and then the full Council during sessions held in August and September. The Council Auditor has communicated that JEA presentations are not wanted, but JEA CEO, CFO or other designee should be present at scheduled meeting times to answer questions the Council Members may have prompted by the Council Auditor led report.
- Note: the Council Auditor staff and the City Council Liaison to JEA attend most JEA Board Meetings, the Council Auditor is offered Agenda time at JEA's Finance and Audit Committee Meetings, and JEA has ongoing communication with the Council Auditor staff throughout the year on JEA budget and financial related matters.

III. A. 4. h.

Transaction Term Sheet



Building Community

AGENDA ITEM SUMMARY

III. A. 4. h.
4/17/2018

April 4, 2018

SUBJECT:	BOARD WORKSHOP RESPONSE – TRANSACTION TERM SHEET
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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: At the March 20, 2018 Board workshop, several requests for additional information were made. The document presented is in response to the request for a utility transaction term sheet.

Significance: High.

Effect: N/A

Cost or Benefit: N/A

Recommended Board action: For information only

For additional information, contact: Melissa Dykes, 665-7054

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

Term examples from Electric Gas Utility Mergers and Acquisitions

III. A. 4. h.
4/17/2018

Target	Macquarie/bcIMC	Oncor	Great Plains	Empire District Electric Company	TECO Energy, Inc
Acquirer	Cleco	Sempra	Westar	Liberty Utilities	Emera, Inc
Rates	No potential increase in base rates for 4 years	No potential increase in base rates for 2 years	No potential increase in base rates for 5 years unless ROE falls below target, then moratorium period ends in 3 years	No potential increase in base rates for 1 year	No base rate increase in New Mexico subsidiary for 2 years; Tampa Electric subsidiary rates not negotiated as part of transaction
Customer Credits	A credit on customer bills will be allocated in an equal amount to all permanent active customers	Credits to electric delivery rates on customers' bills	An annual bill credit to retail electric customers for at least 4 years	N/A	Monthly credits for New Mexico Gas subsidiary at least 2 years. None for Tampa Electric
Maintain Corporate Headquarters	Yes for indeterminate amount of time. Should there be a relocation, Commission approval required.	Yes for indeterminate amount of time. Should there be a relocation, Commission approval required.	Yes through year 2032.	Yes for indeterminate amount of time.	Yes for indeterminate amount of time. Relocation of subsidiary in New Mexico requires Commission approval
Maintain existing Staffing levels	Yes, maintaining employee headcount, salaries, and benefits substantially consistent with or higher than current levels for at least 10 years.	Yes, without any material involuntary workforce reductions (with respect to either field or corporate personnel) for 2 years.	No, at reduced staffing levels of 500 for at least five (5) years.	Yes, until the second anniversary of the effective time of the merger.	Yes, New Mexico Gas requires Commission approval after 3 years. Yes, Tampa Electric without any material involuntary workforce reductions for 2 years.
Pension	No adverse material change for at least 10 years.	N/A	N/A	For a period of three years after the third anniversary of the effective time of the merger, the provision of post-retirement welfare benefits will be no less favorable than similarly situated retirees.	N/A
Community Contributions	Maintain or increase its existing level of corporate contributions and community support (approximately \$600,000 per year) for at least 5 years.	N/A	Maintain at levels equal to or greater than Westar 2015 levels for a minimum of five (5) years.	Maintain, at a minimum, on a total company basis, an annual level of charitable contributions and traditional local community support of undisclosed amount for 5 years. Also, fund an account in the amount of \$1,500,000 to be available to 3 Community Action Agencies.	Maintain historic levels of community involvement and charitable contributions and support in the existing service territories.

Term examples from Electric Gas Utility Mergers and Acquisitions

Target	Macquarie/bcIMC	Oncor	Great Plains	Empire District Electric Company	TECO Energy, Inc
Acquirer	Cleco	Sempra	Westar	Liberty Utilities	Emera, Inc
Economic Development	Maintain or increase its economic development funding of no less than \$500,000 per year for Louisiana state and local organizations for at least 5 years. Also, make a one-time contribution of \$7,000,000 to support capital costs of economic development projects located within Cleco's service territory.	N/A	N/A	N/A	Maintain historic levels of economic development
Officers	Cleco Power will be led by executives who live and work in the region being served for a minimum of 5 years.	N/A	N/A	Empire shall maintain corporate officers who have a fiduciary duty to Empire.	N/A
Directors	The board of directors will be the same people and will include at least 4 Louisiana resident directors, including the chairman and Cleco Power CEO. No board action will be effective unless at least one Louisiana resident director (other than the CEO) supports the action.	The board shall have 7 disinterested directors...a current and/or former officer of Oncor cannot have worked for Sempra Energy and its subsidiaries or affiliated entities or any entity with a direct or indirect ownership interest in Oncor or Oncor Holdings at any time in the 10 years previous to that officer being employed by Oncor. This definition will continue for ten years after the date of closing the transaction.	The board shall initially be composed of an equal number of directors designated by each of GPE and Westar, who shall be predominantly from the Kansas and Missouri region and the majority of whom shall be independent as defined by the New York Stock Exchange.	The board of directors will maintain a majority of nonmanagement, independent directors.	The boards of directors of each Tampa Electric and New Mexico Gas Company will have 2 members of the Company Board to be appointed by the Emera as members.

III. A. 4. i.

Plant Vogtle and Power Purchases



Building Community

AGENDA ITEM SUMMARY

April 3, 2018

SUBJECT:	PRIVATIZATION WORKSHOP RESPONSE – PLANT VOGTLE AND POWER PURCHASES
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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: Several questions were raised during the March 2018 Board Workshop on JEA Privatization relating to: (1) the factors behind the Plant Vogtle decision; (2) the history of JEA purchase power from Georgia; and (3) how much of JEA’s annual energy requirement is being provided by JEA units as opposed to other sources.

Significance: High.

Effect: The attachments provided address the factors behind the Plant Vogtle decision, the history of JEA purchase power from Georgia, and how much of JEA’s annual energy requirement is being provided by JEA units and other sources.

Cost or Benefit: The Plant Vogtle contract is the most significant contributor to JEA's carbon-free generation portfolio. Power purchases in general are an important method for meeting JEA's demand and energy requirements.

Recommended Board action: No action is required by the Board. This item is submitted as information only.

For additional information, contact: Steve McInall, (904) 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



INTER-OFFICE MEMORANDUM

April 3, 2018

SUBJECT: PRIVATIZATION WORKSHOP RESPONSE – PLANT VOGTLE AND POWER PURCHASES

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

Several questions were raised during the March 2018 Board Workshop on JEA Privatization relating to: (1) the factors behind the Plant Vogtle decision; (2) the history of JEA purchase power from Georgia; and (3) how much of JEA’s annual energy requirement is being provided by JEA units as opposed to other sources.

DISCUSSION:

The answers to the Board questions are provided in the following attachments.

Attachment A discusses the factors in 2008 that led to the decision to enter into the Vogtle Power Purchase Agreement (PPA). Factors discussed include utility growth projections, natural gas prices, carbon legislation, the state of the US nuclear industry, and the partners and strength of contractors involved in the project. The level of US Government involvement is also highlighted. The changes in each of these factors by 2017 are also discussed.

Attachment B is a table showing JEA’s imports from Georgia from 1982 – 2017, and projections from 2018-2025. On average, JEA imported approximately 22 percent of its net energy for load (NEL) from Georgia between 1982-2017. [Note: NEL differs from unit sales in that NEL includes house load, unmetered loads (i.e. streetlights), and system losses. Unit sales only metered retail sales]. The projected import from Georgia for 2018-2025 is approximately 20 percent of NEL, consistent with prior years.

Attachment C provides a table showing the breakdown, for 2017 and for 2018 projected, of the sources for JEA’s NEL. In 2017, 12 percent of JEA’s energy was provided through power purchases. In 2018, 18 percent of JEA’s energy is expected to be provided through power purchases. This increase is due to the closure of SJRPP and the addition of firm purchases from a combined cycle unit (Plant Wansley) in Georgia.

Additionally, JEA’s observed and projected annual carbon dioxide emissions are included as Attachment D. This chart shows the impact on JEA carbon dioxide emissions due to the closure of SJRPP, the addition of 250 MW of universal solar, and the Vogtle PPA.

RECOMMENDATION:

No action is required by the Board. This item is submitted as information only. Staff is available to answer any questions.

Paul E. McElroy, Managing Director/CEO

PEM/MJB/SGM

Attachments: Attachment A – JEA and Plant Vogtle 3 and 4
Attachment B – Imports from Georgia, 1982-2025
Attachment C – Total Energy and Percent of NEL from JEA System and Interchange/PPAs, 2017-2018
Attachment D – JEA Actual and Projected Carbon Dioxide Emissions, 2008 to 2024

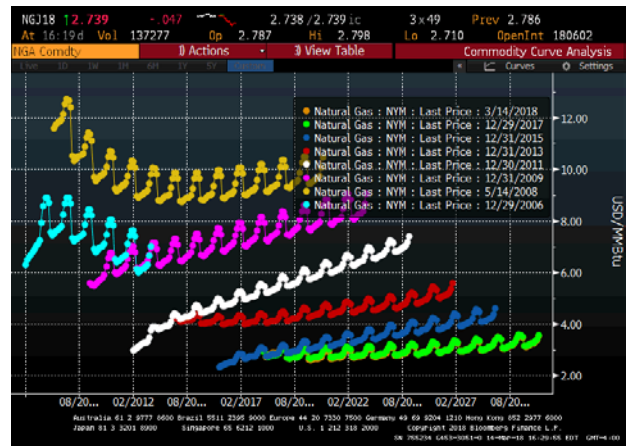
This memorandum briefly discusses the factors involved in the decision in 2008 to enter into the Purchased Power Agreement (PPA) with the Municipal Electric Authority of Georgia (MEAG) for 206 MW of power and capacity from Plant Vogtle Units 3 and 4 (“Plant Vogtle”).

Conditions in 2008

Growth Rate and Expected Need. In 2008, JEA’s Average Annual Growth Rate (AAGR), for both peak and net energy, was approximately 2%. As a result, the projected peak in 2016 was 3,700 MW (winter) and 3,500 MW (summer), with net energy of approximately 17.5 million MWh. Additional energy and capacity was needed to accommodate this expected growth (Source: JEA 2008 Ten Year Site Plan)

Natural Gas Prices. Natural gas prices were high in 2008. As seen in the gold colored curve in Figure 1, natural gas prices at Henry Hub were over \$10/MMBTU and were expected to stay above \$8/MMBTU for the foreseeable future. (Source: Bloomberg)

Figure 1. Natural Gas (Henry Hub) Forward Curves, Selected Years 2006 – 2018. Source: Bloomberg



Carbon Dioxide Legislation. The first Regional Greenhouse Gas Initiatives started in 2005. By 2008, discussions about global

warming and greenhouse gases were accelerating, and in 2009 the Waxman-Markey bill (officially the *American Clean Energy and Security Act of 2009*) passed the House of Representatives. This bill, which was formulated and debated throughout 2008 called for a cap and trade system for carbon dioxide emissions, and implemented renewable standards. It never passed the Senate, and its failure led to the EPA’s Clean Power Plan administrative (rather than legislative) approach to carbon regulation.

Nuclear Industry. In 2008, the nuclear industry was in “renaissance” mode. Several new designs had been developed and were being reviewed by the NRC, under a new permitting model (10CFR50.52). Under this model, the reactor design was submitted for approval by the vendor, and plant owners would submit Construction and Operating License Applications (COLA) to build and operate one of these approved designs on their site. The COLA would address site specific issues, while the vendor’s Design Control Document (DCD) would address reactor design. Receiving a Construction and Operating License (COL) prior to construction was intended to remove the uncertainty around a separate Operating License application process at the completion of construction. The Westinghouse DCD for the AP1000 was submitted in 2002. The Vogtle contract was based on Rev. 15 of the DCD in 2008, and the Plant Vogtle COLA was submitted in March, 2008. The AP1000 was the most popular design of the nuclear renaissance, as it was selected as the technology for seven different sites (14 reactors). (Source: nrc.gov) In addition to NRC research and development support and licensing methodology changes, government support was provided to the project through Treasury Department Build America Bonds (BABs), Department of Energy Guaranteed Loans, and a Production Tax Credit covering the first eight years of generation.

Partners and Contractors. JEA has a long established history of partnership with Georgia utilities. Since the construction of the 500-kV transmission line linking Georgia and Florida, JEA has received anywhere from 10 to 60 percent of its annual energy requirements from Georgia, with a thirty-five year (1982-2017) average of 22 percent of annual energy requirements. The lead owner on Plant Vogtle, Georgia Power, is a subsidiary of Southern Company, one of the nation’s largest utilities. Another Southern Company affiliate, Southern Nuclear, is an experienced operator, with six current nuclear plants in its fleet. In addition, Westinghouse, the vendor for the AP1000, was an over 100-year old company with deep roots in the nuclear industry, and was responsible for the design of over half of the current US nuclear plants. Stone & Webster, the other half of the design and construction consortium, was also over 100 years old and had built a large percentage of the current nuclear plants.

The Decision

Based on all the factors detailed above, the JEA Board voted in May 2008 to set a goal of 10% of JEA's energy to be supplied by nuclear power by 2018. The Plant Vogtle PPA, approved later in 2008, met this goal. The commitment to Plant Vogtle was for a 20-year PPA for approximately 10 percent of the output of the plant.

Current Conditions/ Changes Since 2008

Growth Rate and Expected Need. In 2017, following the economic downturn of 2010-2012, JEA's AAGR, for both peak (winter) and net energy, was approximately 0.8%. As a result, the actual peak in 2016 was near 2,700 MW (winter) and 2,800 MW (summer), a 20-28 percent drop from the peaks forecasted in 2008. Actual net energy in 2016 was approximately 12.9 million MWh, 30 percent short of the 2008 projection of 17.5 million MWh. (Source: JEA 2017 Ten Year Site Plan)

Natural Gas Prices. Since 2008, natural gas prices have fallen dramatically, as a result of the implementation of shale gas recovery technologies. The green and orange curves on Figure 1 show the 2017 and 2018 natural gas price forward curves. Natural gas is now below \$3/MMBTU, and expected to stay there for the foreseeable future. (Source: Bloomberg)

Carbon Dioxide Legislation. Carbon legislation, while still discussed in some states, has been largely rejected at the national level. Low natural gas prices, however, have driven shifts from solid fuel to natural gas combined cycle power plants that have largely met or exceeded many of the goals of carbon dioxide legislation. Costs for wind and solar energy have dropped drastically, and adoption has further lowered the national carbon emissions. As a result, there are currently no projected carbon penalties in the US.

Nuclear Industry. The "renaissance" that began in the early 2000s has faltered. Where once there were 28 reactors in licensing or under construction, there are now only the two Plant Vogtle units under construction, and FPL's two Turkey Point units with applications under review. Other COLs have been granted and put on hold, suspended, withdrawn, or canceled. (Source: nrc.gov)

Partners and Contractors. The Westinghouse AP1000 DCD (Rev. 19) was approved by the NRC in December, 2011, over nine years after the first submittal, and the Vogtle COL was approved in February, 2012. TVA's Bellefonte plant, which was supposed to be the first AP1000 units, were canceled, leaving Plant Vogtle as the first, or "reference" plant for the AP1000. The innovative approaches to construction, i.e., the modular construction intended to speed the construction progress, resulted in QA issues as remote work sites were unable to meet the rigorous nuclear QA required. In addition, the new licensing approach meant that many field changes during construction needed to be processed in advance as license amendments. Through these challenges, delays and cost impacts, the Vogtle owners were protected by their contract with Stone & Webster and Westinghouse, which placed the responsibility for most of the overruns on the vendor. Over the past five years, Stone & Webster, which was owned by Shaw, was sold first to CB&I and then to Westinghouse. Westinghouse, then the sole prime contractor on the project, announced its financial difficulties in December, 2016, and filed for bankruptcy protection in March, 2017. The problems at Westinghouse threatened to drag down Toshiba, its parent company and one of the leading companies in Japan. Toshiba has since paid \$3.68 billion to the Vogtle project to satisfy the parent guarantee on the contract, and has sold Westinghouse to an investment company.

Summary

Work continues on Plant Vogtle, but without the benefit of the contract which made Westinghouse responsible for most cost overruns. As a result, any further cost overruns will be borne by the co-owners, and a fraction by JEA. As a result of the demise of carbon rules and the drop in natural gas prices, energy from Plant Vogtle is no longer projected to be economic when Units 3 and 4 are expected to be in service in November 2021 and November 2022, respectively. Future changes in carbon legislation, restrictions on shale gas production, or other factors could quickly change that assessment.

Attachment B - Imports from Georgia, 1982-2025

Year	NEL (MWh)	Total Import from Georgia (MWh)*	% of NEL from Georgia	Notes
1982	6,130,384	1,821,305	30%	UPS Started - 1st 500 kV line constructed
1983	6,377,630	3,816,393	60%	2nd 500 kV line constructed
1984	6,395,448	3,873,496	61%	
1985	6,929,380	3,885,183	56%	
1986	7,262,727	2,701,715	37%	
1987	7,687,062	2,792,678	36%	Scherer Unit 4 complete
1988	8,046,521	1,068,309	13%	
1989	8,453,499	1,748,766	21%	
1990	8,797,550	1,956,121	22%	
1991	8,994,115	1,543,745	17%	
1992	9,461,346	2,240,634	24%	
1993	9,655,514	2,053,312	21%	
1994	9,619,418	1,807,181	19%	
1995	10,090,114	2,231,544	22%	
1996	10,600,777	2,738,066	26%	
1997	10,489,138	2,682,772	26%	
1998	11,401,352	2,613,928	23%	
1999	11,681,971	2,341,508	20%	
2000	11,949,691	2,846,734	24%	
2001	12,494,125	2,991,638	24%	
2002	12,625,815	3,087,225	24%	
2003	13,180,559	2,798,481	21%	
2004	13,263,189	2,914,275	22%	
2005	13,656,457	3,034,657	22%	
2006	13,955,442	2,931,762	21%	
2007	13,858,124	3,158,075	23%	
2008	13,825,317	3,163,379	23%	
2009	13,229,605	3,112,375	24%	
2010	13,722,347	2,272,191	17%	UPS ended
2011	13,429,385	1,463,517	11%	
2012	12,377,793	1,211,404	10%	
2013	12,387,192	1,506,923	12%	
2014	12,604,500	1,222,931	10%	
2015	12,893,346	1,333,059	10%	
2016	13,083,681	1,078,161	8%	
2017	12,501,563	1,395,572	11%	
2018	12,626,578	2,596,464	21%	Projected - Scherer and Wansley
2019	12,752,844	2,936,352	23%	Projected - Scherer and Wansley
2020	12,880,373	2,147,952	17%	Projected - Scherer and TBD (possible 100 MW Wansley Extension)
2021	13,009,176	2,217,302	17%	Projected - Scherer and TBD (possible 100 MW Wansley Extension) and 1 month of Vogtle 3
2022	13,139,268	2,261,102	17%	Projected - Scherer, Vogtle 3 and 1 month of Vogtle 4
2023	13,270,661	3,023,952	23%	Projected - Scherer, Vogtle 3 and Vogtle 4
2024	13,403,367	3,023,952	23%	Projected - Scherer, Vogtle 3 and Vogtle 4
2025	13,537,401	3,023,952	22%	Projected - Scherer, Vogtle 3 and Vogtle 4
1982-2017	393,112,078	85,439,015	22%	Total from 1982-2017
2018 - 2025	104,619,669	21,231,028	20%	Projected - Total from 2018 - 2025

* Includes Scherer 4, spot purchases, and Unit Power Sales (UPS) contracts
1982 - 1989 - Import from Georgia estimated as Total Interchange - FPL (1981 levels)
Forecast assumes 1% annual growth in NEL,
90% Capacity Factor (CF) on Wansley; 80% CF on Scherer assumed
95% CF on Vogtle

Attachment C - Annual Energy from JEA Fleet and Interchange, 2017-2018

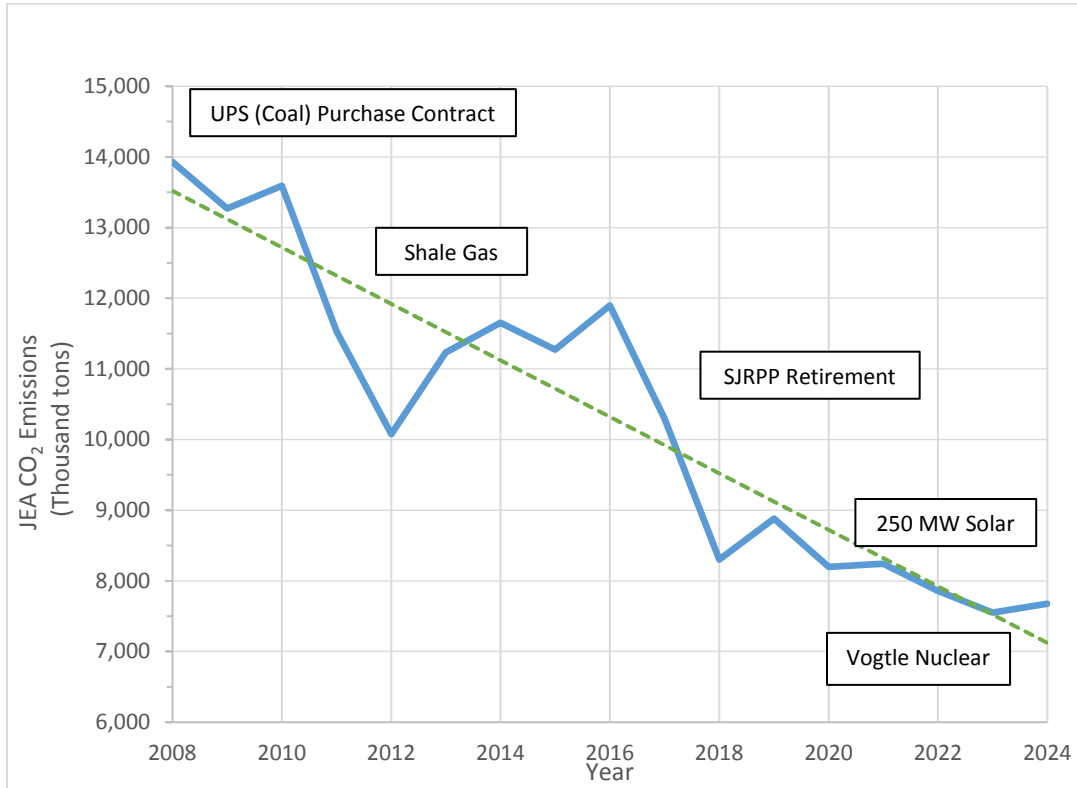
	2017		2018**	
	MWH	%	MWH	%
JEA System Generation				
Scherer 4	1,391,993	11%	1,100,706	9%
SJRPP	2,551,179	20%	539,759	4%
NGS 1, 2, 3	2,720,152	22%	4,338,480	34%
Brandy Branch	4,073,813	33%	4,147,623	32%
Greenland	205,278	2%	249,205	2%
Kennedy	31,460	0.3%	185,038	1%
Other*	973	0.01%	5,307	0.04%
Subtotal	10,974,848	88%	10,566,118	82%
Interchange & PPAs				
Landfill Gas (Trail Ridge, Sarasota)	76,821	1%	113,374	1%
Solar PPAs	25,469	0.2%	60,782	0.5%
Net Metering	4,636	0.04%	5,680	0.04%
Scheduled Interchange***	1,400,260	11%	2,153,382	17%
Subtotal	1,507,186	12%	2,333,218	18%
Net Energy for Load (NEL)	12,482,034		12,899,336	

*Northside CT and JEA PV

**FY18 - Actuals for OCT-FEB; Forecast for MAR-SEP

***Includes Wansley 200 MW, starting January 2018

The figure below shows the decrease in JEA’s CO₂ emissions since their peak in 2008. With the advent of plentiful natural gas and sustained low natural gas prices, there has been a shift away from solid fuel and towards natural gas fired power plants, culminating in the retirement of SJRPP earlier this year. Future projects, including our planned 250 MW of solar and the addition of Plant Vogtle, will reduce CO₂ emissions even further.



Highlights:

- 6.25M tons CO₂/year decrease from 2008 to 2024 (45%)
- Equivalent to removing 1.2M cars from the road
- Retirement of SJRPP and the addition of 50MW solar is estimated to provide a 26% decrease from 2017 to 2018
- Addition of 250MW Solar and Plant Vogtle (2020-2025) further reduce CO₂ emissions by 5%

III. A. 5.

Sole Source and Emergency Procurement/Procurement Appeals Board Report



Building Community

AGENDA ITEM SUMMARY

April 3, 2018

SUBJECT:	SOLE SOURCE & EMERGENCY PROCUREMENT/PROCUREMENT APPEALS BOARD 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: Sections 1-113 and 1-114 of the JEA Purchasing Code require the Chief Purchasing Officer to submit a report on all Sole Source and Emergency procurements and all Procurement Appeals Board decisions to the JEA Board on a quarterly basis.

Significance: Full transparency of these procurement actions is necessary to maintain public confidence in JEA's bidding process and to ensure competition is achieved when in JEA's best interest.

Effect: JEA's Procurement Department is responsible for maintaining these records and reporting to the JEA Board.

Cost or Benefit: To maintain public confidence in JEA's bidding process and to ensure competition is achieved when in JEA's best interest.

Recommended Board action: This item is submitted for information. No action by the Board is required.

For additional information, contact: John McCarthy, Sr. Dir. Supply Chain Mgmt & Ops Support, 665-5544

Submitted by: PEM/MHD/JPM/RMW

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**

April 3, 2018

**SUBJECT: SOLE SOURCE & EMERGENCY PROCUREMENT/PROCUREMENT
APPEALS BOARD REPORT**

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

Sections 1-113 and 1-114 of the JEA Purchasing Code require the Chief Procurement Officer to submit a report on all Sole Source and Emergency procurements and all Procurement Appeals Board decisions to the JEA Board on a quarterly basis.

DISCUSSION:

This report is submitted for the quarter ending March 31, 2018. Summary information for all awards is provided below. A detailed listing for the Formal Sole Source and Emergency Awards is attached. Detailed back-up information for all other awards is retained by the Chief Procurement Officer and is available upon request. There were no Procurement Appeals Board (PAB) actions this quarter.

Quarter Ending March 31, 2018

Formal Awards	Number	%	Dollar Amount	%
Total	69		\$ 162,386,671	
Sole Source Awards	0	0.00%	\$ 0	0.00%
Emergency Awards	0	0.00%	\$ 0	0.00%
Informal Awards	Number	%	Dollar Amount	%
Total	2,617		\$ 21,402,909	
Sole Source Awards	0	0.00%	\$ 0	0.00%
Emergency Awards	1	0.04%	\$ 11,920	0.06%

RECOMMENDATION:

This item is submitted for information. No action by the Board is required.

 Paul E. McElroy, Managing Director/CEO

PEM/MHD/JPM/RMW

Formal Sole Source Awards by Department - Detailed Listing

12 months ending March 31, 2018

Sole Source Awards (0 Items totaling \$0.00)

Award Date	Amount	Requesting Dept.	Vendor	Description	Sourcing Basis
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Formal Emergency Awards by Department - Detailed Listing

12 months ending March 31, 2018

Emergency Awards (4 Items totaling \$3,328,570.15)

Award Date	Amount	Requesting Dept.	Vendor	Description	Sourcing Basis
4/13/2017	\$331,600.08	M. Brost (Electric Systems)	Asplundh Tree Expert Co.	Emergency Storm restoration for vegetation - Hurricane Matthew	Emergency - JEA procured services through an emergency contract with Asplundh Tree Expert Co. for restoration work on vegetation and debris removal incurred during Hurricane Matthew, in support of Mutual Aid crews.
4/13/2017	\$327,054.07	M. Brost (Electric Systems)	Wolf Tree, Inc.	Emergency Storm restoration for vegetation - Hurricane Matthew	Emergency - JEA procured services through an emergency contract with Wolf Trees, Inc. for restoration work on vegetation and debris removal incurred during Hurricane Matthew, in support of JEA crews.
5/18/2017	\$923,274.00	M. Brost (Electric Systems)	Mitsubishi Electric Power Products, Inc.	Emergency purchase of sync breakers	Emergency - JEA procured services through an emergency contract with Mitsubishi Electric Power Products, Inc. for the purchase of six (6) 230 kV sync breakers, due to the shutdown of SJRPP and equipment lead times. Informal bids were obtained from three (3) companies and Mitsubishi submitted the lowest bid.
11/2/2017	\$1,746,642.00	M. Brost (Electric Systems)	Babcock & Wilcox Universal, Inc.	Emergency replacement GEC 1 & 2 Exhaust Stack Silencer & Duct Replacement	Emergency - JEA procured services through an emergency contract with Babcock & Wilcox Universal, Inc. for the replacement of exhaust stack silencers and silencer ducts for the December, 2017 outage. This work is required due to thermal degradation of materials which was discovered during routine maintenance and has downgraded GEC Unit 1's availability. Babcock & Wilcox was the only vendor who could meet JEA's needs and timeframe; and the contract amount is comparable to pricing on other stack replacement projects.
Total	\$3,328,570.15				

Total Sole Source & Emergency Procurement Actions

	FY17 Q3	FY17 Q4	FY18 Q1	FY18 Q2
Total Awards	\$96.34M	\$131.53M	\$183.13M	\$183.79M
Sole Source (\$)	\$0M	\$0.24M	\$0.0M	\$0.0M
Sole Source (%)	0%	0.18%	0%	0%
Emergency (\$)	\$1.6M	\$0.03M	\$2.03M	\$0.01M
Emergency (%)	1.66%	0.02%	1.11%	0.01%

III. A. 6.

Monthly JEA Financial Review & Statements

JEA Monthly Financial Summary

as of March 31, 2018

Board of Directors

April 17, 2018



Key Financial Metrics

Electric System	Year-to-Date		FY2018 Full Year		Result
	FY2018	FY2017	Forecast	Target	
Debt Service Coverage	2.4x	2.5x	2.3x	≥ 2.2x	✓
Days Liquidity	317	350	312	150 to 250 days ¹	✓
<i>Days Cash on Hand</i>	219	244	214		✓
Debt to Asset %	75% ⁴	67%	71%	52% ²	✓

Water and Sewer System	Year-to-Date		FY2018 Full Year		Result
	FY2018	FY2017	Forecast	Target	
Debt Service Coverage	2.7x	2.8x	3.1x	≥ 1.8x	✓
Days Liquidity	590	647	565	150 to 250 days ¹	✓
<i>Days Cash on Hand</i>	496	543	471		✓
Debt to Asset %	52% ⁴	56%	49%	49% ³	✓



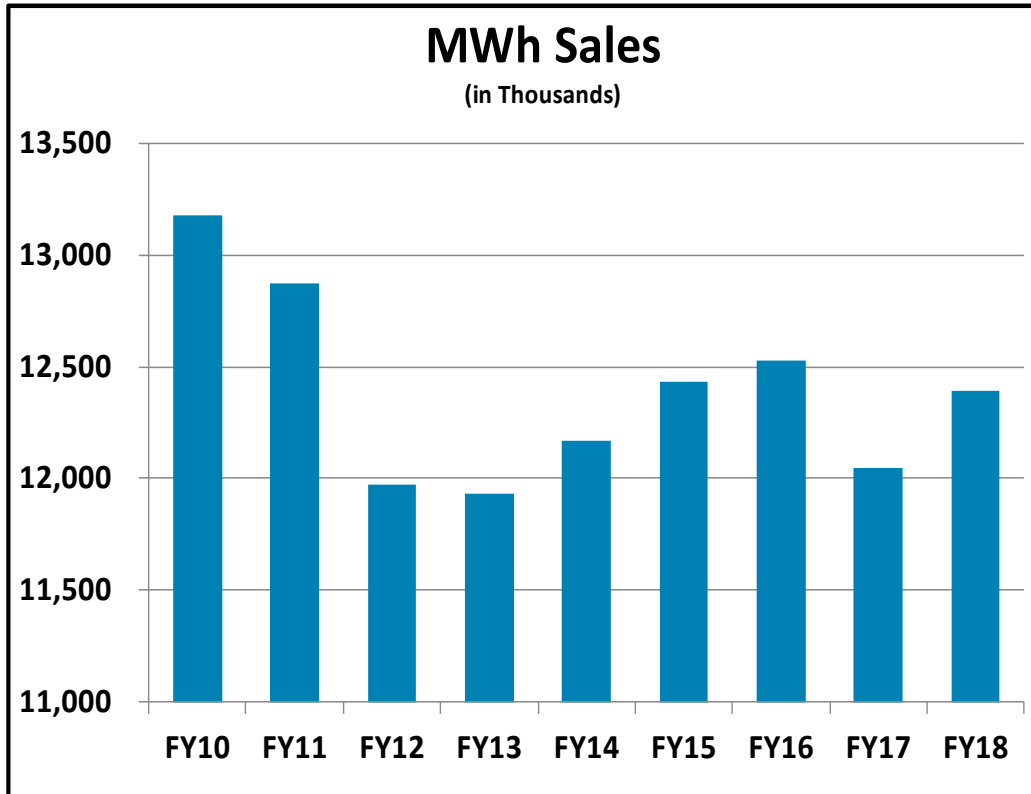
¹ Moody's Aa benchmark: 150 to 250 days

² Long-term target is 52.1%: per Moody's Sector In-Depth Report "Public Power Medians – Sound metrics signal stability as carbon challenges loom", Sept. 2017

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

⁴ Revised ratio calculation and inclusion of SJRPP impairment

Electric System: MWh Sales



Month	FY18	FY17	%
Oct	1,065,925	951,426	12.0%
Nov	833,994	863,238	(3.4%)
Dec	989,619	905,219	9.3%
Jan	1,205,005	932,807	29.2%
Feb	733,718	759,141	(3.3%)
Mar	889,143	914,242	(2.7%)
YTD	5,717,404	5,326,073	7.3%
Apr		933,563	
May		1,084,832	
Jun		1,094,475	
Jul		1,298,608	
Aug		1,260,217	
Sep		1,052,365	
Forecast/Total	12,390,324	12,050,133	

Unit Sales Driver: FY18 MWh increase due to colder weather, evidenced by 34.0% increase in Degree Days.

YTD Degree Days		
30-yr. Avg.	FY18	FY17
1,651	1,658	1,241

YTD Customer Accounts		
FY18	FY17	%
464,291	457,143	1.6%

Total System	7.3%
Residential	15.7%
Comm./Industrial	1.1%
Interruptible	8.6%
Wholesale (FPU)	(24.0%)



Electric System: Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY18 Forecast	FY17 Actual	FY18 Budget	FY18 vs FY17 (%)	Variance (%)
Fuel Revenue	\$398,111	\$394,188 ¹	\$397,761	\$3,923	1.0%
Base Revenue	777,194	750,330 ¹	772,652	26,864	3.6%
Other Revenue	37,727	45,938	39,650	(8,211)	(17.9%)
Total Revenues	\$1,213,032	\$1,190,456	\$1,210,063	\$22,576	1.9%

\$3m

Select Expenses	FY18 Forecast	FY17 Actual	FY18 Budget	FY18 vs FY17 (%)	Variance (%)
Fuel Expense	\$453,681	\$442,588	\$430,561	(\$11,093)	(2.5%)
Fuel Fund Transfers	(55,570)	(48,400)	(32,800)	7,170	
O & M Expense	221,183	199,470	228,801	(21,713)	(10.9%)
Non-fuel Purchased Power	128,774 ⁴	76,260	85,372	(52,514)	(68.9%)
Net Revenues	\$452,150	\$517,074	\$492,947	(\$64,924)	(12.6%)

(\$41m)

Capital Expenditures	\$195,350 ³	\$134,782	\$205,195 ²	(\$60,568)	(44.9%)
Debt Service	\$200,505	\$204,477	\$204,971	\$3,972	1.9%

Electric Costs/MWh	Non-Fuel
Target	\$56.88
Forecast	58.13
Difference	(\$1.25)

Fuel Fund	(\$ in millions)
Beginning Balance	\$131.72
Surplus/Defecit	(55.57)
Ending Balance	\$76.15



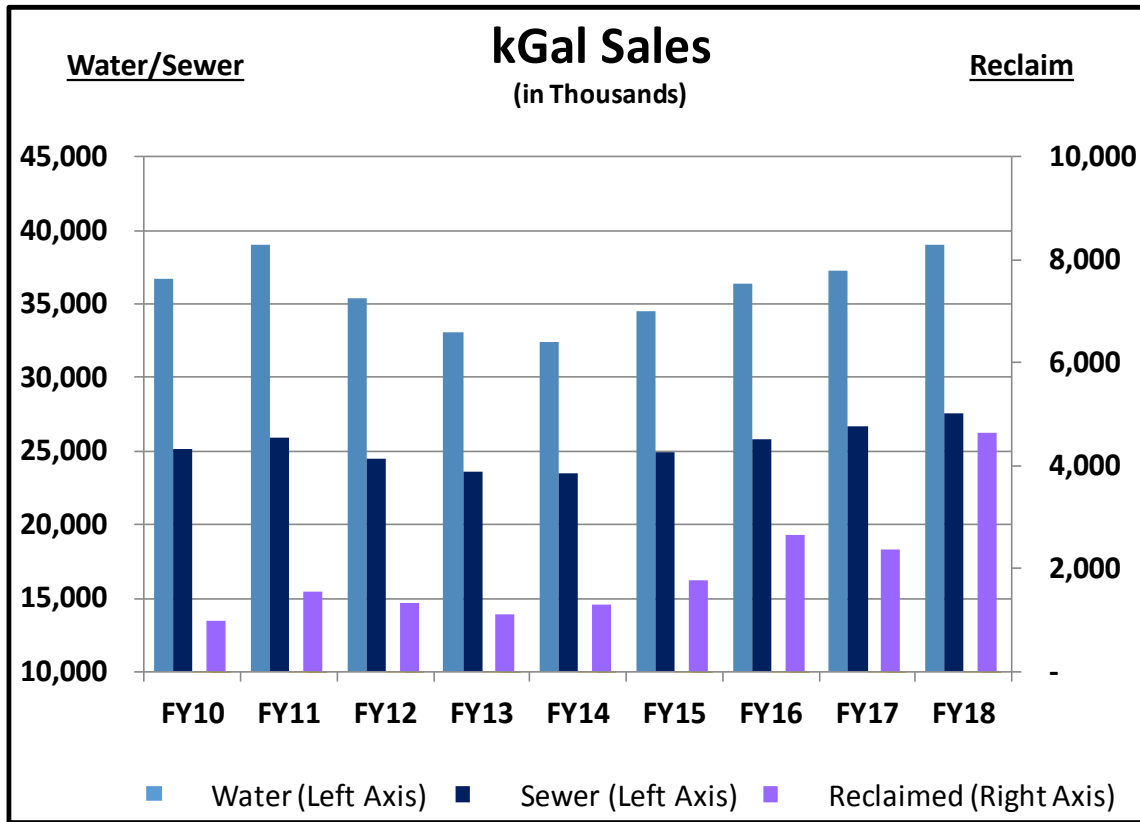
¹ Includes rate change in December 2016

² Council approved limit for capital expenditures in FY18 is \$205 million

³ Includes \$18 million for Solar Land purchase

⁴ Includes \$40 million contribution to Rate Stabilization – Non-fuel Purchased Power for Plant Vogtle

Water and Sewer System: kGal Sales



Month	FY18	FY17	%
Oct	2,992	3,129	(4.4%)
Nov	3,037	3,068	(1.0%)
Dec	2,883	2,923	(1.4%)
Jan	2,790	2,768	0.8%
Feb	2,553	2,624	(2.7%)
Mar	3,191	3,168	0.7%
YTD	17,446	17,680	(1.3%)
Apr		3,476	
May		3,736	
Jun		2,833	
Jul		3,480	
Aug		3,043	
Sep		2,998	
Forecast/Total	39,061	37,246	

Unit Sales Driver: FY18 rainfall down 1.8 inches; rain days up 15.0 days.
Irrigation for March FY18 down 14.0% versus March FY17.

YTD Customer Accounts			
	FY18	FY17	%
Water	346,166	338,942	2.1%
Sewer	269,074	262,547	2.5%
Reclaimed	10,903	8,904	22.5%

YTD Rainfall			
	30-Yr. Avg.	FY18	FY17
Inches	19.3	16.5	18.3
Days	46.5	43	28

Total System (1.3%)	
Residential	(2.1%)
Comm./Industrial	5.1%
Irrigation	(14.0%)

Water and Sewer System: Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY18 Forecast	FY17 Actual	FY18 Budget	FY18 vs FY17 (\$)	Variance (%)
Water & Sewer Revenues	\$435,573	\$424,594	\$438,619	\$10,979	2.6%
Other Revenue	62,519	43,204	59,946	19,315	44.7%
Total Revenues	\$498,092	\$467,798	\$498,565	\$30,294	6.5%
		(\$0.5m)			
Select Expenses					
O&M Expense	\$147,569	\$139,447	\$153,394	(\$8,122)	(5.8%)
Net Revenues	\$349,904	\$337,469	\$342,030	\$12,435	3.7%
		\$8m			
Capital Expenditures	\$215,000	\$187,593	\$236,500 ¹	(\$27,407)	(14.6%)
Debt Service	\$113,345	\$112,791	\$116,948	(\$554)	(0.5%)

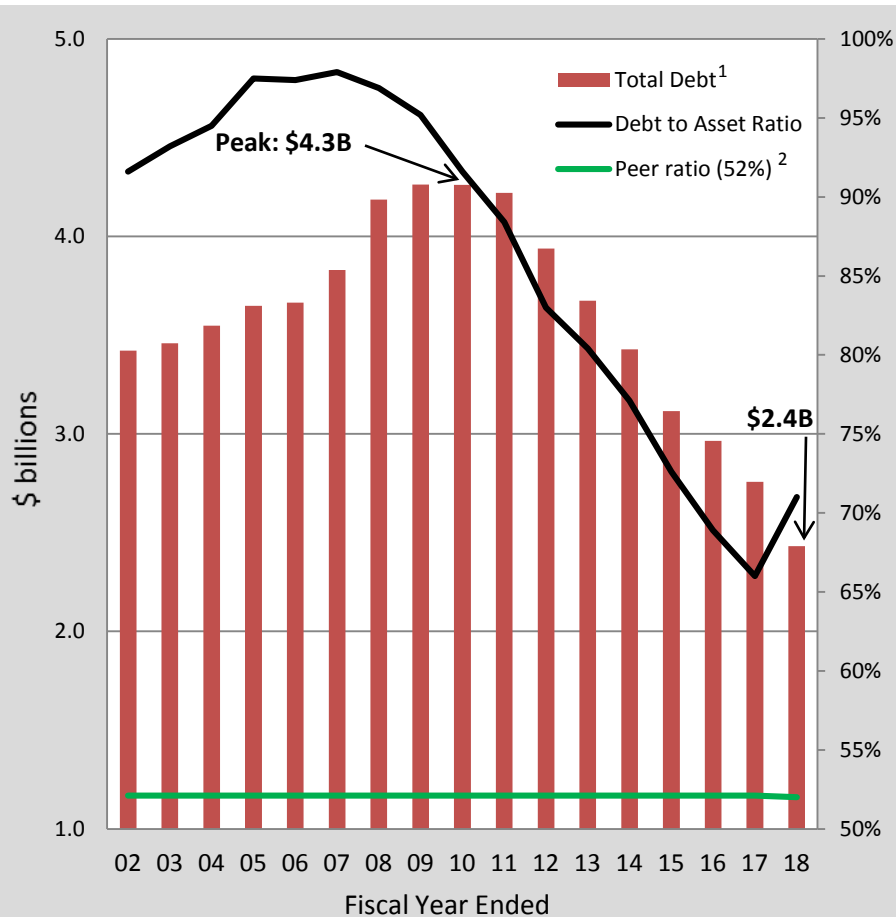
Cost/Kgal	Water	Sewer
Target	\$4.40	\$9.85
Forecast	4.49	9.87
Difference	(\$0.09)	(\$0.02)



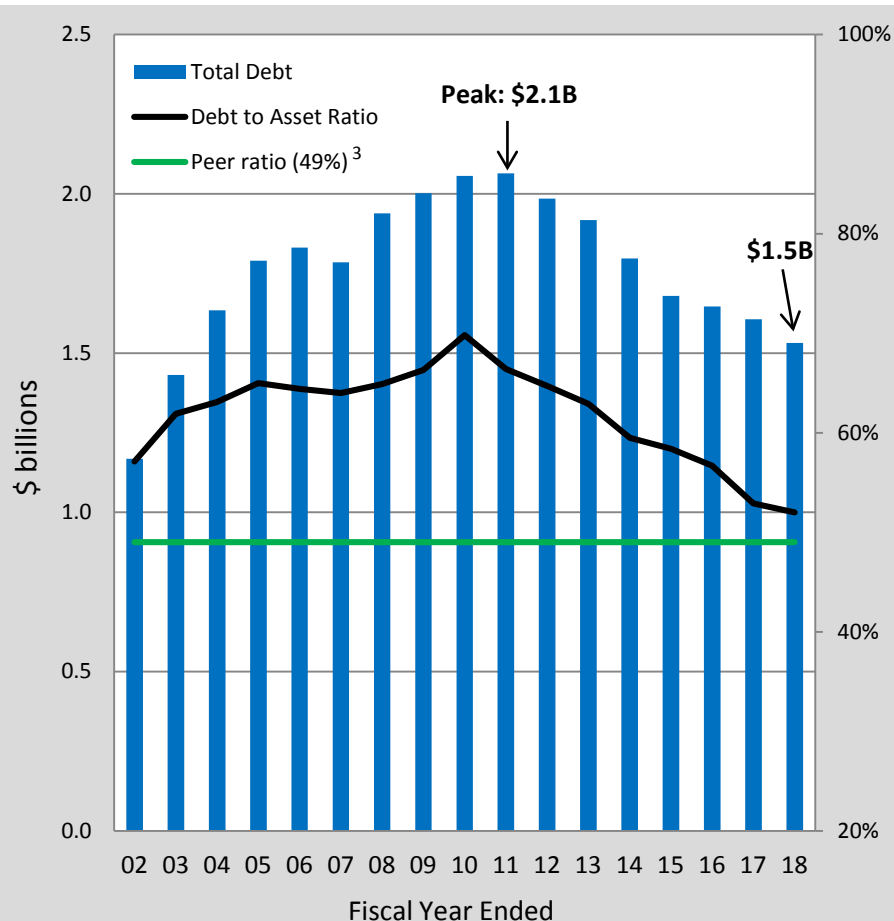
¹ Council approved limit for capital expenditures in FY18 is \$237 million

Debt and Debt to Asset Ratios

Electric System



Water and Sewer System



¹ Includes JEA, Scherer and SJRPP

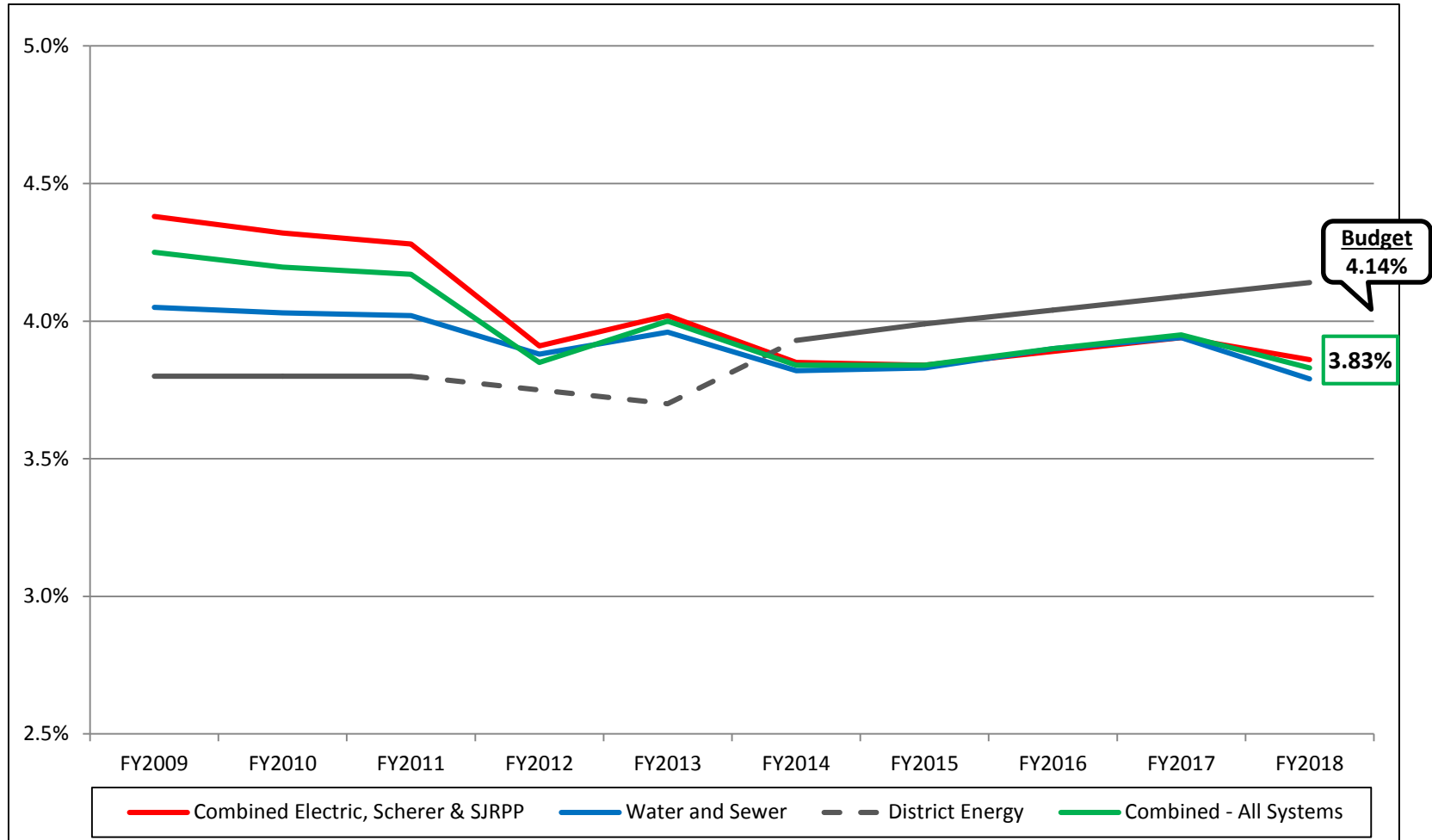
² Per Moody's Sector In-Depth Report "Public Power Medians – Sound metrics signal stability as carbon challenges loom", Sept. 2017

³ As calculated from Moody's Municipal Financial Ratio Analysis database of 209 Aa rated public water-sewer utilities, Jan. 10, 2017

⁴ Changes to the Debt to Asset Ratio for both Electric and Water and Sewer Systems reflect a new calculation methodology published by Moody's

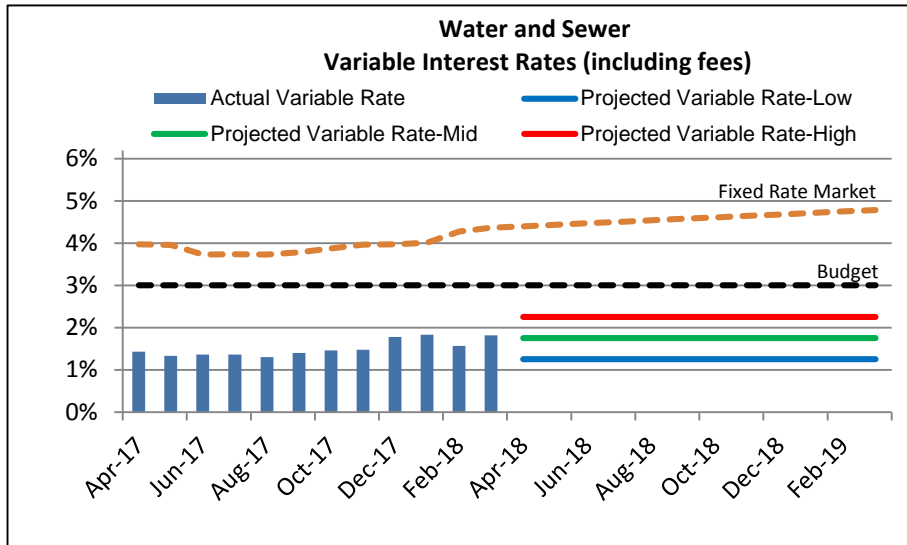
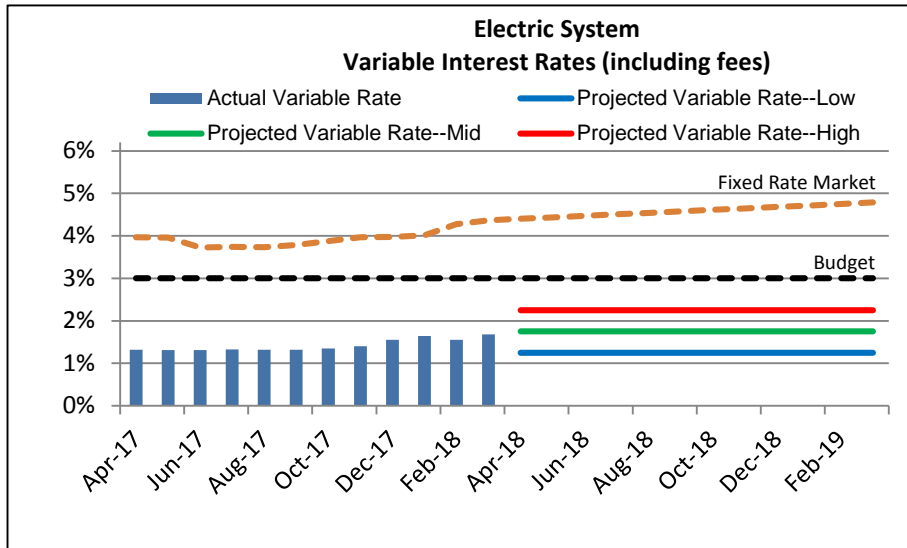
Combined Debt Outstanding

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/A+/AA-	\$218	26
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-	146	17
Sumitomo	A1/A/A	52	6
State Street Bank	Aa3/AA-/AA	31	4
Total		\$839	

Swap Providers			
Bank	Moody's/S&P/Fitch	\$ (in millions)	%
Morgan Stanley Capital Services	A3/BBB+/A	\$176	34
Goldman Sachs Mitsui Marine Derivative Products	Aa2/AA-/NR	136	26
JP Morgan Chase Bank N.A.	Aa3/A+/AA-	125	24
Merrill Lynch	A3/A-/A	85	16
Total		\$522	

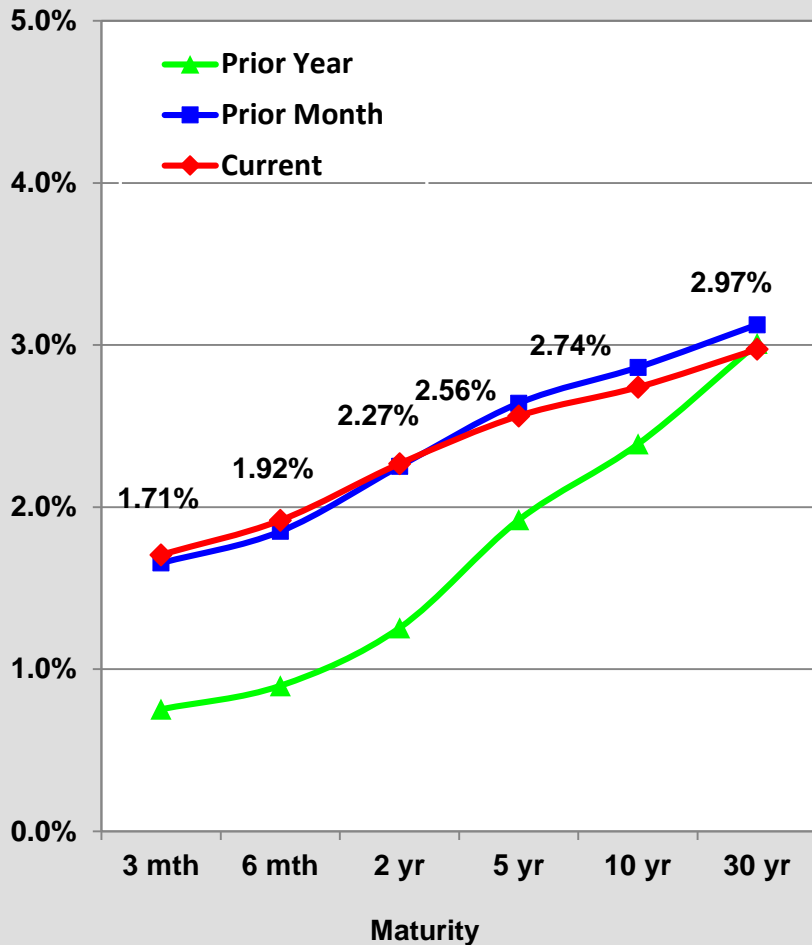
Items of Interest

- Variable debt as a percentage of total debt:
 - Unhedged variable at 8% for Electric and 11% for Water and Sewer.
 - Hedged variable at 17% 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.
- State Street liquidity facility renewed in Feb 2018.
- US Bank liquidity facility renewed in Oct 2017.
- 2018 liquidity facility renewals include: Wells Fargo Bank, Royal Bank of Canada, Sumitomo and remaining US Bank.
- Variable rate reserve to mitigate risk of higher rates – \$44 million.
- Used \$18 million of variable rate reserve on 2017 debt defeasances.

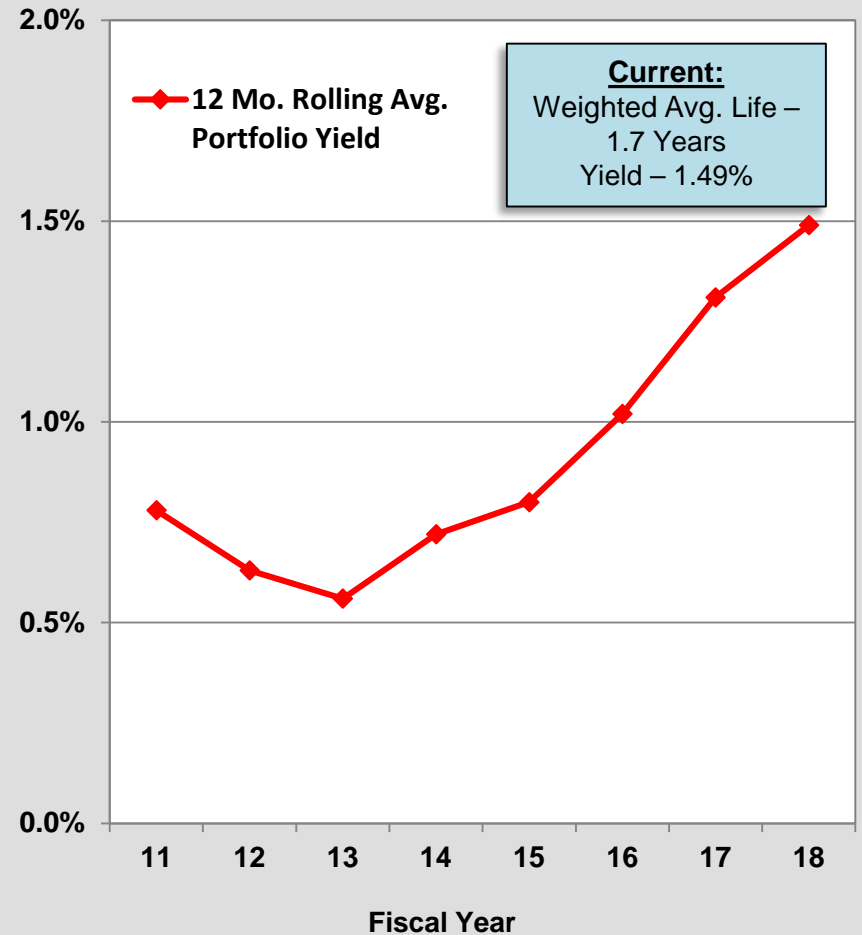
Total variable rate debt of \$872 with \$522 swapped to fixed rate

Combined Investments Outstanding

U. S. Treasury Yield Curve



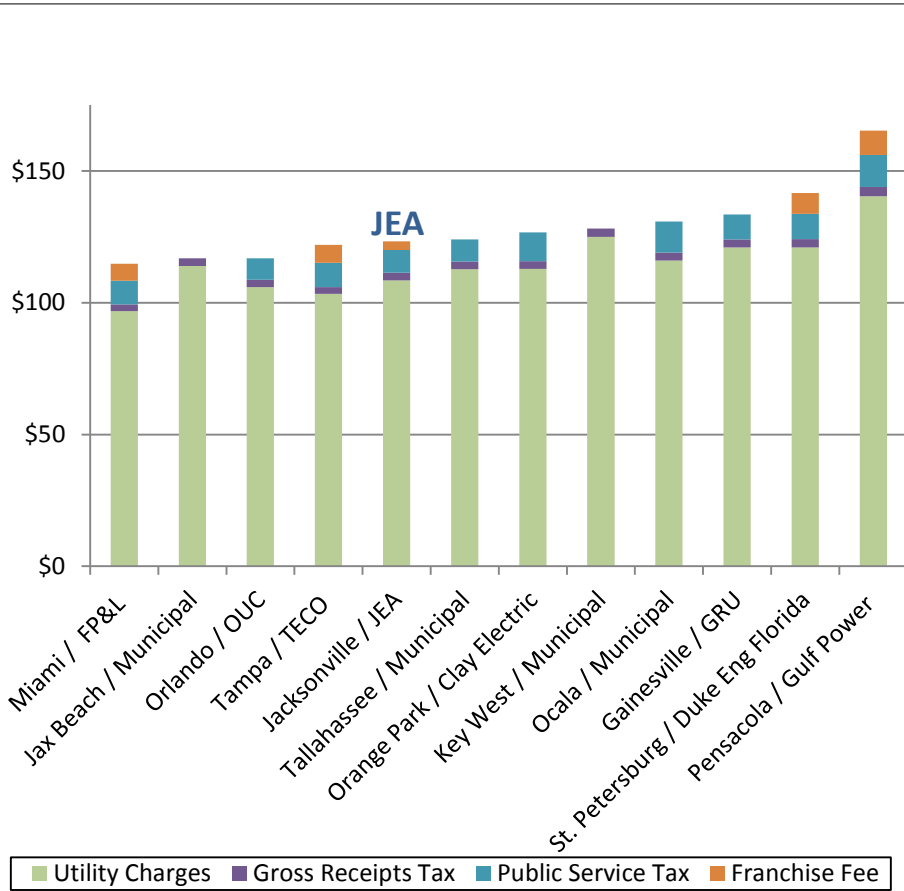
Investment Portfolio Yield



Florida Utilities Monthly Bill Comparison

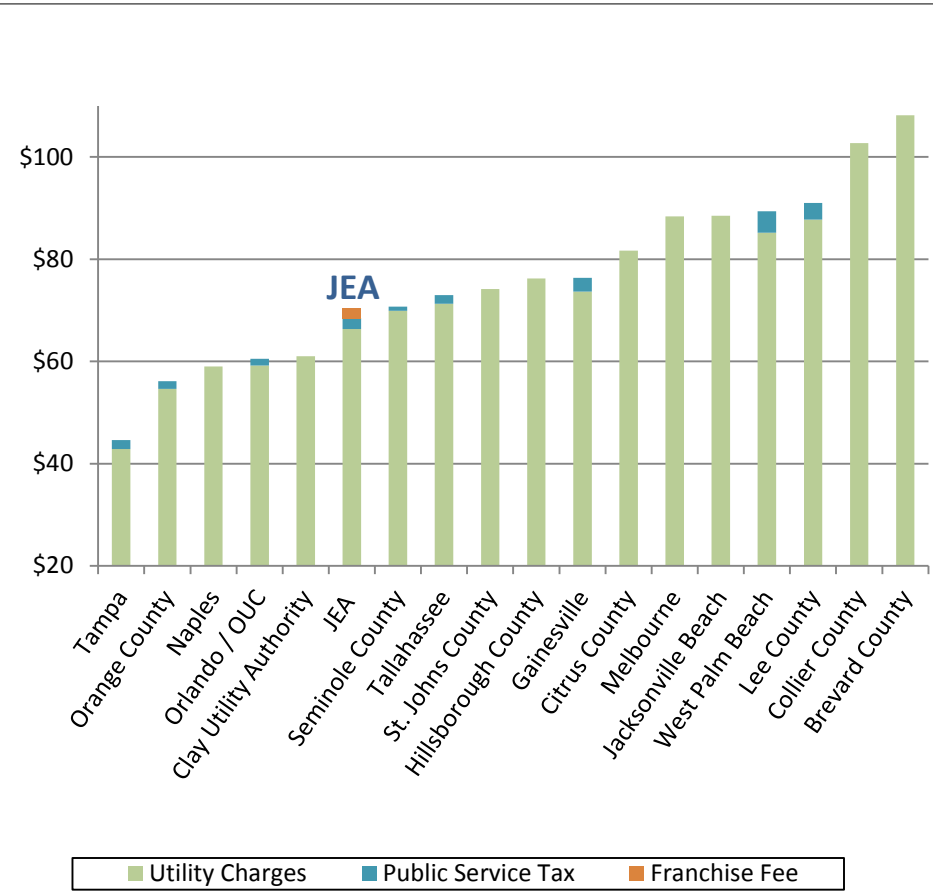
Monthly Residential Electric Bills

Consumption @ 1,000 kWh



Monthly Residential Water Bills

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





Monthly Financial Statements

March 2018

Monthly Financial Statements

March 2018

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Statements of Net Position

(in thousands - unaudited) March 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 271,119	\$ 293,763
Investments	219,107	238,711
Customer accounts receivable, net of allowance (\$1,674 in 2018 and \$2,282 in 2017)	172,939	160,847
Miscellaneous accounts receivable	21,288	30,927
Interest receivable	2,037	1,659
Inventories:		
Fuel inventory - Electric System	50,703	71,954
Fuel inventory - Plant Scherer	7,009	5,083
Materials and supplies - Water and Sewer	52,701	46,566
Materials and supplies - Electric System	23,957	19,428
Materials and supplies - Plant Scherer	2,228	2,109
Total current assets	<u>823,088</u>	<u>871,047</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	141,144	65,385
Investments	668,138	861,708
Accounts and interest receivable	64	843
Total restricted assets	<u>809,346</u>	<u>927,936</u>
Costs to be recovered from future revenues	797,264	459,177
Investment in The Energy Authority	6,018	6,168
Other assets	19,655	21,504
Total noncurrent assets	<u>1,632,283</u>	<u>1,414,785</u>
Capital assets:		
Land and easements	194,625	191,196
Plant in service	11,192,819	10,869,028
Less accumulated depreciation	<u>(6,354,163)</u>	<u>(5,602,267)</u>
Plant in service, net	5,033,281	5,457,957
Construction work in progress	277,286	364,234
Net capital assets	<u>5,310,567</u>	<u>5,822,191</u>
Total assets	<u>7,765,938</u>	<u>8,108,023</u>
Deferred outflows of resources		
Unrealized pension contributions and losses	177,704	137,010
Unamortized deferred losses on refundings	149,399	140,699
Accumulated decrease in fair value of hedging derivatives	103,840	119,789
Unrealized asset retirement obligation	50,285	-
Total deferred outflows of resources	<u>481,228</u>	<u>397,498</u>
Total assets and deferred outflows of resources	<u>\$ 8,247,166</u>	<u>\$ 8,505,521</u>

Statements of Net Position
(in thousands - unaudited) March 2018 and 2017

	2018	2017
Liabilities		
Current liabilities:		
Accounts and accrued expenses payable	\$ 92,811	\$ 79,565
Customer deposits	58,849	56,363
City of Jacksonville payable	9,740	9,676
Utility taxes and fees payable	6,768	6,418
Compensated absences due within one year	1,423	3,527
Total current liabilities	<u>169,591</u>	<u>155,549</u>
Current liabilities payable from restricted assets:		
Debt due within one year	185,790	229,095
Renewal and replacement reserve	104,016	80,534
Interest payable	65,391	81,127
Construction contracts and accounts payable	17,080	27,390
Total current liabilities payable from restricted assets	<u>372,277</u>	<u>418,146</u>
Noncurrent liabilities:		
Net pension liability	557,665	493,346
Asset retirement obligation	37,720	-
Compensated absences due after one year	28,756	25,345
Environmental liabilities	17,647	18,556
Other liabilities	5,663	3,925
Total noncurrent liabilities	<u>647,451</u>	<u>541,172</u>
Long-term debt:		
Bonds payable and commercial paper payable, less current portion	3,813,680	4,178,295
Unamortized premium, net	167,438	126,965
Fair value of debt management strategy instruments	100,910	119,614
Total long-term debt	<u>4,082,028</u>	<u>4,424,874</u>
Total liabilities	<u>5,271,347</u>	<u>5,539,741</u>
Deferred inflows of resources		
Revenues to be used for future costs	250,723	492,827
Unrealized pension gains	12,955	12,683
Total deferred inflows of resources	<u>263,678</u>	<u>505,510</u>
Net position		
Net investment in capital assets	1,878,252	1,639,983
Restricted	463,547	481,881
Unrestricted	370,342	338,406
Total net position	<u>2,712,141</u>	<u>2,460,270</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,247,166</u>	<u>\$ 8,505,521</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	\$ 150,961	\$ 21,421	\$ -	\$ 172,382	94,482	\$ 4,255	\$ 271,119
Investments	218,859	248	-	219,107	-	-	219,107
Customer accounts receivable, net of allowance (\$1,674)	124,630	-	-	124,630	47,966	343	172,939
Miscellaneous accounts receivable	20,617	9,246	(10,028)	19,835	1,453	-	21,288
Interest receivable	1,155	2	-	1,157	880	-	2,037
Inventories:							
Fuel inventory - Electric System	29,146	21,557	-	50,703	-	-	50,703
Fuel inventory - Plant Scherer	7,009	-	-	7,009	-	-	7,009
Materials and supplies - Water and Sewer	-	-	-	-	52,701	-	52,701
Materials and supplies - Electric System	-	23,957	-	23,957	-	-	23,957
Materials and supplies - Plant Scherer	2,228	-	-	2,228	-	-	2,228
Total current assets	554,605	76,431	(10,028)	621,008	197,482	4,598	823,088
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	223	127,553	-	127,776	10,926	2,442	141,144
Investments	351,693	10,918	-	362,611	305,527	-	668,138
Accounts and interest receivable	20	32	-	52	12	-	64
Total restricted assets	351,936	138,503	-	490,439	316,465	2,442	809,346
Costs to be recovered from future revenues	269,172	304,129	-	573,301	223,936	27	797,264
Investment in The Energy Authority	6,018	-	-	6,018	-	-	6,018
Other assets	13,604	-	-	13,604	6,043	8	19,655
Total noncurrent assets	640,730	442,632	-	1,083,362	546,444	2,477	1,632,283
Capital assets:							
Land and easements	123,688	6,660	-	130,348	61,226	3,051	194,625
Plant in service	5,416,121	1,316,051	-	6,732,172	4,405,218	55,429	11,192,819
Less accumulated depreciation	(2,967,308)	(1,312,362)	-	(4,279,670)	(2,049,567)	(24,926)	(6,354,163)
Plant in service, net	2,572,501	10,349	-	2,582,850	2,416,877	33,554	5,033,281
Construction work in progress	87,764	-	-	87,764	187,793	1,729	277,286
Net capital assets	2,660,265	10,349	-	2,670,614	2,604,670	35,283	5,310,567
Total assets	3,855,600	529,412	(10,028)	4,374,984	3,348,596	42,358	7,765,938
Deferred outflows of resources							
Unrealized pension contributions and losses	95,814	20,631	-	116,445	61,259	-	177,704
Unamortized deferred losses on refundings	89,344	4,291	-	93,635	55,565	199	149,399
Accumulated decrease in fair value of hedging derivatives	84,865	-	-	84,865	18,975	-	103,840
Unrealized asset retirement obligation	-	50,285	-	50,285	-	-	50,285
Total deferred outflows of resources	270,023	75,207	-	345,230	135,799	199	481,228
Total assets and deferred outflows of resources	\$ 4,125,623	\$ 604,619	\$ (10,028)	\$ 4,720,214	\$ 3,484,395	\$ 42,557	\$ 8,247,166

Combining Statement of Net Position
(in thousands - unaudited) March 2018

	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	\$ 78,753	\$ 10,038	\$ (9,300)	\$ 79,491	\$ 13,274	\$ 46	\$ 92,811
Customer deposits	43,631	-	-	43,631	15,218	-	58,849
City of Jacksonville payable	7,623	-	-	7,623	2,117	-	9,740
Utility taxes and fees payable	6,768	-	-	6,768	-	-	6,768
Compensated absences due within one year	1,115	-	-	1,115	304	4	1,423
Total current liabilities	137,890	10,038	(9,300)	138,628	30,913	50	169,591
Current liabilities payable from restricted assets:							
Debt due within one year	130,690	1,720	-	132,410	51,720	1,660	185,790
Renewal and replacement reserve	-	104,016	-	104,016	-	-	104,016
Interest payable	33,669	5,603	-	39,272	25,440	679	65,391
Construction contracts and accounts payable	3,568	2,171	(728)	5,011	11,876	193	17,080
Total current liabilities payable from restricted assets	167,927	113,510	(728)	280,709	89,036	2,532	372,277
Noncurrent liabilities:							
Net pension liability	330,025	16,640	-	346,665	211,000	-	557,665
Asset retirement obligation	-	37,720	-	37,720	-	-	37,720
Compensated absences due after one year	20,285	-	-	20,285	8,440	31	28,756
Environmental liabilities	17,647	-	-	17,647	-	-	17,647
Other liabilities	5,461	-	-	5,461	202	-	5,663
Total noncurrent liabilities	373,418	54,360	-	427,778	219,642	31	647,451
Long-term debt:							
Bonds payable and commercial paper payable, less current portion	2,019,350	278,885	-	2,298,235	1,480,620	34,825	3,813,680
Unamortized premium (discount), net	84,932	2,995	-	87,927	79,547	(36)	167,438
Fair value of debt management strategy instruments	81,935	-	-	81,935	18,975	-	100,910
Total long-term debt	2,186,217	281,880	-	2,468,097	1,579,142	34,789	4,082,028
Total liabilities	2,865,452	459,788	(10,028)	3,315,212	1,918,733	37,402	5,271,347
Deferred inflows of resources							
Revenues to be used for future costs	226,271	-	-	226,271	24,452	-	250,723
Unrealized pension gains	4,867	4,976	-	9,843	3,112	-	12,955
Total deferred inflows of resources	231,138	4,976	-	236,114	27,564	-	263,678
Net position							
Net investment in capital assets	567,096	43,248	-	610,344	1,269,068	(1,160)	1,878,252
Restricted	252,835	17,648	728	271,211	190,574	1,762	463,547
Unrestricted	209,102	78,959	(728)	287,333	78,456	4,553	370,342
Total net position	1,029,033	139,855	-	1,168,888	1,538,098	5,155	2,712,141
Total liabilities, deferred inflows of resources, and net position	\$ 4,125,623	\$ 604,619	\$ (10,028)	\$ 4,720,214	\$ 3,484,395	\$ 42,557	\$ 8,247,166

**Combining Statement of Net Position
(in thousands - unaudited) March 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	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	\$ 177,220	\$ 32,409	\$ -	\$ 209,629	\$ 79,830	\$ 4,304	\$ 293,763
Investments	232,750	5,961	-	238,711	-	-	238,711
Customer accounts receivable, net of allowance (\$2,282)	126,088	-	-	126,088	34,452	307	160,847
Miscellaneous accounts receivable	30,077	22,690	(22,464)	30,303	624	-	30,927
Interest receivable	960	10	-	970	689	-	1,659
Inventories:							
Fuel inventory - Electric System	34,193	37,761	-	71,954	-	-	71,954
Fuel inventory - Plant Scherer	5,083	-	-	5,083	-	-	5,083
Materials and supplies - Water and Sewer	-	-	-	-	46,566	-	46,566
Materials and supplies - Electric System	-	19,428	-	19,428	-	-	19,428
Materials and supplies - Plant Scherer	2,109	-	-	2,109	-	-	2,109
Total current assets	608,480	118,259	(22,464)	704,275	162,161	4,611	871,047
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	263	39,719	-	39,982	22,137	3,266	65,385
Investments	314,256	212,354	-	526,610	335,098	-	861,708
Accounts and interest receivable	48	780	-	828	15	-	843
Total restricted assets	314,567	252,853	-	567,420	357,250	3,266	927,936
Costs to be recovered from future revenues	240,476	6,840	-	247,316	211,861	-	459,177
Investment in The Energy Authority	6,168	-	-	6,168	-	-	6,168
Other assets	13,729	-	-	13,729	7,768	7	21,504
Total noncurrent assets	574,940	259,693	-	834,633	576,879	3,273	1,414,785
Capital assets:							
Land and easements	121,711	6,660	-	128,371	59,774	3,051	191,196
Plant in service	5,185,253	1,339,885	-	6,525,138	4,288,650	55,240	10,869,028
Less accumulated depreciation	(2,777,516)	(860,644)	-	(3,638,160)	(1,941,206)	(22,901)	(5,602,267)
Plant in service, net	2,529,448	485,901	-	3,015,349	2,407,218	35,390	5,457,957
Construction work in progress	199,433	12,525	-	211,958	152,146	130	364,234
Capital assets, net	2,728,881	498,426	-	3,227,307	2,559,364	35,520	5,822,191
Total assets	3,912,301	876,378	(22,464)	4,766,215	3,298,404	43,404	8,108,023
Deferred outflows of resources							
Unrealized pension contributions and losses	77,673	11,731	-	89,404	47,606	-	137,010
Unamortized deferred losses on refundings	82,296	13,088	-	95,384	45,108	207	140,699
Accumulated decrease in fair value of hedging derivatives	97,956	-	-	97,956	21,833	-	119,789
Total deferred outflows of resources	257,925	24,819	-	282,744	114,547	207	397,498
Total assets and deferred outflows of resources	\$ 4,170,226	\$ 901,197	\$ (22,464)	\$ 5,048,959	\$ 3,412,951	\$ 43,611	\$ 8,505,521

**Combining Statement of Net Position
(in thousands - unaudited) March 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	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	\$ 55,326	\$ 12,698	\$ (189)	\$ 67,835	\$ 11,717	\$ 13	\$ 79,565
Customer deposits	41,837	-	-	41,837	14,526	-	56,363
City of Jacksonville payable	7,689	-	-	7,689	1,987	-	9,676
Utility taxes and fees payable	6,418	-	-	6,418	-	-	6,418
Compensated absences due within one year	2,025	660	-	2,685	811	31	3,527
Total current liabilities	113,295	13,358	(189)	126,464	29,041	44	155,549
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	-	80,534	-	80,534	-	-	80,534
Interest payable	39,249	9,571	-	48,820	31,616	691	81,127
Construction contracts and accounts payable	9,888	23,719	(22,275)	11,332	16,020	38	27,390
Total current liabilities payable from restricted assets	184,242	155,154	(22,275)	317,121	98,656	2,369	418,146
Noncurrent liabilities:							
Net pension liability	297,819	12,993	-	310,812	182,534	-	493,346
Compensated absences due after one year	16,887	1,748	-	18,635	6,689	21	25,345
Environmental liabilities	18,556	-	-	18,556	-	-	18,556
Other liabilities	2,923	-	-	2,923	1,002	-	3,925
Total noncurrent liabilities	336,185	14,741	-	350,926	190,225	21	541,172
Long-term debt:							
Bonds payable and commercial paper payable, less current portion	2,171,305	408,885	-	2,580,190	1,561,620	36,485	4,178,295
Unamortized premium (discount), net	63,267	14,010	-	77,277	49,729	(41)	126,965
Fair value of debt management strategy instruments	97,781	-	-	97,781	21,833	-	119,614
Total long-term debt	2,332,353	422,895	-	2,755,248	1,633,182	36,444	4,424,874
Total liabilities	2,966,075	606,148	(22,464)	3,549,759	1,951,104	38,878	5,539,741
Deferred inflows of resources							
Revenues to be used for future costs	316,849	153,631	-	470,480	22,347	-	492,827
Unrealized pension gains	6,545	2,126	-	8,671	4,012	-	12,683
Total deferred inflows of resources	323,394	155,757	-	479,151	26,359	-	505,510
Net position							
Net investment in capital assets	467,452	13,279	-	480,731	1,161,647	(2,395)	1,639,983
Restricted	209,886	22,860	22,275	255,021	224,286	2,574	481,881
Unrestricted	203,419	103,153	(22,275)	284,297	49,555	4,554	338,406
Total net position	880,757	139,292	-	1,020,049	1,435,488	4,733	2,460,270
Total liabilities, deferred inflows of resources, and net position	\$ 4,170,226	\$ 901,197	\$ (22,464)	\$ 5,048,959	\$ 3,412,951	\$ 43,611	\$ 8,505,521

JEA
Schedule of Cash and Investments
(in thousands - unaudited) March 2018

	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	\$ 111,889	\$ 4,871	\$ 116,760	\$ 54,812	\$ 1,518	\$ 173,090
Rate stabilization:						
Fuel	82,761	-	82,761	-	-	82,761
Debt management	29,884	-	29,884	14,209	2,737	46,830
Environmental	39,672	-	39,672	10,243	-	49,915
Purchased Power	19,459	-	19,459	-	-	19,459
DSM/Conservation	4,158	-	4,158	-	-	4,158
Total rate stabilization funds	175,934	-	175,934	24,452	2,737	203,123
Customer deposits	43,512	-	43,512	15,218	-	58,730
General reserve	-	16,798	16,798	-	-	16,798
Self insurance reserve funds:						
Self funded health plan	10,838	-	10,838	-	-	10,838
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	20,838	-	20,838	-	-	20,838
Environmental liability reserve	17,647	-	17,647	-	-	17,647
Total unrestricted cash and investments	\$ 369,820	\$ 21,669	\$ 391,489	\$ 94,482	\$ 4,255	\$ 490,226
Restricted assets						
Renewal and replacement funds	\$ 190,282	\$ 104,078	\$ 294,360	\$ 161,672	\$ 932	\$ 456,964
Debt service reserve account	65,433	11,204	76,637	102,850	-	179,487
Debt service funds	97,997	6,564	104,561	50,910	1,510	156,981
Environmental funds	-	-	-	815	-	815
Construction funds	223	-	223	324	-	547
Subtotal	353,935	121,846	475,781	316,571	2,442	794,794
Unrealized holding gain (loss) on investments	(2,019)	79	(1,940)	(118)	-	(2,058)
Other funds	-	16,546	16,546	-	-	16,546
Total restricted cash and investments	\$ 351,916	\$ 138,471	\$ 490,387	\$ 316,453	\$ 2,442	\$ 809,282

JEA
Schedule of Cash and Investments
(in thousands - unaudited) March 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	\$ 66,233	\$ 15,454	\$ 81,687	\$ 42,957	\$ 1,567	\$ 126,211
Rate stabilization:						
Fuel	166,398	-	166,398	-	-	166,398
Debt management	29,884	-	29,884	20,290	2,737	52,911
Environmental	32,995	-	32,995	2,057	-	35,052
Purchased Power	30,886	-	30,886	-	-	30,886
DSM/Conservation	3,236	-	3,236	-	-	3,236
Total rate stabilization funds	263,399	-	263,399	22,347	2,737	288,483
Customer deposits	41,709	-	41,709	14,526	-	56,235
General reserve	-	22,916	22,916	-	-	22,916
Self insurance reserve funds:						
Self funded health plan	10,073	-	10,073	-	-	10,073
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	20,073	-	20,073	-	-	20,073
Environmental liability reserve	18,556	-	18,556	-	-	18,556
Total unrestricted cash and investments	\$ 409,970	\$ 38,370	\$ 448,340	\$ 79,830	\$ 4,304	\$ 532,474
Restricted assets						
Renewal and replacement funds	\$ 154,720	\$ 80,372	\$ 235,092	\$ 188,187	\$ 1,755	\$ 425,034
Debt service reserve account	65,433	139,271	204,704	107,488	-	312,192
Debt service funds	93,997	30,451	124,448	56,518	1,511	182,477
Construction funds	263	-	263	152	-	415
Environmental funds	-	-	-	2,953	-	2,953
Subtotal	314,413	250,094	564,507	355,298	3,266	923,071
Unrealized holding gain (loss) on investments	106	(3,855)	(3,749)	1,937	-	(1,812)
Other funds	-	5,834	5,834	-	-	5,834
Total restricted cash and investments	\$ 314,519	\$ 252,073	\$ 566,592	\$ 357,235	\$ 3,266	\$ 927,093

JEA
Regulatory Accounting Balances
(in thousands - unaudited) March 2018

DESCRIPTION	Electric System and Bulk Power		Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
	Supply System	SJRPP System				
Unfunded pension costs	239,078	985	240,063	152,853	-	392,916
SJRPP and Scherer	10,231	300,963	311,194	-	-	311,194
Water environmental projects	-	-	-	64,134	-	64,134
Costs to be recovered from FEMA	16,407	-	16,407	4,595	27	21,029
Debt issue costs	3,456	2,181	5,637	2,354	-	7,991
Costs to be recovered from future revenues	269,172	304,129	573,301	223,936	27	797,264
SJRPP and Scherer	39,499	-	39,499	-	-	39,499
Fuel stabilization	82,761	-	82,761	-	-	82,761
Debt management stabilization	29,884	-	29,884	14,209	-	44,093
Environmental	39,672	-	39,672	10,243	-	49,915
Nonfuel purchased power	19,459	-	19,459	-	-	19,459
Self-insurance medical reserve	10,838	-	10,838	-	-	10,838
Customer benefit stabilization	4,158	-	4,158	-	-	4,158
Revenues to be used for future costs	226,271	-	226,271	24,452	-	250,723

JEA
Regulatory Accounting Balances
(in thousands - unaudited) March 2017

DESCRIPTION	Electric System and Bulk Power		Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JFA
	Supply System	SJRPP System				
Unfunded pension costs	226,691	3,388	230,079	138,940	-	369,019
SJRPP and Scherer	11,180	-	11,180	-	-	11,180
Water environmental projects	-	-	-	72,685	-	72,685
Debt issue costs	2,605	3,452	6,057	236	-	6,293
Costs to be recovered from future revenues	240,476	6,840	247,316	211,861	-	459,177
SJRPP and Scherer	43,377	153,631	197,008	-	-	197,008
Fuel stabilization	166,398	-	166,398	-	-	166,398
Debt management stabilization	29,884	-	29,884	20,290	-	50,174
Environmental	32,995	-	32,995	2,057	-	35,052
Nonfuel purchased power	30,886	-	30,886	-	-	30,886
Self-insurance medical reserve	10,073	-	10,073	-	-	10,073
Customer benefit stabilization	3,236	-	3,236	-	-	3,236
Revenues to be used for future costs	316,849	153,631	470,480	\$ 22,347	-	492,827

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

	Month March		Year-to-Date March	
	2018	2017	2018	2017
Operating revenues				
Electric - base	\$ 60,477	\$ 61,858	\$ 390,198	\$ 369,666
Electric - fuel and purchased power	25,659	40,855	255,436	243,880
Water and sewer	36,009	37,979	206,427	208,994
District energy system	574	561	3,905	3,763
Other	2,464	2,761	69,822	16,474
Total operating revenues	125,183	144,014	925,788	842,777
Operating expenses				
Operations and maintenance:				
Fuel	23,987	30,728	213,544	193,550
Purchased power	7,181	7,437	50,595	34,409
Maintenance and other operating expenses	43,254	33,203	233,605	182,653
Depreciation	28,829	31,542	188,996	189,161
Utility taxes and fees	5,110	5,056	34,671	32,123
Recognition of deferred costs and revenues, net	323	1,487	3,086	(1,228)
Total operating expenses	108,684	109,453	724,497	630,668
Operating income	16,499	34,561	201,291	212,109
Nonoperating revenues (expenses)				
Interest on debt	(12,325)	(14,173)	(81,298)	(84,324)
Debt management strategy	(1,124)	(1,393)	(7,147)	(8,518)
Investment income (loss), net	(2,014)	1,711	3,154	355
Allowance for funds used during construction	916	1,085	4,867	5,980
Other nonoperating income, net	992	80	4,531	2,459
Earnings from The Energy Authority	(137)	887	2,541	3,164
Other interest, net	(57)	(28)	(706)	(269)
Total nonoperating expenses, net	(13,749)	(11,831)	(74,058)	(81,153)
Income before contributions and special items	2,750	22,730	127,233	130,956
Contributions (to) from				
General Fund, City of Jacksonville, Florida	(9,719)	(9,652)	(58,310)	(57,911)
Developers and other	5,058	2,786	31,003	31,436
Reduction of plant cost through contributions	(2,924)	(680)	(19,331)	(21,136)
Total contributions	(7,585)	(7,546)	(46,638)	(47,611)
Special items				
SJRPP deferred revenues, net	997	-	451,037	-
SJRPP impairment loss	(997)	-	(451,037)	-
Total special items	-	-	-	-
Change in net position	(4,835)	15,184	80,595	83,345
Net position, beginning of period	2,716,976	2,445,086	2,631,546	2,376,925
Net position, end of period	\$ 2,712,141	\$ 2,460,270	\$ 2,712,141	\$ 2,460,270

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the month ended March 2018

	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	\$ 60,389	\$ -	\$ -	\$ 60,389	\$ -	\$ -	\$ 88	\$ 60,477
Electric - fuel and purchased power	29,566	(1,917)	(2,319)	25,330	-	-	329	25,659
Water and sewer	-	-	-	-	36,061	-	(52)	36,009
District energy system	-	-	-	-	-	603	(29)	574
Other	1,613	200	-	1,813	869	-	(218)	2,464
Total operating revenues	91,568	(1,717)	(2,319)	87,532	36,930	603	118	125,183
Operating expenses								
Operations and maintenance:								
Fuel	23,656	331	-	23,987	-	-	-	23,987
Purchased power	9,500	-	(2,319)	7,181	-	-	-	7,181
Maintenance and other operating expenses	24,755	7,015	-	31,770	11,034	332	118	43,254
Depreciation	16,310	17	-	16,327	12,302	200	-	28,829
Utility taxes and fees	4,229	-	-	4,229	881	-	-	5,110
Recognition of deferred costs and revenues, net	(227)	(63)	-	(290)	613	-	-	323
Total operating expenses	78,223	7,300	(2,319)	83,204	24,830	532	118	108,684
Operating income	13,345	(9,017)	-	4,328	12,100	71	-	16,499
Nonoperating revenues (expenses)								
Interest on debt	(6,617)	(876)	-	(7,493)	(4,718)	(114)	-	(12,325)
Debt management strategy	(903)	-	-	(903)	(221)	-	-	(1,124)
Investment income (loss), net	(569)	(366)	-	(935)	(1,086)	7	-	(2,014)
Allowance for funds used during construction	295	-	-	295	616	5	-	916
Other nonoperating income, net	371	413	-	784	208	-	-	992
Earnings from The Energy Authority	(137)	-	-	(137)	-	-	-	(137)
Other interest, net	(55)	-	-	(55)	(2)	-	-	(57)
Total nonoperating expenses, net	(7,615)	(829)	-	(8,444)	(5,203)	(102)	-	(13,749)
Income before contributions	5,730	(9,846)	-	(4,116)	6,897	(31)	-	2,750
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,623)	-	-	(7,623)	(2,096)	-	-	(9,719)
Developers and other	23	-	-	23	5,035	-	-	5,058
Reduction of plant cost through contributions	(23)	-	-	(23)	(2,901)	-	-	(2,924)
Total contributions	(7,623)	-	-	(7,623)	38	-	-	(7,585)
Special items								
SJRPP deferred revenues, net	-	997	-	997	-	-	-	997
SJRPP impairment loss	-	(997)	-	(997)	-	-	-	(997)
Total special items	-	-	-	-	-	-	-	-
Change in net position	(1,893)	(9,846)	-	(11,739)	6,935	(31)	-	(4,835)
Net position, beginning of period	1,030,926	149,701	-	1,180,627	1,531,163	5,186	-	2,716,976
Net position, end of period	\$ 1,029,033	\$ 139,855	\$ -	\$ 1,168,888	\$ 1,538,098	\$ 5,155	\$ -	\$ 2,712,141

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the month ended March 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	\$ 62,121	\$ -	\$ -	\$ 62,121	\$ -	\$ -	\$ (263)	\$ 61,858
Electric - fuel and purchased power	32,142	18,420	(8,716)	41,846	-	-	(991)	40,855
Water and sewer	-	-	-	-	37,996	-	(17)	37,979
District energy system	-	-	-	-	-	590	(29)	561
Other	2,184	-	-	2,184	766	-	(189)	2,761
Total operating revenues	96,447	18,420	(8,716)	106,151	38,762	590	(1,489)	144,014
Operating expenses								
Operations and maintenance:								
Fuel	22,143	8,585	-	30,728	-	-	-	30,728
Purchased power	16,153	-	(8,716)	7,437	-	-	-	7,437
Maintenance and other operating expenses	17,994	5,277	-	23,271	11,130	291	(1,489)	33,203
Depreciation	15,967	3,563	-	19,530	11,813	199	-	31,542
Utility taxes and fees	4,188	-	-	4,188	868	-	-	5,056
Recognition of deferred costs and revenues, net	(279)	(1,002)	-	(1,281)	2,768	-	-	1,487
Total operating expenses	76,166	16,423	(8,716)	83,873	26,579	490	(1,489)	109,453
Operating income	20,281	1,997	-	22,278	12,183	100	-	34,561
Nonoperating revenues (expenses)								
Interest on debt	(6,861)	(2,006)	-	(8,867)	(5,190)	(116)	-	(14,173)
Debt management strategy	(1,103)	-	-	(1,103)	(290)	-	-	(1,393)
Investment income, net	1,199	869	-	2,068	(362)	5	-	1,711
Allowance for funds used during construction	612	-	-	612	473	-	-	1,085
Other nonoperating income, net	410	33	-	443	(363)	-	-	80
Earnings from The Energy Authority	887	-	-	887	-	-	-	887
Other interest, net	(28)	-	-	(28)	-	-	-	(28)
Total nonoperating expenses, net	(4,884)	(1,104)	-	(5,988)	(5,732)	(111)	-	(11,831)
Income before contributions	15,397	893	-	16,290	6,451	(11)	-	22,730
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,689)	-	-	(7,689)	(1,963)	-	-	(9,652)
Developers and other	64	-	-	64	2,722	-	-	2,786
Reduction of plant cost through contributions	(64)	-	-	(64)	(616)	-	-	(680)
Total contributions	(7,689)	-	-	(7,689)	143	-	-	(7,546)
Change in net position	7,708	893	-	8,601	6,594	(11)	-	15,184
Net position, beginning of period	873,049	138,399	-	1,011,448	1,428,894	4,744	-	2,445,086
Net position, end of period	\$ 880,757	\$ 139,292	\$ -	\$ 1,020,049	\$ 1,435,488	\$ 4,733	\$ -	\$ 2,460,270

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the six months ended March 2018

	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	\$ 391,902	\$ -	\$ -	\$ 391,902	\$ -	\$ -	\$ (1,704)	\$ 390,198
Electric - fuel and purchased power	233,488	76,030	(47,670)	261,848	-	-	(6,412)	255,436
Water and sewer	-	-	-	-	206,709	-	(282)	206,427
District energy system	-	-	-	-	-	4,075	(170)	3,905
Other	11,039	54,925	-	65,964	5,162	-	(1,304)	69,822
Total operating revenues	636,429	130,955	(47,670)	719,714	211,871	4,075	(9,872)	925,788
Operating expenses								
Operations and maintenance:								
Fuel	164,686	48,858	-	213,544	-	-	-	213,544
Purchased power	98,265	-	(47,670)	50,595	-	-	-	50,595
Maintenance and other operating expenses	115,297	54,485	-	169,782	71,579	2,116	(9,872)	233,605
Depreciation	104,356	10,791	-	115,147	72,660	1,189	-	188,996
Utility taxes and fees	29,523	-	-	29,523	5,148	-	-	34,671
Recognition of deferred costs and revenues, net	(1,362)	2,443	-	1,081	2,005	-	-	3,086
Total operating expenses	510,765	116,577	(47,670)	579,672	151,392	3,305	(9,872)	724,497
Operating income	125,664	14,378	-	140,042	60,479	770	-	201,291
Nonoperating revenues (expenses)								
Interest on debt	(37,528)	(15,035)	-	(52,563)	(28,049)	(686)	-	(81,298)
Debt management strategy	(5,757)	-	-	(5,757)	(1,390)	-	-	(7,147)
Investment income, net	2,031	108	-	2,139	976	39	-	3,154
Allowance for funds used during construction	1,513	-	-	1,513	3,326	28	-	4,867
Other nonoperating income, net	2,167	883	-	3,050	1,481	-	-	4,531
Earnings from The Energy Authority	2,541	-	-	2,541	-	-	-	2,541
Other interest, net	(612)	-	-	(612)	(94)	-	-	(706)
Total nonoperating expenses, net	(35,645)	(14,044)	-	(49,689)	(23,750)	(619)	-	(74,058)
Income before contributions	90,019	334	-	90,353	36,729	151	-	127,233
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(45,736)	-	-	(45,736)	(12,574)	-	-	(58,310)
Developers and other	662	-	-	662	30,341	-	-	31,003
Reduction of plant cost through contributions	(662)	-	-	(662)	(18,669)	-	-	(19,331)
Total contributions	(45,736)	-	-	(45,736)	(902)	-	-	(46,638)
Special items								
SJRPP deferred revenues, net	-	451,037	-	451,037	-	-	-	451,037
SJRPP impairment loss	-	(451,037)	-	(451,037)	-	-	-	(451,037)
Total special items	-	-	-	-	-	-	-	-
Change in net position	44,283	334	-	44,617	35,827	151	-	80,595
Net position, beginning of year	984,750	139,521	-	1,124,271	1,502,271	5,004	-	2,631,546
Net position, end of period	\$ 1,029,033	\$ 139,855	\$ -	\$ 1,168,888	\$ 1,538,098	\$ 5,155	\$ -	\$ 2,712,141

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the six months ended March 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	\$ 371,326	\$ -	\$ -	\$ 371,326	\$ -	\$ -	\$ (1,660)	\$ 369,666
Electric - fuel and purchased power	193,592	114,426	(57,892)	250,126	-	-	(6,246)	243,880
Water and sewer	-	-	-	-	209,152	-	(158)	208,994
District energy system	-	-	-	-	-	4,054	(291)	3,763
Other	12,954	-	-	12,954	4,659	-	(1,139)	16,474
Total operating revenues	577,872	114,426	(57,892)	634,406	213,811	4,054	(9,494)	842,777
Operating expenses								
Operations and maintenance:								
Fuel	129,412	64,138	-	193,550	-	-	-	193,550
Purchased power	92,301	-	(57,892)	34,409	-	-	-	34,409
Maintenance and other operating expenses	101,578	22,229	-	123,807	66,304	2,036	(9,494)	182,653
Depreciation	95,179	21,377	-	116,556	71,431	1,174	-	189,161
Utility taxes and fees	27,055	-	-	27,055	5,068	-	-	32,123
Recognition of deferred costs and revenues, net	(1,672)	(6,018)	-	(7,690)	6,462	-	-	(1,228)
Total operating expenses	443,853	101,726	(57,892)	487,687	149,265	3,210	(9,494)	630,668
Operating income	134,019	12,700	-	146,719	64,546	844	-	212,109
Nonoperating revenues (expenses)								
Interest on debt	(41,847)	(12,041)	-	(53,888)	(29,738)	(698)	-	(84,324)
Debt management strategy	(6,758)	-	-	(6,758)	(1,760)	-	-	(8,518)
Investment income (loss), net	488	(364)	-	124	217	14	-	355
Allowance for funds used during construction	3,426	-	-	3,426	2,549	5	-	5,980
Other nonoperating income, net	2,131	195	-	2,326	133	-	-	2,459
Earnings from The Energy Authority	3,164	-	-	3,164	-	-	-	3,164
Other interest, net	(239)	-	-	(239)	(30)	-	-	(269)
Total nonoperating expenses, net	(39,635)	(12,210)	-	(51,845)	(28,629)	(679)	-	(81,153)
Income before contributions	94,384	490	-	94,874	35,917	165	-	130,956
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(46,135)	-	-	(46,135)	(11,776)	-	-	(57,911)
Developers and other	716	-	-	716	30,720	-	-	31,436
Reduction of plant cost through contributions	(716)	-	-	(716)	(20,420)	-	-	(21,136)
Total contributions	(46,135)	-	-	(46,135)	(1,476)	-	-	(47,611)
Change in net position	48,249	490	-	48,739	34,441	165	-	83,345
Net position, beginning of year	832,508	138,802	-	971,310	1,401,047	4,568	-	2,376,925
Net position, end of period	\$ 880,757	\$ 139,292	\$ -	\$ 1,020,049	\$ 1,435,488	\$ 4,733	\$ -	\$ 2,460,270

Statement of Cash Flows
(in thousands - unaudited)

	Year-to-Date March	
	2018	2017
Operating activities		
Receipts from customers	\$ 919,888	\$ 846,173
Payments to suppliers	(436,856)	(360,480)
Payments to employees	(148,430)	(126,001)
Other operating activities	63,877	14,882
Net cash provided by operating activities	<u>398,479</u>	<u>374,574</u>
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	(58,253)	(57,789)
Net cash used in noncapital financing activities	<u>(58,253)</u>	<u>(57,789)</u>
Capital and related financing activities		
Defeasance of debt	(993,690)	(153,210)
Proceeds from issuance of debt	821,000	90,405
Acquisition and construction of capital assets	(170,184)	(148,295)
Interest paid on debt	(104,646)	(100,560)
Repayment of debt principal	(229,095)	(181,525)
Developer and other contributions	11,672	10,300
Other capital financing activities	40,825	(2,274)
Net cash used in capital and related financing activities	<u>(624,118)</u>	<u>(485,159)</u>
Investing activities		
Purchase of investments	(672,493)	(1,046,567)
Proceeds from sale and maturity of investments	746,222	965,497
Investment income (loss), net	5,607	8,529
Distributions from The Energy Authority	2,785	3,143
Net cash provided by (used in) investing activities	<u>82,121</u>	<u>(69,398)</u>
Net change in cash and cash equivalents	(201,771)	(237,772)
Cash and cash equivalents, beginning of year	614,034	596,920
Cash and cash equivalents, end of period	<u>\$ 412,263</u>	<u>\$ 359,148</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 201,291	\$ 212,109
Adjustments:		
Depreciation and amortization	189,644	189,839
Recognition of deferred costs and revenues, net	3,086	(1,228)
Other nonoperating income, net	290	(1,129)
Changes in noncash assets and noncash liabilities:		
Accounts receivable	72,910	47,287
Inventories	5,896	(27,335)
Other assets	(3,047)	(3,251)
Accounts and accrued expenses payable	(33,440)	(18,600)
Current liabilities payable from restricted assets	76	1,910
Other noncurrent liabilities and deferred inflows	(38,228)	(25,028)
Net cash provided by operating activities	<u>\$ 398,478</u>	<u>\$ 374,574</u>
Noncash activity		
Contribution of capital assets from developers	\$ 19,331	\$ 21,136
Unrealized gains (losses) on fair value of investments, net	\$ (856)	\$ (8,340)

Combining Statement of Cash Flows

(in thousands - unaudited) for the six months ended March 2018

	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	\$ 651,287	\$ 83,375	\$ (24,390)	\$ 710,272	\$ 213,902	\$ 4,282	\$ (8,568)	\$ 919,888
Payments to suppliers	(338,319)	(77,019)	24,390	(390,948)	(53,930)	(1,850)	9,872	(436,856)
Payments to employees	(83,083)	(33,336)	-	(116,419)	(31,718)	(293)	-	(148,430)
Other operating activities	4,910	54,925	-	59,835	5,346	-	(1,304)	63,877
Net cash provided by operating activities	234,795	27,945	-	262,740	133,600	2,139	-	398,479
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(45,802)	-	-	(45,802)	(12,451)	-	-	(58,253)
Net cash provided by (used in) noncapital financing activities	(45,802)	-	-	(45,802)	(12,451)	-	-	(58,253)
Capital and related financing activities								
Defeasance of debt	(405,105)	(128,280)	-	(533,385)	(460,305)	-	-	(993,690)
Proceeds from issuance of debt	383,840	-	-	383,840	437,160	-	-	821,000
Acquisition and construction of capital assets	(87,633)	-	-	(87,633)	(82,366)	(185)	-	(170,184)
Interest paid on debt	(53,810)	(11,083)	-	(64,893)	(39,062)	(691)	-	(104,646)
Repayment of debt principal	(135,105)	(41,330)	-	(176,435)	(51,020)	(1,640)	-	(229,095)
Developer and other contributions	-	-	-	-	11,672	-	-	11,672
Other capital financing activities	23,058	(7,157)	-	15,901	24,924	-	-	40,825
Net cash used in capital and related financing activities	(274,755)	(187,850)	-	(462,605)	(158,997)	(2,516)	-	(624,118)
Investing activities								
Purchase of investments	(293,758)	(212,982)	-	(506,740)	(165,753)	-	-	(672,493)
Proceeds from sale and maturity of investments	183,146	403,266	-	586,412	159,810	-	-	746,222
Investment income (loss), net	4,710	(2,432)	-	2,278	3,290	39	-	5,607
Distributions from The Energy Authority	2,785	-	-	2,785	-	-	-	2,785
Net cash provided by (used in) investing activities	(103,117)	187,852	-	84,735	(2,653)	39	-	82,121
Net change in cash and cash equivalents	(188,879)	27,947	-	(160,932)	(40,501)	(338)	-	(201,771)
Cash and cash equivalents, beginning of year	340,063	121,027	-	461,090	145,909	7,035	-	614,034
Cash and cash equivalents, end of period	\$ 151,184	\$ 148,974	\$ -	\$ 300,158	\$ 105,408	\$ 6,697	\$ -	\$ 412,263
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 125,664	\$ 14,378	\$ -	\$ 140,042	\$ 60,479	\$ 770	\$ -	\$ 201,291
Adjustments:								
Depreciation and amortization	104,356	10,791	-	115,147	73,308	1,189	-	189,644
Recognition of deferred costs and revenues, net	(1,362)	2,443	-	1,081	2,005	-	-	3,086
Other nonoperating income, net	57	-	-	57	233	-	-	290
Changes in noncash assets and noncash liabilities:								
Accounts receivable	63,628	7,344	-	70,972	1,731	207	-	72,910
Inventories	1,797	8,464	-	10,261	(4,365)	-	-	5,896
Other assets	(3,155)	-	-	(3,155)	116	(8)	-	(3,047)
Accounts and accrued expenses payable	(14,673)	(13,999)	-	(28,672)	(4,729)	(39)	-	(33,440)
Current liabilities payable from restricted assets	-	76	-	76	-	-	-	76
Other noncurrent liabilities and deferred inflows	(41,517)	(1,553)	-	(43,070)	4,822	20	-	(38,228)
Net cash provided by operating activities	\$ 234,795	\$ 27,944	\$ -	\$ 262,739	\$ 133,600	\$ 2,139	\$ -	\$ 398,478
Noncash activity								
Contribution of capital assets from developers	\$ 662	\$ -	\$ -	\$ 662	\$ 18,669	\$ -	\$ -	\$ 19,331
Unrealized gains (losses) on fair value of investments, net	\$ (2,769)	\$ 4,164	\$ -	\$ 1,395	\$ (2,251)	\$ -	\$ -	\$ (856)

Combining Statement of Cash Flows

(in thousands - unaudited) for the six months ended March 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	\$ 587,952	\$ 109,384	\$ (59,760)	\$ 637,576	\$ 213,065	\$ 3,887	\$ (8,355)	\$ 846,173
Payments to suppliers	(290,524)	(90,977)	59,760	(321,741)	(46,337)	(1,896)	9,494	(360,480)
Payments to employees	(80,074)	(16,359)	-	(96,433)	(29,289)	(279)	-	(126,001)
Other operating activities	12,693	-	-	12,693	3,328	-	(1,139)	14,882
Net cash provided by operating activities	230,047	2,048	-	232,095	140,767	1,712	-	374,574
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(46,089)	-	-	(46,089)	(11,700)	-	-	(57,789)
Net cash provided by (used in) noncapital financing activities	(46,089)	-	-	(46,089)	(11,700)	-	-	(57,789)
Capital and related financing activities								
Defeasance of debt	(153,210)	-	-	(153,210)	-	-	-	(153,210)
Proceeds from issuance of debt	90,405	-	-	90,405	-	-	-	90,405
Acquisition and construction of capital assets	(72,988)	-	-	(72,988)	(74,934)	(373)	-	(148,295)
Interest paid on debt	(54,512)	(10,656)	-	(65,168)	(34,693)	(699)	-	(100,560)
Repayment of debt principal	(102,240)	(43,785)	-	(146,025)	(33,875)	(1,625)	-	(181,525)
Developer and other contributions	-	-	-	-	10,300	-	-	10,300
Other capital financing activities	(3,737)	195	-	(3,542)	1,268	-	-	(2,274)
Net cash used in capital and related financing activities	(296,282)	(54,246)	-	(350,528)	(131,934)	(2,697)	-	(485,159)
Investing activities								
Purchase of investments	(377,087)	(338,182)	-	(715,269)	(331,298)	-	-	(1,046,567)
Proceeds from sale and maturity of investments	365,310	330,563	-	695,873	269,624	-	-	965,497
Investment income, net	3,218	1,927	-	5,145	3,370	14	-	8,529
Distributions from The Energy Authority	3,143	-	-	3,143	-	-	-	3,143
Net cash provided by (used in) investing activities	(5,416)	(5,692)	-	(11,108)	(58,304)	14	-	(69,398)
Net change in cash and cash equivalents	(117,740)	(57,890)	-	(175,630)	(61,171)	(971)	-	(237,772)
Cash and cash equivalents, beginning of year	295,223	130,018	-	425,241	163,138	8,541	-	596,920
Cash and cash equivalents, end of period	\$ 177,483	\$ 72,128	\$ -	\$ 249,611	\$ 101,967	\$ 7,570	\$ -	\$ 359,148
Reconciliation of operating income to net cash provided by (used in) operating activities								
Operating income	\$ 134,019	\$ 12,700	\$ -	\$ 146,719	\$ 64,546	\$ 844	\$ -	\$ 212,109
Adjustments:								
Depreciation and amortization	95,179	21,377	-	116,556	72,109	1,174	-	189,839
Recognition of deferred costs and revenues, net	(1,672)	(6,018)	-	(7,690)	6,462	-	-	(1,228)
Other nonoperating income, net	(12)	-	-	(12)	(1,117)	-	-	(1,129)
Changes in noncash assets and noncash liabilities:								
Accounts receivable	49,171	(5,041)	-	44,130	3,324	(167)	-	47,287
Inventories	(2,785)	(22,814)	-	(25,599)	(1,736)	-	-	(27,335)
Other assets	(2,998)	-	-	(2,998)	(246)	(7)	-	(3,251)
Accounts and accrued expenses payable	(15,200)	(692)	-	(15,892)	(2,594)	(114)	-	(18,600)
Current liabilities payable from restricted assets	-	1,910	-	1,910	-	-	-	1,910
Other noncurrent liabilities and deferred inflows	(25,655)	626	-	(25,029)	19	(18)	-	(25,028)
Net cash provided by operating activities	\$ 230,047	\$ 2,048	\$ -	\$ 232,095	\$ 140,767	\$ 1,712	\$ -	\$ 374,574
Noncash activity								
Contribution of capital assets from developers	\$ 716	\$ -	\$ -	\$ 716	\$ 20,420	\$ -	\$ -	\$ 21,136
Unrealized losses on fair value of investments, net	\$ (2,838)	\$ (2,345)	\$ -	\$ (5,183)	\$ (3,157)	\$ -	\$ -	\$ (8,340)

Electric System and Plant Scherer

Changes in Debt Service, R & R and Construction Funds

(in thousands - unaudited) for the six months ended March 2018 and March 2017

	March 2018			March 2017		
	Debt service funds	Renewal and replacement funds	Construction funds	Debt service funds	Renewal and replacement funds	Construction funds
Beginning balance	\$ 239,961	\$ 225,985	\$ -	\$ 210,066	\$ 193,947	\$ -
Additions:						
Debt issuance:						
Bonds	-	-	805	-	-	429
Transfer from:						
Revenue fund	105,148	84,804	-	98,055	73,097	-
Proceeds from property sales	-	(896)	-	-	151	-
Total additions	105,148	83,908	805	98,055	73,248	429
Deductions:						
Interest/principal payments from sinking funds	181,679	-	-	148,691	-	-
Increase in utility plant	-	74,963	-	-	72,947	-
Transfer to:						
Revenue fund	-	-	-	-	37,200	-
Debt issue costs and discounts	-	-	582	-	-	166
Decrease in accounts payable	-	12,654	-	-	27	-
Total deductions	181,679	87,617	582	148,691	110,174	166
Ending balance	\$ 163,430	\$ 222,276	\$ 223	\$ 159,430	\$ 157,021	\$ 263
Renewal and replacement fund:						
Cash & investments		\$ 190,282			\$ 154,720	
Accounts / notes receivable:						
Accounts receivable		15,567			2,253	
Street light & other customer loans		20			48	
Costs to be recovered from FEMA		16,407			-	
		<u>\$ 222,276</u>			<u>\$ 157,021</u>	
Construction fund:			\$ 110			\$ 210
Generation projects			113			53
			<u>\$ 223</u>			<u>\$ 263</u>

**Water and Sewer System
Changes in Debt Service, R & R and Construction Funds
(in thousands - unaudited) for the six months ended March 2018 and March 2017**

	March 2018				March 2017			
	Debt service funds	Renewal and replacement funds	Construction funds	Environmental funds	Debt service funds	Renewal and replacement funds	Construction funds	Environmental funds
Beginning balance	\$ 189,696	\$ 155,284	\$ 15	\$ 1,838	\$ 173,496	\$ 179,513	\$ 152	\$ 2,659
Additions:								
Debt issuance:								
Bonds	-	-	309	-	-	-	-	-
Transfer from:								
Revenue fund	56,751	78,589	-	-	57,208	67,372	-	-
Proceeds from property sales	-	223	-	-	-	18	-	-
Contribution in aid of construction	-	11,672	-	-	-	10,301	-	-
Increase in accounts payable	-	-	-	-	-	-	-	294
Total additions	<u>56,751</u>	<u>90,484</u>	<u>309</u>	<u>-</u>	<u>57,208</u>	<u>77,691</u>	<u>-</u>	<u>294</u>
Deductions:								
Increase in utility plant	-	54,001	-	-	-	55,746	-	-
Interest/principal payments from sinking fund:	88,049	-	-	-	66,100	-	-	-
Transfer to:								
Revenue fund	4,638	-	-	-	598	-	-	-
Decrease in accounts payable	-	25,336	-	1,023	-	13,020	-	-
Total deductions	<u>92,687</u>	<u>79,337</u>	<u>-</u>	<u>1,023</u>	<u>66,698</u>	<u>68,766</u>	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 153,760</u>	<u>\$ 166,431</u>	<u>\$ 324</u>	<u>\$ 815</u>	<u>\$ 164,006</u>	<u>\$ 188,438</u>	<u>\$ 152</u>	<u>\$ 2,953</u>

Recap:

Renewal and replacement fund:		
Cash & investments	\$ 161,672	\$ 188,187
Accounts / notes receivable:		
Accounts receivable	152	235
Notes receivable	12	16
Cost to be recovered from FEMA	4,595	-
	<u>\$ 166,431</u>	<u>\$ 188,438</u>

Construction fund:	<u>\$ 324</u>	<u>\$ 152</u>
	<u>\$ 324</u>	<u>\$ 152</u>

Environmental fund:	<u>\$ 815</u>	<u>\$ 2,953</u>
	<u>\$ 815</u>	<u>\$ 2,953</u>

Electric System	Month				Prior Year Month	
	ANNUAL BUDGET 2017-18	BUDGET 2017-18	ACTUAL 2017-18	Variance %	ACTUAL 2016-17	Variance %
Budget vs. Actual March 2018 and 2017						
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	\$ 417,649,053	\$ 30,761,030	\$ 28,619,649	-6.96%	\$ 29,444,574	-2.80%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	315,411,659	25,162,568	23,558,544		18,847,075	
Fuel Expense - SJRPP	37,886,015	-	207,345		4,798,123	
Other Purchased Power	96,315,996	8,391,815	5,731,197		7,951,368	
Subtotal Energy Expense	449,613,670	33,554,383	29,497,086	12.09%	31,596,566	6.64%
Transfer to (from) Rate Stabilization, Net	(32,799,915)	-	(910,535)		(2,151,992)	
Fuel Related Uncollectibles	835,298	52,206	33,098		-	
Total	417,649,053	33,606,589	28,619,649	14.84%	29,444,574	2.80%
Fuel Balance	-	(2,845,559)	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	802,292,405	59,091,097	55,012,210		56,804,252	
Conservation Charge Revenue	1,000,000	73,659	19,180		17,025	
Environmental Charge Revenue	7,942,200	584,965	545,690		557,381	
Investment Income	6,714,534	559,544	1,407,585		900,024	
Natural Gas Revenue Pass Through	2,383,913	198,659	54,051		49,119	
Other Revenues	30,551,894	2,545,991	1,917,155		2,742,952	
Total	850,884,946	63,053,915	58,955,871	-6.50%	61,070,753	-3.46%
Nonfuel Related Expenses						
Non-Fuel O&M	216,333,937	18,124,266	16,729,098		16,108,801	
DSM / Conservation O&M	7,892,054	651,385	732,226		606,966	
Environmental O&M	2,050,500	170,875	29,670		115,650	
Rate Stabilization - DSM	(382,054)	(31,838)	(282,159)		(160,896)	
Rate Stabilization - Environmental	5,891,700	490,975	516,021		441,731	
Natural Gas Expense Pass Through	2,290,414	190,086	53,938		28,326	
Debt Principal - Electric System	124,185,000	10,348,750	10,433,929		12,775,325	
Debt Interest - Electric System	94,262,937	7,855,245	7,792,737		8,202,894	
Bond Buy-Back Principal - Electric System	10,110,614	842,551	-		-	
R&R - Electric System	65,608,800	5,467,400	5,467,400		5,183,192	
Operating Capital Outlay	139,586,200	-	-		2,000,000	
City Contribution Expense	91,471,795	7,622,650	7,622,650		7,689,224	
Taxes & Uncollectibles	1,210,993	118,318	81,118		17,300	
Emergency Reserve	5,000,000	-	-		-	
<i>Nonfuel Purchased Power:</i>						
* SJRPP D/S Principal	7,812,969	651,081	143,333		2,208,083	
* SJRPP D/S Interest	12,150,065	1,012,505	903,151		1,317,009	
** Other Non-Fuel Purchased Power	65,409,021	5,689,752	9,243,525		2,522,696	
Total Nonfuel Expenses	850,884,946	59,204,001	59,466,637	-0.44%	59,056,301	-0.69%
Non-Fuel Balance	-	3,849,914	(510,766)		2,014,452	
Total Balance	-	1,004,355	(510,766)		2,014,452	
Total Revenues	1,268,533,999	93,814,945	87,575,520	-6.65%	90,515,327	-3.25%
Total Expenses	1,268,533,999	92,810,590	88,086,286	5.09%	88,500,875	0.47%
KWH Sold - Territorial	13,020,000,000	958,959,706	889,447,835	-7.25%	914,242,000	-2.71%
KWH Sold - Off System	-	-	1,962,000		18,115,000	
	13,020,000,000	958,959,706	891,409,835	-7.04%	932,357,000	-4.39%

* Gross debt service

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

Electric System Budget vs. Actual March 2018 and 2017	Year-to-Date				Prior Year-to-Date	
	ANNUAL BUDGET 2017-18	BUDGET 2017-18	ACTUAL 2017-18	Variance %	ACTUAL 2016-17	Variance %
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	\$ 417,649,053	\$ 192,895,425	\$ 184,060,628	-4.58%	\$ 177,491,100	3.70%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	315,411,659	144,968,931	150,419,247		111,008,968	
Fuel Expense - SJRPP	37,886,015	37,886,015	30,347,851		38,363,014	
Other Purchased Power	96,315,996	39,642,632	52,111,053		41,826,983	
Subtotal Energy Expense	449,613,670	222,497,578	232,878,151	-4.67%	191,198,965	-21.80%
Transfer to (from) Rate Stabilization, Net	(32,799,915)	-	(48,954,276)		(13,717,324)	
Fuel Related Uncollectibles	835,298	313,237	136,753		9,459	
Total	417,649,053	222,810,815	184,060,628	17.39%	177,491,100	-3.70%
Fuel Balance	-	(29,915,390)	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	802,292,405	370,546,834	357,449,729		328,519,998	
Conservation Charge Revenue	1,000,000	461,861	436,596		164,118	
Environmental Charge Revenue	7,942,200	3,668,185	3,503,282		3,263,622	
Investment Income	6,714,534	3,357,267	4,792,581		3,310,994	
Natural Gas Revenue Pass Through	2,383,913	1,191,956	283,571		255,966	
Other Revenues	30,551,894	15,275,947	12,835,761		76,026,639	
Total	850,884,946	394,502,050	379,301,520	-3.85%	411,541,337	-7.83%
Nonfuel Related Expenses						
Non-Fuel O&M	216,333,937	99,595,406	94,854,056		91,091,192	
DSM / Conservation O&M	7,892,054	3,946,027	2,883,831		3,137,762	
Environmental O&M	2,050,500	1,025,250	248,420		243,298	
Rate Stabilization - DSM	(382,054)	(191,027)	463,150		(279,369)	
Rate Stabilization - Environmental	5,891,700	2,945,850	3,254,862		3,020,324	
Natural Gas Expense Pass Through	2,290,414	1,145,207	341,413		316,933	
Debt Principal - Electric System	124,185,000	62,092,500	62,376,429		53,248,051	
Debt Interest - Electric System	94,262,937	47,131,469	44,904,802		47,986,696	
Bond Buy-Back Principal - Electric System	10,110,614	5,055,307	-		69,099,658	
Rate Stabilization - Debt Management	-	-	-		(12,242,000)	
R&R - Electric System	65,608,800	32,804,400	32,804,400		31,099,150	
Operating Capital Outlay	139,586,200	52,000,000	52,000,000		42,000,000	
City Contribution Expense	91,471,795	45,735,897	45,735,897		46,135,346	
Taxes & Uncollectibles	1,210,993	709,909	373,448		131,154	
Emergency Reserve	5,000,000	-	-		-	
<i>Nonfuel Purchased Power:</i>						
* SJRPP D/S Principal	7,812,969	3,906,484	6,952,969		13,248,448	
* SJRPP D/S Interest	12,150,065	6,075,033	6,363,703		7,902,055	
** Other Non-Fuel Purchased Power	65,409,021	31,270,511	31,337,575		15,357,533	
Total Nonfuel Expenses	850,884,946	395,248,223	384,894,954	2.62%	411,496,231	6.46%
Non-Fuel Balance	-	(746,173)	(5,593,434)		45,106	
Total Balance	-	(30,661,563)	(5,593,434)		45,106	
Total Revenues	1,268,533,999	587,397,475	563,362,148	-4.09%	589,032,437	-4.36%
Total Expenses	1,268,533,999	618,059,038	568,955,582	7.94%	588,987,331	3.40%
KWH Sold - Territorial	13,020,000,000	6,013,418,279	5,717,403,094	-4.92%	5,326,073,000	7.35%
KWH Sold - Off System	-	-	17,844,000		74,869,000	
	13,020,000,000	6,013,418,279	5,735,247,094	-4.63%	5,400,942,000	6.19%

* Gross debt service

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

Water and Sewer System

Budget vs. Actual March 2018 and 2017	Month				Prior Year Month	
	ANNUAL BUDGET 2017-18	BUDGET 2017-18	ACTUAL 2017-18	Variance %	ACTUAL 2016-17	Variance %
REVENUES						
Water & Sewer Revenues	\$ 456,850,720	\$ 37,328,354	\$ 35,900,323		\$ 35,485,123	
Capacity & Extension Fees	21,000,000	1,748,394	2,134,013		2,106,745	
Investment Income	4,854,301	404,525	797,771		578,456	
Other Income	34,091,486	3,488,958	13,157,528		977,815	
Total	516,796,507	42,970,231	51,989,635	20.99%	39,148,139	32.80%
EXPENSES						
O & M Expenses	153,394,059	12,759,214	10,746,575		11,441,707	
Debt Principal - Water & Sewer	51,720,000	4,310,000	4,310,000		4,251,667	
Debt Interest - Water & Sewer	69,402,632	5,783,552	5,672,944		5,934,381	
Rate Stabilization - Environmental	-	-	670,719		(1,649,425)	
R&R - Water & Sewer	24,473,800	2,039,483	2,039,483		1,897,242	
Operating Capital Outlay	151,801,519	23,289,430	23,289,430		9,712,602	
Operating Capital Outlay - Capacity/Extension	21,000,000	1,750,000	2,134,013		2,106,745	
Operating Capital Outlay - Environmental	18,171,200	1,514,267	612,922		2,774,712	
City Contribution Expense	25,148,020	2,095,668	2,095,668		1,962,688	
Uncollectibles & Fees	685,277	57,106	49,900		636	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	516,796,507	53,598,720	51,621,654	3.69%	38,432,955	-34.32%
Total Balance	\$ -	\$ (10,628,489)	\$ 367,981		\$ 715,184	
Sales kgals						
Water	42,000,000	3,385,244	3,190,819	-5.74%	3,168,217	0.71%
Sewer	34,650,000	2,719,009	2,511,302	-7.64%	2,576,007	-2.51%
Total	76,650,000	6,104,253	5,702,121	-6.59%	5,744,224	-0.73%

Budget vs. Actual March 2018 and 2017	Year-To-Date				Prior Year to Date	
	ANNUAL BUDGET 2017-18	BUDGET 2017-18	ACTUAL 2017-18	Variance %	ACTUAL 2016-17	Variance %
REVENUES						
Water & Sewer Revenues	\$ 456,850,720	\$ 218,583,340	\$ 206,879,435		\$ 204,448,844	
Capacity & Extension Fees	21,000,000	9,469,983	11,657,478		10,295,268	
Capital Contributions	-	-	14,879		4,960	
Investment Income	4,854,301	2,427,150	3,206,322		3,353,030	
Other Income	34,091,486	19,148,567	18,740,106		5,925,066	
Total	516,796,507	249,629,040	240,498,220	-3.66%	224,027,168	7.35%
EXPENSES						
O & M Expenses	153,394,059	75,090,113	69,132,286		65,844,903	
Debt Principal - Water & Sewer	51,720,000	25,860,000	25,860,000		25,510,000	
Debt Interest - Water & Sewer	69,402,632	34,701,316	33,000,951		34,222,968	
Rate Stabilization - Environmental	-	-	5,029,521		272,080	
R&R - Water & Sewer	24,473,800	12,236,900	12,236,900		11,383,450	
Operating Capital Outlay	151,801,519	66,352,440	66,352,440		55,902,751	
Operating Capital Outlay - Capacity/Extension	21,000,000	10,500,000	11,657,478		10,295,268	
Operating Capital Outlay - Contributions	-	-	14,879		4,960	
Operating Capital Outlay - Environmental	18,171,200	9,085,600	2,005,238		6,548,527	
City Contribution Expense	25,148,020	12,574,010	12,574,010		11,776,129	
Uncollectibles & Fees	685,277	342,638	288,900		1,724	
Interlocal Agreements	-	-	346,727		287,373	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	516,796,507	246,743,017	238,499,330	3.34%	222,050,133	-7.41%
Total Balance	\$ -	\$ 2,886,023	\$ 1,998,890		\$ 1,977,035	
Sales kgals						
Water	42,000,000	19,437,677	17,445,850	-10.25%	17,680,067	-1.32%
Sewer	34,650,000	15,880,137	14,365,233	-9.54%	14,445,713	-0.56%
Total	76,650,000	35,317,814	31,811,083	-9.93%	32,125,780	-0.98%

Budget vs. Actual March 2018 and 2017	Month				Prior Year Month	
	ANNUAL BUDGET 2017-18	BUDGET 2017-18	ACTUAL 2017-18	Variance %	ACTUAL 2016-17	Variance %
REVENUES						
Revenues	\$ 9,125,828	\$ 598,475	\$ 602,780		\$ 589,753	
Investment Income	-	-	7,203		4,566	
Total	9,125,828	598,475	609,983	1.92%	594,319	2.64%
EXPENSES						
O & M Expenses	5,139,991	351,565	349,354		289,565	
Debt Principal - DES	1,660,000	138,333	138,333		136,667	
Debt Interest - DES	1,359,084	113,257	113,257		115,204	
R&R - DES	440,362	36,697	36,404		36,471	
Operating Capital Outlay	526,391	43,866	-		-	
Total Expenses	9,125,828	683,718	637,348	6.78%	577,907	-10.29%
Total Balance	\$ -	\$ (85,243)	\$ (27,365)		\$ 16,412	

Budget vs. Actual March 2018 and 2017	Year-To-Date				Prior-Year-to-Date	
	ANNUAL BUDGET 2017-18	BUDGET 2017-18	ACTUAL 2017-18	Variance %	ACTUAL 2016-17	Variance %
REVENUES						
Revenues	\$ 9,125,828	\$ 4,181,209	\$ 4,075,160		\$ 4,053,714	
Investment Income	-	-	39,010		13,526	
Total	9,125,828	4,181,209	4,114,170	-1.60%	4,067,240	1.15%
EXPENSES						
O & M Expenses	5,139,991	2,233,197	2,123,960		2,029,603	
Debt Principal - DES	1,660,000	830,000	830,000		820,000	
Debt Interest - DES	1,359,084	679,542	679,542		691,227	
R&R - DES	440,362	220,181	218,425		218,825	
Operating Capital Outlay	526,391	263,196	-		-	
Total Expenses	9,125,828	4,226,116	3,851,927	8.85%	3,759,655	-2.45%
Total Balance	\$ -	\$ (44,907)	\$ 262,243		\$ 307,585	

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

	Month		Year-to-Date	
	2018	2017	2018	2017
Revenues				
Electric	\$ 88,280	\$ 91,441	\$ 574,423	\$ 538,185
Investment income ⁽¹⁾	1,282	781	4,047	2,627
Earnings from The Energy Authority	(137)	887	2,541	3,164
Other, net ⁽²⁾	1,632	2,236	11,090	12,942
Plus: amount paid from the rate stabilization fund into the revenue fund	2,641	3,710	57,569	35,457
Less: amount paid from the revenue fund into the rate stabilization fund	(966)	(888)	(6,602)	(8,724)
Total revenues	92,732	98,167	643,068	583,651
Operating expenses ⁽³⁾				
Fuel	23,558	18,847	150,419	111,009
Purchased power ⁽⁴⁾	17,150	20,935	135,978	124,363
Other operations and maintenance	18,078	17,354	97,150	92,989
Utility taxes and fees	4,127	4,089	28,862	26,474
Total operating expenses	62,913	61,225	412,409	354,835
Net revenues	\$ 29,819	\$ 36,942	\$ 230,659	\$ 228,816
Debt service	\$ 5,982	\$ 5,956	\$ 35,631	\$ 35,726
Less: investment income on sinking fund	(126)	(121)	(753)	(699)
Less: Build America Bonds subsidy	(126)	(126)	(760)	(758)
Debt service requirement	\$ 5,730	\$ 5,709	\$ 34,118	\$ 34,269
Senior debt service coverage ⁽⁵⁾	5.20 x	6.47 x	6.76 x	6.68 x
Net revenues (from above)	\$ 29,819	\$ 36,942	\$ 230,659	\$ 228,816
Debt service requirement (from above)	\$ 5,730	\$ 5,709	\$ 34,118	\$ 34,269
Plus: aggregate subordinated debt service on outstanding subordinated bonds	10,800	13,390	64,544	57,488
Less: Build American Bonds subsidy	(170)	(173)	(1,022)	(1,035)
Total debt service requirement and aggregate subordinated debt service	\$ 16,360	\$ 18,926	\$ 97,640	\$ 90,722
Senior and subordinated debt service coverage ⁽⁶⁾	1.82 x	1.95 x	2.36 x	2.52 x
Fixed charge coverage ⁽⁷⁾	1.32 x	1.45 x	1.76 x	1.79 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		Year-to-Date	
	2018	2017	2018	2017
Revenues				
JEA	\$ 7,651	\$ 4,783	\$ 37,713	\$ 32,063
Investment Income	12	15	60	66
Total revenues	7,663	4,798	37,773	32,129
Operating expenses ⁽¹⁾				
Fuel	98	3,296	14,267	18,403
Other operations and maintenance	1,952	1,225	8,515	6,920
Total operating expenses	2,050	4,521	22,782	25,323
Net revenues	\$ 5,613	\$ 277	\$ 14,991	\$ 6,806
Aggregate debt service	\$ 828	\$ 807	\$ 4,971	\$ 4,840
Less: Build America Bonds subsidy	(56)	(59)	(334)	(350)
Aggregate debt service	\$ 772	\$ 748	\$ 4,637	\$ 4,490
Debt service coverage ⁽²⁾	7.27 x	0.37 x	3.23 x	1.52 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.

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

	Month		Year-to-Date	
	2018	2017	2018	2017
Revenues				
JEA	\$ 1,332	\$ 9,274	\$ 98,013	\$ 54,821
FPL	(3,887)	9,704	28,360	56,534
Investment income	(902)	399	(4,289)	1,855
Total revenues	(3,457)	19,377	122,084	113,210
Operating expenses ⁽¹⁾				
Fuel	331	8,585	48,858	64,138
Other operations and maintenance	1,625	4,782	31,887	19,258
Total operating expenses	1,956	13,367	80,745	83,396
Net revenues	\$ (5,413)	\$ 6,010	\$ 41,339	\$ 29,814
Aggregate debt service	\$ -	\$ 3,960	\$ 11,260	\$ 23,760
Debt service coverage ⁽²⁾	N/A x	1.52 x	3.67 x	1.25 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. However, there is currently no debt outstanding under the resolution.

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

	Month		Year-to-Date	
	2018	2017	2018	2017
Revenues				
JEA	\$ 1,221	\$ 1,550	\$ 7,304	\$ 7,286
Investment income	45	50	233	127
Total revenues	1,266	1,600	7,537	7,413
Operating expenses	174	-	523	-
Net revenues	\$ 1,092	\$ 1,600	\$ 7,014	\$ 7,413
Aggregate debt service	\$ 934	\$ 1,079	\$ 6,033	\$ 6,475
Less: Build America Bonds subsidy	(31)	(32)	(184)	(195)
Aggregate debt service	\$ 903	\$ 1,047	\$ 5,849	\$ 6,280
Debt service coverage ⁽¹⁾	1.21 x	1.53 x	1.20 x	1.18 x

⁽¹⁾ Net revenues divided by aggregate debt service. Semiannual minimum coverage is 1.15x.

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

	Month		Year-to-Date	
	2018	March	2017	March
Revenues				
Water	\$ 14,739	\$ 14,530	\$ 83,410	\$ 84,110
Water capacity fees	774	798	4,071	3,659
Sewer	21,993	21,823	128,329	125,400
Sewer capacity fees	1,360	1,309	7,586	6,636
Investment Income	801	582	3,227	3,374
Other ⁽¹⁾	870	766	5,396	4,659
Plus: amounts paid from the rate stabilization fund into the revenue fund	1,404	3,597	6,538	11,034
Less: amounts paid from the revenue fund into the rate stabilization fund	(2,075)	(1,954)	(11,568)	(11,392)
Total revenues	39,866	41,451	226,989	227,480
Operating expenses				
Operations and maintenance ⁽²⁾	11,915	11,998	76,727	71,372
Total operating expenses	11,915	11,998	76,727	71,372
Net revenues	\$ 27,951	\$ 29,453	\$ 150,262	\$ 156,108
Aggregate debt service	\$ 7,961	\$ 8,143	\$ 47,957	\$ 48,798
Less: Build America Bonds subsidy	(207)	(209)	(1,247)	(1,250)
Aggregate debt service	\$ 7,754	\$ 7,934	\$ 46,710	\$ 47,548
Senior debt service coverage ⁽³⁾	3.60 x	3.71 x	3.22 x	3.28 x
Net revenues (from above)	\$ 27,951	\$ 29,453	\$ 150,262	\$ 156,108
Aggregate debt service (from above)	\$ 7,754	\$ 7,934	\$ 46,710	\$ 47,548
Plus: aggregate subordinated debt service on outstanding subordinated debt	1,512	1,471	8,958	8,766
Total aggregate debt service and aggregate subordinated debt service	\$ 9,266	\$ 9,405	\$ 55,668	\$ 56,314
Senior and subordinated debt service coverage excluding capacity fees ⁽⁴⁾	2.79 x	2.91 x	2.49 x	2.59 x
Senior and subordinated debt service coverage including capacity fees ⁽⁴⁾	3.02 x	3.13 x	2.70 x	2.77 x
Fixed charge coverage	2.79 x	2.92 x	2.47 x	2.56 x

⁽¹⁾ Excludes the Build America Bonds subsidy.

⁽²⁾ Excludes depreciation and recognition of deferred costs and revenues, net.

⁽³⁾ Net revenues divided by aggregate debt service. Minimum annual coverage is 1.25x.

⁽⁴⁾ 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).

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

	Month		Year-to-Date	
	2018	March	2017	March
Revenues				
Service revenues	\$ 603	\$ 590	\$ 4,075	\$ 4,054
Investment income	7	5	39	14
Total revenues	610	595	4,114	4,068
Operating expenses ⁽¹⁾				
Operations and maintenance	332	291	2,116	2,036
Total operating expenses	332	291	2,116	2,036
Net revenues	\$ 278	\$ 304	\$ 1,998	\$ 2,032
Aggregate debt service ⁽²⁾	\$ 252	\$ 252	\$ 1,510	\$ 1,511
Debt service coverage ⁽³⁾	1.10 x	1.21 x	1.32 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
March 2018

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 D - BABs	6.056%	2033-2044	45,955,000	-
Series Three 2010 A	4.000%	2018-2019	10,065,000	4,995,000
Series Three 2010 C	4.125 - 4.500%	2026-2031	1,950,000	-
Series Three 2010 D	4.250 - 5.000%	2018-2038	7,210,000	6,005,000
Series Three 2010 E - BABs	5.350 - 5.482%	2028-2040	34,255,000	-
Series Three 2012A	4.000 - 4.500%	2023-2033	16,995,000	-
Series Three 2012B	2.000 - 5.000%	2019-2039	85,615,000	-
Series Three 2013A	3.000 - 5.000%	2018-2026	74,865,000	9,100,000
Series Three 2013B	3.000 - 5.000%	2026-2038	7,500,000	-
Series Three 2013C	4.000 - 5.000%	2018-2030	19,335,000	4,295,000
Series Three 2014A	3.400 - 5.000%	2018-2034	12,870,000	2,060,000
Series Three 2015A	2.750 - 5.000%	2018-2041	69,975,000	145,000
Series Three 2015B	3.375 - 5.000%	2018-2031	23,900,000	6,675,000
Series Three 2017A	5.000%	2019	18,670,000	-
Series Three 2017B	3.375 - 5.000%	2026-2039	198,095,000	-
Total Fixed Rate Senior Bonds			627,360,000	33,275,000
2009 Series D	5.000%	2018	11,660,000	11,660,000
2009 Series E	4.000%	2018	295,000	295,000
2009 Series F - BABs	4.800 - 6.406%	2018-2034	63,670,000	1,515,000
2009 Series G	4.000 - 5.000%	2018-2019	16,090,000	1,425,000
2010 Series B	4.000 - 5.000%	2018-2024	4,605,000	925,000
2010 Series D - BABs	4.000 - 5.582%	2018-2027	44,125,000	2,075,000
2012 Series A	3.250 - 5.000%	2018-2033	62,440,000	5,950,000
2012 Series B	3.250 - 5.000%	2018-2037	52,995,000	2,580,000
2013 Series A	3.000 - 5.000%	2018-2030	44,585,000	1,530,000
2013 Series B	3.000 - 5.000%	2018-2026	21,275,000	2,740,000
2013 Series C	1.375 - 5.000%	2018-2038	78,330,000	1,175,000
2013 Series D	4.000 - 5.250%	2018-2035	88,660,000	14,125,000
2014 Series A	4.000 - 5.000%	2018-2039	121,320,000	10,990,000
2017 Series A	3.000 - 5.000%	2018-2019	31,790,000	30,500,000
2017 Series B	3.375 - 5.000%	2018-2034	185,745,000	795,000
Total Fixed Rate Subordinated Bonds			827,585,000	88,280,000
Total Fixed Rate Electric System Bonds/4.543%			1,454,945,000	121,555,000
Electric System - Variable Rate Bonds				
	Current Interest Rates (1)			
Series Three 2008 A	1.038%	2027-2036	51,680,000	-
Series Three 2008 B-1	1.438%	2018-2040	60,020,000	400,000
Series Three 2008 B-2	1.038%	2025-2040	41,900,000	-
Series Three 2008 B-3	1.038%	2024-2036	37,000,000	-
Series Three 2008 B-4	1.438%	2018-2036	49,410,000	400,000
Series Three 2008 C-1	1.048%	2024-2034	44,145,000	-
Series Three 2008 C-2	1.048%	2024-2034	43,900,000	-
Series Three 2008 C-3	1.219%	2030-2038	25,000,000	-
Series Three 2008 D-1	1.438%	2018-2036	108,900,000	2,625,000
Total Variable Rate Senior Bonds			461,955,000	3,425,000
Series 2000 A	1.120%	2021-2035	30,965,000	-
Series 2000 F-1	1.186%	2026-2030	37,200,000	-
Series 2000 F-2	1.110%	2026-2030	24,800,000	-
Series 2008 D	0.960%	2024-2038	39,455,000	-
Total Variable Rate Subordinated Bonds			132,420,000	-
Total Variable Rate Bonds			594,375,000	3,425,000
Total Electric System Bonds			2,049,320,000	124,980,000
St. Johns River Power Park - Fixed Rate Bonds				
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%	2018-2028	22,410,000	1,720,000
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/4.012%			280,605,000	1,720,000
Bulk Power Supply System, Scherer 4 Project - Fixed Rate Bonds				
Series 2010A - BABs	4.250 - 5.920%	2018-2030	37,400,000	3,045,000
Series 2014A	2.000 - 5.000%	2018-2038	63,320,000	2,665,000
Total Fixed Rate Bulk Power Supply System Bonds/4.311%			100,720,000	5,710,000
Weighted Average Cost(2) / Total Outstanding Debt		3.317%	\$ 2,430,645,000	\$ 132,410,000

(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/remarking fees and interest rate swap payments.

	Current YTD	Prior YTD	Year End Target
• Debt Ratio - Electric Enterprise Fund	74.6%	66.8%	71.1%
	Electric System	Power Park	Issue Three
• Remaining New Money Authorization	\$ 465,160,992	103,865,000	
• Remaining Senior Refunding Authorization	\$ 1,022,837,381	250,810,000	
• Remaining Subordinated Refunding Authorization	\$ 634,898,000	n/a	

Water and Sewer System

Principal Amount of Debt Outstanding and Average Interest Rates
March 2018

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%	2018-2019	\$ 18,295,000	\$ 9,380,000
2010 Series A - BABs	6.210 - 6.310%	2026-2044	83,115,000	-
2010 Series B - Taxable	4.700 - 5.700%	2018-2025	13,840,000	1,730,000
2010 Series C	5.000%	2020	3,000,000	-
2010 Series D	4.000 - 5.000%	2018-2039	42,525,000	3,900,000
2010 Series E	4.000 - 5.000%	2021-2039	11,865,000	-
2010 Series F - BABs	3.750 - 5.887%	2018-2040	44,275,000	2,180,000
2012 Series A	3.000 - 5.000%	2019-2041	162,430,000	-
2012 Series B	2.000 - 5.000%	2018-2037	76,380,000	1,780,000
2013 Series A	4.500 - 5.000%	2018-2027	63,660,000	11,940,000
2014 Series A	2.000 - 5.000%	2018-2040	217,790,000	4,830,000
2017 Series A	3.125 - 5.000%	2020-2041	378,220,000	-
Total Fixed Rate Senior Bonds			1,115,395,000	35,740,000
2010 Series A	5.000%	2018-2022	8,275,000	2,655,000
2010 Series B	3.000 - 5.000%	2020-2025	3,255,000	-
2012 Series A	3.000%	2021	1,440,000	-
2012 Series B	3.250 - 5.000%	2030-2043	29,685,000	-
2013 Series A	2.125 - 5.000%	2018-2029	37,435,000	5,705,000
2017 Series A	2.750 - 5.000%	2021-2034	58,940,000	-
Total Fixed Rate Subordinated Bonds			139,030,000	8,360,000
Total Fixed Rate Bonds/4.509%			1,254,425,000	44,100,000
Variable Rate Bonds				
	Current Interest Rates (1)			
2006 Series B - CPI Bonds	2.696% (2)	2018-2022	30,370,000	5,520,000
2008 Series A-2	1.305%	2028-2042	51,820,000	-
2008 Series B	1.274%	2023-2041	85,290,000	-
Total Variable Rate Senior Bonds			167,480,000	5,520,000
2008 Series A-1	1.239%	2018-2038	50,950,000	2,100,000
2008 Series A-2	1.256%	2030-2038	25,600,000	-
2008 Series B-1	1.283%	2030-2036	30,885,000	-
Total Variable Rate Subordinated Bonds			107,435,000	2,100,000
Total Variable Rate Bonds			274,915,000	7,620,000
Other Obligations				
Revolving Credit Agreement	2.620%	2018	3,000,000	-
Total Other Obligations			3,000,000	-
Weighted Average Cost(3) / Total Outstanding Debt		3.569%	\$ 1,532,340,000	\$ 51,720,000

(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/restructuring fees and interest rate swap payments.

	Current YTD	Prior YTD	Year End Target
• Debt Ratio - Water and Sewer	51.6%	55.9%	49.0%
• Remaining New Money Authorization	\$ 218,078,023		
• Remaining Refunding Authorization	\$ 794,813,942		

JEA

District Energy System

Principal Amount of Debt Outstanding and Average Interest Rates
March 2018

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%	1.725 - 4.538%	2018-2034	\$ 36,485,000	\$ 1,660,000
Weighted Average Cost(1) / Total Outstanding Debt		4.141%	\$ 36,485,000	\$ 1,660,000

(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
March 2018
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	\$ 144,585,315	1.90%	11.09%	5.05%	5.11%
<u>Agencies</u>					
Federal Farm Credit Bank	102,500,749	1.56%	7.86%	12.24%	11.90%
Federal Home Loan Bank	251,189,477	1.61%	19.27%	23.49%	22.94%
Total	353,690,226	1.59%	27.13%	35.73%	34.85%
Municipal Bonds	221,590,560	2.44%	17.00%	18.12%	19.41%
Commercial Paper	169,423,454	1.93%	13.00%	13.61%	14.59%
U.S. Treasury Money Market Funds (1)	109,302,037	1.54%	8.38%	6.19%	7.38%
Agency Money Market Funds (2)	2,925,000	1.54%	0.22%	0.21%	0.19%
PFM Money Market Fund	45,000,000	1.69%	3.45%	2.84%	3.28%
Florida Prime Fund	73,000,000	1.89%	5.60%	5.93%	5.65%
<u>Wells Fargo Bank Accounts (3)</u>					
Electric, Scherer	47,129,332	1.50%	3.61%	3.60%	2.96%
SJRPP	98,494,444	1.50%	7.55%	7.76%	5.49%
Water & Sewer, DES	38,580,431	1.50%	2.96%	0.98%	1.11%
Total Portfolio	\$ 1,303,720,800	1.84%	100.00%	100.00%	100.00%

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

Weighted Avg. Annual Yield for March 2018, Excluding Bank & Money Market Funds: 1.92%

Weighted Avg. Annual Yield for March 2018, Including Bank & Money Market Funds: 1.84%

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) State Street Government Fund
- (3) Month-end bank balances

**JEA
Interest Rate Swap Position Report
March 2018**

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	1.132	2.585	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039	82,575,000	-	4.351	1.237	3.114	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035	85,600,000	-	3.661	1.132	2.529	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037	39,175,000	-	3.716	1.132	2.584	n/a	68% 1 mth Libor
7	Morgan Stanley	10/31/2006	10/1/2022	-	30,370,000	4.025	2.696	1.329	n/a	CPI
8	Morgan Stanley	1/31/2007	10/1/2031	62,980,000	-	3.907	1.237	2.670	n/a	SIFMA
9	Merrill Lynch	3/8/2007	10/1/2041	-	85,290,000	3.895	1.237	2.658	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036	51,680,000	-	3.836	1.237	2.599	n/a	SIFMA
Total				<u>\$ 406,810,000</u>	<u>\$ 115,660,000</u>	Wtd Avg Spread		2.610		

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

	Month March			Year-to-Date March		
	2018	2017	Variance	2018	2017	Variance
Electric revenues sales (000's omitted):						
Residential	\$ 41,316	\$ 41,697	-0.91%	\$ 285,484	\$ 248,677	14.80%
Commercial	30,127	30,647	-1.70%	182,061	179,625	1.36%
Industrial	15,750	16,427	-4.12%	96,184	94,320	1.98%
Public street lighting	1,066	1,102	-3.27%	6,414	6,609	-2.95%
Sales for resale - territorial	47	1,023	-95.41%	4,073	6,571	-38.02%
Electric revenues - territorial	88,306	90,896	-2.85%	574,216	535,802	7.17%
Sales for resale - off system	65	545	-88.07%	589	2,383	-75.28%
Electric revenues	88,371	91,441	-3.36%	574,805	538,185	6.80%
Less: rate stabilization & recovery	1,675	2,822	40.64%	50,967	26,733	-90.65%
Less: allowance for doubtful accounts	(91)	-		(382)	-	
Net electric revenues	89,955	94,263	-4.57%	625,390	564,918	10.70%
MWh sales						
Residential	355,805	360,957	-1.43%	2,488,118	2,151,059	15.67%
Commercial	311,383	315,810	-1.40%	1,856,096	1,818,062	2.09%
Industrial	217,475	224,560	-3.16%	1,304,795	1,271,195	2.64%
Public street lighting	4,785	5,955	-19.65%	29,755	34,914	-14.78%
Sales for resale - territorial	-	6,960	-100.00%	38,640	50,843	-24.00%
Total MWh sales - territorial	889,448	914,242	-2.71%	5,717,404	5,326,073	7.35%
Sales for resale - off system	1,962	18,115	-89.17%	17,844	74,869	-76.17%
Total MWh sales	891,410	932,357	-4.39%	5,735,248	5,400,942	6.19%
Number of accounts (1)						
Residential	409,748	402,930	1.69%	408,120	401,481	1.65%
Commercial	52,342	51,916	0.82%	52,212	51,749	0.89%
Industrial	196	204	-3.92%	198	204	-2.94%
Public street lighting	3,761	3,715	1.24%	3,759	3,707	1.40%
Sales for resale	1	2	-50.00%	2	2	0.00%
Total average accounts	466,048	458,767	1.59%	464,291	457,143	1.56%
Residential averages						
Revenue per account - \$	100.83	103.48	-2.56%	699.51	619.40	12.93%
kWh per account	868	896	-3.13%	6,097	5,358	13.79%
Revenue per kWh - ¢	11.61	11.55	0.52%	11.47	11.56	-0.78%
Degree days						
Heating degree days	202	158	44	1,068	761	307
Cooling degree days	40	79	(39)	590	480	110
Total degree days	242	237	5	1,658	1,241	417
Degree days - 30 year average	210		1,651			

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

	Month			Year-to-Date		
	2018	2017	Variance	2018	2017	Variance
Water						
<i>Revenues (000's omitted):</i>						
Residential	\$ 7,880	\$ 7,690	2.47%	\$ 44,937	\$ 44,501	0.98%
Commercial and industrial	3,907	3,884	0.59%	23,425	22,875	2.40%
Irrigation	2,972	2,957	0.51%	15,164	16,735	-9.39%
Total water revenues	14,759	14,531	1.57%	83,526	84,111	-0.70%
Less: rate stabilization	(1,269)	(1,168)	8.65%	(6,870)	(6,833)	0.54%
Less: allowance for doubtful accounts	(20)	(1)	1900.00%	(116)	(1)	11500.00%
Net water revenues	\$ 13,470	\$ 13,362	0.81%	\$ 76,540	\$ 77,277	-0.95%
<i>Kgal sales (000s omitted)</i>						
Residential	1,516,391	1,519,112	-0.18%	8,175,877	8,349,207	-2.08%
Commercial and industrial	1,153,925	1,134,090	1.75%	6,848,406	6,516,202	5.10%
Irrigation	520,503	515,015	1.07%	2,421,567	2,814,658	-13.97%
Total kgals sales	3,190,819	3,168,217	0.71%	17,445,850	17,680,067	-1.32%
<i>Number of accounts (1):</i>						
Residential	285,007	278,565	2.31%	283,572	277,021	2.36%
Commercial and industrial	25,680	25,405	1.08%	25,620	25,347	1.08%
Irrigation	37,033	36,657	1.03%	36,974	36,574	1.09%
Total average accounts	347,720	340,627	2.08%	346,166	338,942	2.13%
<i>Residential averages:</i>						
Revenue per account - \$	27.65	27.61	0.14%	158.47	160.64	-1.35%
Kgals per account	5.32	5.45	-2.39%	28.83	30.14	-4.35%
Revenue per kgals - \$	5.20	5.06	2.77%	5.50	5.33	3.19%
Sewer						
<i>Revenues (000's omitted):</i>						
Residential	\$ 11,965	\$ 11,844	1.02%	\$ 68,149	\$ 67,690	0.68%
Commercial and industrial	8,805	8,872	-0.76%	54,113	51,911	4.24%
Total sewer revenues	20,770	20,716	0.26%	122,262	119,601	2.22%
Less: rate stabilization	598	2,811	-78.73%	1,840	6,475	-71.58%
Less: allowance for doubtful accounts	(30)	-		(173)	(1)	17200.00%
Net sewer revenues	21,338	23,527	-9.30%	123,929	126,075	-1.70%
<i>Kgal sales (000s omitted)</i>						
Residential	1,280,439	1,303,418	-1.76%	7,054,064	7,218,609	-2.28%
Commercial and industrial	944,545	972,617	-2.89%	5,866,708	5,666,524	3.53%
Total kgals sales	2,224,984	2,276,035	-2.24%	12,920,772	12,885,133	0.28%
<i>Number of accounts (1):</i>						
Residential	252,163	245,931	2.53%	250,775	244,442	2.59%
Commercial and industrial	18,325	18,128	1.09%	18,299	18,105	1.07%
Total average accounts	270,488	264,059	2.43%	269,074	262,547	2.49%
<i>Residential averages:</i>						
Revenue per account - \$	47.45	48.16	-1.47%	271.75	276.92	-1.87%
kgals per account	5.08	5.30	-4.15%	28.13	29.53	-4.74%
Revenue per kgals - \$	9.34	9.09	2.75%	9.66	9.38	2.99%
Reuse						
<i>Revenues (000's omitted):</i>						
Reuse revenues	\$ 1,253	\$ 1,107	13.19%	\$ 6,240	\$ 5,800	7.59%
<i>Kgal sales (000s omitted)</i>						
Kgal sales (000s omitted)	286,318	299,972	-4.55%	1,444,461	1,560,580	-7.44%
<i>Number of accounts (1):</i>						
Reuse accounts	11,360	9,305	22.08%	10,903	8,904	22.45%
Rainfall						
	Diff in inches			Diff in inches		
Normal	3.95	3.95		19.28	19.28	
Actual	2.14	1.07	1.07	16.55	18.29	(1.74)
Rain Days	8	4		43	28	

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

	Month March			Year-to-Date March		
	2018	2017	Variance	2018	2017	Variance
Generated power:						
Steam:						
<i>Fuel oil</i>						
Fuel expense	\$ 51,420	\$ 2,164	2276.16%	\$ 4,331,122	\$ 101,111	4183.53%
Barrels #6 oil consumed	475	20	2275.00%	40,030	935	4181.28%
\$/ per barrel consumed	\$ 108.25	\$ 108.20	0.05%	\$ 108.20	\$ 108.14	0.05%
kWh oil generated (1)	-	-		23,686,188	376,100	6197.84%
Cost per MWh - oil	\$ -	\$ -		\$ 182.85	\$ 268.84	-31.98%
<i>Natural gas units #1-3</i>						
Gas expense - variable	\$ 5,926,444	\$ 5,503,042	7.69%	\$ 18,731,658	\$ 8,987,625	108.42%
MMBTU's consumed	1,853,448	1,834,687	1.02%	5,648,106	2,869,760	96.81%
\$/ per MMBTU consumed	\$ 3.20	\$ 3.00	6.60%	\$ 3.32	\$ 3.13	5.89%
kWh - gas generated (1)	172,554,904	170,319,462	1.31%	518,361,218	252,757,236	105.08%
Cost per MWh - gas	\$ 34.35	\$ 32.31	6.30%	\$ 36.14	\$ 35.56	1.63%
Cost per MWh - gas & oil - steam	\$ 34.64	\$ 32.32	7.18%	\$ 42.55	\$ 35.90	18.50%
<i>Coal</i>						
Coal expense	\$ 1,838,507	\$ 78,156	2252.36%	\$ 12,997,575	\$ 7,157,055	81.61%
kWh generated	59,514,999	166,401	35666.01%	380,365,621	248,645,454	52.98%
Cost per MWh - coal	\$ 30.89	\$ 469.68	-93.42%	\$ 34.17	\$ 28.78	18.72%
<i>Pet coke and limestone</i>						
Expense	\$ 3,213,701	\$ 38,027	8351.10%	\$ 25,581,779	\$ 14,450,211	77.03%
kWh generated	80,056,729	(2,145,089)	-3832.09%	686,293,235	438,542,606	56.49%
Cost per MWh - pet coke and limestone	\$ 40.14	\$ (17.73)	-326.44%	\$ 37.28	\$ 32.95	13.13%
Cost per MWh - coal & petcoke - steam	\$ 36.20	\$ (58.72)	-161.65%	\$ 36.17	\$ 31.44	15.03%
Combustion turbine:						
<i>Fuel oil</i>						
Fuel expense	\$ 172,299	\$ 170,472	1.07%	\$ 3,040,135	\$ 476,482	538.04%
Barrels #2 oil consumed	1,551	1,955	-20.66%	33,258	4,215	689.04%
\$/ per barrel consumed	\$ 111.09	\$ 87.20	27.40%	\$ 91.41	\$ 113.04	-19.14%
kWh - oil generated	584,833	757,234	-22.77%	13,397,320	1,374,329	874.83%
Cost per MWh - oil	\$ 294.61	\$ 225.12	30.87%	\$ 226.92	\$ 346.70	-34.55%
<i>Natural gas (includes landfill)</i>						
Gas expense Kennedy & landfill - variable	\$ 40,318	\$ 143,081	-71.82%	\$ 1,186,545	\$ 536,599	121.12%
MMBTU's consumed	10,516	47,532	-77.88%	350,019	165,627	111.33%
\$/ per MMBTU consumed	\$ 3.83	\$ 3.01	27.37%	\$ 3.39	\$ 3.24	4.63%
kWh - gas generated (1)	503,634	3,965,910	-87.30%	28,381,938	12,425,524	128.42%
Cost per MWh - gas	\$ 80.05	\$ 36.08	121.89%	\$ 41.81	\$ 43.19	-3.19%
Gas expense BB simple - variable	\$ 42,615	\$ 33,962	25.48%	\$ 1,145,438	\$ 810,560	41.31%
MMBTU's consumed	\$ 15,679	\$ 11,838	32.45%	\$ 346,246	\$ 253,090	36.81%
\$/ per MMBTU consumed	\$ 2.72	\$ 2.87	-5.26%	\$ 3.31	\$ 3.20	3.29%
kWh - gas generated (1)	1,031,900	914,488	12.84%	28,643,976	21,630,585	32.42%
Cost per MWh - gas simple	\$ 41.30	\$ 37.14	11.20%	\$ 39.99	\$ 37.47	6.71%
Gas expense BB combined - variable	\$ 6,595,729	\$ 7,250,646	-9.03%	\$ 44,366,913	\$ 47,095,207	-5.79%
MMBTU's consumed	2,380,506	2,770,255	-14.07%	14,184,903	14,853,216	-4.50%
\$/ per MMBTU consumed	\$ 2.77	\$ 2.62	5.86%	\$ 3.13	\$ 3.17	-1.35%
kWh - gas generated (1)	335,024,943	373,188,502	-10.23%	2,015,317,930	2,119,612,254	-4.92%
Cost per MWh - gas combined	\$ 19.69	\$ 19.43	1.33%	\$ 22.01	\$ 22.22	-0.92%
Gas expense GEC simple - variable	\$ 225,038	\$ -		\$ 5,667,182	\$ 729,231	677.14%
MMBTU's consumed	56,903	-		1,095,198	288,646	279.43%
\$/ per MMBTU consumed	\$ 3.95	-		\$ 5.17	\$ 2.53	104.82%
kWh - gas generated	4,842,307	724,051	568.78%	96,887,193	25,200,117	284.47%
Cost per MWh - gas simple	\$ 46.47	\$ -		\$ 58.49	\$ 28.94	102.13%
Cost per MWh - gas & oil ct	\$ 20.69	\$ 20.02	3.36%	\$ 25.39	\$ 22.77	11.48%
Natural gas expense - fixed	\$ 3,058,561	\$ 3,073,104	-0.47%	\$ 19,415,301	\$ 18,138,499	7.04%
Total generated power:						
Fuels expense	\$ 21,164,632	\$ 16,292,654	29.90%	\$ 136,463,648	\$ 98,482,580	38.57%
kWh generated	654,114,249	547,890,959	19.39%	3,791,334,619	3,120,564,205	21.50%
Cost per MWh	\$ 32.36	\$ 29.74	8.81%	\$ 35.99	\$ 31.56	14.05%

(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	\$ 51,420	\$ 2,164	\$ 4,331,122	\$ 101,111
Natural gas units #1-3 with landfill - variable	5,926,444	5,503,042	18,731,658	8,987,625
Coal	1,838,507	78,156	12,997,575	7,157,055
Petcoke	3,213,701	38,027	25,581,779	14,450,211
Fuel oil #2	172,299	170,472	3,040,135	476,482
Natural gas - simple cycle (BB & GEC) - variable	307,971	177,043	7,999,165	2,076,390
Natural gas - combined (BB) - variable	6,595,729	7,250,646	44,366,913	47,095,207
Natural gas - fixed	3,058,561	3,073,104	19,415,301	18,138,499
Total	\$ 21,164,632	\$ 16,292,654	\$ 136,463,648	\$ 98,482,580

	Month March			Year-to-Date March		
	2018	2017	Variance	2018	2017	Variance
Production Statistics (Continued)						
Purchased power:						
<i>Plant Scherer</i>						
Purchases	\$ 6,877,294	\$ 4,034,224	70.47%	\$ 33,074,906	\$ 27,572,701	19.96%
kWh purchased	24,382,000	124,215,000	-80.37%	577,688,000	689,857,000	-16.26%
Cost per MWh	\$ 282.06	\$ 32.48	768.48%	\$ 57.25	\$ 39.97	43.25%
<i>TEA & other</i>						
Purchases	\$ 7,180,210	\$ 7,437,074	-3.45%	\$ 50,594,557	\$ 34,408,573	47.04%
kWh purchased	225,474,865	168,383,048	33.91%	1,035,274,972	760,824,623	36.07%
Cost per MWh	\$ 31.84	\$ 44.17	-27.90%	\$ 48.87	\$ 45.23	8.06%
<i>SJRPP</i>						
Purchases	\$ 2,319,293	\$ 8,715,955	-73.39%	\$ 47,670,397	\$ 57,892,062	-17.66%
kWh purchased	-	112,710,000	-100.00%	539,759,000	978,837,000	-44.86%
Cost per MWh		\$ 77.33		\$ 88.32	\$ 59.14	49.33%
Total purchased power:						
Purchases	\$ 16,376,797	\$ 20,187,253	-18.88%	\$ 131,339,860	\$ 119,873,336	9.57%
kWh purchased	249,856,865	405,308,048	-38.35%	2,152,721,972	2,429,518,623	-11.39%
Cost per MWh	\$ 65.54	\$ 49.81	31.60%	\$ 61.01	\$ 49.34	23.65%
Subtotal - generated and purchased power:	\$ 37,541,429	\$ 36,479,907	2.91%	\$ 267,803,508	\$ 218,355,916	22.65%
Fuel interchange sales	(64,122)	(545,314)	-88.24%	(588,558)	(2,383,376)	-75.31%
Earnings of The Energy Authority	141,195	(641,801)	-122.00%	(2,545,310)	(1,768,203)	43.95%
EPA Allowance Purchases	-	-		-	233,775	-100.00%
Realized and Unrealized (Gains) Losses	(10,920)	184,800	-105.91%	1,952,860	301,200	548.36%
Fuel procurement and handling	1,182,675	878,947	34.56%	5,341,056	5,437,834	-1.78%
By product reuse	1,222,157	1,490,675	-18.01%	6,661,684	6,553,581	1.65%
Total generated and net purchased power:						
Cost, net	40,012,414	37,847,214	5.72%	278,625,240	226,730,727	22.89%
kWh generated and purchased	903,971,114	953,199,007	-5.16%	5,944,056,591	5,550,082,828	7.10%
Cost per MWh	\$ 44.26	\$ 39.71	11.48%	\$ 46.87	\$ 40.85	14.74%
Reconciliation:						
Generated and purchased power per above	\$ 40,012,414	\$ 44.26		\$ 278,625,240	\$ 46.87	
<i>SJRPP operating expenses:</i>						
SJRPP O & M	(9,582)	(0.01)		(5,449,985)	(0.92)	
SJRPP debt service	(1,927,951)	(2.13)		(17,156,331)	(2.89)	
SJRPP R & R	(174,414)	(0.19)		5,283,771	0.89	
<i>SCHERER operating expenses:</i>						
Scherer power production	(1,450,277)	(1.60)		(4,610,311)	(0.78)	
Scherer R & R	(4,827,724)	(5.34)		(10,293,311)	(1.73)	
Scherer transmission	(398,575)	(0.44)		(3,243,237)	(0.55)	
Scherer taxes	(103,051)	(0.11)		(661,232)	(0.11)	
Florida and other capacity	(625,476)	(0.69)		(3,885,863)	(0.65)	
MEAG	(998,277)	(1.10)		(5,730,589)	(0.96)	
Rounding	(1)	(0.00)		(1)	(0.00)	
	\$ 29,497,086	\$ 32.63		\$ 232,878,151	\$ 39.18	

	Month		Year-to-Date	
	2018	March	2018	March
MWh sales				
JEA	-	112,710	-	978,837
FPL saleback	-	88,808	-	655,785
FPL direct portion	-	50,379	-	408,656
Total MWh sales	-	251,897	-	2,043,278
Fuel costs	\$ 206,874	\$ 4,806,880	\$ 30,382,558	\$ 38,394,575
(Includes fuel handling expenses)				
Less interest credits: inventory bank	0	(9,465)	(41,170)	(37,477)
Plus (less): true-up interest	471	708	6,463	5,916
Total	207,345	4,798,123	30,347,851	38,363,014
Cost per MWh		\$ 42.57	\$ 56.22	\$ 39.19
Operating and maintenance expenses	9,582	2,972,707	5,454,445	11,997,126
Less: operations bank interest	-	(1,386)	(7,903)	(6,541)
Less: annual variable o & m true-up	-	-	3,444	(36,136)
Total	9,582	2,971,321	5,449,986	11,954,449
Cost per MWh		\$ 26.36	\$ 10.10	\$ 12.21
Debt service contribution				
Principal	143,333	2,208,083	6,952,969	13,248,448
Interest	933,773	1,349,441	6,547,430	8,096,654
Less credits:				
Reserve Issue 2	-	(278,717)	4,082,537	(1,250,769)
Reserve Issue 3	(9,171)	(13,200)	(135,581)	(80,339)
Debt service Issue 2	-	(21,064)	43,365	(23,736)
Debt service Issue 3	(4,203)	(6,698)	(9,420)	(6,698)
Bond proceeds COB	-	(2,722)	(23,092)	(49,268)
General reserve Issue 2	(13,304)	(10,129)	(98,021)	(80,697)
General reserve Issue 3	(6,375)	(30,242)	(34,671)	(39,565)
Build America Bonds subsidy	(30,621)	(32,433)	(183,727)	(194,599)
Inventory carrying costs	-	(66,573)	(323,456)	(410,368)
Total	1,013,432	3,095,746	16,818,333	19,209,063
Cost per MWh		\$ 27.47	\$ 31.16	\$ 19.62
R & R contribution	1,088,934	309,387	2,087,131	1,856,320
Less: interest credit	-	(74,724)	(346,170)	(402,988)
Less: cumulative capital recovery amount	-	(2,383,898)	(6,686,734)	(13,087,796)
Accrued transfer to jea 253203	-	-	-	-
Total	1,088,934	(2,149,235)	(4,945,773)	(11,634,464)
Cost per MWh		\$ (19.07)	\$ (9.16)	\$ (11.89)
Debt service coverage	-	2,108,000	2,022,000	4,215,000
Transfer to JEA	-	(2,108,000)	(2,022,000)	(4,215,000)
Total	-	-	-	-
Cost per MWh		\$ -	\$ -	\$ -
Total	\$ 2,319,293	\$ 8,715,955	\$ 47,670,397	\$ 57,892,062
kWh purchased	-	112,710,000	539,759,000	978,837,000
Cost per MWh		\$ 77.33	\$ 88.32	\$ 59.14

III. A. 7.

Monthly JEA Operations Report

[Return to Agenda](#)

III. A. 7.
4/17/2018

Board of Directors Meeting April 17, 2018



FY2017

- RIR = 2.0
- # of Recordables = 43
- March YTD Recordables = 25

FY2018

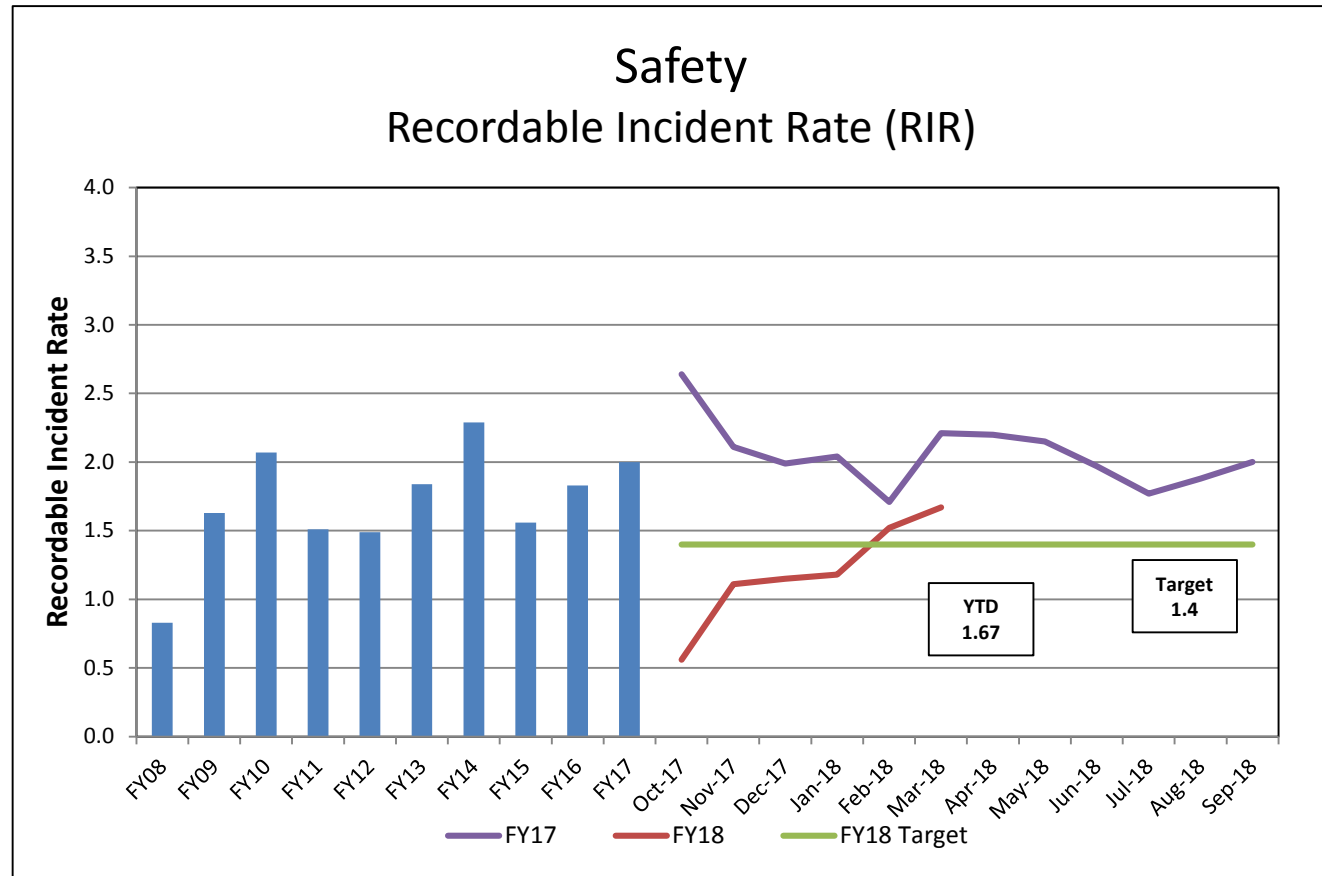
- March Recordables = 4
- FY18 YTD Recordables = 17
 - Electric Systems = 8
 - Water/Wastewater = 5
 - Customer Relationships = 2
 - Compliance = 1
 - Human Resources = 1
- Lost Time Incidents = 5
- Continuing to “Plan for Zero”
- Increased focus on:
 - Complacency
 - Hand/Finger
 - 0-5 Year Employees
 - PPE Use
 - Strains, Sprains, Slip/Trip/Fall
 - Repeat Occurrences

Industry Benchmark*

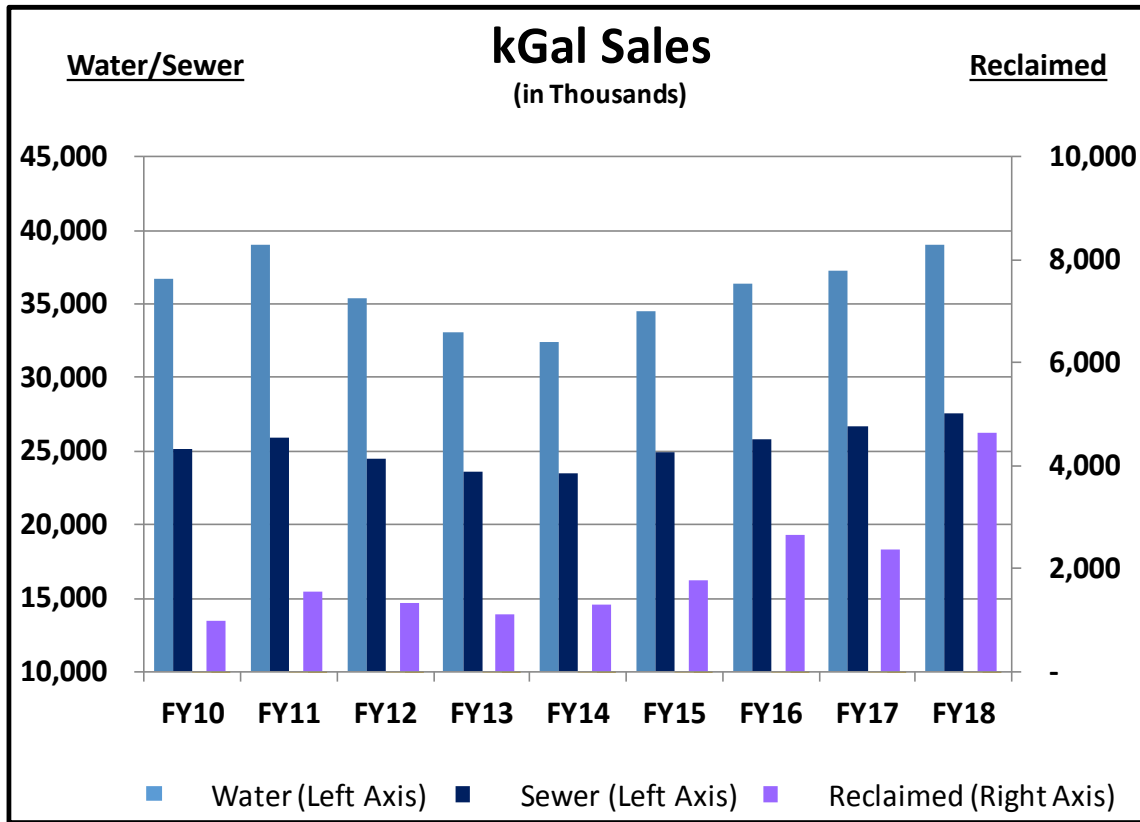
Average Municipal Utility RIR is 6.3

Average LPPC RIR is 3.7

Units	FY2018	FY2018 Target	FY2017	FY2016
RIR	1.67	1.4	2.0	1.82



Water and Sewer System: kGal Sales



Month	FY18	FY17	%
Oct	2,992	3,129	(4.4%)
Nov	3,037	3,068	(1.0%)
Dec	2,883	2,923	(1.4%)
Jan	2,790	2,768	0.8%
Feb	2,553	2,624	(2.7%)
Mar	3,191	3,168	0.7%
YTD	17,446	17,680	(1.3%)
Apr		3,476	
May		3,736	
Jun		2,833	
Jul		3,480	
Aug		3,043	
Sep		2,998	
Forecast/Total	39,061	37,246	

Unit Sales Driver: FY18 rainfall down 1.8 inches; rain days up 15.0 days.
Irrigation for March FY18 down 14.0% versus March FY17.

YTD Customer Accounts			
	FY18	FY17	%
Water	346,166	338,942	2.1%
Sewer	269,074	262,547	2.5%
Reclaimed	10,903	8,904	22.5%

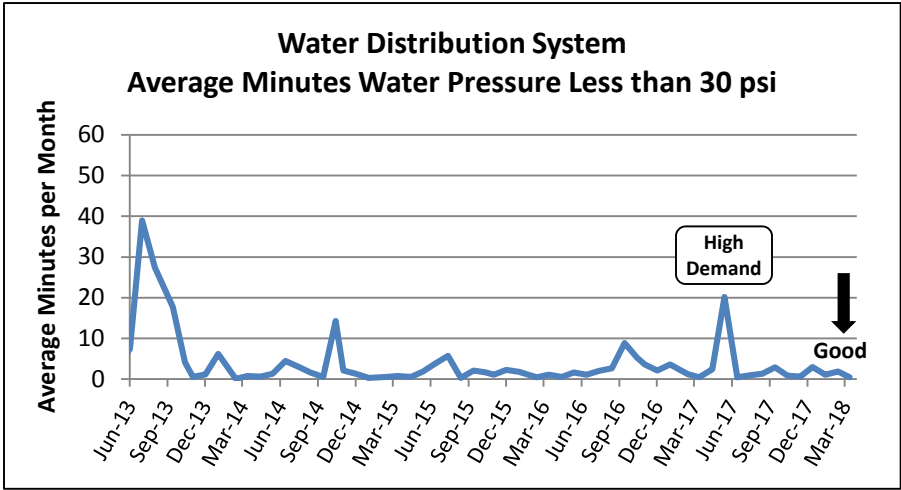
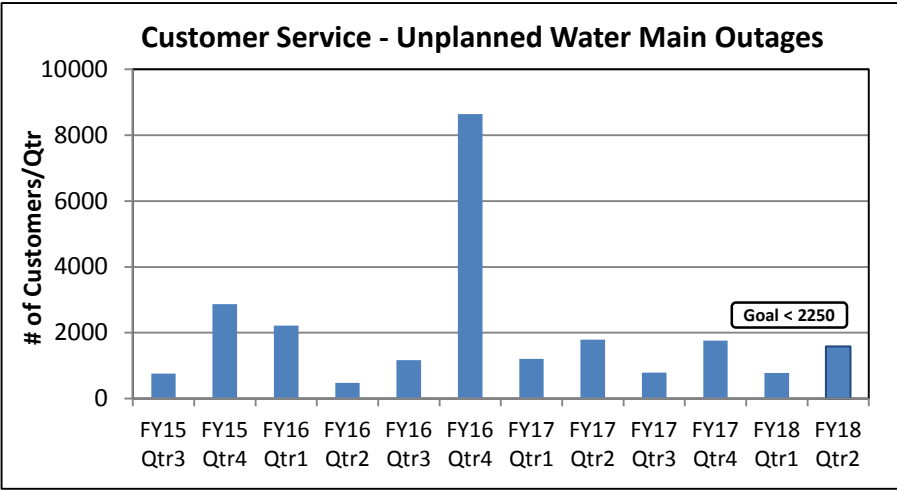
YTD Rainfall			
	30-Yr. Avg.	FY18	FY17
Inches	19.3	16.5	18.3
Days	46.5	43	28

Total System (1.3%)	
Residential	(2.1%)
Comm./Industrial	5.1%
Irrigation	(14.0%)

Customer Reliability

Water and Wastewater System

Water Grid Performance	Metric	FY2018	FY2018 Target	FY2017	FY2016
Water Main Outages	# of Customers per Year	2,365	9,000	4,893	12,735



Unplanned Water Outages

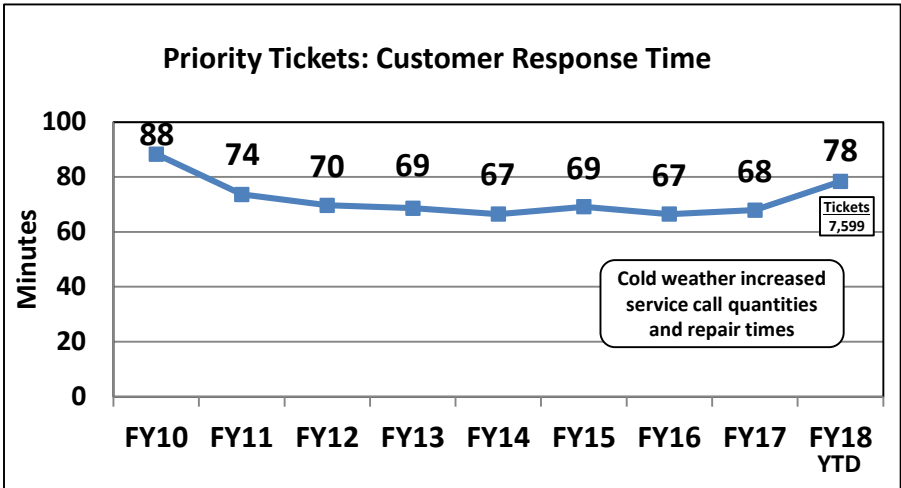
of Customers Affected by Unplanned Outages has increased due to 3rd Party Damages

Water Pressure (minutes per month < 30 psi)

Measured by 115 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

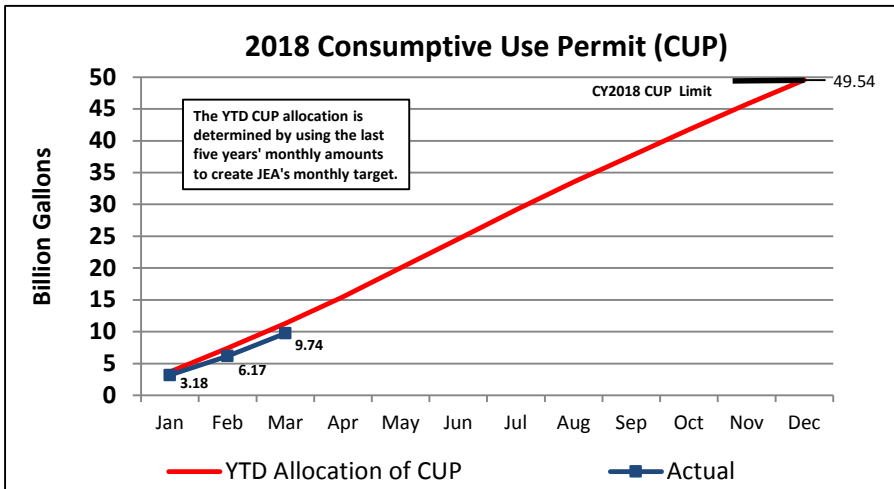


*Aligned with the PSC Rule for Electric Reliability Reporting, the Operational Metrics will exclude the impact of all service interruptions associated with a storm named by the National Hurricane Center.

Environmental Compliance

Water System – Consumptive Use Permit (CUP)

Compliance	Metric – CY Basis	CY2018	2018 Target	2017	2016	2015
Water	CUP Limits (MGD)	108	135 limit	114 (133 limit)	112 (131 limit)	107 (131 limit)
South Grid	Wellfield Allocation (MGD)	44.80	< 50.23 limit	48.62 (<50.23 limit)	52.95 (<50.23 limit)	47.50 (<50.23 limit)
Reclaim	Usage (MGD)	15	17	20	16	13



CUP Condition 44: South Grid Wellfield Allocation Limits

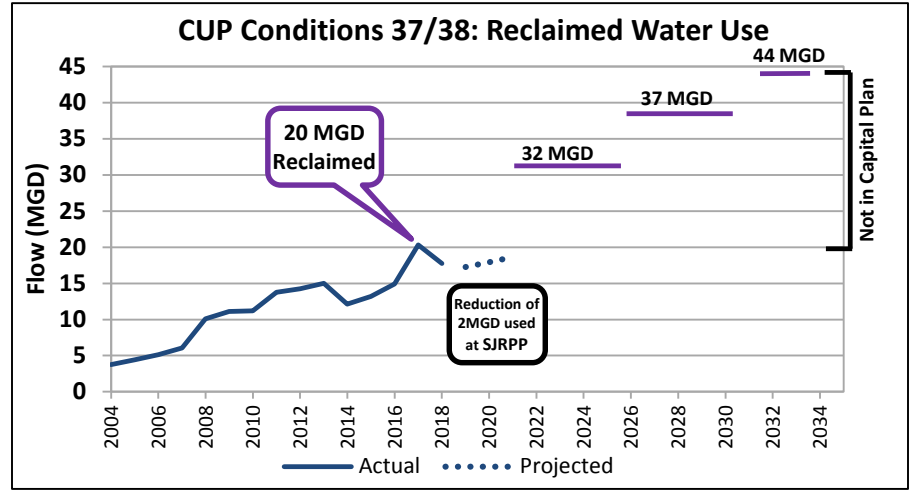
Critical Wellfields	Actuals						CY	Post Sep -14 Limit
	2013	2014	2015	2016	2017	2018		
Deerwood III	6.96	7.01	6.67	7.88	7.64	6.73	7.00	
Ridenour	5.97	6.39	6.66	7.64	6.68	5.91	6.85	
Oakridge	8.78	6.23	4.99	5.79	5.49	5.98	5.65	
Greenland		1.53	4.27	4.16	3.99	4.39	4.53	
Brierwood	5.58	4.53	2.84	3.36	2.98	2.65	3.02	
Subtotal	27.29	25.69	25.43	28.83	26.78	25.65	27.05	
Other Wellfields	22.21	20.92	22.07	24.12	21.85	19.15	23.18	
Total South Grid	49.50	46.61	47.50	52.95	48.62	44.80	50.23	
Total System MGD	100	104	107	112	114	108	136	

St. Johns River Water Management District CUP

Condition 12: YTD average daily flow was 20% below CY limit of 135 MGD

Condition 44: South Grid Wellfields are 11% below the base limit in CY18, and have annual operational flexibility of 20% above allocation limits.

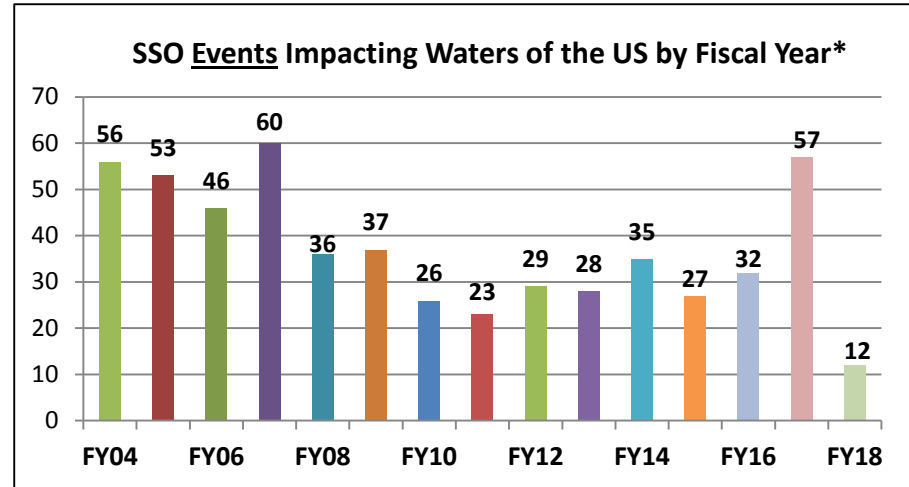
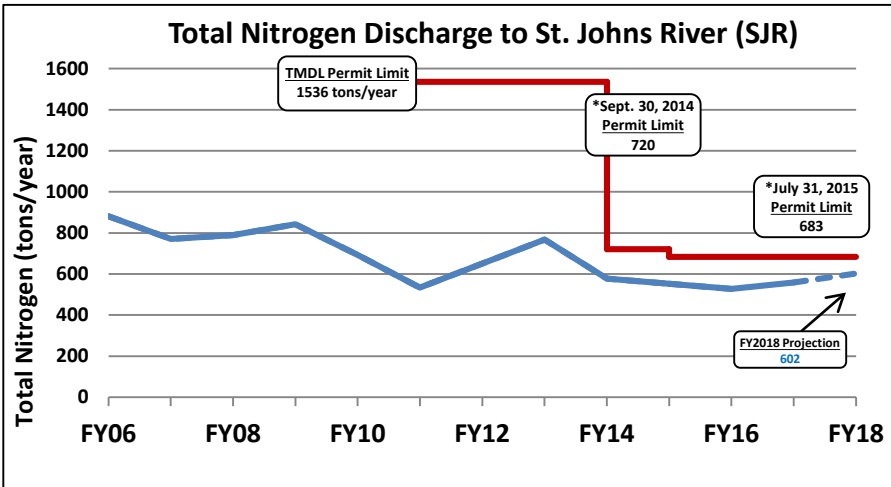
Conditions 37/38: Use of reclaimed water “to the maximum extent technologically, economically, and environmentally feasible”. The annual CUP limit continues to increase beginning in FY21 if 32 MGD is achieved.



Environmental Compliance

Wastewater System

Compliance	Metric	FY2018	FY2018 Target	FY2017	FY2016
Sewer	Nitrogen (N) Tons – FY basis	339	550	558 (TMDL of 683*)	527 (TMDL of 683*)
Sewer	SSOs – US Waters	12	30	57	32

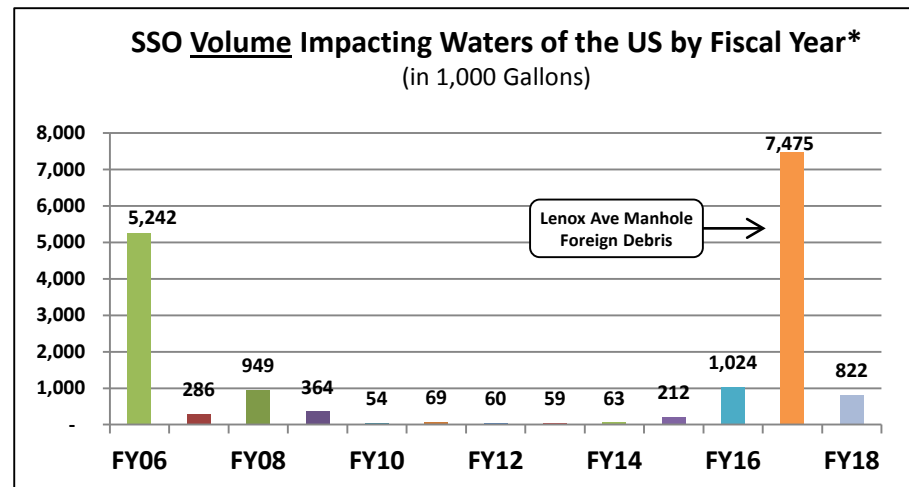


Nitrogen Discharge to St. Johns River

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. FY18 projection is 602 tons supported by treatment efficiency during warm weather periods.

Sanitary Sewer Overflows (SSOs to US Waters)

FY04 – FY07: 54 per year average, FY08-FY16: 30 per year average. Twelve (12) SSO's impacting US Waters during FY18.



*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	FY18 Forecast	FY17 Actual	FY18 Budget	FY18 vs FY17 (\$)	Variance (%)
Water & Sewer Revenues	\$435,573	\$424,594	\$438,619	\$10,979	2.6%
Other Revenue	62,519	43,204	59,946	19,315	44.7%
Total Revenues	\$498,092 ①	\$467,798	\$498,565	\$30,294	6.5%
		(\$0.5m)			
Select Expenses					
O&M Expense	\$147,569 ②	\$139,447	\$153,394	(\$8,122)	(5.8%)
Net Revenues	\$349,904	\$337,469	\$342,030	\$12,435	3.7%
		\$8m			
Capital Expenditures	\$215,000 ③	\$187,593	\$236,500 ¹	(\$27,407)	(14.6%)
Debt Service	\$113,345	\$112,791	\$116,948	(\$554)	(0.5%)

Cost/Kgal	Water	Sewer
Target	\$4.40	\$9.85
Forecast	4.49	9.87
Difference	(\$0.09)	(\$0.02)

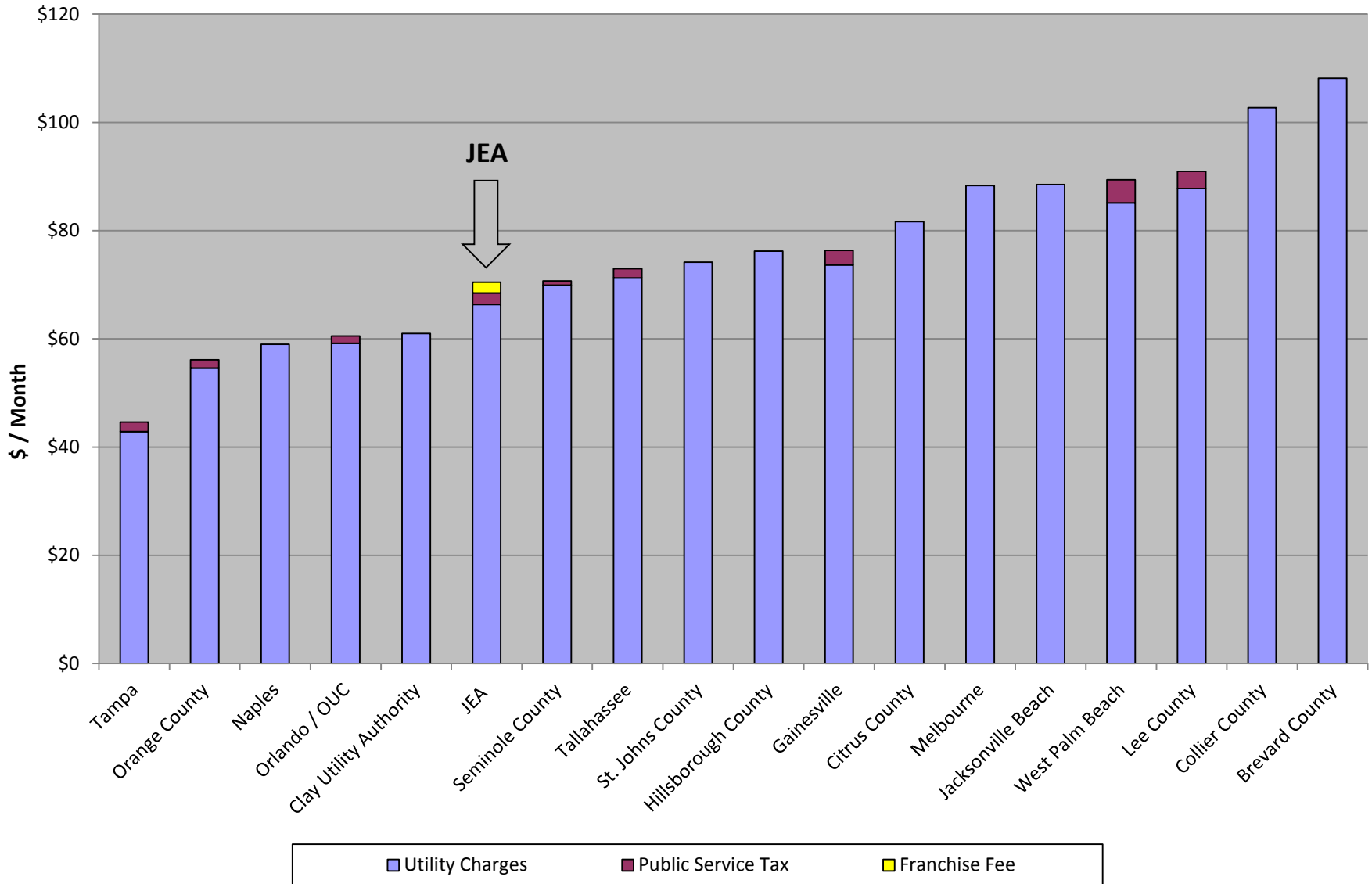
Metrics	FY18 Forecast
Coverage:	3.1x
Days Liquidity/Cash:	565 / 471
Debt/Asset:	49%
Total Debt:	\$1.5B (\$74m lower)



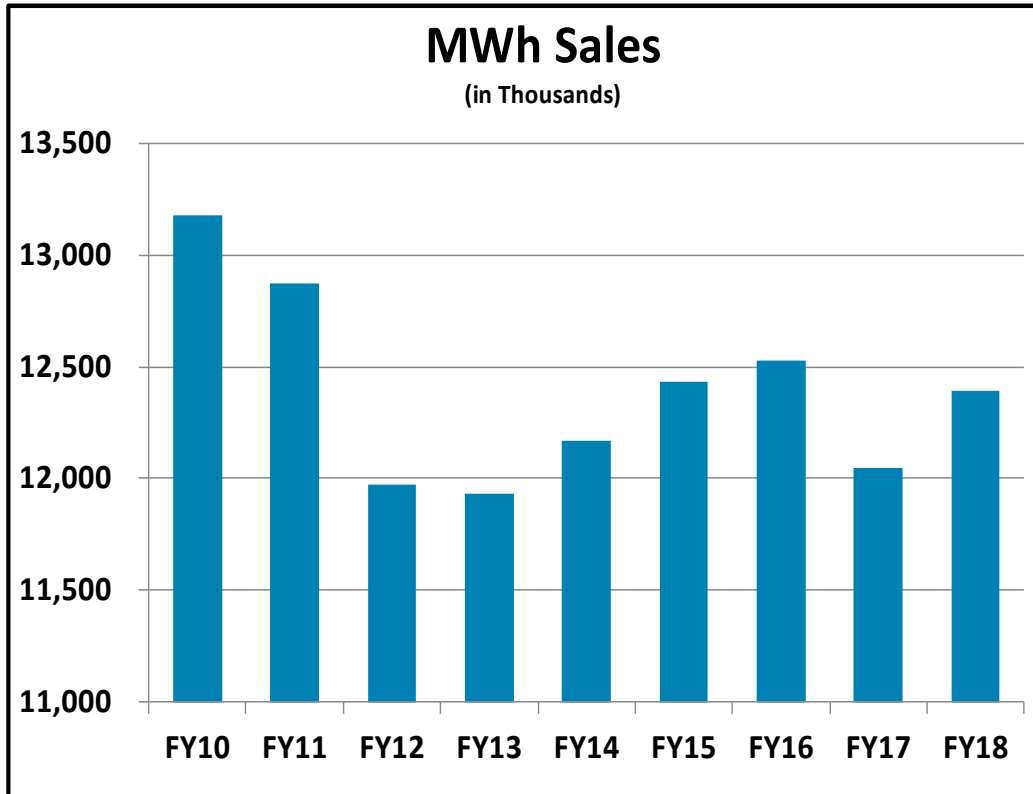
¹ Council approved limit for capital expenditures in FY18 is \$237 million

Water & Sewer Rates in Florida

Residential Service with a 5/8" meter and 6 kgals of Consumption
Residential Rates as of April 2018



Electric System: MWh Sales



Month	FY18	FY17	%
Oct	1,065,925	951,426	12.0%
Nov	833,994	863,238	(3.4%)
Dec	989,619	905,219	9.3%
Jan	1,205,005	932,807	29.2%
Feb	733,718	759,141	(3.3%)
Mar	889,143	914,242	(2.7%)
YTD	5,717,404	5,326,073	7.3%
Apr		933,563	
May		1,084,832	
Jun		1,094,475	
Jul		1,298,608	
Aug		1,260,217	
Sep		1,052,365	
Forecast/Total	12,390,324	12,050,133	

Unit Sales Driver: FY18 MWh increase due to colder weather, evidenced by 34.0% increase in Degree Days.

YTD Degree Days		
30-yr. Avg.	FY18	FY17
1,651	1,658	1,241

YTD Customer Accounts		
FY18	FY17	%
464,291	457,143	1.6%

Total System	7.3%
Residential	15.7%
Comm./Industrial	1.1%
Interruptible	8.6%
Wholesale (FPU)	(24.0%)



FY 2017 Performing Objectives

Electric Systems Reliability Metrics

T&D Grid Performance	Metric	FY2018	FY2018 Target	FY2017	FY2016
Customer Outage Frequency	# of Outages per Year	1.69	1.8	1.55	1.4
Electric Outage Duration	# of Minutes out per Year	99	80	99.5	71
Transmission Line Faults	# of Faults per 100 miles	2.2	2.5	1.9	0.7
CEMI ₅	% Customers > 5 outages per yr	0.67	1.0	1.07	1.4

Electric Service Reliability

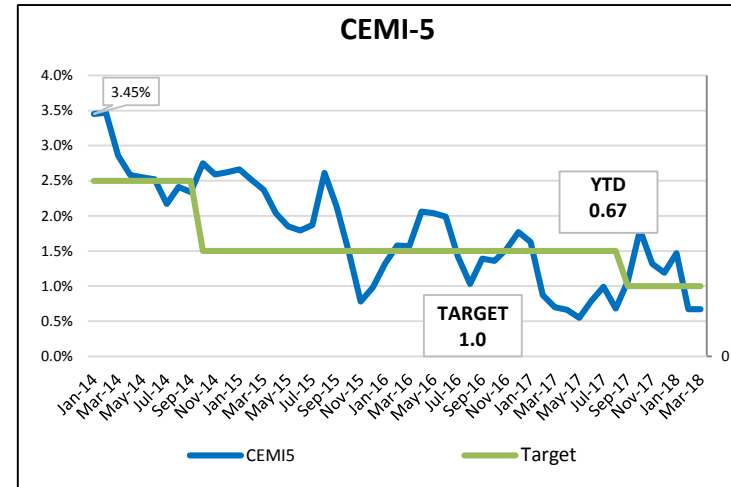
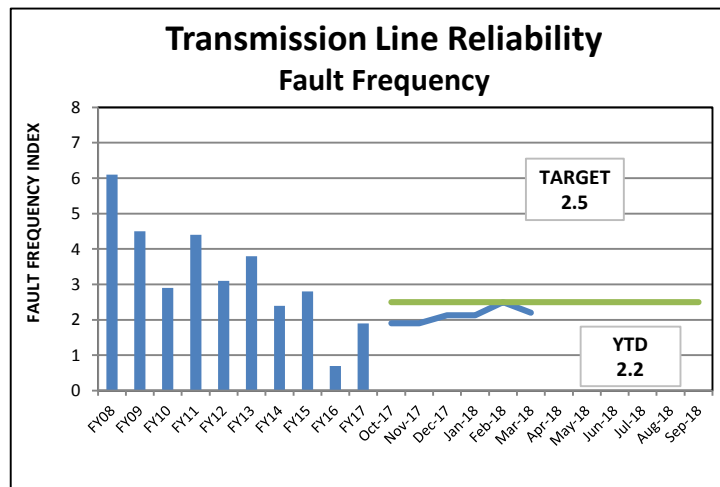
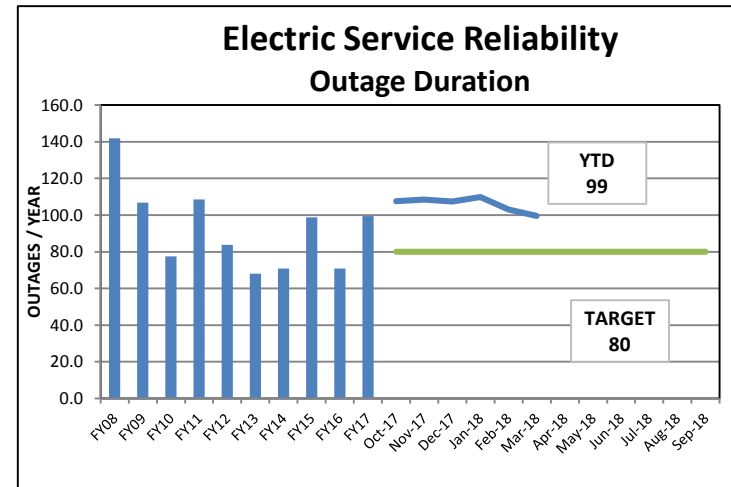
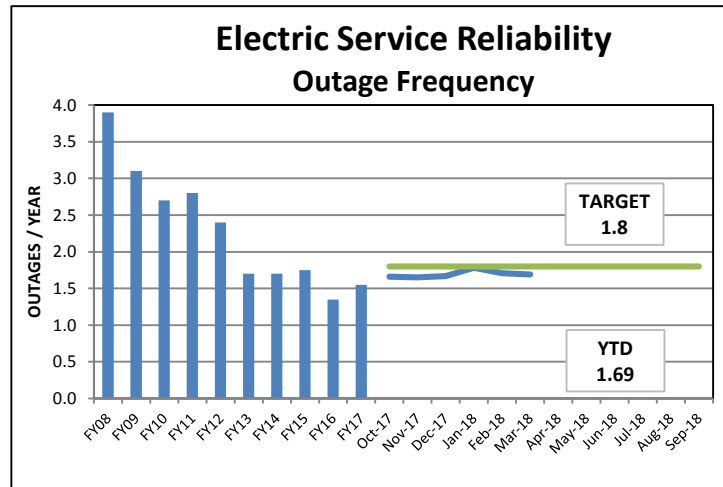
- Outage frequency and duration have been reduced significantly over the last 8 years; running flat over last several years
- The typical JEA customer sees 1.7 outages per year and a total outage duration of about 99 minutes
- Improvement trend over past three years for CEMI₅. 3,205 (0.67%) of our customers have experienced more than 5 outages in the past 12 months

Transmission Line Reliability

- Overall downward trend over the last eight years
- FY18 (2.5) at target.

Other Operational Metrics

- Continue showing favorable trends over time

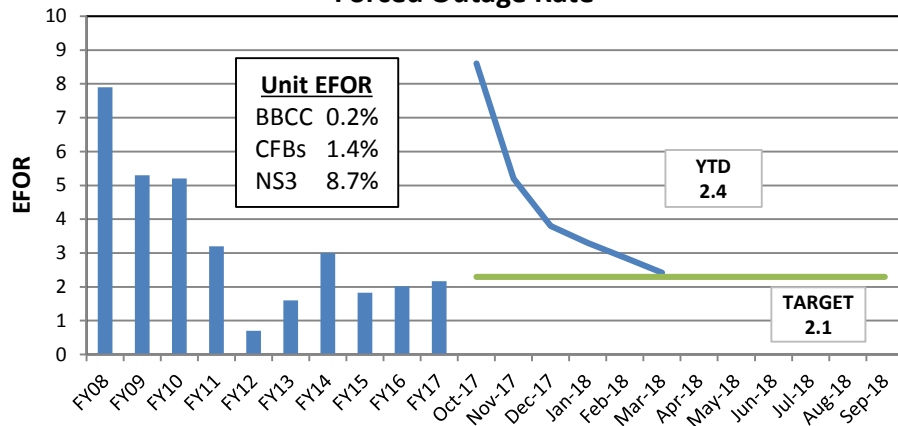


JEA FY 2017 Performing Objectives

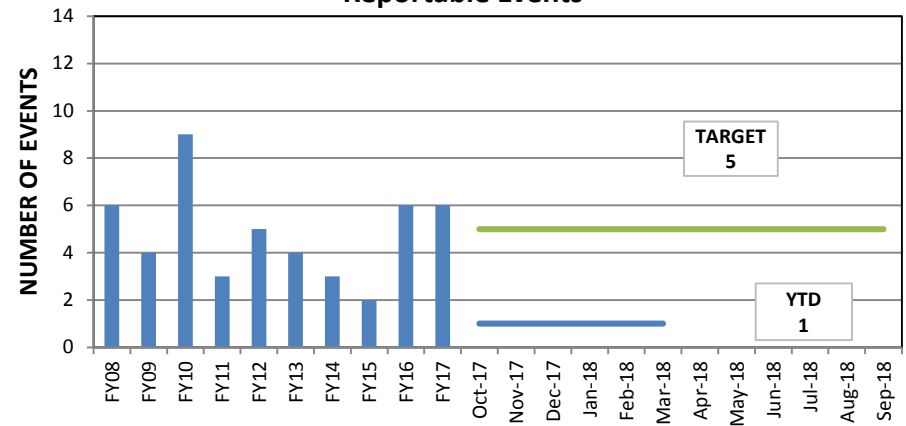
Electric Systems Reliability Metrics

Generating Plant Performance	Metric	FY2018 YTD	FY2018 Target	FY2017	FY2016
Generation Fleet Reliability	Forced Outages Rate	2.42	2.1	2.17	2.0
Environmental Compliance	Permit Exceedances	1	5	6	6

JEA Fleet Reliability
Forced Outage Rate



Environmental Compliance
Reportable Events



Generating Fleet Reliability

- The JEA fleet Forced Outage Rate has been running in line with prior 6-year performance though currently running slightly above the FY2018 target.
- Started FY18 with a set of unit issues in October. Months following have been much better.
- 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.
- We experienced 1 reportable events at Northside thus far during FY2018.
- JEA remains actively engaged in and preparing for all new and emerging environmental regulations.

Electric System: Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY18 Forecast	FY17 Actual	FY18 Budget	FY18 vs FY17 (%)	Variance (%)
Fuel Revenue	\$398,111	\$394,188 ¹	\$397,761	\$3,923	1.0%
Base Revenue	777,194	750,330 ¹	772,652	26,864	3.6%
Other Revenue	37,727	45,938	39,650	(8,211)	(17.9%)
Total Revenues	\$1,213,032	\$1,190,456	\$1,210,063	\$22,576	1.9%

\$3m

Select Expenses	FY18 Forecast	FY17 Actual	FY18 Budget	FY18 vs FY17 (%)	Variance (%)
Fuel Expense	\$453,681	\$442,588	\$430,561	(\$11,093)	(2.5%)
Fuel Fund Transfers	(55,570)	(48,400)	(32,800)	7,170	
O & M Expense	221,183	199,470	228,801	(21,713)	(10.9%)
Non-fuel Purchased Power	128,774 ⁴	76,260	85,372	(52,514)	(68.9%)
Net Revenues	\$452,150	\$517,074	\$492,947	(\$64,924)	(12.6%)

(\$41m)

Capital Expenditures	\$195,350 ³	\$134,782	\$205,195 ²	(\$60,568)	(44.9%)
Debt Service	\$200,505	\$204,477	\$204,971	\$3,972	1.9%

Electric Costs/MWh	Non-Fuel
Target	\$56.88
Forecast	58.13
Difference	(\$1.25)

Fuel Fund	(\$ in millions)
Beginning Balance	\$131.72
Surplus/Defecit	(55.57)
Ending Balance	\$76.15

Financial Metrics	FY18 Forecast
Coverage:	2.3x
Days Liquidity/Cash:	312 / 214
Debt/Asset:	71%
Total Debt:	\$2.4B (\$326m lower)



¹ Includes rate change in December 2016

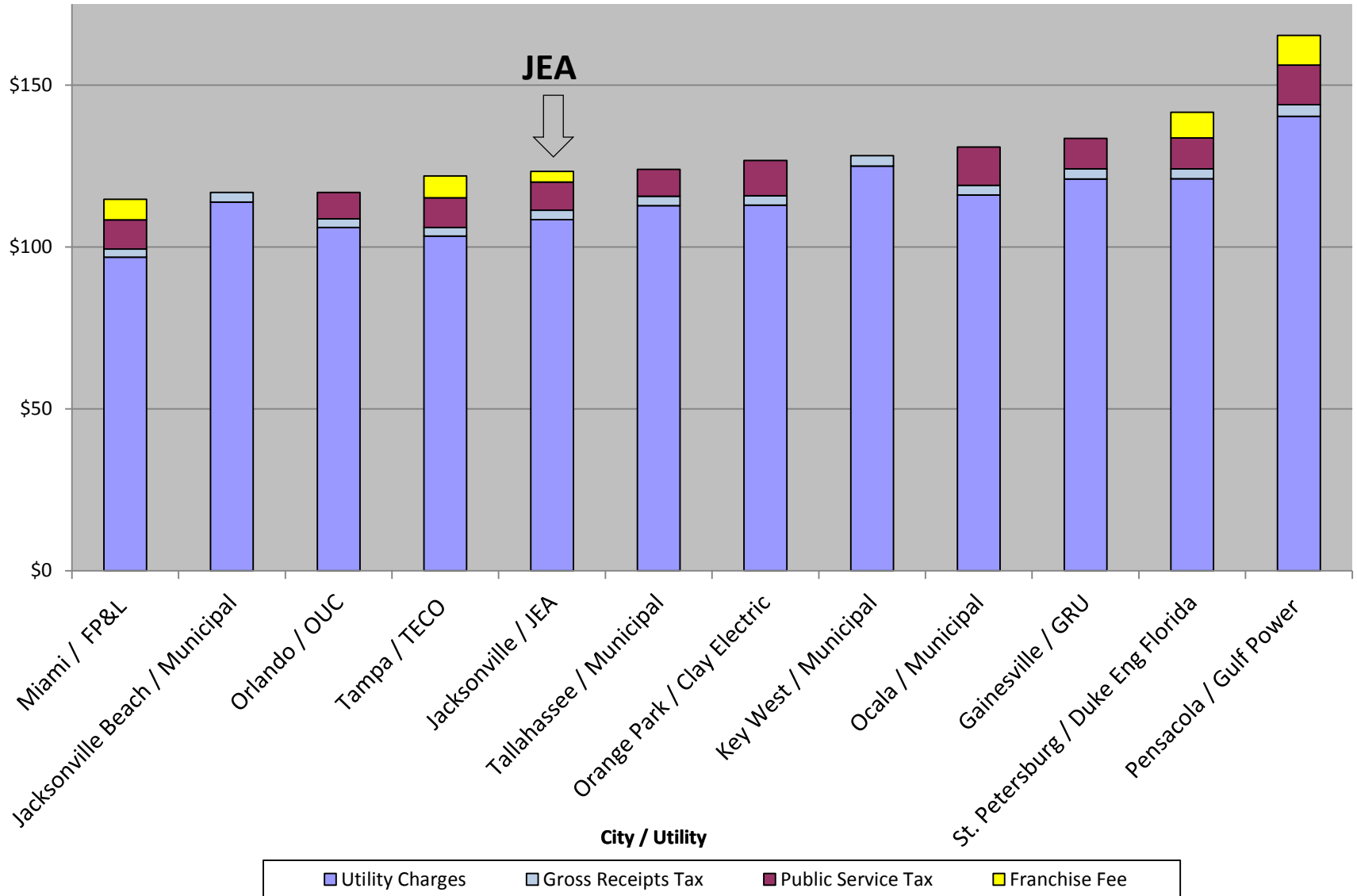
² Council approved limit for capital expenditures in FY18 is \$205 million

³ Includes \$18 million for Solar Land purchase

⁴ Includes \$40 million contribution to Rate Stabilization – Non-fuel Purchased Power for Plant Vogtle

Florida Utilities Monthly Residential Electric Bill Comparison

(Consumption @ 1,000 kWh)
Residential Rates as of April 2018



Customer Experience

Date: March 2018



FY18 Customer Satisfaction Goal

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

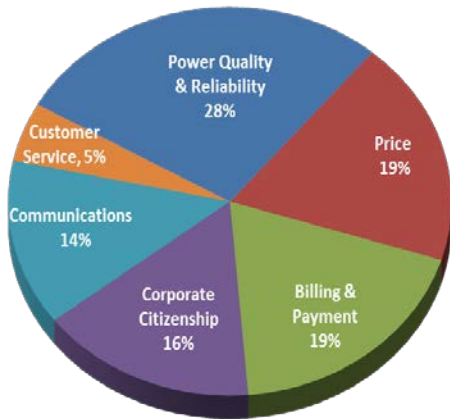
Residential (R)

FY16		FY17		Wave 1		Wave 2		Wave 3		Wave 4		FY18	
2Q	703	1Q	747	1Q	753	2Q	736	2Q	730			2Q	740

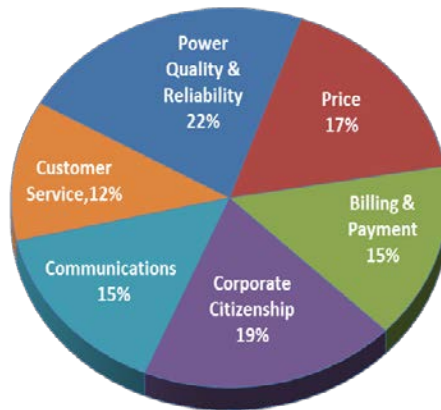
Business (B)

FY16		FY17		Wave 1		Wave 2		FY18	
1Q	754	1Q	780	1Q	787	1Q	796	1Q	791

Residential



Business



FY18 Residential # of companies ranked: 139
 FY18 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

	FY17		Wave 1		Wave 2		Wave 3		Wave 4		FY18	
R	1Q	800	1Q	824	3Q	761	2Q	790			2Q	789
B	1Q	829	3Q	790	1Q	839					2Q	813

Power Quality & Reliability

	FY17		Wave 1		Wave 2		Wave 3		Wave 4		FY18	
R	1Q	792	2Q	781	2Q	784	2Q	786			2Q	784
B	1Q	816	1Q	823	2Q	810					2Q	816

Empower Customers to Make Informed Decisions

Billing & Payment

	FY17		Wave 1		Wave 2		Wave 3		Wave 4		FY18	
R	1Q	807	1Q	807	2Q	796	2Q	790			2Q	798
B	2Q	803	1Q	830	1Q	830					1Q	830

Communication

	FY17		Wave 1		Wave 2		Wave 3		Wave 4		FY18	
R	1Q	712	1Q	716	1Q	702	2Q	683			1Q	700
B	1Q	757	1Q	766	1Q	797					1Q	781

Price

	FY17		Wave 1		Wave 2		Wave 3		Wave 4		FY18	
R	2Q	679	1Q	708	3Q	660	3Q	648			2Q	672
B	1Q	735	2Q	730	1Q	751					2Q	741

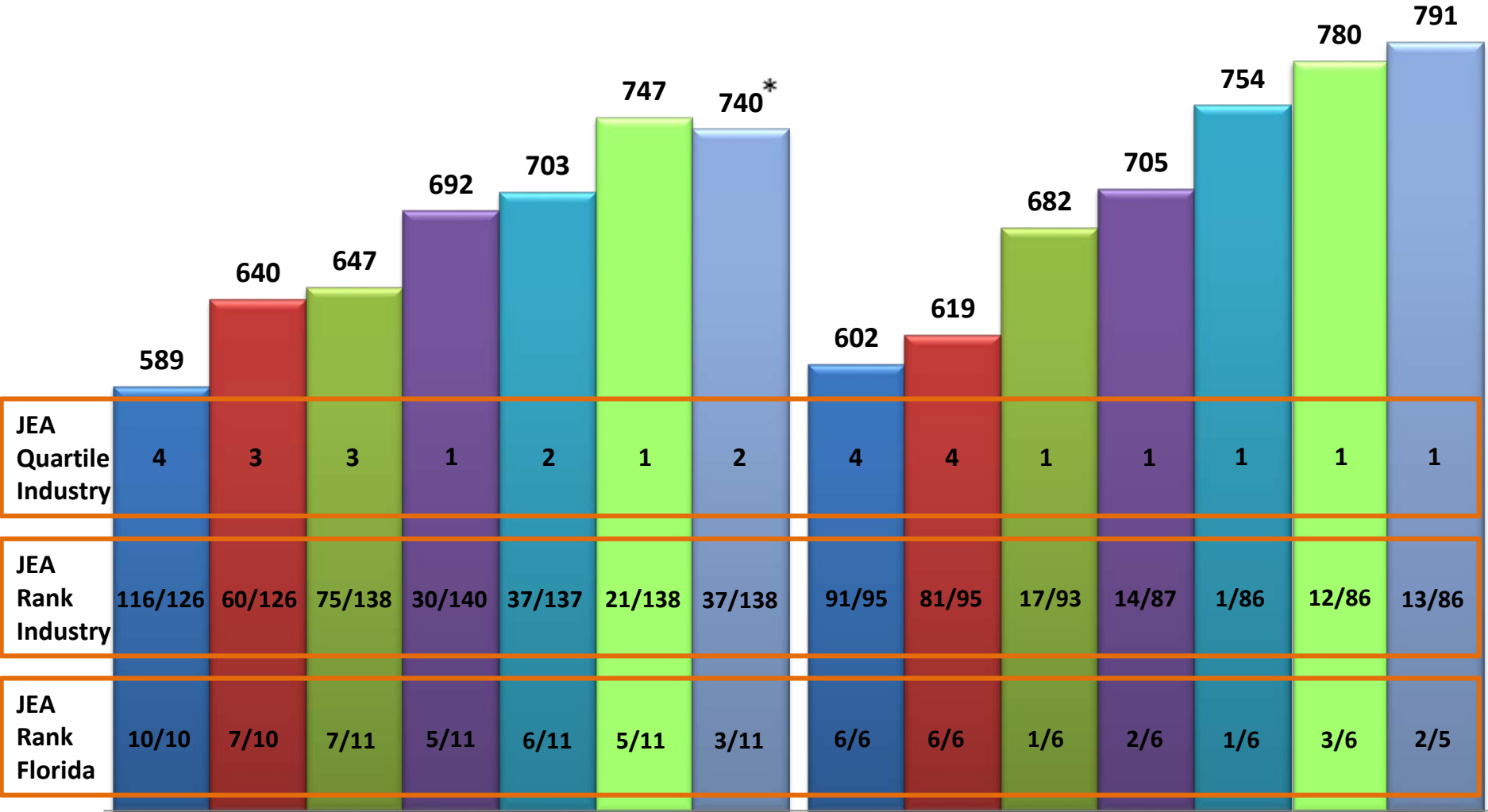
Demonstrate Community Responsibility

Corporate Citizenship

	FY17		Wave 1		Wave 2		Wave 3		Wave 4		FY18	
R	1Q	685	1Q	700	1Q	694	2Q	681			1Q	692
B	1Q	748	1Q	762	1Q	762					1Q	762

Customer Satisfaction Index Scores

FY12 FY13 FY14 FY15 FY16 FY17 FY18



Residential

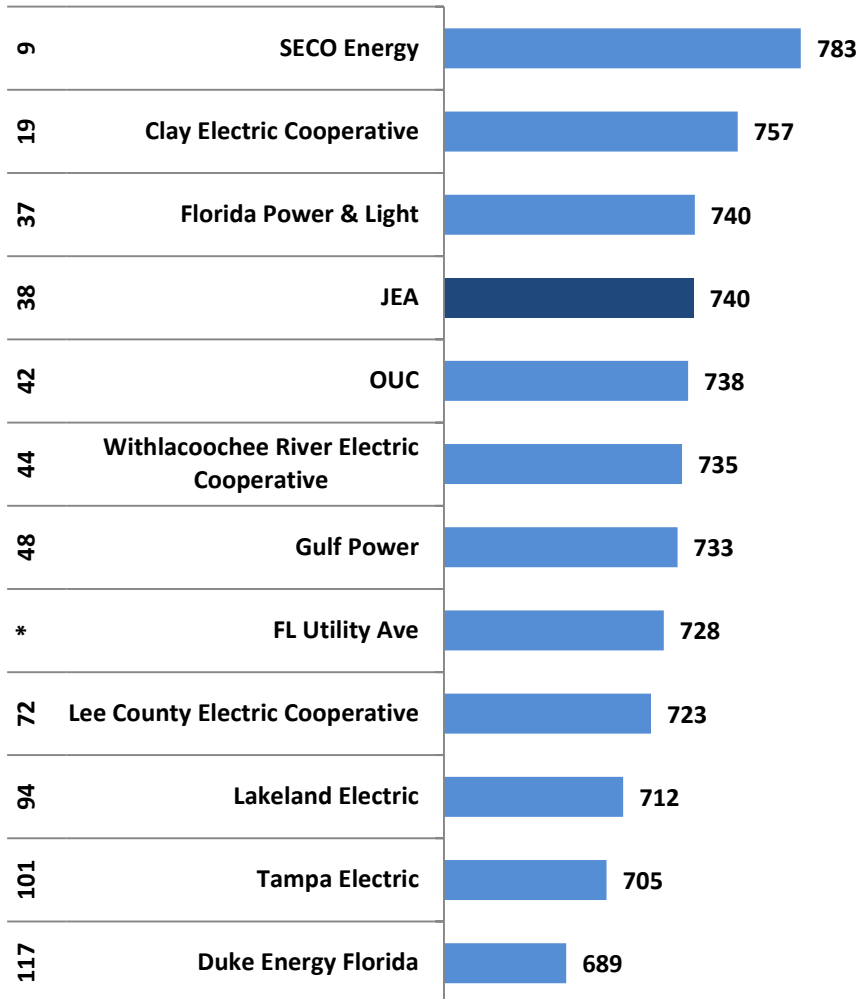
Business



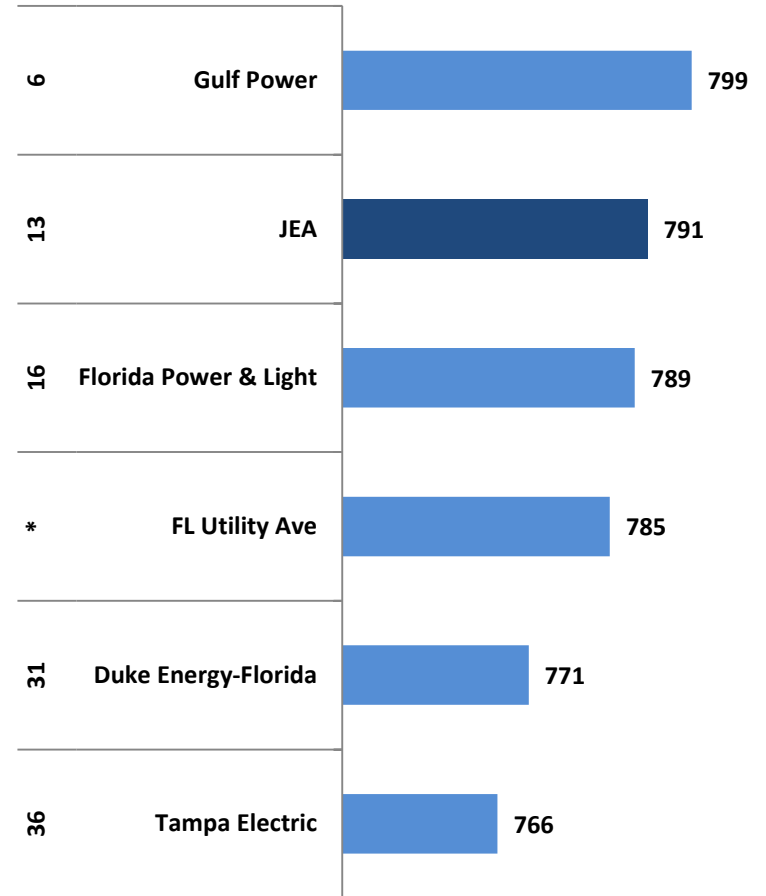
* FY18 Residential W3 YTD

Customer Satisfaction Index Scores – Florida Utilities

Residential FY18 YTD



Business FY18 Final



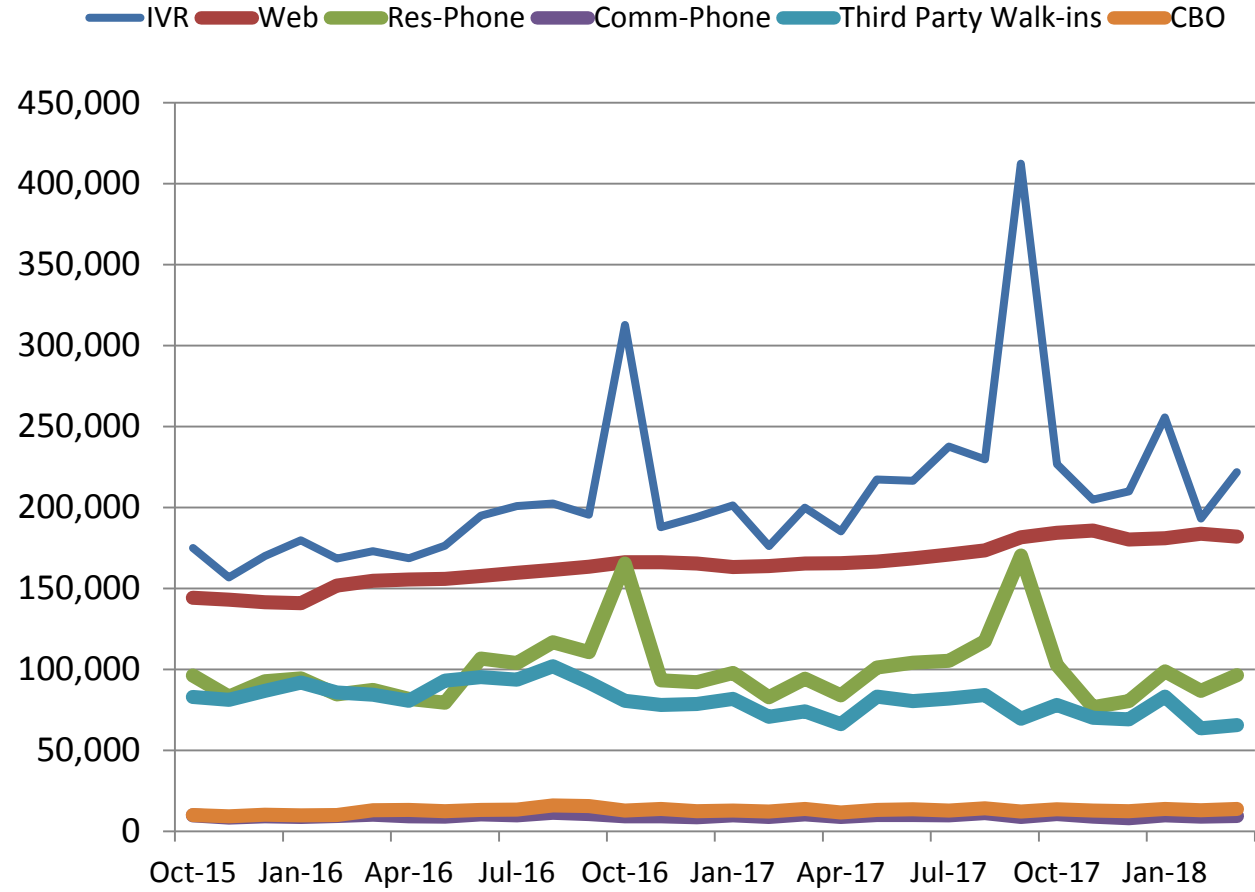
Easy to do Business With

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 FY17	JEA FY18	Industry FY18
Phone - CCC	76.6%	61.4%	66.8%
IVR	74.7%	65.3%	65.7%
Web	76.2%	67.8%	69.0%

Transactional Volume



Customer Service Easy to do Business With

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

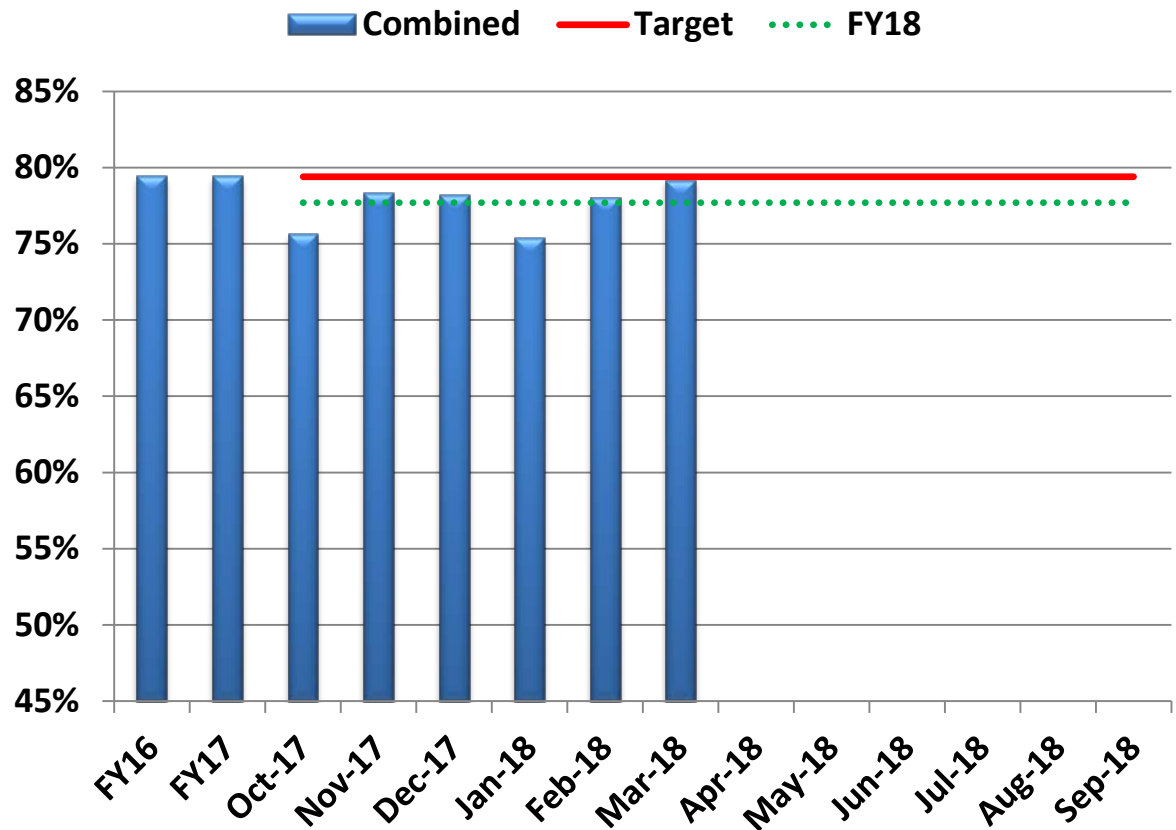
FY18 Transactional Study

Residential CC	74.3%
Branches	77.3%
Commercial CC	76.1%
IVR	79.1%
jea.com	78.3%
Overall	77.7%

JD Power FCR

	JEA FY17	JEA FY18 YTD	Industry FY18 YTD
Res CC/IVR	70.3%	69.3%	73.4%
jea.com	72.6%	80.3%	76.1%
Bus CC/IVR	82.1%	66.4%	70.8%

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



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

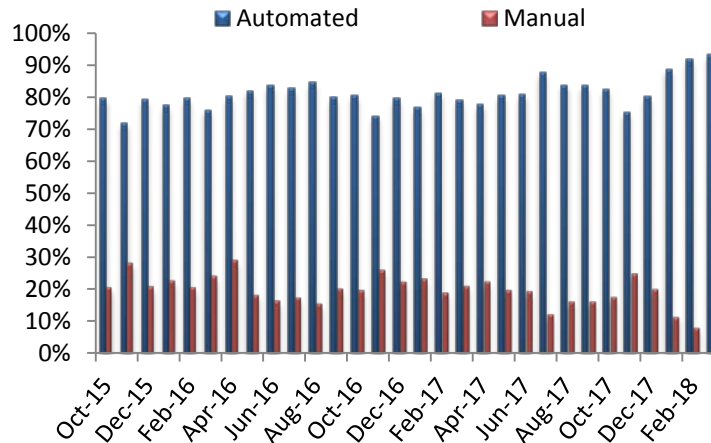
JD Power
“Keeping you informed about outage”

Score	JEA FY17	JEA FY18 YTD	Ind FY18 YTD
8 – 10	55.3%	54.0%	47.5%
< 5	14.0%	13.8%	15.5%

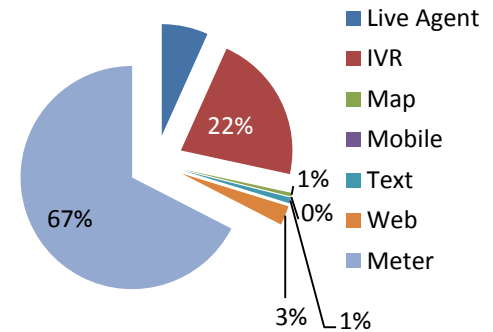
Outage Information Points

	FY16	FY17	FY18 YTD
JEA	2.3	2.6	2.7
Industry	2.1	2.3	2.3

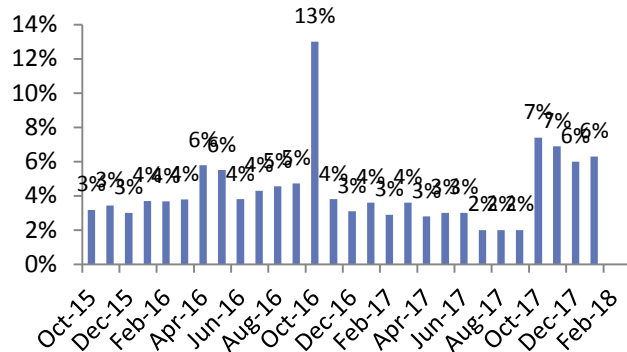
Outage Reporting



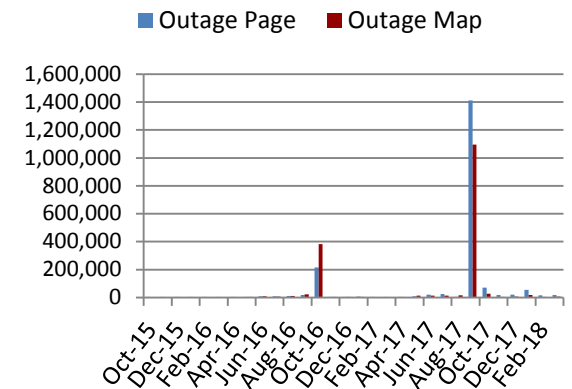
Outage Reporting by Channel



% Customers Receiving Outage Updates



jea.com Outage Page Volume



Empowering Customers to Make Informed Decisions

Customer Solution Participation	FY17	FY18 YTD
e-Billing Participation	94,579	104,663
Levelized Bill Participation	21,050	21,159
AutoPay Participation	39,011	40,503
JEA MyWay Participation	17,883	19,966

Customers who enroll in JEA MyBudget, AutoPay or eBill during the months of April and May 2018 will be automatically entered into our **JEA Power of Thanks Giveaway**.

Three lucky winners will be chosen at random to win their choice of a \$500 Apple or Amazon gift card.



	FY18 YTD	Industry Benchmark*
e-Bill	27.0%	18.5%
Budget Bill	5.6%	9.0%
Auto Pay	10.8%	13.0%
*2015 IOU Benchmark Average		



Empowering Customers to Make Informed Decisions

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

JDP Frequency of Received Communication

Res FY18 YTD

Not enough	5.7%
Just right	90.0%
Too much	4.3%

JDP Comm Awareness

Residential

FY14	51.9%
FY15	54.6%
FY16	54.4%
FY17	58.2%
FY18 YTD	54.2%

Commercial

FY14	55.7%
FY15	68.7%
FY16	55.4%
FY17	64.2%
FY18	51.5%

NEWS FROM JEA

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Get the Most from Your HVAC System This Summer

Get the Most from Your HVAC System This Summer

With summer just around the corner, April is a great month to review best practices and get your HVAC system ready for the long, hot summer ahead.

- Preventive maintenance is the best way to ensure your system will run all summer.** Hire an HVAC professional to check your system this month.
- Dirt is your HVAC system's worst enemy.** Therefore, one of the simplest, most inexpensive things you can do to ensure your system runs efficiently is check your HVAC filters every month and change them when they're dirty.
- Don't close the vents in rooms you don't normally use.** When you close the vents, you restrict the flow of cool air around your home. This increases pressure on your system and sends cooled air out through any cracks in your home's envelope, such as leaks around windows and doors.
- Keep your HVAC system at 78 degrees or higher.** When it's extremely hot, your system will need to work overtime to keep your home cool. Consider bumping it to 80 when the temperature exceeds 95 to protect your system.

JEA SolarSmart: Solar Power. For Everyone.

JEA SolarSmart offers customers the opportunity to take advantage of solar energy without any contracts. If you live in a condo or apartment, or choose not to have a private solar system installed, JEA SolarSmart is perfect for you. Learn more at jea.com/solarsmart.



ELECTRIC RELIABILITY

JEA is installing several thousand fault current indicators to electric lines over the next three years. These devices automatically detect and communicate problems with the lines, making it easier to locate and repair, thus reducing outage times. For more on JEA's electric reliability, visit jea.com/reliability.

COMMUNITY INVESTMENT

JEA employees will be speaking and volunteering at Earth Day events all over Jacksonville in April. Read JEA volunteers to support your next community event? Let us know at jea.com/volunteer.

ELECTRIC SAFETY

811
New rules! Please. Call before you dig.

Remember to call 8-1-1 at least two business days before you plan to dig in your yard. Technicians will mark the location of underground electric, water, sewer, reclaimed water and fiber lines. If you hit electric lines while digging, it could kill you. Learn more at jea.com/dig.

Protecting The Environment

Never pour cooking oil down the drain. It will clog your pipes. Instead, turn it into biodiesel. Learn more about how and where to do this at jea.com/grease.

Communication Channels
FY18
Volume: 95,769,343

- **e-Com** (jea.com, email, social) 21,348,422
- **Paid Media** (Radio, TV, Print) 67,264,778
- **Community Engagement** (Events, Workshops) 660,093
- **Other Communication** (Bill Inserts, Brochures, 6,496,050)

JEA Tree Trimming
JEA studies tree growth in Jacksonville and trims around electric lines every 2-5 years. JEA also removes hazardous branches when necessary and proudly follows strict national standards for tree care operations.
JEA.COM

Empowering Customers to Make Informed Decisions

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

FY18 Activities: 168

- Speakers Bureau—8
- Facility Tours—7
- Community Events—10
- Educational Partnership Activities—4



JEA Employee Volunteer Participation



Margaret Limbaugh – Electric Services

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

FY18 Total Volunteers - 424

March — 111 Volunteers

- Habijax Builds
- GATE River Run – Expo
- Catty Shack Ranch Wildlife Sanctuary
- Habijax Builds
- St. Johns River Celebration 23rd Annual Cleanup
- Feeding Northeast Florida Food Bank
- 2nd Annual Arbor Day Festival & Greenscape Tree Giveaway

April— Volunteer Events

- One Spark
- Special Olympics
- Walk for Senior Wellness
- PACE Center for Girls
- Rethreaded
- Habijax Builds
- Catty Shack Ranch Wildlife Sanctuary
- USO – No Dough Dinner
- Aging True – Cathedral Terrace Cafe
- Five Star Veterans (custom group)
- Earth Day Cleanup
- USO – 3rd Annual Military Spouse Night Out
- Feeding Northeast Florida Food Ban
- Tree Hill Butterfly Festival
- Prom Boutique at PACE

JEA Ambassador Program



At left, JEA Ambassadors participated in the Jacksonville VA Resource Fair, answering customer questions and providing information on JEA's cost-saving programs and services.



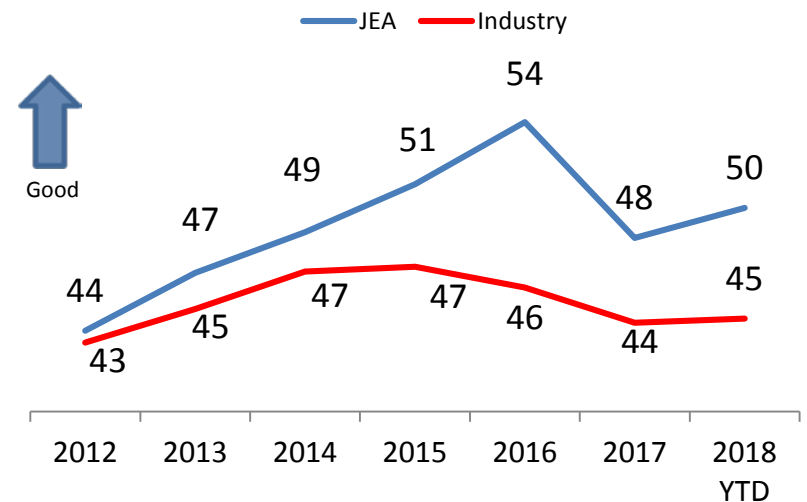
Demonstrating Community Responsibility

DSM Programs & Participation	FY17	FY18 YTD
Tracker Participation (Entering Site)	114,993	67,872
Invest Smart	620	238
Shop Smart	103,576	56,977
Neighborhood Energy Efficiency	1,250	588
Electric Vehicle Rebates	75	40

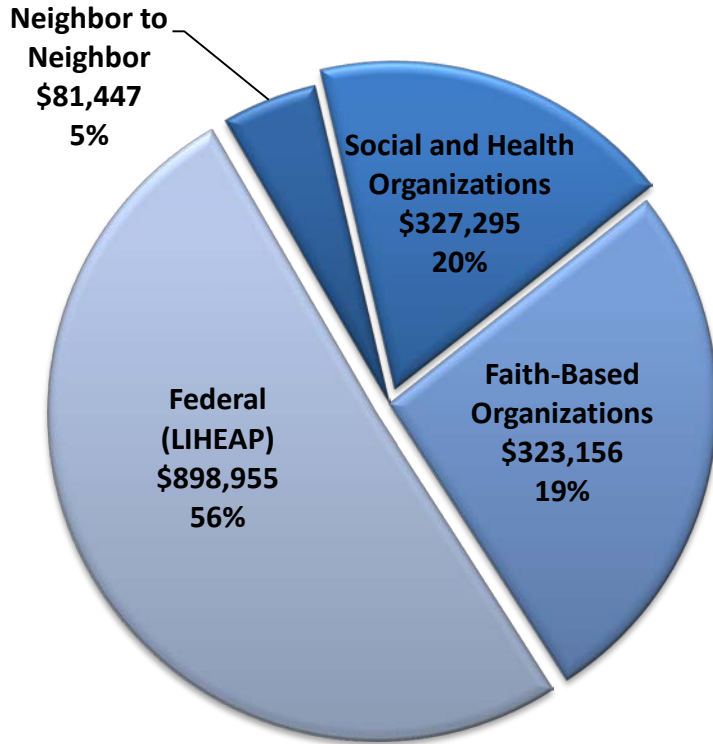
Customer Solutions and Market Development highlights:

- JEA participated in the Jacksonville One Spark Celebration Event at Dailey’s Amphitheater April 6 and 7, highlighting the launch of our new Solar Battery Rebate program with the partnerships of sonnen inc., Trojan Battery Sales, and Tesla, as well as our Electric Vehicle Rebate program with the Nissan LEAF featured at the event.

Familiarity with Utility Energy Efficiency or Conservation Programs (%)

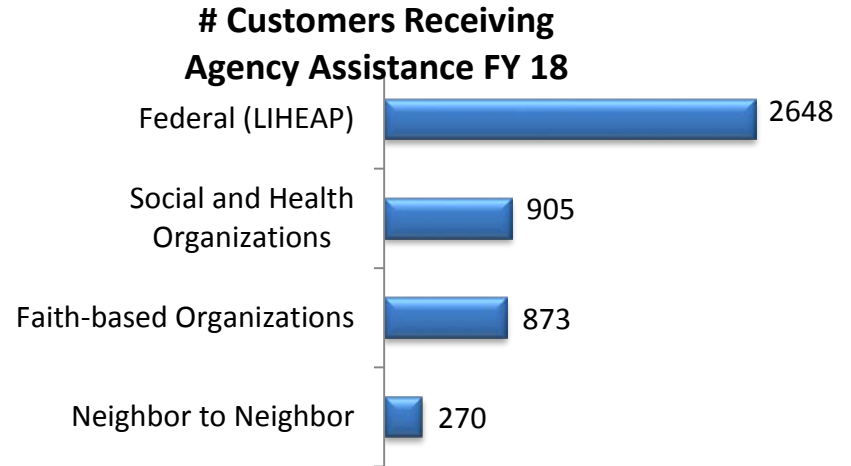


Demonstrating Community Responsibility



Agency & Federal
Customer Assistance
FY 18
\$1,630,852

22 agencies provided 630 utility payments on behalf of JEA customers in **March 2018** totaling **\$255,891**



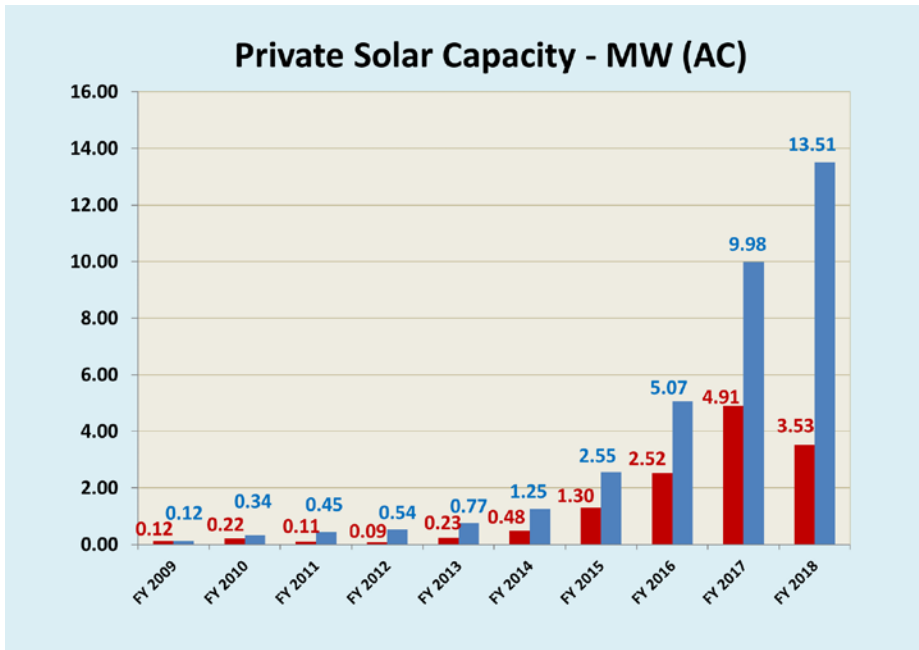
Number of Customers Receiving
Agency & Federal Utility Assistance
FY 18
4,696



Private Solar Program Status (Net-Metered Solar)

- Private solar capacity added in March was 0.73 MW.
- Total aggregate capacity is 13.51 MW.

- The annualized expense for the current 13.51 MW of installed private solar is \$982,000 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	\$482,000	\$500,000	\$50,000
Capacity	\$336,000	\$330,000	\$33,000
Taxes & Fees	\$99,000	\$98,000	\$9,800
Total	\$982,000	\$928,000	\$92,800
20-yr NPV	\$12,831,000	\$12,100,000	\$1,210,000



III. A. 8.

Monthly FY18 Communications & Engagement Calendar and Plan Update

JEA Community Engagement Calendar - March - June 2018

III. A. 8.
4/17/2018

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

	A	B	C	D	E
1	Date	Event/Activity	Location	Time	Type
2	Mar-18				
3	3/1 - 4/2018	2018 Home & Patio Show	Prime Osborn	10am	Ambassador Event
4	3/1/2018	City of Tallahassee Electric	Brandy Branch/Soalr Farm Tour	9am	Ambassador Facility Tour
5	3/1 -3/2/18	HabiJax	2404 Hubbard St.	7:30 - 3:00	Volunteer Activity
6	3/1/2018	Energy Authority Symposium	Jax Beach	8am	Ambassador Speaker
7	3/2/2018	Wildlight Elem. Career Fair	550 Curiosity Ave.	9am	Ambassador Speaker
8	3/2/2018	Bartram Springs Elem.	14799 Bartram Park Rd.	9am	Ambassador Event
9	3/3/2018	Jax Science Festival	MOSH	9am	Ambassador Event
10	3/3 - 4/2018	2018 World of Nations	Metro Park	10am	Ambassador Event
11	3/7/2018	JEA Power Pals	SP Livingston Elem.	2pm	Ambassador Instructor
12	3/8/2018	COJ Tree Commission	City Hall	10am	Ambassador Speaker
13	3/8/2018	Arlington Heights STEAM Night	Arlington Heights Elem. 1520 Sprinkle Dr.	6pm	Ambassador Event
14	3/8 - 3/9/18	GATE River Run Expo	Jacksonville Fairgrounds	10:00 - 6:00	Volunteer Activity
15	3/9/2018	Catty Shack Wildlife Sanctuary	1860 Starratt Rd.	10:00 - 3:00	Volunteer Activity
16	3/9/2018	Resurrection Catholic School	1 - Hour Power Pals	12:30pm	Ambassador Instructor
17	3/9/2018	Facility Partners	Jax Solar Tour	9am	Ambassador Facility Tour
18	3/9 - 10/2018	Concourse D'Elegance	Ritz Carlton - Amelia Island	8am	Ambassador Event
19	3/10/2018	GreenRelief Tree Planting	Jax National Cemetery	8am	Ambassador Event
20	3/12/2018	SW CPAC	Lane Wiley Center	6pm	Ambassador Event
21	3/13/2018	FUFC Award Presentation	Palmetto Greenleak Park	6pm	Ambassador Event
22	3/14/2018	JEA Power Pals	SP Livingston Elem.	2pm	Ambassador Instructor
23	3/15/2018	Wildlight Elem. STEAM Night	550 Curiosity Ave.	5:30pm	Ambassador Event
24	3/15/2018	Julia Landon Elem. Career Fair	1819 Thacker Ave	9am	Ambassador Event
25	3/15/2018	Sandalwood High Career Day	1750 John Prom rd.	9am	Ambassador Event
26	3/15/2018	Greenscape of Jax Brd Mtg.	1468 Hendricks Ave	8am	Ambassador Speaker
27	3/15/2018	INDO US Chamber of Commerce	Aloft Hotel	1pm	Ambassador Speaker
28	3/15 - 3/16/18	HabiJax	2404 Hubbard St.	7:30 - 3:00	Volunteer Activity
29	3/16/2018	St. Johns River Clean-up	Downtown & Northside	9:00 - 3:00	Volunteer Activity

JEA Community Engagement Calendar - March - June 2018

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

	A	B	C	D	E
30	3/21/2018	JEA Senior Day	JEA Lobby	10am	Ambassador Event
31	3/22/2018	Mattie V Rutherford MiddleCareer Fair	1514 Hubbard St	9am	Ambassador Event
32	3/22/2018	Tree Commission Board	City Hall	10am	Ambassador Speaker
33	3/22/2018	Aging True	Cathedral Café Terrace Residences	11:00 - 1:00	Volunteer Activity
34	3/23/2018	Feeding NE FL Food Bank	1116 Edgewood Ave.	8:30 - 3:30	Volunteer Activity
35	3/23/2018	Greenscape Event Set-up	Jacksonville Fairgrounds	9:00 - 1:00	Volunteer Activity
36	3/23/2018	VA Resource Fair	VA Admin. Office	11am	Ambassador Event
37	3/24/2018	Arbor Day Fest. & Greenscape Tree Giveaway	Jacksonville Fairgrounds	10:30 - 4: 30	Volunteer Activity
38	3/26/2018	SE CPAC	NFAR Headquarters	6:30pm	Ambassador Speaker
39	3/26/2018	Global Jax	NGS Tour	3pm	Ambassador Facility Tour
40	3/26/2018	North FL Civic Assoc.	Highlands Elem	7pm	Ambassador Speaker
41	3/28/2018	Salvation Army Celebrity Chefs	Prime Osborn	9:30 - 1:30	Volunteer Activity
42	3/28/2018	JEA Power Pals	Tiger Academy	1pm	Ambassador Instructor
43	3/29/2018	Alfred I Dupont Middle Career Fair	2710 Dupont Ave.	1pm	Ambassador Event
44	3/30/2018	Hubbard House Thrift Store	Beach Avenue Location	10:00 - 1:00	Volunteer Activity
45	Apr-18				
46	4/2/2018	JEA Power Pals	George Washington Carver Elem.	1pm	Ambassador Instructor
47	4/4 - 4/7/18	One Spark	Daily's Place Amphlitheatre	4-days, multi-shifts	Volunteer Activity
48	4/4/2018	JEA Power Pals	Tiger Academy	1pm	Ambassador Instructor
49	4/5/2018	1-Hour Power Pal	Andrew Robinson Elem. After School	4:30pm	Ambassador Instructor
50	4/6/2018	Reynolds Lane Elem. Career Fair	840 Reynolds Lane	8am	Ambassador Event
51	4/7/2018	Special Olympics	Atlantic Coast HS Gymnasium	7:00 - 3:00	Volunteer Activity
52	4/7/2018	St Paul Lutheran Community Fair	2730 W Edgewood Ave.	9:30am	Ambassador Event
53	4/7/2018	Family Support Services - Party in the Park	1300 Riverplace Ave.	9:30am	Ambassador Event

JEA Community Engagement Calendar - March - June 2018

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

	A	B	C	D	E
54	4/8/2018	FIRST LEGO League State Championship	World Golf Village Renaissance	8:00 - 4:30	Volunteer Activity
55	4/9/2018	JEA Power Pals	George Washington Carver Elem.	1pm	Ambassador Instructor
56	4/11 - 4/12/18	PACE Center for Girls	2933 University Blvd., N	9:00 - 12:00	Volunteer Activity
57	4/11/2018	Walk for Senior Wellness	EverBank Field	8:30 - 12:30	Volunteer Activity
58	4/11/2018	JEA Power Pals	Henry Kite Elem.	9am	Ambassador Instructor
59	4/11/2018	JEA Power Pals	Tiger Academy	1pm	Ambassador Instructor
60	4/12/2018	Rethreaded	820 Barnett St.	1:00 - 5:00	Volunteer Activity
61	4/12/2018	HabiJax	2404 Hubbard St.	7:30 - 3:00	Volunteer Activity
62	4/12/2018	St Johns Riverkeeper	Main St Lab Tour	3pm	Ambassador Facility Tour
63	4/13/2018	Catty Shack	1860 Starratt Rd.	10:00 - 3:00	Volunteer Activity
64	4/13/2018	John Love Elem. Career Fair	1531 Winthrope St	9am	Ambassador Event
65	4/14/2018	The ARC Jacksonville	1050 N. Davis St.	8:30 - 12:00	Volunteer Activity
66	4/14/2018	Magnolia Gardens Community Fair	5808 Begonia Rd	2pm	Ambassador Event
67	4/14/2018	Girl Scout Troop 2134	Buckman Plant Tour	9am	Ambassador Facility Tour
68	4/14/2018	Finding Home Sweet Home	Downtown Library	9am	Ambassador Event
69	4/14/2018	Caregiver Expo	EverBank Field	9am	Ambassador Event
70	4/16/2018	JEA Power Pals	George Washington Carver Elem.	1pm	Ambassador Instructor
71	4/16/2018	USO No Dough Dinner	2560 Mayport Rd., Atlantic Beach, FL	10:00 - 8:00	Volunteer Activity
72	4/18/2018	JEA Power Pals	Henry Kite Elem.	9am	Ambassador Instructor
73	4/18/2018	FSCJ Adult Learning	Main St Lab Tour	9am	Ambassador Facility Tour
74	4/18/2018	JEA Power Pals	Tiger Academy	1pm	Ambassador Instructor
75	4/19/2018	Aging True	Cathedral Café Terrace Residences	11:00 - 1:00	Volunteer Activity
76	4/19/2018	Five Star Veterans	40 Acme St.	9:00 - 2:00	Volunteer Activity - Group
77	4/19/2018	CEO-Pastor Luncheon	JEA T-19	11:30am	Ambassador Event
78	4/19/2018	Paxon High Earth Day	3239 Norman Thagard Blvd.	2:30pm	Ambassador Event
79	4/20/2018	JEA Power Pals	Rufus E Payne Elem.	12:30pm	Ambassador Instructor

JEA Community Engagement Calendar - March - June 2018

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

	A	B	C	D	E
80	4/20/2018	ReStore	5800 Beach Blvd.	9:30 - 5:30	Volunteer Activity
81	4/21/2018	Earth Day at the Landing	Jax Landing	11am	Ambassador Event
82	4/21/2018	Earth Day Downtown Cleanup	Jacksonville Landing	8:30 - 10:30	Volunteer Activity
83	4/23/2018	JEA Power Pals	George Washington Carver Elem.	1pm	Ambassador Instructor
84	4/25/2018	JEA Power Pals	Henry Kite Elem.	9am	Ambassador Instructor
85	4/26/2018	JEA Earth Day	JEA Tower Lobby	10am	Ambassador Event
86	4/26/2018	Annual Military Spouse Night	Veterans Memorial Arena	11:00 - 8:00	Volunteer Activity
87	4/27/2018	JEA Power Pals	Rufus E Payne Elem.	12:30pm	Ambassador Instructor
88	4/28/2018	Clay County Touch a Truck	Clay County Emergency Off.	9am	Ambassador Event
89	4/27/2018	Feeding NE FL Food Bank	1116 Edgewood Ave.	8:30 - 3:30	Volunteer Activity
90	4/27 - 4/28/18	Tree Hill Butterfly Festival	7152 Lone Star Rd.	9:00 - 4:00	Volunteer Activity
91	4/30/2018	PACE Center for Girls	2933 University Blvd., N	9:00 - 12:00	Volunteer Activity
92					
93					
94					
95					
96	May-18				
97	5/1/ - 5/3/18	VSA	Cummer Art Gallery & Gardens	8:00 - 1:30	Volunteer Activity
98	5/2 - 5/3/18	PACE Center for Girls	2933 University Blvd., N	9:00 - 12:00	Volunteer Activity
99	5/3/2018	HabiJax Builds	2404 Hubbard St.	7:30 - 3:00	Volunteer Activity
100	5/4/2018	Catty Shack	1860 Starratt Way	10:00 - 3:00	Volunteer Activity
101	5/5/2018	Jax AquaFest	MOSH	10am	Ambassador Event
102	5/7/2018	USO No Dough Dinner	2560 Mayport Rd., Atlantic Beach, FL	10:00 - 8:00	Volunteer Activity
103	5/10/2018	Rethreaded	820 Barnett St.	1:00 - 5:00	Volunteer Activity
104	5/11/2018	Waterleaf Elem.	450 Kernan Blvd	8:30am	Ambassador Event
105	5/11/2018	JEA Power Pals	Rufus E Payne Elem.	1pm	Ambassador Instructor
106	5/18/2018	Miracle on Ashley St.	Clara White Mission	10:00 - 2:00	Volunteer Activity
107	5/16/2018	Chaffee Trail Elem. Career Fair	11400 Sam Caruso Way	8:30am	Ambassador Event
108	5/16/2018	Biscayne Elem. Career Fair	12230 Biscayne Blvd.	8:30am	Ambassador Event
109	5/16/2018	Normandy Village Elem. Career fair	8257 Herlong Rd.	9am	Ambassador Event

JEA Community Engagement Calendar - March - June 2018

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

	A	B	C	D	E
110	5/17 - 5/18/18	Hope at Hand	3886 Atlantic Blvd.	8:00 - 4:00	Volunteer Activity
111	5/18/2018	Jr. Achievement School Takeover	Greenland Pines	9am	Ambassador Instructor
112	5/23/2018	Feeding NE FL Food Bank	1116 Edgewood Ave.	8:30 - 3:30	Volunteer Activity
113	5/24/2018	Aging True	Cathedral Café Terrace Residences	11:00 - 1:00	Volunteer Activity
114	5/24 - 5/27/18	Jacksonville Jazz Festival	Hemming Plaza & Urban Core	4-days, multi-shifts	Volunteer Activity
115	5/25/2018	Beauclerc Elem. Career Fair	4555 Craven Rd. W	8am	Ambassador Event
116					
117					
118					
119					
120	Jun-18				
121	6/1/2018	Catty Shack	1860 Starratt Way	10:00 - 3:00	Volunteer Activity
122	6/9/2018	World Ocean Day	Jax Zoo	10am	Ambassador Event
123	6/11/2018	USO No Dough Dinner	2560 Mayport Rd., Atlantic Beach, FL	10:00 - 8:00	Volunteer Activity
124	6/14/2018	Rethreaded	820 Barnett St.	1:00 - 5:00	Volunteer Activity
125	6/13/2018	Men;s Health Fair	Legends Center	10am	Ambassador Event
126	6/18/2018	UF/IFAS County Extension	Main St Lab Tour	11am	Ambassador Facility Tour
127	6/21/2018	Vision for Excellence Camp	8535 118th St	10am	Ambassador Speaker
128	6/22/2018	Clay County 4-H	Solar Farm Tour	10am	Ambassador Facility Tour
129	6/22/2018	Feeding NE FL Food Bank	1116 Edgewood Ave.	8:30 - 3:30	Volunteer Activity



FY18 Customer & Community Engagement Overview and April Update

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

Customer Communications

Outage Communications

Working with colleagues from across the organization, CCE team members are finalizing **improvements to JEA's outage communications process**. Part of this process includes the production of a new **Storm Recovery Guide** that outlines JEA's power restoration process and how we will communicate with customers during times of emergency.

Water Conservation Campaign

In March, the CCE team launched our spring educational campaign focused on JEA's **water services**, raising awareness of our conservation efforts and offering customers tips they can use to help us preserve our "one water." This theme was carried across all our customer communications in print (bill inserts) as well as online (jea.com and social media). A special highlight of this campaign was a television spot on the critical services JEA provides to our community.

Renewable energies

April 1 marked the implementation of JEA's new **Distributed Generation policy** and **Battery Incentive Program**, both of which were approved by the board of directors in October 2017. To support the rollout of these initiatives, CCE team members created **new content areas on jea.com** detailing JEA's expanded solar energy offerings. The team also created a new brochure explaining the components of the **Battery Incentive Program** as well as a 16-page educational **Consumer's Guide to Solar Power**.

April 1 also marked the start of our **Power of Thanks campaign** designed to encourage customers to sign up for one of JEA's convenient billing and payment programs, including MyWay, MyBudget and AutoPay – programs that make it as easy as possible for our customers to do business with JEA while reducing our administrative costs. Through this campaign, customers who enroll in one of these programs by May 31 will be entered into a promotional drawing. Customers already enrolled in a program are also automatically entered to win.

Community Engagement

JEA Ambassadors

In March, 111 JEA employees served 679 hours in the community, connecting with customers at schools, conferences and community events. Upon request, JEA Ambassadors gave presentations to the North Florida Civic Association, the Mattie V. Rutherford Middle School Career Fair and the INDO-US Chamber of Commerce. Ambassadors also conducted several facility tours for groups such as the City of Tallahassee Electric, Global Jax and TEA while participating in several community events including World of Nations Celebration, VA Resource Fair and Concourse D' Elegance.

At right, JEA Ambassadors participated in the Jacksonville VA Resource Fair, answering customer questions and providing information on JEA's costs-saving programs and services.



Employee Volunteerism

Our JEA volunteers, meanwhile, participated in multiple community service projects. From helping to build homes with Habijax and serving meals with Feeding Northeast Florida to helping to clean up the St. Johns River at the 23rd Annual Cleanup, JEA employees gave generously of their time and talents for the benefit of our community.

Additional community groups to benefit from the assistance of JEA employee volunteers include the Catty Shack Ranch Wildlife Sanctuary, GATE River Run – Expo and the 2nd Annual Arbor Day Festival & Greenscape Giveaway.

Habijax Builds



St. Johns River Cleanup



JEA employees take great pride in the Ambassador and Volunteer programs, which are a tangible demonstration for our customers and our community of the “Heart of JEA.”

Communications Contacts* Generated Year to Date	95,769,343
• Number of Paid Communications Contacts (Radio, Television, Out of Home, Online, Print)	67,264,778
• Number of Other Communications Contacts (Bill Insert, Bill Envelop, Brochure, etc.)	6,496,050
• Number of E-communications Contacts (jea.com Visitors, Email, Social Media, Videos)	21,348,422
• Number of Community Engagement Communications Contacts (Events, Public Speaking, Presentations, Training, Workshops, etc.)	660,093

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

JEA at One Spark

On April 6-7, visitors to Jacksonville’s popular One Spark festival had a chance to learn more about the many ways in which JEA is embracing innovative new technologies. In addition to providing information on our electric vehicle rebates, JEA’s One Spark booth will spotlighted our growing commitment to solar energy through the SolarSmart program, the new solar battery rebate program and our new solar farms.

III. B. 1.

JEA FY2017 Annual Disclosure Reports



Building Community

AGENDA ITEM SUMMARY

April 3, 2018

SUBJECT:	JEA FY2017 ANNUAL DISCLOSURE REPORTS
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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 staff is requesting an authorization and approval of the filing and use of the Annual Disclosure Reports for each of the (i) Electric Utility System and (ii) Water and Sewer System and District Energy System (together, the "Systems") for the fiscal year ended September 30, 2017, in order to comply with JEA's continuing disclosure undertakings for its bonds and various bank credit agreements.

Significance: High. JEA is responsible for the content of the Annual Disclosure Reports and is subject to the provisions of the federal securities laws prohibiting false and misleading information in its disclosure documents.

Effect: To fulfill the Board's responsibility under federal securities laws prohibiting false and misleading information in JEA's disclosure documents.

Cost or Benefit: Filing of the Annual Disclosure Reports facilitates disclosure to the marketplace to meet JEA's continuing disclosure obligations to current holders of JEA's debt. The Annual Disclosure Reports are also used to provide information about JEA to potential buyers of JEA's Systems' bonds.

Recommended Board action: Staff recommends that the Board (i) approve and authorize the Annual Disclosure Reports for the Systems in substantially the forms provided to the Board on March 20, 2018, with such changes as are approved by the Managing Director and Chief Executive Officer of JEA and (ii) authorize the filing and use of the Annual Disclosure Reports.

For additional information, contact: Melissa Dykes, 665-7054

Submitted by: PEM/ MHD/ JEO/ RLH

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

April 3, 2018

SUBJECT: JEA FY2017 ANNUAL DISCLOSURE REPORTS

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

Each year, JEA files with the Municipal Securities Rulemaking Board (the “MSRB”) through the Electronic Municipal Market Access (“EMMA”) website Annual Disclosure Reports in compliance with JEA’s continuing disclosure undertakings for certain of its bonds and various credit agreements. EMMA is the “central electronic post office” recognized by the United States Securities and Exchange Commission (“SEC”) as the single national depository for continuing disclosure information that is required to be prepared and disseminated by issuers of municipal securities. Annual Disclosure Reports have been prepared for the Electric Utility System and separately for the Water and Sewer System and District Energy System, (together, the “Systems”), and will be incorporated by reference in official statements and reoffering memoranda subsequently used by JEA for its respective Systems’ bond offerings and reofferings.

JEA is responsible for the content of the Annual Disclosure Reports and is subject to the provisions of the federal securities laws prohibiting false and misleading information in its disclosure documents. The antifraud provisions of the federal securities laws govern Board Member disclosure responsibilities. The requirements of the federal securities laws essentially require that disclosure documents of issuers such as JEA not contain an “untrue statement of a material fact” or omit to state a “material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.” “Materiality” under the federal securities laws means whether there is a substantial likelihood that a reasonable investor would consider the facts at issue to be important to an investment decision.

Public officials (including Board Members) who have the ultimate responsibility to approve the issuance of debt securities and related disclosure documents have a duty under the federal securities laws and may not authorize disclosure he or she knows to be false or misleading or while recklessly disregarding facts that indicate there is a risk that the disclosure may be misleading. The SEC has stated that Board Members may reasonably rely on the work of governmental employees in the disclosure context. Nothing in the SEC’s position mandates that a Board Member needs to read each page of every disclosure document before approving it. Reasonable reliance can be established when the Board Member:

- is satisfied that the disclosure process is reasonably designed to produce accurate and reliable information;
- has a reasonable basis to have confidence in the integrity and competence of the staff and financing team; and
- does not know of anything that would cause such Board Member to question the accuracy of the disclosures or that would indicate that they are misleading or know of any potentially material issues that should be brought to the attention of staff and the financing team for further explanation.

In accordance with existing practices, each Annual Disclosure Report presented for Board approval has been prepared by staff with the assistance of JEA's outside bond counsel in a manner which we believe is reasonably designed to produce disclosure documents meeting the requirements of the federal securities laws.

DISCUSSION:

Each Annual Disclosure Report prepared for the Systems, as referred to above, contains updated disclosure information regarding each of JEA's Systems and its respective most recently completed fiscal year and will be used (a) to provide that information to all participants in the municipal securities market regarding JEA's outstanding debt and (b) as a basis for the disclosure information regarding JEA that is required to be given by JEA in connection with its issuances from time to time of refunding or additional debt. Among other things, the Annual Disclosure Reports contain JEA's audited financial statements for its fiscal year ended September 30, 2017, as Appendix A thereto. Official Statements and reoffering memoranda prepared by JEA in connection with its respective Systems' debt offerings and reofferings, subsequent to the date of the Annual Disclosure Reports for the Systems, incorporate by reference the relevant disclosure information contained in the respective Annual Disclosure Report and, if necessary, contain a "recent developments" section with respect to material changes in JEA's business and condition that have occurred after the date of the respective Annual Disclosure Report.

The Annual Disclosure Reports for the (i) Electric Utility System and (ii) Water and Sewer System and District Energy System for the fiscal year ended September 30, 2017, are expected to be filed with EMMA on or around April 17, 2018. Drafts of the Annual Disclosure Reports for the Systems were distributed to Members on March 20, 2018. Changes from the March 20th draft are included with this item. Subsequent changes, if any, will be distributed at the Board's April 17th meeting.

All documents have been reviewed by the Office of General Counsel.

RECOMMENDATION:

Staff recommends that the Board (i) approve and authorize the Annual Disclosure Reports for the Systems in substantially the forms distributed to Members on March 20, 2018, with additional changes as are approved by the Managing Director and Chief Executive Officer of JEA and (ii) authorize the filing and use of the Annual Disclosure Reports as described above.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO/RLH



**ANNUAL DISCLOSURE REPORT
FOR
ELECTRIC UTILITY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2017**

**(Prepared pursuant to certain
continuing disclosure undertakings
relating to the Bonds listed
in APPENDIX I hereto)**

Filed with EMMA

**Dated as of
[____], 2018**

JEA
21 W. CHURCH STREET
JACKSONVILLE, FLORIDA 32202
(904) 665-7410
(<http://www.jea.com>)

JEA OFFICIALS

BOARD MEMBERSHIP⁽¹⁾

Chair	G. Alan Howard
Vice Chair	Vacant Husein A. Cumber⁽²⁾
Secretary	Frederick D. Newbill Husein A. Cumber⁽²⁾ Kelly Flanagan April Green Aaron F. Zahn ⁽³⁾

MANAGEMENT

Managing Director and Chief Executive Officer	Paul E. McElroy
Vice President / General Manager, Electric Systems	Michael J. Brost
Vice President / General Manager, Water and Wastewater Systems	Brian J. Roche
Chief Financial Officer	Melissa H. Dykes
Chief Compliance Officer	Ted E. Hobson
Chief Customer Officer	Kerri Stewart
Chief Human Resources Officer	Angelia R. Hiers
Chief Information Officer	Paul J. Cosgrave
Chief Legal Officer	Jody L. Brooks
Chief Public Affairs Officer	Michael R. Hightower
Treasurer	Joseph E. Orfano

GENERAL COUNSEL

Jason R. Gabriel, Esq.
General Counsel of the City of Jacksonville
Jacksonville, Florida

⁽¹⁾ There is currently one vacancy on the JEA Board ~~due to the resignation of Delores P. Kesler, effective January 31, 2018.~~

⁽²⁾ ~~Mr. Cumber's term expired on February 28, 2018; his re-appointment is presently under consideration by the City Council of the City of Jacksonville.~~

⁽²⁾ ~~Mr. Cumber's term expired on February 28, 2018, but he will continue to serve until a successor has been appointed and has qualified.~~

⁽³⁾ Appointed as a member of the JEA Board on February 28, 2018.

Current members of the JEA Board, their occupations and the commencement and expiration of their terms are as follows:

<u>MEMBER</u>	<u>OCCUPATION</u>	<u>TERM</u>
G. Alan Howard Chair	Founder & President Milam Howard Nicandri Gillam & Renner P.A.	February 10, 2016 - February 28, 2019
Vacant <u>Husein A. Cumber</u> Vice Chair	<u>Executive Vice President for Corporate Development Florida East Coast Industries, Inc.</u>	<u>February 28, 2014 – []⁽¹⁾</u>
Frederick D. Newbill Secretary	Pastor First Timothy Baptist Church	January 12, 2017 - February 28, 2019
Husein A. Cumber	Executive Vice President for Corporate Development Florida East Coast Industries, Inc.	February 28, 2014 – February 28, 2018⁽¹⁾
Kelly Flanagan	Senior Vice President & CFO Jacksonville Jaguars, LLC	November 25, 2015 - February 28, 2020
April Green	Chief Operating Officer, Baxter Technology	December 1, 2017 - February 28, 2021
Aaron F. Zahn	Managing Partner & CEO Pascal Partners	February 28, 2018 - February 28, 2022

⁽¹⁾ Mr. Cumber's term expired on February 28, 2018, ~~but he will continue to serve until a successor has been appointed and has qualified; his re-appointment is presently under consideration by the Council.~~

In addition, in accordance with the provisions of the interlocal agreement entered into between JEA and Nassau County, Florida in connection with JEA's acquisition of certain assets and franchises of a private water and sewer utility in Nassau County, Nassau County is entitled to appoint a non-voting representative to the JEA Board. The Nassau County representative is entitled to attend all JEA Board meetings and to participate in discussions concerning matters that affect the provision of water and sewer services within Nassau County. Nassau County has appointed Mike Mullin, a Commissioner on Nassau County's Board of County Commissioners, as its representative to the JEA Board.

The Charter authorizes JEA to construct, acquire (including acquisition by condemnation), establish, improve, extend, enlarge, maintain, repair, finance, manage, operate and promote its utilities systems (which consist of (1) the Electric System, (2) the Water and Sewer System, (3) the District Energy System and (4) any additional utilities systems which JEA may undertake in the future upon satisfaction of the conditions set forth in the Charter), and to furnish electricity, water, sanitary sewer service, natural gas and other utility services as authorized therein within and outside of the City and for said purposes to construct and maintain electric lines, pipelines, water and sewer mains, natural gas lines and related facilities along all public highways and streets within and outside of the City. The Charter also confers upon JEA the power to sue, to enter into contracts, agreements and leases, and to sell revenue bonds to finance capital improvements and to refund previously issued evidences of indebtedness of JEA.

In addition to the powers conferred upon JEA by the Charter, the Bulk Power Act authorizes JEA to acquire, own and operate as separate bulk power supply utilities or systems, electric generating plants and transmission lines within the City and within and outside of the State of Florida. JEA's interests in the Power Park and the Scherer 4 Project are separate bulk power supply systems pursuant to the Bulk Power Act. JEA may develop other separate bulk power supply systems in connection with future

employment, to enter into negotiations with employee organizations with respect to wages, hours and terms and conditions of employment and to take such other employment related action as needed to assure effective and efficient administration and operation of its utilities systems. The Council is the legislative body with authority to approve or not approve collective bargaining agreements and to resolve any statutory impasses that may arise from collective bargaining.

As of October 1, 2017, JEA had 2,158 budgeted employee positions (exclusive of the Power Park employees referred to below), of which 1,553 were budgeted to the Electric System, 599 were budgeted to the Water and Sewer System and six were budgeted to the District Energy System. Except for the Management Team and a minor number of contract employees, such employees have civil service status.

Approximately 1,567 employees are covered by five collective bargaining agreements. These employees are represented by the American Federation of State, County, and Municipal Employees (“AFSCME”), the International Brotherhood of Electrical Workers (“IBEW”), Local 2358 and the Northeast Florida Public Employees, Local 630, Laborers’ International Union of North America (“LIUNA”), all of which are affiliated with the AFL-CIO, and by a professional employees’ association (the “PEA,” Professional Employees Association) and a supervisors’ association (the “JSA,” Jacksonville Supervisors Association) that have no AFL-CIO affiliation. JEA has collective bargaining agreements with all the collective bargaining agents, and all of the collective bargaining agreements have been ratified and approved by the legislative body, the ~~Jacksonville City~~ Council, and are effective through September 30, 2019.

Substantially all of JEA’s employees participate in the City’s general employees pension plan (“GEPP”). Employees of the Power Park participate in a separate pension plan. See Note 12 to JEA’s Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of certain information on the City’s plan. The Actuarial Valuation and Review as of October 1, 2016 for the City’s GEPP (the “2016 Actuarial Valuation Report”) is available for viewing and downloading from the City’s website (www.coj.net) by selecting “Government,” then selecting “All Departments” under “City Departments,” then selecting “Retirement System” under “Finance and Administration,” then selecting “Plan Valuation Statements” from the navigation tab on the left hand side and then selecting “General Employees Retirement Plan, Actuarial Valuation” under “Government Accounting Standards Board and Plan Valuation Statements.”

As indicated in the 2016 Actuarial Valuation Report, the aggregate unfunded actuarial accrued liability for the GEPP increased from \$900,236,692 for the Fiscal Year ended September 30, 2015 to \$1,024,497,072 for the Fiscal Year ended September 30, 2016. During such period, the funded ratio of the plan decreased from 66.80 percent for the Fiscal Year ended September 30, 2015 to 64.64 percent for the Fiscal Year ended September 30, 2016. At the same time, JEA’s aggregate contribution to the GEPP increased from \$40,179,000 for the Fiscal Year ended September 30, 2015 to \$43,156,000 for the Fiscal Year ended September 30, 2016. JEA has been informed by the City that the actuary for the GEPP has calculated JEA’s allocated share of the unfunded actuarial accrued liability for the GEPP reported in the 2016 Actuarial Valuation Report to be \$494,824,474 of the total unfunded actuarial accrued liability of \$1,024,497,072, reflecting increases of \$60,033,772 and \$124,260,380, respectively, relative to the 2015 amounts provided to JEA by the City or contained in the October 1, 2015 actuarial valuation report. In addition, contributors, including JEA, to the GEPP contributed \$4,318,361 less than the actuarially determined employer contributions in dollar terms for Plan Year ended September 30, 2015 and \$4,160,931 less for Plan Year ended September 30, 2016 because actual payroll growth had been less than projections leading to a lower level of payroll in those years. Please see Section 3, Exhibit L, page 27 of the 2016 Actuarial Valuation Report. A shortfall in any given year is added to the total unfunded actuarial accrued liability and a new 30-year amortization base is calculated for that year which in effect adds the shortfall to future required contributions. The increase in the total unfunded actuarial accrued

Under Florida law, the City and Duval County are organized as a single, consolidated government. Based upon the 2010 United States Census, the consolidated City is the most populous city in the State of Florida. The City covers 840 square miles and is one of the largest cities in area in the United States.

The Jacksonville Metropolitan Statistical Area (“MSA”) is composed of Duval, Clay, Nassau, St. Johns and Baker Counties, an area covering 3,202 square miles. The U.S. Census Bureau estimates that the Jacksonville MSA had a population of 1,504,782 as of July 1, 2016. The Jacksonville MSA is currently the fourth most populous MSA in the State of Florida. The table below shows population for the Jacksonville MSA.

Population	
<u>Year</u>	<u>Jacksonville MSA</u>
1980	722,252
1990	906,727
2000 ⁽¹⁾	1,122,750
2010	1,345,596
2016	1,504,782

Source: United States Census Bureau

⁽¹⁾ Baker County was included in the Jacksonville MSA starting with the 2000 United States census.

The economy of the Jacksonville MSA contains significant elements of trade and services, transportation services, manufacturing, insurance and banking and tourism. The Port of Jacksonville is one of the largest ports on the South Atlantic seaboard and in terms of tonnage ranks third in the State of Florida. A number of insurance and banking companies maintain regional offices in the City. The tourism and recreational facilities in the City include an arena, a performing arts center, a convention center, TIAA Bank Field (formerly EverBank Field), which is the home field of the National Football League’s Jacksonville Jaguars), a baseball park, numerous golf courses and resorts and various recreational facilities at the beaches. Two large United States Navy bases are located in the City.

The table below sets forth the annual, not seasonally adjusted, labor force, employment and unemployment figures for the Jacksonville MSA and comparative unemployment figures for the State of Florida and the United States for the most recent 10 years ended December 2016.

<u>Year</u>	<u>Jacksonville MSA Labor Force</u>			<u>Unemployment Rate (%)</u>	
	<u>Civilian</u>	<u>Employment</u>	<u>Unemployment Rate (%)</u>	<u>Florida</u>	<u>U.S.</u>
2007	674,548	648,003	3.9	4.0	4.6
2008	687,704	646,302	6.0	6.3	5.8
2009	681,026	612,993	10.0	10.4	9.3
2010	697,120	622,208	10.7	11.1	9.6
2011	701,601	633,473	9.7	10.0	8.9
2012	704,583	646,531	8.2	8.5	8.1
2013	709,800	659,875	7.0	7.2	7.4
2014	716,249	671,696	6.2	6.3	6.2
2015	719,195	680,930	5.3	5.45	5.3
2016	734,243	699,702	4.76	4.8	4.9
2017	762,141	732,140	3.9	4.1	4.4

Source: Florida Research and Economic Information Database Application, <http://freida.labormarketinfo.com/default.asp>.

[Remainder of page intentionally left blank]

The table below shows the estimated average non-agricultural wage and salary employment by sector for the Jacksonville MSA for the calendar year 2017⁽⁺⁾.

	<u>Number of Employees</u>	<u>Percent of Distribution</u>
Trade, Transportation and Utilities	143,130	20.85
Education and Health Services	106,400	15.5
Professional and Business Services	105,630	15.42
<u>Education and Health Services</u>	<u>104,900</u>	<u>15.2</u>
Leisure and Hospitality	83,740	12.24
Government	75,740	11.01
Finance	65,230	9.57
Construction	43,530	5.83
Other Services ⁽²⁾	37,500	5.41
Manufacturing	30,290	4.45
Total Non-Agricultural Employment (Except Domestics, Self-Employed And Unpaid Family Workers)	<u>686,480</u>	<u>100.0</u>

Source: United States Department of Labor.

(1) ~~Preliminary.~~⁽²⁾ Consists of other services, information and natural resources and mining.

The following table lists the 10 largest non-governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

<u>Name of Employer</u>	<u>Product or Service</u>	<u>Approximate No. of Employees</u>
Baptist Health System	Healthcare	10,500
Bank of America / Merrill Lynch	Banking	8,000
Florida Blue	Health Insurance	6,700
Mayo Clinic	Healthcare	6,000
Southeastern Grocers	Supermarkets	5,700
Citibank	Banking	4,500
JP Morgan Chase	Banking	3,900
CSX Transportation	Railroad	3,600
UF Health Jacksonville	Healthcare	3,600
Wells Fargo	Banking	3,500

Source: Jacksonville Regional Chamber of Commerce Research Department biennial employer survey, fall 2012, as partially amended through December 2017.

[Remainder of page intentionally left blank]

JEA's expectations and are subject to a number of risks and uncertainties, certain of which are beyond JEA's control. Actual results could differ materially from those anticipated by these forward-looking statements. In light of these risks and uncertainties, there can be no assurance that events anticipated by the forward-looking statements contained in this Annual Disclosure Report will in fact transpire.

JEA's independent certified public accountants have not examined, compiled or otherwise applied procedures to the forward-looking statements or financial forecasts presented herein and, accordingly, do not express an opinion or any other form of assurance on such forward-looking statements or financial forecasts.

Privatization of JEA ~~(TO BE UPDATED AS NECESSARY)~~ At the JEA Board meeting on November 28, 2017, JEA Board member Tom Petway requested that the JEA Board and the City consider the financial benefits that would result from a privatization of JEA's Electric System and Water and Sewer System and whether the customers of JEA and the people of the City would be better served by the private marketplace.

In response to Mr. Petway's request, Alan Howard, Chair of the JEA Board, authorized JEA staff to cause the necessary work to be done for the JEA Board to be able to consider the answer to these questions.

JEA commissioned Public Financial Management ("PFM") to prepare a report to inform the JEA Board, the City and the public as to several important considerations that must be evaluated in order to make any decisions regarding JEA's future. A copy of that report, entitled "The Future of JEA: Opportunities and Considerations," dated February 14, 2018 (the "Report"), has been filed with the MSRB, through the MSRB's EMMA website currently located at <http://emma.msrb.org>.

~~JEA is unable to predict the likelihood of whether a sale will occur, whether there is any potential timetable for a sale, or how, if at all, the holders of JEA's bonds may be impacted by any actions that the City may take in response to the Report.~~

JEA provided the Report to the holders of its bonds for general information purposes only. The Report does not include every item which may be of interest, nor does it purport to present full and fair disclosure with respect to any of JEA's bond programs within the meaning of the federal securities laws. PFM prepared the Report with a view to informing JEA's Board, the City and the public concerning the matters it covers, and PFM did not prepare the Report with a view to informing the holders of JEA's bonds or with a view to informing any person concerning an investment decision in JEA's bonds. Accordingly, the Report is not suitable for informing any person in the making of an investment decision in any of JEA's bonds. The Report does not purport to, and does not, inform any person concerning how any sale of JEA or any other action taken in response to the Report may impact the holders of JEA's bonds. In addition, the valuation-related statements in the Report regarding JEA are not prepared with a view to assess the value of JEA's bonds.

On March 20, 2018, the JEA Board held a workshop to discuss the issues related to a potential sale and to examine next steps as the Board continues to consider the benefits and risks of a potential sale of JEA's Electric System and Water and Sewer System.

Any potential sale of JEA's Electric System and Water and Sewer System would require the approval of the Council. The Council has appointed a special committee ("Special Committee") currently consisting of the 19 members of the Council to examine and understand all aspects and implications of a potential sale of JEA and to gather the relevant facts the Council should consider in any decisions related to a potential sale of JEA. The Special Committee is scheduled to meet regularly to

[help to ensure a transparent and open process for the citizens of the City as to the consideration of a potential sale of JEA.](#)

[At this time, JEA is unable to predict the likelihood of whether a sale will occur, whether there is any potential timetable for a sale, or how, if at all, the holders of JEA's bonds may be impacted by any actions that the Council, the City or the JEA Board may take in connection with a possible sale of JEA.](#)

JEA also cannot determine what additional action, if any, may be taken by the JEA Board, [the Council](#) or the City relating to the privatization of JEA.

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ELECTRIC UTILITY SYSTEM

ELECTRIC UTILITY FUNCTIONS

General

In 2016, the latest year for which such information is available, JEA was the eighth largest municipally owned electric utility in the United States in terms of number of customers. During the Fiscal Year Ended September 30, 2017, the Electric System served an average of 451,788 customer accounts in a service area which covers virtually the entire City. JEA also sells electricity to retail customers and an electric system in neighboring counties. In addition, as described under “ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - St. Johns River Power Park - *Ownership*” herein, JEA has sold to FPL a portion of the capacity (and associated energy) of JEA’s interest in the Power Park pursuant to the long-term power sales provisions of the Power Park Joint Ownership Agreement (hereinafter defined) (such sale being referred to herein as the “FPL-Power Park Sale”).

JEA’s total energy sales in the Fiscal Year ended September 30, 2016, net of off-system sales and the energy sold by JEA to FPL pursuant to the FPL-Power Park Sale, were approximately 12.6 billion kilowatt-hours (“kWh”). Total revenues, including investment income, for the Electric System for the Fiscal Year ended September 30, 2016, net of the revenues received by JEA from the FPL-Power Park Sale (calculated for purposes of the Electric System Schedule of Debt Service Coverage (see “ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* - Schedules of Debt Service Coverage” herein)), were approximately \$1,243,966,000.

The electric utility facilities of JEA are divided for financing purposes into the Electric System, the Power Park and the Scherer 4 Project.

The Electric System includes generation, transmission, interconnection and distribution facilities. The generating facilities, located on four plant sites in the City, currently consist of a dual residual fuel oil/gas-fired steam turbine-generator unit, four diesel-fired combustion turbine (“CT”) generator units, seven dual-fueled (gas/diesel) CT generator units, one steam turbine generator unit with the steam provided by heat recovery steam generators served from two of the seven CTs (a 2-on-1 combined cycle unit), and two petroleum coke (“petcoke”)- and coal-fired circulating fluidized bed (“CFB”) steam turbine-generator units. As of the date of this Annual Disclosure Report, the total combined installed capacity of the Electric System’s generating units is 2,573 megawatts (“MW”), net, summer and 2,896 MW, net, winter (see “ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Electric System - *Electric System Generating Facilities*” herein).

requirement for JEA's ownership share of Scherer Unit 4 has commitments to purchase in 2018. Contract terms for solid fuel specify minimum purchase commitments at certain prices subject to adjustments for price level changes according to the contract. In addition, JEA has remarketing rights for the majority of its solid fuel supply.

JEA maintains diesel inventory at Brandy Branch, Kennedy, and Northside. A project to add diesel capacity to GEC is currently underway, and will be completed in 2018. Additional diesel supply is purchased from time to time in the open market as needed.

JEA has a 20-year agreement for natural gas with Shell Energy North America L.P. ("Shell Energy") that ends in 2021. The agreement with Shell Energy supplied 49 percent of JEA's natural gas needs for Fiscal Year 2017 at prices that were, at the time the agreement was entered into, and are, as of the date of publication of this Annual Disclosure Report, below delivered competing gas supply options (including both commodity and transportation components). The balance of JEA's gas requirements are purchased on the spot market. Under the Shell Energy agreement, contract terms for the natural gas specify minimum annual purchase commitments. JEA has the option to remarket any excess natural gas purchases. JEA also has long-term contracts with Florida Gas Transmission Company ("FGT") for firm gas transportation capacity to allow delivery of additional gas volumes. To support additional future gas requirements, JEA has contracted with TECO Peoples Gas System ("Peoples") for a release of firm gas transportation capacity through Southern Natural Gas Company's system and FGT's system that began in June 2010. In addition, JEA has contracted with Southern Natural Gas Company for firm natural gas transportation.

TEA has managed a portion of JEA's natural gas supply since 2001. See "*Participation in The Energy Authority*" below.

JEA and Peoples jointly own pipelines that serve Northside and Brandy Branch. Peoples owns the pipeline that serves Kennedy and JEA's Buckman Street wastewater treatment plant. Peoples may interrupt delivery of a portion of gas to JEA under certain emergency circumstances.

JEA owns the GEC lateral pipeline (the "Greenland Lateral") which is used to deliver gas to GEC. In 2008, JEA signed an agreement with SeaCoast Gas Transmission, LLC for firm intrastate gas transportation service to the Greenland Lateral.

JEA has developed and implemented a program intended to hedge its exposure to changes in fuel prices. Pursuant to this program, futures ~~and~~, options and swaps contracts may be entered into from time to time to help manage market price fluctuations. Realized gains and losses resulting from this program are reflected in JEA's fuel expense. See subsection "*Fuel Mix*" above in this section. For a discussion of JEA's fuel management program, see Note 10 and Note 11 to the financial statements of JEA set forth in APPENDIX A attached hereto.

[On December 21, 2017, JEA entered into a commodity swap transaction with Wells Fargo Bank, N.A. to hedge JEA's exposure to natural gas prices. The transaction had an effective date of January 1, 2018, has a maturity date of December 31, 2018 and based on information provided by Wells Fargo Bank, N.A. had a mark-to-market value of approximately \\$2.98 million as of March 30, 2018, based on a monthly volume of 1,820,000 MMBtu.](#)

For a discussion of JEA's fuel procurement arrangement for the Scherer 4 Project, see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* - Scherer 4 - *Fuel Supply*" herein.

Park, and FPL owns the other 20 percent. JEA and FPL share the decommissioning costs according to ownership.

Early Termination of Power Park Joint Ownership Agreement

On March 21, 2017, JEA's Board was informed by staff of an agreement in principle with FPL for an early termination of the Power Park Joint Ownership Agreement and cessation of commercial operations in January 2018 with decommissioning of the Power Park to occur thereafter. The agreement in principle between JEA and FPL ~~is~~was subject to negotiation, execution and delivery of mutually satisfactory definitive agreements between JEA and FPL and final approval from JEA's Board, FPL's governing body and regulatory agencies. JEA and FPL executed a term sheet on March 21, 2017 in connection with the proposed transaction.

~~An~~JEA and FPL obtained all required approvals, including those of the JEA Board, FPL's Board, and the Florida PSC, and definitive agreements for cessation of commercial operations and decommissioning of the Power Park were executed, including an Asset Transfer and Contract Termination Agreement ~~was executed on~~dated as of May 21~~7~~, 2017. ~~All required conditions to the shutdown on January 5, 2018 have been met.~~ FPL obtained Florida PSC Final Order approval on October 16, 2017. All required conditions were met prior to the shutdown on January 5, 2018.

JEA completed Regulated Material Study and Environmental Site Assessments on August 25, 2017. The JEA Procurement Awards Committee approved a Demolition and Soil Remediation contract on November 16, 2017.

~~All required approvals, including the JEA Board, FPL's Board, and the Florida PSC, have been obtained.~~ Upon the ceasing of commercial operation of the Power Park (the "Closing"), FPL ~~will make~~made a payment to JEA in consideration of the early termination of the Power Park Joint Ownership Agreement. Upon completion of the dismantlement of the Power Park, FPL will assign its right, title and interest in and to the land upon which the Power Park is situated to JEA. On ~~or before the Closing~~January 5, 2018, FPL and JEA ~~will deposit~~deposited amounts, which together with funds on deposit in the debt service reserve fund, ~~will be~~were sufficient to defease all outstanding debt issued under the First Power Park Resolution. As required by the terms of the Power Park Joint Ownership Agreement, FPL will pay its share of the costs of retirement and dismantlement of the Power Park; provided, however, FPL will not contribute to the costs of remediation associated with any portions of the Power Park that JEA preserves for its beneficial use. Debt issued under the Second Power Park Resolution is currently expected to remain outstanding and ~~was not~~be defeased in connection with the Closing.

The current estimate for decommissioning St. Johns River Power Park is \$68 million. JEA will pay ~~80%~~percent of the decommissioning cost for a total of \$54.4 million. The Demolition and Soil Remediation contract is for \$17,737,420. The contractor retains the salvage value for process equipment which is estimated to be \$18,000,000.

The total demolition is scheduled to be completed by September 30, 2019. The soil and groundwater remediation is scheduled to be complete by December 31, 2019. At that time final closing will occur and all land and real assets will be transferred to JEA.

Management

The Power Park is managed by two functional committees. Each of these committees consists of two persons appointed respectively by the managements of JEA and FPL. Each committee member has an equal vote. In case of disagreement, the appeal path involves the Executive Committee, JEA and FPL managements, and finally, with the written consent of both JEA and FPL, an independent arbitrator. In

- The Proposed Federal Plan applicable to states that fail to submit an approvable plan that achieves CPP goals.

On February 9, 2016, the United States Supreme Court (SCOTUS) issued an order staying implementation of the CPP. The SCOTUS granted the applications of numerous parties to stay the CPP pending judicial review of the rule. On March 28, 2017, President Trump issued an Executive Order establishing a national policy “in favor of energy independence, economic growth, and the rule of law.” The President has directed agencies to review existing regulations that potentially burden the development of domestic energy resources and appropriately suspend, revise, or rescind regulations that unduly burden the development of U.S. energy resources beyond what is necessary to protect the public interest or otherwise comply with the law. The Executive Order specifically directed EPA to review and, if appropriate, initiate reconsideration proceedings to suspend, revise or rescind the new EPA Final Rules pertaining to CO₂ emissions. EPA initially obtained temporary court orders to hold the court challenge of the CPP and the CPS in abeyance, pending the completion of EPA’s review of the rules. EPA subsequently petitioned the court to pause the litigation indefinitely while EPA promulgates new rules.

On October 16, 2017, EPA issued a proposal to repeal the CPP in its entirety due to the Administration’s different interpretation of the authority for CO₂ regulation under the [CAA Clean Air Act](#). EPA indicates that its review of the CPS is continuing. Regardless of the outcome of the legal challenges or of related EPA rulemaking, the EPA’s Endangerment Finding that mandates the regulation of CO₂ emissions remains intact. [EPA recently issued an Advanced Notice of Proposed Rulemaking for a new CO₂ emissions rule along with a request for comments by February 26, 2018. Over 250 thousand comments were submitted. It is believed that a proposed rule will be issued in late 2018 or early 2019. At this time,](#) EPA indicates that it has not determined the scope of any new regulation ~~or when a new rule will be promulgated~~. Because of this, JEA is unable at this time to ascertain the impact of prospective regulation of CO₂ emissions.

National Ambient Air Quality Standards

National Ambient Air Quality Standard (“NAAQS”) *are established to protect human health or public welfare. The EPA is required to review the NAAQS every five years and make such revisions in such criteria and standards and promulgate such new standards as may be appropriate in accordance with provisions of the Clean Air Act. If the EPA determines that a state’s air quality is not in compliance with a NAAQS, that state is required to establish plans to reduce emissions to demonstrate attainment with that NAAQS.*

Specific NAAQS that have recently been revised or are currently proposed for revision are as follows:

Ozone NAAQS. On October 1, 2015, the EPA revised its NAAQS for ground-level ozone to 70 parts per billion (“ppb”), which is more stringent than the 75 ppb standard set in 2008. The Clean Air Act mandates that EPA publish initial area designations within two years of the promulgation of a new standard (i.e., by October 2017), but allows for a one-year extension if the Administrator determines he “has insufficient information to promulgate the designations.” On November 16, 2017, EPA published a final rule establishing initial area designations for the 2015 NAAQS for ozone EPA, designating 2,646 counties (including all counties in Florida) as “attainment/unclassifiable.” EPA is designating areas as “attainment/unclassifiable” where one or more monitors in the county are attaining the 2015 ozone NAAQS, or where EPA does not have reason to believe the county is violating the 2015 ozone NAAQS or contributing to a violation of the 2015 ozone NAAQS in another county. States with nonattainment areas will have up to three years following designation to submit a revised state implementation plan (“SIP”) outlining strategy and emission control measures to achieve compliance. In November, 2017,

Water

On May 14, 2014, EPA promulgated a draft rule to set technology standards for cooling water intake systems for existing facilities under Section 316(b) of the Federal Clean Water Act. Section 316(b) requires that standards for the location, design, construction and capacity of cooling water intake systems reflect the best technology available for minimizing adverse environmental impacts. Under the rule, existing facilities that withdraw very large amounts of water are required to conduct studies to help their respective permitting authorities determine whether and what site-specific controls, if any, would be required to reduce the number of aquatic organisms that are captured in cooling water intake systems. The final rule was published in the Federal Register on August 15, 2014 and became effective October 14, 2014. ~~It will likely be the subject of further legal challenges.~~

The new standards in the final rule do not affect any of its facilities other than Northside. Northside is one of more than 1,260 existing facilities that use large volumes of cooling water from lakes, rivers, estuaries or oceans to cool their plants. It is possible that new standards may prospectively require upgrades to the system, varying from establishment of existing facilities as the Best Technology Available (“BTA”), to improvements to the existing screening facilities to the installation of other cooling technologies. A full two-year study is required to evaluate site specific conditions and form a basis for assessing BTA. JEA is expecting to start these studies in 2018. Accordingly, costs have not been determined for Northside and are not currently included in JEA’s capital program for the Electric System.

Effluent Limitation Guidelines

EPA issued the final Steam Electric Effluent Limitations Guidelines (“ELG”) on September 30, 2015, and they became final on January 4, 2016. Under the final rule, new requirements for existing power plants would be phased in between 2018 and 2023. Requirements under the rule are waste-stream specific within a generating facility. JEA has evaluated compliance strategies that are being planned for NGS since SJRPP will be decommissioned in 2018. The investments to ensure compliance ~~at both plants~~ are not material. Options for compliance at Plant Scherer are being developed by all co-owners and will be phased in from 2017 to 2023.

Other Environmental

On May 27, 2015, EPA and the U.S. Army Corps of Engineers (“USACE”) released the prepublication version of the final “Clean Water Rule: Definition of ‘Waters of the United States,’” (“WOTUS”) redefining the extent of Clean Water Act jurisdiction and which was published in the Federal Register on July 29, 2015. This rule contains many specific exemptions for connecting surface water features that are portions of the City’s existing stormwater management system permitted under the National Pollutant Discharge Elimination System (“NPDES”) Municipal Separate Stormwater Sewer System (“MS4”) permits. Also, the rule specifically exempts JEA’s permitted NPDES wastewater and potentially identified NPDES stormwater pond discharges. The rule was stayed nationwide on October 9, 2015 and is the subject of ongoing legal challenges. On February 2, 2018, EPA and the USACE finalized a proposed rule that would postpone the effective date of the 2015 WOTUS rule for a period of two years. During the two-year period, the agencies have been directed to proceed with a repeal and replace rulemaking process and eventually promulgate a new WOTUS definition and rule consistent with the opinion of Justice Antonin Scalia as directed by President Trump in his February 28, 2017, Executive Order. JEA will evaluate the rule for potential additional wetland mitigation requirements for future infrastructure projects should implementation again become likely.

JEA’s electric utility operations are subject to continuing environmental regulation. Federal, state, regional and local standards and procedures which regulate the environmental impact of JEA’s

pursuant to the First Power Park Resolution. FPL's right to receive such capacity and related energy terminated with the cessation of Power Park commercial operations on January 5, 2018.

Pursuant to the Power Park Joint Ownership Agreement, both JEA and FPL were obligated to make payments for the output, capacity, use and services of JEA's interest in the Power Park which payments were due on such dates and in such aggregate amounts as shall be sufficient to provide Revenues (as defined in the First Power Park Resolution) in each year sufficient to allow JEA to pay or provide for the payment of all amounts payable out of such Revenues, including debt service on the bonds issued pursuant to the First Power Park Resolution; *provided, however*, that during any suspension of FPL's right to receive the capacity and related energy being sold to it pursuant to the FPL-Power Park Sale, as described in the preceding paragraph, FPL was obligated only to pay its share of the debt service on the bonds issued pursuant to the First Power Park Resolution and the administrative fees and expenses incurred under the First Power Park Resolution.

As of September 30, 2017, 88.50 percent of the term of the FPL-Power Park Sale had passed. JEA has computed that FPL has received, as of September 30, 2017, 95.63 percent of the capacity and related energy to which it is entitled over the entire term of such sale.

A summary of certain provisions of the First Power Park Resolution is attached to this Annual Disclosure Report as APPENDIX D. In addition, a summary of certain provisions of the Power Park Joint Ownership Agreement is attached to this Annual Disclosure Report as APPENDIX G.

All ~~Outstanding Power Park Issue Two Bonds were legally defeased January 5, 2018 pursuant to definitive agreements between JEA and FPL and following final approval from JEA's Board, FPL's governing body and regulatory agencies for the early termination of the Power Park Joint Ownership Agreement and~~ defeased on January 5, 2018 in connection with the cessation of commercial operations of the Power Park ~~in January 2018.~~ See "ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – St. John's River Power Park – *Early Termination of Power Park Joint Ownership Agreement*" for additional information. The First Power Park Resolution was discharged and satisfied in accordance with its terms on March 21, 2018.

Power Park Issue Three Bonds

On February 20, 2007, the JEA Board adopted a resolution entitled "St. Johns River Power Park System Second Revenue Bond Resolution" (as supplemented, the "Second Power Park Resolution"). Bonds issued under the Second Power Park Resolution are referred to herein as the "Power Park Issue Three Bonds." As of September 30, 2017, \$282,280,000 of Power Park Issue Three Bonds was outstanding under the Second Power Park Resolution. As of the date of this Annual Disclosure Report, \$[280,605,000] in aggregate principal amount of Power Park Issue Three Bonds is outstanding under the Second Power Park Resolution.

The Second Power Park Resolution provides for the issuance of Power Park Issue Three Bonds in order to pay the costs of JEA's ownership interest in certain additional facilities of the Power Park. See the subsection "*Power Park Issue Two Bonds*" above in this section for a discussion of JEA's interest in the Power Park and certain obligations of FPL by reason of FPL's ownership interest in the Power Park. Pursuant to the Electric System Resolution, JEA's obligation to make debt service payments on the Power Park Issue Three Bonds is a Contract Debt payable as a Cost of Operation and Maintenance of the Electric System. Such payments are payable from the revenues of the Electric System prior to any payments from such revenues for indebtedness not constituting Contract Debts issued for the Electric System, including the Electric System Bonds and the Subordinated Electric System Bonds. See the subsection "*Electric System Contract Debts*" below in this section. FPL has no obligation for debt service in respect of the Power Park Issue Three Bonds.

the ratings triggers on the part of JEA contained in the master agreements range from (x) below “BBB” by S&P and below “Baa2” by Moody’s to (y) below “A-” by S&P and below “A3” by Moody’s.

As of September 30, 2017, JEA’s estimated aggregate exposure under all of its then outstanding interest rate swap transactions (*i.e.*, the net amount of the termination payments that JEA would owe to its counterparties if all of the interest rate swap transactions were terminated) was \$125,269,000, of which \$101,350,000 was attributable to interest rate swap transactions entered into for the account of the Electric System. [As of December 31, 2017], JEA’s estimated aggregate exposure under all of its then outstanding interest rate swap transactions was \$[120,543,000], of which \$[97,064,000] was attributable to interest rate swap transactions entered into for the account of the Electric System.

In connection with the issuance or proposed issuance of certain of JEA’s bonds, JEA has entered into various floating-to-fixed rate interest rate swap transactions for the account of the Electric System. These swap transactions are entered into with various providers and are otherwise described in the table below.

<u>Related Bonds</u>	<u>Counterparty</u>	<u>Initial Notional Amount</u>	<u>Notional Amount as of December 31, 2017 March 31, 2018</u>	<u>Fixed Rate of Interest</u>	<u>Variable Rate Index⁽¹⁾</u>	<u>Termination Date⁽²⁾</u>
<i>Variable Rate Electric System Revenue Bonds, Series Three 2008A</i>	Goldman Sachs Mitsui Marine Derivative Products, L.P. (“GSMMDP”)	\$100,000,000	\$51,680,000	3.836%	BMA Municipal Swap Index	10/1/2036
<i>Variable Rate Electric System Revenue Bonds, Series Three 2008B-1, 2008B-2, 2008B-3 and 2008B-4</i>	Morgan Stanley Capital Services Inc. (“MSCS”)	\$117,825,000	\$82,575,000	4.351%	BMA Municipal Swap Index	10/1/2039
	JPMorgan Chase Bank, N.A. (“JPMorgan”)	\$116,425,000	\$85,600,000	3.661%	68% of 1 month LIBOR	10/1/2035
<i>Variable Rate Electric System Revenue Bonds, Series Three 2008C-1 and 2008C-2</i>	GSMMDP	\$174,000,000	\$84,800,000	3.717%	68% of 1 month LIBOR	9/16/2033
<i>Variable Rate Electric System Revenue Bonds, Series Three 2008D-1</i>	MSCS	\$98,375,000	\$62,980,000	3.907%	SIFMA Municipal Swap Index	10/1/2031
<i>Variable Rate Electric System Subordinated Revenue Bonds, 2008 Series D</i>	JPMorgan	\$40,875,000	\$39,175,000	3.716%	68% of 1 month LIBOR	10/1/2037

(1) The BMA Municipal Swap Index is now known as the SIFMA Municipal Swap Index.

(2) Unless earlier terminated.

[Remainder of page intentionally left blank]

principal payable on such date; (iii) on or before the due date for any Amortization Installment, the amount required to pay the redemption price of the Term Bonds required to be redeemed from such Amortization Installment; and (iv) on or before any redemption date for the Electric System Bonds, the amount required for the payment of interest on the Electric System Bonds then to be redeemed. JEA also shall pay out of the Debt Service Account the accrued interest included in the purchase price of Electric System Bonds purchased for retirement.

In the event of the refunding or defeasance of any Electric System Bonds, JEA may withdraw from the Debt Service Account all or any portion of the amount accumulated therein with respect to the Electric System Bonds being refunded or defeased and deposit such amount in the escrow being established for the Electric System Bonds being refunded or defeased; *provided* that such withdrawal shall not be made unless the amount on deposit in the Debt Service Account after such withdrawal and after the deposit of any amount being deposited therein out of the proceeds of any obligations being issued in connection with such refunding or defeasance shall be at least equal to the amount required to be on deposit therein as of the beginning of the month in which such withdrawal is made as provided in this clause (2).

From the moneys remaining in the Revenue Fund, the Electric System Resolution provides that JEA shall next deposit for credit to each separate subaccount established in the Debt Service Reserve Account in the Sinking Fund, such sums as shall be required so that the balance in each such subaccount, after giving effect to the maximum amount available to be drawn under any irrevocable surety bond, insurance policy or letter of credit deposited to any such subaccount, shall equal the Debt Service Reserve Requirement related thereto as of the last day of the then current month.

If on any day on which the principal or sinking fund redemption price of or interest on the Electric System Bonds shall be due, the amount on deposit in the Debt Service Account in the Sinking Fund shall be less than the amount required to pay such principal, redemption price or interest, then JEA shall apply amounts from each separate subaccount in the Debt Service Reserve Account to the extent necessary to cure the deficiency that exists with respect to the Additionally Secured Bonds secured thereby.

The provisions of the Electric System Resolution provide for the creation of an "Initial Subaccount" within the Debt Service Reserve Account, for the benefit of (a) all Electric System Bonds Outstanding on the date on which the amendments to the Electric System Resolution affected by Article I of the Amending Resolution became effective (February 29, 2000) and (b) all Additional Parity Obligations of any series issued after such date, but only to the extent that the resolution of JEA supplemental to the Electric System Resolution authorizing the Additional Parity Obligations of such series shall specify that such Additional Parity Obligations shall be additionally secured by amounts on deposit in such Initial Subaccount; *provided, however*, that notwithstanding any other provision of the Electric System Resolution, no Capital Appreciation Bonds or Deferred Interest Bonds may be additionally secured by amounts on deposit in the Initial Subaccount. As of the date of the Annual Disclosure Report to which this Appendix is attached, the Initial Subaccount secures JEA's Outstanding Electric System Revenue Bonds, Series Three 2004A, Series Three 2005B, ~~Series Three 2009C~~, Series Three 2009D, Series Three 2010A, Series Three 2010C, Series Three 2010D, Series Three 2010E, Series Three 2012A, Series Three 2012B, Series Three 2013A, Series Three 2013B, Series Three 2013C, Series Three 2014A, Series Three 2015A, Series Three 2015B ~~and~~, Series Three 2017A, Series Three 2017B and JEA's Outstanding Variable Rate Electric System Revenue Bonds, Series Three 2008A, Series Three 2008B-1, Series Three 2008B-2, Series Three 2008B-3, Series Three 2008B-4, Series Three 2008C-1, Series Three 2008C-2, Series Three 2008C-3 and Series Three 2008 D-1.

In lieu of maintaining moneys or investments in the Initial Subaccount, JEA at any time may cause to be deposited into the Initial Subaccount for the benefit of the Holders of the Additionally

**SUMMARY OF CERTAIN PROVISIONS OF THE
FIRST POWER PARK RESOLUTION**

The following is a summary of certain provisions of the First Power Park Resolution. The summary does not purport to be a complete description of the terms of the First Power Park Resolution and, accordingly, is qualified by reference thereto and is subject to the full text thereof. Copies of the First Power Park Resolution may be obtained from JEA; *provided* that a reasonable charge may be imposed for the cost of reproduction.

[All outstanding Power Park Issue Two Bonds were defeased on January 5, 2018 in connection with the cessation of commercial operations of the Power Park. See “ELECTRIC UTILITY SYSTEM – ELECTRIC UTILITY FUNCTIONS – St. John’s River Power Park – Early Termination of Power Park Joint Ownership Agreement” for additional information. The First Power Park Resolution was discharged and satisfied in accordance with its terms on March 21, 2018.](#)

Definition of Terms

The terms used in this summary shall have the meanings set forth in the definitional section of the First Power Park Resolution, unless such terms are specifically defined in the Annual Disclosure Report to which this summary is attached. Unless the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, corporations, districts, agencies and bodies. The term “Power Park Issue Two Bonds” as used in this summary has the same meaning as the term “Power Park Issue Two Bonds” as used in the Annual Disclosure Report to which this summary is attached.

First Power Park Resolution to Constitute Contract

The First Power Park Resolution shall constitute a contract between JEA and the Bondholders, and the pledge and the covenants and agreements made therein shall be for the equal benefit, protection and security of the holders of any and all of the Power Park Issue Two Bonds.

**Authorization and Issuance of the Power Park Issue Two Bonds,
Additional Bonds, and Refunding Bonds**

JEA is authorized to issue from time to time, as provided in the First Power Park Resolution, the Power Park Issue Two Bonds, the aggregate principal amount of which is not limited except as hereinafter described or as may be provided in any Supplemental Resolution or as may be limited by law. The First Power Park Resolution authorizes the acquisition and construction of the Initial Facilities in accordance with the Acts and the Power Park Joint Ownership Agreement and the issuance of an Initial Issue of Power Park Bonds in an aggregate principal amount of not exceeding \$1,800,000,000 for the purpose of paying the Cost of Acquisition and Construction of such Initial Facilities. The First Power Park Resolution also authorizes the issuance of Power Park Bonds for the purpose of refunding the Initial Issue of Power Park Bonds.

One or more issues of Additional Bonds may be issued for the purpose of providing funds to complete the construction of the Initial Facilities or for the purpose of paying all or a portion of the Cost of Acquisition and Construction of any Additional Facilities. Further, one or more issues of Refunding Bonds in addition to those described in the previous paragraph may be issued at any time to refund all or any Outstanding Power Park Bonds.

Pledge Effected by the First Power Park Resolution

III. B. 1.
4/17/2018



**ANNUAL DISCLOSURE REPORT
FOR
WATER AND SEWER SYSTEM AND DISTRICT ENERGY SYSTEM
FOR
FISCAL YEAR
ENDED
SEPTEMBER 30, 2017**

**(Prepared pursuant to certain
continuing disclosure undertakings
relating to the Bonds listed
in APPENDIX E hereto)**

Filed with EMMA

**Dated as of
[____], 2018**

JEA
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JACKSONVILLE, FLORIDA 32202
(904) 665-7410
(<http://www.jea.com>)

JEA OFFICIALS

BOARD MEMBERSHIP⁽¹⁾

Chair	G. Alan Howard
Vice Chair	Vacant Husein A. Cumber⁽²⁾
Secretary	Frederick D. Newbill Husein A. Cumber⁽²⁾ Kelly Flanagan April Green Aaron F. Zahn ⁽³⁾

MANAGEMENT

Managing Director and Chief Executive Officer	Paul E. McElroy
Vice President/General Manager, Electric Systems	Michael J. Brost
Vice President/General Manager, Water and Wastewater Systems	Brian J. Roche
Chief Financial Officer	Melissa H. Dykes
Chief Compliance Officer	Ted E. Hobson
Chief Customer Officer	Kerri Stewart
Chief Human Resources Officer	Angelia R. Hiers
Chief Information Officer	Paul J. Cosgrave
Chief Legal Officer	Jody L. Brooks
Chief Public Affairs Officer	Michael R. Hightower
Treasurer	Joseph E. Orfano

GENERAL COUNSEL

Jason R. Gabriel, Esq.
General Counsel of the City of Jacksonville
Jacksonville, Florida

⁽¹⁾ There is currently one vacancy on the JEA Board ~~due to the resignation of Delores P. Kesler, effective January 31, 2018.~~

⁽²⁾ ~~Mr. Cumber's term expired on February 28, 2018; his re-appointment is presently under consideration by the City Council of the City of Jacksonville.~~

⁽²⁾ ~~Mr. Cumber's term expired on February 28, 2018, but he will continue to serve until a successor has been appointed and has qualified.~~

⁽³⁾ Appointed as a member of the JEA Board on February 28, 2018.

Current members of the JEA Board, their occupations and the commencement and expiration of their terms are as follows:

<u>MEMBER</u>	<u>OCCUPATION</u>	<u>TERM</u>
G. Alan Howard Chair	Founder & President Milam Howard Nicandri Gillam & Renner P.A.	February 10, 2016 - February 28, 2019
Vacant <u>Husein A. Cumber</u> Vice Chair	<u>Executive Vice President for Corporate Development Florida East Coast Industries, Inc.</u>	<u>February 28, 2014 – []⁽¹⁾</u>
Frederick D. Newbill Secretary	Pastor First Timothy Baptist Church	January 12, 2017 - February 28, 2019
Husein A. Cumber	Executive Vice President for Corporate Development Florida East Coast Industries, Inc.	February 28, 2014 – February 28, 2018⁽¹⁾
Kelly Flanagan	Senior Vice President & CFO Jacksonville Jaguars, LLC	November 25, 2015 - February 28, 2020
April Green	Chief Operating Officer, Baxter Technology	December 1, 2017 - February 28, 2021
Aaron F. Zahn	Managing Partner & CEO Pascal Partners	February 28, 2018 - February 28, 2022

(1) Mr. Cumber’s term expired on February 28, 2018, ~~but he will continue to serve until a successor has been appointed and has qualified; his re-appointment is presently under consideration by the Council.~~

In addition, in accordance with the provisions of the interlocal agreement entered into between JEA and Nassau County, Florida in connection with JEA’s acquisition of certain assets and franchises of a private water and sewer utility in Nassau County, Nassau County is entitled to appoint a non-voting representative to the JEA Board. The Nassau County representative is entitled to attend all JEA Board meetings and to participate in discussions concerning matters that affect the provision of water and sewer services within Nassau County. Nassau County has appointed Mike Mullin, a Commissioner on Nassau County’s Board of County Commissioners, as its representative to the JEA Board.

The Charter authorizes JEA to construct, acquire (including acquisition by condemnation), establish, improve, extend, enlarge, maintain, repair, finance, manage, operate and promote its utilities systems (which consist of (1) the Electric System, (2) the Water and Sewer System, (3) the District Energy System and (4) any additional utilities systems which JEA may undertake in the future upon satisfaction of the conditions set forth in the Charter), and to furnish electricity, water, sanitary sewer service, natural gas and other utility services as authorized therein within and outside of the City and for said purposes to construct and maintain electric lines, pipelines, water and sewer mains, natural gas lines and related facilities along all public highways and streets within and outside of the City. Should any additional utility system be undertaken by JEA in the future, such utility system may, at the option of JEA, constitute an additional utility function added to, and may become a part of, the Water and Sewer System or the District Energy System. See “SUMMARY OF CERTAIN PROVISIONS OF THE WATER AND SEWER SYSTEM RESOLUTION - Certain Other Covenants - *Additional Utility Functions*” in APPENDIX B attached hereto. The Charter also confers upon JEA the power to sue, to enter into contracts, agreements and leases, and to sell revenue bonds to finance capital improvements and to refund previously issued evidences of indebtedness of JEA.

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Approximately 1,567 employees are covered by five collective bargaining agreements. These employees are represented by the American Federation of State, County, and Municipal Employees (“AFSCME”), the International Brotherhood of Electrical Workers (“IBEW”), Local 2358 and the Northeast Florida Public Employees, Local 630, Laborers’ International Union of North America (“LIUNA”), all of which are affiliated with the AFL-CIO, and by a professional employees’ association (the “PEA,” Professional Employees Association) and a supervisors’ association (the “JSA,” Jacksonville Supervisors Association) that have no AFL-CIO affiliation. JEA has collective bargaining agreements with all the collective bargaining agents, and all of the collective bargaining agreements have been ratified and approved by the legislative body, the ~~Jacksonville City~~ Council, and are effective through September 30, 2019.

Substantially all of JEA’s employees participate in the City’s general employees pension plan (“GEPP”). Note 12 to JEA’s Financial Statements set forth in APPENDIX A to this Annual Disclosure Report attached hereto includes a discussion of certain information on the City’s plan. The Actuarial Valuation and Review as of October 1, 2016 for the City’s GEPP (the “2016 Actuarial Valuation Report”) is available for viewing and downloading from the City’s website (www.coj.net) by selecting “Government,” then selecting “All Departments” under “City Departments,” then selecting “Retirement System” under “Finance and Administration,” then selecting “Plan Valuation Statements” from the navigation tab on the left hand side and then selecting “General Employees Retirement Plan, Actuarial Valuation” under “Government Accounting Standards Board and Plan Valuation Statements.”

As indicated in the 2016 Actuarial Valuation Report, the aggregate unfunded actuarial accrued liability for the GEPP increased from \$900,236,692 for the Fiscal Year ended September 30, 2015 to \$1,024,497,072 for the Fiscal Year ended September 30, 2016. During such period, the funded ratio of the plan decreased from 66.80 percent for the Fiscal Year ended September 30, 2015 to 64.64 percent for the Fiscal Year ended September 30, 2016. At the same time, JEA’s aggregate contribution to the GEPP increased from \$40,179,000 for the Fiscal Year ended September 30, 2015 to \$43,156,000 for the Fiscal Year ended September 30, 2016. JEA has been informed by the City that the actuary for the GEPP has calculated JEA’s allocated share of the unfunded actuarial accrued liability for the GEPP reported in the 2016 Actuarial Valuation Report to be \$494,824,474 of the total unfunded actuarial accrued liability of \$1,024,497,072, reflecting increases of \$60,033,772 and \$124,260,380, respectively, relative to the 2015 amounts provided to JEA by the City or contained in the October 1, 2015 actuarial valuation report. In addition, contributors, including JEA, to the GEPP contributed \$4,318,361 less than the actuarially determined employer contributions in dollar terms for Plan Year ended September 30, 2015 and \$4,160,931 less for Plan Year ended September 30, 2016 because actual payroll growth had been less than projections leading to a lower level of payroll in those years. Please see Section 3, Exhibit L, page 27 of the 2016 Actuarial Valuation Report. A shortfall in any given year is added to the total unfunded actuarial accrued liability and a new 30-year amortization base is calculated for that year which in effect adds the shortfall to future required contributions. The increase in the total unfunded actuarial accrued liability for the GEPP and in JEA’s allocated share of the unfunded actuarial accrued liability for the GEPP is primarily due to the inclusion of terminated vested participants that were not previously valued, the restatement of years of service for some participants and changes in assumptions regarding mortality, discount rate, and the inflation rate for employee salaries.

The City from time to time has proposed various changes to the City’s GEPP. In March 2016, the governor signed into law a bill allowing local county governments to levy a pension liability surtax to fund an underfunded defined benefit retirement plan or system such as the GEPP under certain conditions, beginning with approval by a majority of the electors of the county voting in a referendum. In April 2016, the Council authorized such a referendum, which voters in Duval County approved in August 2016. Among other conditions, a local government may only impose such a surtax if admission to defined benefits plans receiving surtax proceeds is closed to future employees and the local government and collective bargaining units require each member to make employee retirement contributions of at

See Note 12, Note 13 and pages 95-100 of JEA’s Financial Statements set forth in APPENDIX A to this Annual Disclosure Report for a discussion of the pension plans, “other post-employment benefit” plan and actuarial accrued liability.

Certain Demographic Information

Under Florida law, the City and Duval County are organized as a single, consolidated government. Based upon the 2010 United States Census, the consolidated City is the most populous city in the State of Florida. The City covers 840 square miles and is one of the largest cities in area in the United States.

The Jacksonville Metropolitan Statistical Area (“MSA”) is composed of Duval, Clay, Nassau, St. Johns and Baker Counties, an area covering 3,202 square miles. The U.S. Census Bureau estimates that the Jacksonville MSA had a population of 1,478,212 as of July 1, 2016. The Jacksonville MSA is currently the fourth most populous MSA in the State of Florida. The table below shows population for the Jacksonville MSA.

Population	
Year	Jacksonville MSA
1980	722,252
1990	906,727
2000 ⁽¹⁾	1,122,750
2010	1,345,596
2016 ⁷	1,504,782 ¹²⁹⁸⁰

Source: United States Census Bureau

⁽¹⁾ Baker County was included in the Jacksonville MSA starting with the 2000 United States census.

The economy of the Jacksonville MSA contains significant elements of trade and services, transportation services, manufacturing, insurance and banking and tourism. The Port of Jacksonville is one of the largest ports on the South Atlantic seaboard and in terms of tonnage ranks third in the State of Florida. A number of insurance and banking companies maintain regional offices in the City. The tourism and recreational facilities in the City include an arena, a performing arts center, a convention center, [TIAA Bank Field \(formerly EverBank Field\)](#), (which is the home field of the National Football League’s Jacksonville Jaguars), a baseball park, numerous golf courses and resorts and various recreational facilities at the beaches. Two large United States Navy bases are located in the City.

The table below sets forth the annual, not seasonally adjusted, labor force, employment and unemployment figures for the Jacksonville MSA and comparative unemployment figures for the State of Florida and the United States for the most recent 10 years ended December 2016⁷.

Jacksonville MSA Labor Force				Unemployment Rate (%)	
Year	Civilian	Employment	Unemployment Rate (%)	Florida	U.S.
2007	674,548	648,003	3.9	4.0	4.6
2008	687,704	646,302	6.0	6.3	5.8
2009	681,026	612,993	10.0	10.4	9.3
2010	697,120	622,208	10.7	11.1	9.6
2011	701, 604 <u>533</u>	633,473 <u>05</u>	9.7	10.0	8.9
2012	704,583 <u>14</u>	646,531 <u>462</u>	8.2	8.5	8.1
2013	709,800 <u>926</u>	659,875 <u>390</u>	7.0	7.2	7.4
2014	716,249	671,696	6.2	6.3	6.2
2015	719,195	680,930	5.3	5.4 <u>5</u>	5.3
2016	734 <u>6,243</u> <u>806</u>	699 <u>702,531</u> <u>660</u>	4.7 <u>6</u>	4.8	4.9
<u>2017</u>	<u>762,141</u>	<u>732,140</u>	<u>3.9</u>	<u>4.1</u>	<u>4.0</u>

Source: Florida Research and Economic Information Database Application, <http://freida.labormarketinfo.com/default.asp>.

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The table below shows the estimated average non-agricultural wage and salary employment by sector for the Jacksonville MSA for the calendar year 2017⁽⁺⁾.

	Number of Employees	Percent of Distribution
Trade, Transportation and Utilities	143, 1 <u>3</u> 00	20. <u>85</u>
Education and Health Services	106,400	15.5
Professional and Business Services	105, 6 <u>3</u> 00	15. <u>42</u>
<u>Education and Health Services</u>	<u>104,900</u>	<u>15.2</u>
Leisure and Hospitality	8 <u>35,7</u> <u>4</u> 00	12. <u>24</u>
Government	7 <u>56,7</u> <u>4</u> 00	11. <u>01</u>
Finance	6 <u>57,2</u> <u>3</u> 00	9. <u>57</u>
Construction	<u>439,5</u> <u>3</u> 00	<u>56.83</u>
Other Services ⁽²⁾	<u>375,000</u>	<u>5.41</u>
Manufacturing	<u>30,2900</u>	<u>4.45</u>
Total Non-Agricultural Employment (Except Domestics, Self-Employed And Unpaid Family Workers)	<u>6869,4800</u>	<u>100.0</u>

Source: United States Department of Labor.

(+)- Preliminary.

(1) (2)- Consists of other services, information and natural resources and mining.

The following table lists the 10 largest non-governmental employers in the Jacksonville MSA and the approximate size of their respective work forces.

JEA commissioned Public Financial Management (“PFM”) to prepare a report to inform the JEA Board, the City and the public as to several important considerations that must be evaluated in order to make any decisions regarding JEA’s future. A copy of that report, entitled “The Future of JEA: Opportunities and Considerations,” dated February 14, 2018 (the “Report”), has been filed with the MSRB, through the MSRB’s EMMA website currently located at <http://emma.msrb.org>.

~~JEA is unable to predict the likelihood of whether a sale will occur, whether there is any potential timetable for a sale, or how, if at all, the holders of JEA’s bonds may be impacted by any actions that the City may take in response to the Report.~~

JEA provided the Report to the holders of its bonds for general information purposes only. The Report does not include every item which may be of interest, nor does it purport to present full and fair disclosure with respect to any of JEA’s bond programs within the meaning of the federal securities laws. PFM prepared the Report with a view to informing JEA’s Board, the City and the public concerning the matters it covers, and PFM did not prepare the Report with a view to informing the holders of JEA’s bonds or with a view to informing any person concerning an investment decision in JEA’s bonds. Accordingly, the Report is not suitable for informing any person in the making of an investment decision in any of JEA’s bonds. The Report does not purport to, and does not, inform any person concerning how any sale of JEA or any other action taken in response to the Report may impact the holders of JEA’s bonds. In addition, the valuation-related statements in the Report regarding JEA are not prepared with a view to assess the value of JEA’s bonds.

[On March 20, 2018, the JEA Board held a workshop to discuss the issues related to a potential sale and to examine next steps as the Board continues to consider the benefits and risks of a potential sale of JEA’s Electric System and Water and Sewer System.](#)

[Any potential sale of JEA’s Electric System and Water and Sewer System would require the approval of the Council. The Council has appointed a special committee \(“Special Committee”\) currently consisting of the 19 members of the Council to examine and understand all aspects and implications of a potential sale of JEA and to gather the relevant facts the Council should consider in any decisions related to a potential sale of JEA. The Special Committee is scheduled to meet regularly to help to ensure a transparent and open process for the citizens of the City as to the consideration of a potential sale of JEA.](#)

~~[At this time, JEA is unable to predict the likelihood of whether a sale will occur, whether there is any potential timetable for a sale, or how, if at all, the holders of JEA’s bonds may be impacted by any actions that the Council, the City or the JEA Board may take in connection with a possible sale of JEA.](#)~~

JEA also cannot determine what additional action, if any, may be taken by the JEA Board, [the Council](#) or the City relating to the privatization of JEA.

WATER AND SEWER SYSTEM

WATER AND SEWER SYSTEM FUNCTIONS

General

The Water and Sewer System consists of (a) facilities for the provision of potable water (hereinafter referred to as the “Water System”), (b) facilities for the collection and treatment of wastewater (hereinafter referred to as the “Sewer System”) and (c) facilities for the treatment and distribution of reclaimed water (herein referred to as the “Reclaimed Water System”). The Water and

The Sewer System has approximately 1,388 pumping stations, approximately 756 low pressure sewer units and 11 treatment plants described below currently ranging in rated average daily treatment capacity from approximately 0.2 to 52.5 mgd. Each of the treatment plants consists of influent pumping, preliminary treatment consisting of screening and grit removal, primary treatment at three of the plants, activated sludge secondary treatment and clarification, and either ultraviolet light for disinfection or chlorination and dechlorination. All sludge from the treatment plants is pumped or trucked to either permitted land application sites or a JEA-owned biosolids processing facility for anaerobic digestion, centrifuge dewatering and pelletization in preparation for beneficial use. Current sludge production averages approximately 26.2 dry tons per day (“dt/day”). The Residuals Management Facility (“RMF”) is permitted at an annual capacity of 20,290 dry tons per year (64.1 dry tons per day). The RMF produces a usable product (fertilizer) from the sludge. Design of a new biosolids processing facility is underway, which will include solids thickening, dewatering, and cake loadout facilities in a new building. The existing solids processing building has reached the end of its useful life and will be demolished as part of this project. The new biosolids processing facility will produce dewatered cake only for hauling as opposed to the dried pellets produced under the previous process.

The following table shows the average and maximum daily wastewater treatment flows and the rated average and maximum daily wastewater treatment capacities during the Fiscal Year ended September 30, 2017 for each of JEA’s seven regional wastewater treatment plants and corresponding information for JEA’s smaller wastewater treatment plants:

Wastewater Treatment Plant	Average Daily Flow (mgd) (Fiscal Year ended September 30, 2017)	Maximum Daily Flow (Non-Coincident) (mgd) (Fiscal Year ended September 30, 2017)	Rated Average Daily Treatment Capacity (mgd)⁽¹⁾	Rated Maximum Daily Treatment Capacity (mgd)⁽¹⁾
Buckman	30.51	105.70	52.50	105.00
District 2	5.43	8.94	10.00	20.00
Southwest	11.15	27.89	14.00	28.00
Arlington East	21.03	36.30	25.00	50.00
Mandarin	7.91	12.27	8.75	17.50
Julington Creek Plantation	0.78	1.41	1.00	2.00
Blacks Ford	2.23	3.81	3.00	6.00
Nassau	1.15	1.40	1.55	3.10
Monterey	2.04	4.50	3.60	7.20
Ponte Vedra	0.45	0.98	0.80	1.60
Ponce De Leon	<u>0.06</u>	<u>0.12</u>	<u>0.24</u>	<u>0.48</u>
Total	<u>82.74</u>	<u>203.32</u>	<u>120.44</u>	<u>240.88</u>

⁽¹⁾ Since the rated maximum daily treatment capacity of each wastewater treatment plant is approximately twice the rated average daily treatment capacity, the Sewer System is able to accept and handle surges that come with peak usage periods (morning and evening) and heavy rains. In the future, peak surges from heavy rains are projected to continue to decrease through the reduction in the collection system of infiltration (*i.e.*, storm water and/or ground water that enters the sewer system through cracks or openings in the collection system) and inflow (*i.e.*, water that enters the sewer system through illegal or unpermitted piped connections to the collection system).

Five of the regional wastewater treatment plants (Buckman, District 2, Southwest, Arlington East and Mandarin) provide advanced secondary treatment and two of the regional wastewater treatment plants (Blacks Ford and Nassau) provide advanced waste treatment. The Buckman, District 2, Southwest, Arlington East, Mandarin and Blacks Ford wastewater treatment plants utilize ultraviolet light disinfection (irradiation of the water), and the Julington Creek Plantation plant utilizes chlorination for disinfection and SO₂ for dechlorination prior to discharge to the St. Johns River. ~~A revised FDEP aggregate Total Maximum Daily Load limit went into effect October 2013.~~

uncollectible accounts is budgeted to be approximately 0.15 percent of estimated gross Water and Sewer System revenues for the Fiscal Year ending September 30, 2018. Actual uncollectible accounts were 0.14 percent of gross Water and Sewer System revenues for the Fiscal Year ended September 30, 2017.

Rates

General

Water and Sewer System revenues are derived from two basic types of charges: (a) monthly service charges and (b) connection charges (which include capacity charges). Additionally, environmental charges collected are reflected in Water and Sewer System Revenues. The JEA Board has sole discretion to set rate levels and revenue requirements for the Water and Sewer System. JEA sets its retail rates after a public hearing.

Generally, Water System customers are charged for monthly water service based upon metered consumption, and Sewer System customers are charged for monthly sewer service based upon water consumption during that same month, utilizing readings of the water meters. Approximately ~~1.4~~² percent of the customers of the Water System have separate meters for water used for irrigation purposes. In those cases, billings for monthly sewer service exclude the water used for irrigation purposes. In the case of Sewer System customers that obtain water service from a community- or investor-owned utility, monthly sewer charges are based upon readings of that utility's water meter. In the case of Sewer System customers that obtain water from privately owned wells, water meters meeting JEA's requirements are required to be installed, and monthly sewer charges are based upon readings of those meters. In addition, in some instances, non-residential customers have separate meters to measure wastewater flows, and JEA charges those customers for sewer service based upon readings of such separate meters. Further, certain non-residential Sewer System customers are subject to surcharges for wastewater discharges that exceed certain designated levels of chemical oxygen demand and suspended solids.

The rates for monthly water and sewer service shown in the following tables have been in effect since October 1, 2012 and remain in effect as of September 30, 2017 and as of the date of this Annual Disclosure Report.

Rates for Monthly Service

The schedules shown in the following tables reflect rates for monthly water, sewer service and reclaimed service effective as of October 1, 2012:

Water Rates

Water users are charged a monthly service availability charge according to water meter size, plus a unit rate and an environmental charge according to the following schedules:

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with a higher supply on JEA's north grid to areas with a lower supply on JEA's south grid via river-crossing pipelines. JEA has also implemented a groundwater quality management program to mitigate the effects of (non-lateral) saltwater intrusion into specific wells on the systems south grid that includes routine well monitoring, backplugging of specific wells, and reducing or replacing wells that show continued increases in chlorides. The 2017 permitted CUP allocation was 133.51 million gallons per day. Actual well withdrawals were 114.8 million gallons per day.

The Suwanee River Water Management District ("SRWMD"), FDEP and SJRWMD are each in the process of setting or revising Minimum Flow and Level ("MFL") standards for surface water in the vicinity of the Lower Santa Fe River (SRWMD and FDEP) and Keystone Lakes (SJRWMD) areas. In 2015 two MFLs were adopted in the SRWMD and a determination made that a recovery strategy is necessary. JEA will participate cooperatively in these strategies to the extent of its proportionate share of impact. Because technical tools, such as a new groundwater flow model, are still under development, JEA's effect on the 2015 MFL's is unknown. JEA is actively engaged in cooperation with seven other northeast Florida utilities known as the Northeast Florida Utility Coordinating Group ("NFUCG") in rule development on these issues.

In addition, the SJRWMD and SRWMD have developed a joint North Florida Regional Water Supply Plan, which was released in October 2016 and approved in January 2017. The plan concludes that future water demands through 2035 can be met with water conservation measures and water supply options included in the plan.

Wastewater Treatment System

The Sewer System is regulated by EPA under provisions of the Federal Clean Water Act and the Federal Water Pollution Control Act. EPA has delegated the wastewater regulatory program to the FDEP. Except as described below, the Sewer System is in substantial compliance with all federal and state wastewater regulations.

In 2013 EPA and FDEP reached an agreement on the adoption of numeric nutrient criteria ("NNC") for the State of Florida. As part of the NNC adoption process, EPA re-approved the Lower St. Johns River nutrient Total Maximum Daily Load ("TMDL"). The EPA re-approval means the TMDL will remain the legally enforceable nutrient standard for the Lower St. Johns River. JEA has completed all the treatment plant improvements required of the utility by the TMDL and its facilities are in compliance with its nutrient allocation.

Because JEA has reduced nitrogen well below its own permitted nitrogen reduction goals, it has the ability to generate Water Quality Credits. JEA has previously recorded a reduction in its NPDES permit to generate and transfer 30.34 metric tons per year of Total Nitrogen Water Quality Credits to the City of Jacksonville through 2023 and is positioned to remain in compliance with its Aggregate Nitrogen permit. JEA has agreed to provide these annual Water Quality Credits to the City for no compensation through December 31, 2023. [JEA's current aggregate nitrogen limit for all wastewater plants discharging to the St. Johns River is 683 short tons per year. During the Fiscal Year ended September 30, 2017, JEA facilities discharged 556 short tons to the river.](#)

As the regulatory reduction of Total Nitrogen in the Lower St. Johns River is an ongoing annualized requirement that both the City and JEA will be required to meet beyond December 31, 2023, the City and JEA have agreed to engage in discussions to work on a plan for meeting the future needs of both parties beyond December 31, 2023.

bank. Credit and liquidity support for JEA’s Variable Rate Water and Sewer System Revenue Bonds, 2008 Series A-2 (the “LOC Supported Variable Rate Water and Sewer System Bond” and, together with the SBPA Supported Variable Rate Water and Sewer System Bond, the “Senior Liquidity Supported Water and Sewer Bonds”) currently is provided by a direct-pay letter of credit issued by a different bank. Any Senior Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its (i) standby bond purchase agreement between JEA and such bank or (ii) letter of credit issued in connection with the reimbursement agreement between JEA and such bank, as applicable, and is not remarketed is required to be repaid as to principal in equal semiannual installments over a period of approximately five years from the date so purchased. In addition, any Senior Liquidity Supported Water and Sewer Bond that is purchased by the applicable bank pursuant to its standby bond purchase agreement or letter of credit reimbursement agreement, as applicable, will constitute an “Option Bond” within the meaning of the Water and Sewer System Resolution and, as such, may be tendered or deemed tendered to JEA for payment upon the occurrence of certain “events of default” on the part of JEA under such standby bond purchase agreement or letter of credit reimbursement agreement, as applicable. Upon any such tender or deemed tender for purchase, the Senior Liquidity Supported Water and Sewer Bond so tendered or deemed tendered will be due and payable immediately. For a discussion of certain “ratings triggers” contained in such standby bond purchase agreement and such reimbursement agreement, see “OTHER FINANCIAL INFORMATION - Effect of JEA Credit Rating Changes” herein. As of the date of this Annual Disclosure Report, no Senior Liquidity Supported Water and Sewer Bonds are held by the banks providing such standby bond purchase agreement or such letter of credit. The standby bond purchase agreement and letter of credit are subject to periodic renewal at the discretion of the respective bank. The current expiration date for the standby bond purchase agreement is May 8, 2020, and the current expiration date for the letter of credit is December 2, 2018.

Proposed Amendments to the Water and Sewer System Resolution

In June 2013, JEA adopted Resolution No. 2013-10 (“Resolution 2013-10”) which provides for the amendment of certain provisions of the Water and Sewer System Resolution and the First Supplemental Water and Sewer System Revenue Bond Resolution, adopted by JEA on August 19, 1997 (the “First Supplemental Resolution”) so as to:

- (i) revise certain definitions in order to allow for the more efficient and advantageous investment of certain funds held under the Water and Sewer System Resolution; and
- (ii) revise certain provisions of the First Supplemental Resolution related to the use of a reserve fund credit instrument (as defined therein) to fund the Initial Subaccount in the Debt Service Reserve Fund established thereby.

~~{Such amendments became~~are expected to become effective ~~{April —~~on or about May 2, 2018} following the issuance of the JEA Water and Sewer System Revenue Bonds, 2017 Series A on December 21, 2017~~-and are incorporated,~~ the mailing of notice to bondholders and satisfaction of the requirements of the Water and Sewer System Resolution and the First Supplemental Resolution. Certain of such amendments are also included, in addition to the current provisions, in the “SUMMARY OF CERTAIN PROVISIONS OF THE WATER AND SEWER SYSTEM RESOLUTION” attached hereto as APPENDIX B.}

Subordinated Water and Sewer System Bonds

As of September 30, 2017, \$263,430,000 in aggregate principal amount of bonds (the “Subordinated Water and Sewer System Bonds”) issued pursuant to the resolution of JEA adopted on

levels and the remaining term of the interest rate swap transaction at the time of termination. In general, the ratings triggers on the part of JEA contained in the master agreements range from (x) below “BBB” by S&P and below “Baa2” by Moody’s to (y) below “A-” by S&P and below “A3” by Moody’s.

Additionally, the master agreement between JEA and Merrill Lynch Derivative Products AG (“MLDP”) for the account of the Water and Sewer System contains an automatic transfer provision triggered by a certain rating downgrade or downgrades, as applicable, of JEA or Merrill Lynch Derivative Products AG. Under certain circumstances if the rating on JEA’s senior lien Water and Sewer System Bonds or the long-term, unsecured, unsubordinated debt rating or financial program rating of Merrill Lynch Derivative Products AG were to fall below the double-A category, all rights and obligations of Merrill Lynch Derivative Products AG under the master agreement and all transactions under the master agreement would be automatically assigned and delegated to Merrill Lynch Capital Services, Inc. (“MLCS”). MLCS has entered into an agreement with JEA to cause a guarantee from Merrill Lynch & Co. to be delivered to JEA after the assignment occurs and such guarantee will guarantee the payments of MLCS under the master agreement to JEA. S&P downgraded MLDP to “A+” on August 5, 2013, triggering the assignment to MLCS and the Merrill Lynch & Co. guarantee described above.

As of September 30, 2017, JEA’s estimated aggregate exposure under all of its then outstanding interest rate swap transactions (*i.e.*, the net amount of the termination payments that JEA would owe to its counterparties if all of the interest rate swap transactions were terminated) was \$125,269,000, of which \$23,919,000 was attributable to interest rate swap transactions entered into for the account of the Water and Sewer System. As of [December 31, 2017], JEA’s estimated aggregate exposure under all of its then outstanding interest rate swap transactions was \$[120,543,000], of which \$[23,479,000] was attributable to interest rate swap transactions entered into for the account of the Water and Sewer System.

In connection with the issuance or proposed issuance of certain of JEA’s bonds, JEA has entered into various floating-to-fixed rate interest rate swap transactions for the account of the Water and Sewer System. These swap transactions are entered into with various providers and are otherwise described in the table below.

Related Bonds	Counterparty	Initial Notional Amount	Notional Amount as of December <u>March</u> 31, 2017 <u>31, 2018</u>	Fixed Rate of Interest	Variable Rate Index⁽¹⁾	Termination Date⁽²⁾
<i>Water and Sewer System Revenue Bonds, 2006 Series B</i>	Morgan Stanley Capital Services, Inc.	\$38,730,000	\$30,370,000	3.96-4.09%	CPI Index	10/1/2018 to 10/1/2022
<i>Variable Rate Water and Sewer System Revenue Bonds, 2008 Series B</i>	Merrill Lynch Capital Services, Inc.	\$85,290,000	\$85,290,000	3.895%	BMA Municipal Swap Index	10/1/2041

(1) The BMA Municipal Swap Index is now known as the SIFMA Municipal Swap Index.

(2) Unless earlier terminated.

SUMMARY OF CERTAIN PROVISIONS OF THE WATER AND SEWER SYSTEM RESOLUTION

The following is a summary of certain provisions of the Water and Sewer System Resolution. Summaries of certain definitions contained in the Water and Sewer System Resolution are set forth below. Other terms defined in the Water and Sewer System Resolution for which summary definitions are not set forth are indicated by capitalization. The summary does not purport to be a complete description of the terms of the Water and Sewer System Resolution and, accordingly, is qualified by reference thereto and is subject to the full text thereof.

In June 2013, JEA adopted Resolution No. 2013-10 (“Resolution 2013-10”) which, upon the consent thereto of the holders of a majority in principal amount of Water and Sewer System Bonds Outstanding, provides for (a) the amendment of certain provisions of the Water and Sewer System Resolution to allow for the more efficient and advantageous investment of certain funds held under the Water and Sewer System Resolution, and (b) the amendment of the First Supplemental Water and Sewer System Revenue Bond Resolution, adopted by JEA on August 19, 1997 (the “First Supplemental Resolution”) to revise certain provisions related to the use of reserve fund credit instruments. At such times as the amendments ([the “Resolution Amendments”](#)) described in this paragraph become effective, they will apply to all of the Water and Sewer System Bonds then outstanding.

[The Resolution Amendments are expected to become effective on or about May 2, 2018 following the issuance of the JEA Water and Sewer System Revenue Bonds, 2017 Series A on December 21, 2017, the mailing of notice to bondholders and satisfaction of the requirements of the Water and Sewer System Resolution and the First Supplemental Resolution. Certain of the Resolution Amendments are also included, in addition to the current provisions, in this summary.](#)

The Water and Sewer System Resolution, as heretofore amended, is available for viewing and downloading on JEA’s website at https://www.jea.com/About/Investor_Relations/Bonds/. Copies of the Water and Sewer System Resolution (as so amended), the First Supplemental Resolution and Resolution 2013-10 may be obtained from JEA; provided that a reasonable charge may be imposed for the cost of reproduction. The term “Water and Sewer System Bonds” as used in this summary has the same meaning as the term “Water and Sewer System Bonds” as used in the Annual Disclosure Report to which this summary is attached.

Definition of Terms

The following are summaries of certain definitions in the Water and Sewer System Resolution:

Accreted Value means, as of any date of computation with respect to any Water and Sewer System Capital Appreciation Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Resolution authorizing such Water and Sewer System Capital Appreciation Bond on which interest on such Bond is to be compounded (hereinafter, a “Periodic Compounding Date”) next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Water and Sewer System Capital Appreciation Bonds set forth in the Supplemental Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Resolution authorizing such

Variable Rate Taxable Index means the One-Month LIBOR Rate or, if the One-Month LIBOR Rate no longer shall be available, the Alternate Variable Rate Taxable Index.

Variable Rate Tax-Exempt Index means the BMA Municipal Swap Index or, if the BMA Municipal Swap Index no longer shall be available, the Alternate Variable Rate Tax-Exempt Index.

Water and Sewer System Bond or Bonds means any bonds, notes or other obligations or evidences of indebtedness, as the case may be, authenticated and delivered under and Outstanding pursuant to the Water and Sewer System Resolution but shall not mean Subordinated Indebtedness or Bond Anticipation Notes.

Water and Sewer System Capital Appreciation Bond or Bonds means any Water and Sewer System Bonds issued under the Water and Sewer System Resolution as to which interest is (i) compounded periodically on dates that are specified in the Supplemental Resolution authorizing such Water and Sewer System Capital Appreciation Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Water and Sewer System Resolution or the Supplemental Resolution authorizing such Water and Sewer System Capital Appreciation Bonds.

Water and Sewer System Deferred Income Bond or Bonds means any Water and Sewer System Bonds issued under the Water and Sewer System Resolution as to which interest accruing prior to the Current Interest Commencement Date is (i) compounded periodically on dates specified in the Supplemental Resolution authorizing such Water and Sewer System Deferred Income Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Water and Sewer System Resolution or the Supplemental Resolution authorizing such Water and Sewer System Deferred Income Bonds.

Water and Sewer System Option Bond or Bonds means any Water and Sewer System Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment by JEA prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

Water and Sewer System Variable Rate Bond means any Water and Sewer System Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of issuance of the Series of Water and Sewer System Bonds of which such Water and Sewer System Bond is one.

Upon the effectiveness of the Resolution Amendments, the following definitions shall be amended in their entirety to read as follows:

Defeasance Securities shall mean, unless otherwise provided with respect to the Bonds of a Series in the Supplemental Resolution authorizing such Bonds, U.S. Obligations which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof.

Investment Securities shall mean and include any other securities, obligations or investments that, at the time, shall be permitted by Florida Law for the investment of JEA's funds.

Upon the effectiveness of the Resolution Amendments, the following definitions shall be added in alphabetical order:

Defeased Municipal Obligations shall mean any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or U.S. Obligations which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this definition, as appropriate, (c) as to which the principal of and interest on the U.S. Obligations on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this definition on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this definition, as appropriate and (d) which at the time of their purchase hereunder are rated “AAA” by Standard & Poor’s Ratings Group and, if rated by Moody’s Investors Service, are rated “Aaa” by such agency.

Federal Agency Securities shall mean bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase hereunder are rated “AAA” by Standard & Poor’s Ratings Group and “Aaa” by Moody’s Investors Service, if rated by both rating agencies, and, if rated by one rating agency, shall have a rating of “AAA” or “Aaa” by Standard & Poor’s Ratings Group or Moody’s Investors Service, as the case may be.

U.S. Obligations shall mean any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including Federal Agency Securities to the extent unconditionally guaranteed by the United States of America.

Pledge

The Water and Sewer System Bonds are special obligations of JEA payable from and secured by the funds pledged therefor. Pursuant to the Water and Sewer System Resolution, there is pledged for the payment of the principal and Redemption Price of, and interest on, the Water and Sewer System Bonds in accordance with their terms and the provisions of the Water and Sewer System Resolution, subject only to the provisions of the Water and Sewer System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Water and Sewer System Resolution, the Trust Estate.

Pursuant to the Water and Sewer System Resolution, there also are pledged, as additional security for the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Water and Sewer System Bonds of each Additionally Secured Series secured thereby, subject only to the provisions of the Water and Sewer System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Water and Sewer System Resolution, amounts on deposit in any separate subaccount established in the Debt Service Reserve Account, including the investments and investment income, if any, thereof.

particular series and maturity shall have been converted synthetically to a fixed interest rate pursuant to an interest rate swap transaction that has a term equal to, and the notional amount of which amortizes at the same times and in the same amounts as, such Water and Sewer System Variable Rate Bonds of such series and maturity, in which case, such Water and Sewer System Variable Rate Bonds shall be deemed to bear interest at the fixed rate payable by JEA under such interest rate swap transaction for so long as such interest rate swap transaction shall remain in effect (*provided, however*, that if, at the time of the original issuance thereof, the interest rate on the Water and Sewer System Variable Rate Bonds of a particular series and maturity shall have been converted synthetically to a fixed interest rate pursuant to such an interest rate swap transaction, but such interest rate swap transaction shall be terminated prior to the final maturity date of such Water and Sewer System Variable Rate Bonds, then the Debt Service Reserve Requirement for the Initial Subaccount shall be recalculated as of the date of termination of such interest rate swap transaction, based upon the Certified Interest Rate established for such Water and Sewer System Variable Rate Bonds at the time of the original issuance thereof, and any resulting deficiency in the amount on deposit in the Initial Subaccount shall be required to be funded with moneys and/or one or more additional surety bonds, insurance policies or letters of credit that may be credited to the Initial Subaccount in accordance with the provisions of the First Supplemental Resolution). As of the date of the Annual Disclosure Report to which this Appendix is attached, the Initial Subaccount also secures JEA's Water and Sewer System Revenue Bonds, 2009 Series B, 2010 Series A, 2010 Series B, 2010 Series C, 2010 Series D, 2010 Series E, 2010 Series F, 2012 Series A, 2012 Series B, 2013 Series A, ~~2013~~2014 Series ~~B~~A, and ~~2014~~2017 Series A and JEA's Variable Rate Water and Sewer System Revenue Bonds, 2006 Series B, 2008 Series A-2 and 2008 Series B.

Pursuant to the Water and Sewer System Resolution, the Water and Sewer System Bonds of any series are not required to be additionally secured by amounts on deposit in any separate subaccount in the Debt Service Reserve Account. JEA currently intends to secure all long-term Water and Sewer System Bonds with the Initial Subaccount in the Debt Service Reserve Account. In the event that one or more maturities (or interest rate(s) within a maturity) of the Water and Sewer System Bonds of a series hereafter issued are to be additionally secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account, it will be a condition to the issuance of the Water and Sewer System Bonds of such series that the amount on deposit in the Initial Subaccount, after giving effect to the issuance of such Water and Sewer System Bonds, equals the Debt Service Reserve Requirement for such Subaccount.

The Water and Sewer System Resolution requires JEA to deposit and maintain in the Initial Subaccount in the Debt Service Reserve Account moneys, Investment Securities and/or reserve fund credit instruments (hereinafter defined) in an amount equal to the Debt Service Reserve Requirement for the Initial Subaccount. The Debt Service Reserve Requirement for the Initial Subaccount is defined in the First Supplemental Resolution, as of any date of calculation, as an amount equal to the lowest of (a) ten percent of the original principal amount of the Water and Sewer System Bonds of all issues (as defined for federal income tax purposes) secured thereby (or, if the Water and Sewer System Bonds of any such issue are issued at an issue price (as computed for federal income tax purposes) of greater than 102 percent or less than 98 percent of the principal amount thereof, ten percent of such issue price), (b) the maximum Aggregate Debt Service on the Water and Sewer System Bonds of all series secured thereby then outstanding for the current or any future Bond Year (excluding interest (other than accrued interest paid in connection with the initial issuance thereof) on such Water and Sewer System Bonds to be paid from deposits in the Debt Service Account in the Debt Service Fund made from the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA) or (c) 125 percent of the average annual Debt Service on the Water and Sewer System Bonds of all series secured thereby then outstanding for the then current and each future Bond Year (excluding interest (other than accrued interest paid in connection with the initial issuance thereof) on such Water and Sewer System Bonds to be paid from deposits in the Debt Service Account in the Debt Service Fund made from the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of

over the ensuing year in equal installments on at least a monthly basis or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (a) through (c) above within six months of such occurrence.

(g) In the event that a reserve fund credit instrument shall be deposited into the Initial Subaccount as aforesaid, any amounts owed by JEA to the issuer of such reserve fund credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Water and Sewer System Resolution for purposes of the additional bonds test and rate covenant contained in the Water and Sewer System Resolution.

(h) The beneficiary of any reserve fund credit instrument shall ascertain the necessity for a claim or draw upon such reserve fund credit instrument and provide notice to the issuer of the reserve fund credit instrument in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the reserve fund credit instrument) prior to each interest payment date for the Water and Sewer System Bonds of any Initial Subaccount Additionally Secured Series.

(i) Cash on deposit in the Initial Subaccount shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any reserve fund credit instrument. If and to the extent that more than one reserve fund credit instrument is deposited in the Initial Subaccount, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

Upon the effectiveness of the Resolution Amendments, the provisions of the First Supplemental Resolution relating to the deposit of reserve fund credit instruments to the Initial Subaccount will be amended in their entirety and such amended provisions are provided below:

(a) A surety bond or insurance policy issued by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Initial Subaccount Additionally Secured Bonds (a "municipal bond insurer") may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the claims paying ability of the issuer thereof shall be rated at least "AA-" or "Aa3" by any two of Standard & Poor's Ratings Group (hereinafter referred to as "S&P") or Moody's Investors Service (hereinafter referred to as "Moody's") or Fitch Ratings (hereinafter referred to as "Fitch").

(b) An unconditional irrevocable letter of credit issued by a bank may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the issuer thereof is rated at least "AA-" or "Aa3" by any two of S&P, Moody's or Fitch. The letter of credit shall be payable in one or more draws upon presentation by the beneficiary thereof of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Initial Subaccount Additionally Secured Bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify JEA and the beneficiary thereof, not later than 30 months prior to the stated expiration date of the

letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

(c) If such notice indicates that the expiration date shall not be extended, JEA shall deposit in the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount, together with any other qualifying reserve fund credit instruments, to equal the Debt Service Reserve Requirement for the Initial Subaccount, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the reserve fund credit instrument is replaced by a reserve fund credit instrument meeting the requirements in any of clauses (a) or (b) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The beneficiary of the letter of credit shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Initial Subaccount is fully funded in its required amount.

(d) The use of any reserve fund credit instrument pursuant to this subsection 4 shall be subject to receipt of an opinion of counsel as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against JEA.

(e) The obligation to reimburse the issuer of a reserve fund credit instrument for any fees, expenses, claim or draws upon such reserve fund credit instrument shall be subordinate to the payment of debt service on the Bonds. The right of the issuer of a reserve fund credit instrument to payment or reimbursement of its fees and expenses shall be subordinated to cash replenishment of the Initial Subaccount, and, subject to the second succeeding sentence, its right to reimbursement for claims or draws shall be on a parity with the cash replenishment of the Initial Subaccount. The reserve fund credit instrument shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the reserve fund credit instrument to reimbursement will be further subordinated to cash replenishment of the Initial Subaccount to an amount equal to the difference between the full original amount available under the reserve fund credit instrument and the amount then available for further draws or claims. If (i) the issuer of a reserve fund credit instrument becomes insolvent or (ii) the issuer of a reserve fund credit instrument defaults in its payment obligations thereunder or (iii) the claims-paying ability of the issuer of the insurance policy or surety bond falls below "AA-" or "Aa3" by any two of S&P, Moody's or Fitch or (iv) the rating of the issuer of the letter of credit falls below "AA-" or "Aa3" by any two of S&P, Moody's or Fitch, the obligation to reimburse the issuer of the reserve fund credit instrument shall be subordinate to the cash replenishment of the Initial Subaccount.

(f) If (i) the revolving reinstatement feature described in the preceding clause (e) is suspended or terminated or (ii) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below "AA-" or Aa3" by any two of S&P, Moody's or Fitch or (iii) the rating of the issuer of the letter of credit falls below "AA-" or Aa3" by any two of S&P, Moody's or Fitch, JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount to equal the Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (a) or (b) above within six months of such occurrence. In the event (1) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A-" or "A3" by any two of S&P, Moody's or Fitch or (2) the rating of the issuer of the letter of credit falls below "A-" or "A3" by any two of S&P, Moody's or Fitch or (3) the issuer of the reserve fund credit instrument defaults in its payment obligations or (4) the issuer of the reserve fund credit instrument becomes insolvent, JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount to equal to Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (a) through (b) above within six months of such occurrence.

(g) Where applicable, the amount available for draws or claims under the reserve fund credit instrument may be reduced by the amount of cash or value of Investment Securities deposited in the Initial Subaccount pursuant to clause (X) of the final sentence of the preceding clause (f).

(h) In the event that a reserve fund credit instrument shall be deposited into the Initial Subaccount as aforesaid, any amounts owed by JEA to the issuer of such reserve fund credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Resolution for purposes of clause (7) of subsection 1 of Section 203 and subsection 1 of Section 711 of the Resolution.

(i) The beneficiary of any reserve fund credit instrument shall ascertain the necessity for a claim or draw upon such reserve fund credit instrument and provide notice to the issuer of the reserve fund credit instrument in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the reserve fund credit instrument) prior to each interest payment date for the Bonds of any Initial Subaccount Additionally Secured Series.

(j) Cash on deposit in the Initial Subaccount shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any reserve fund credit instrument. If and to the extent that more than one reserve fund credit instrument is deposited in the Initial Subaccount, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

On January 4, 2001, simultaneously with the issuance of JEA's Water and Sewer System Revenue Bonds, 2001 Series A, JEA caused FGIC to issue its Municipal Bond Debt Service Reserve

Establishment of Additional Funds

If and to the extent provided in a Supplemental Subordinated Resolution, JEA may establish one or more additional funds or accounts with respect to the Subordinated Bonds of one or more Series as shall be specified in such Supplemental Subordinated Resolution and, if and to the extent provided in any such Supplemental Subordinated Resolution, amounts on deposit in any such fund or account, including the investments, if any, thereof may be pledged for the payment of the principal or Redemption Price, if any, of, and interest on, any or all of such Subordinated Bonds. In such event, deposits to and withdrawals from any such fund or account shall be governed by the provisions of such Supplemental Subordinated Resolution; *provided, however*, that in the event that any such Supplemental Subordinated Resolution shall provide for the deposit of Revenues into any such fund or account, such deposit shall not be made in any month until after the deposits required pursuant to the provisions of the Water and Sewer System Resolution shall have been made for such month, and such deposits shall be made pro rata with the deposits of Revenues to the Subordinated Bond Rate Stabilization Fund provided for in the provisions of the Subordinated Water and Sewer System Resolution; and *provided, further*, that if the amount on deposit in the Revenue Fund shall not be sufficient to make all such deposits so required to be made with respect to all such funds and accounts in any month, then such amount on deposit in the Revenue Fund shall be applied ratably, in proportion to the amount necessary for deposit into each such fund and account.

Initial Subordinated Debt Service Reserve Fund

Pursuant to the Third Supplemental Water and Sewer System Revenue Subordinated Bond Resolution adopted by JEA on July 15, 2003 (the “Third Supplemental Subordinated Water and Sewer System Resolution”), authorizing JEA’s Water and Sewer System Subordinated Revenue Bonds, 2003 Series C (the “2003 Series C Subordinated Bonds”) JEA established an additional fund under the Subordinated Water and Sewer System Resolution, the “Initial Subordinated Debt Service Reserve Fund.” The 2003 Series C Subordinated Bonds were additionally secured by amounts on deposit in the Initial Subordinated Debt Service Reserve Fund, including the investments and investment income, if any, thereof, which amounts were pledged as additional security for the payment of the principal or sinking fund redemption price of, and interest on, the 2003 Series C Subordinated Bonds, subject only to the provisions of the Water and Sewer System Resolution and the Subordinated Water and Sewer System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Water and Sewer System Resolution and the Subordinated Water and Sewer System Resolution. The Initial Subordinated Debt Service Reserve Fund may, at the option of JEA, secure additional Subordinated Bonds of any series thereafter issued. As of the date of the Annual Disclosure Report to which this Appendix is attached, the Initial Subordinated Debt Service Reserve Fund also secures JEA’s Water and Sewer System Subordinated Revenue Bonds, 2010 Series A, 2010 Series B, 2012 Series A, 2012 Series B, [2013 Series A](#) and ~~2013~~[2017](#) Series A.

Pursuant to the Subordinated Water and Sewer System Resolution, the Subordinated Bonds of any series are not required to be additionally secured by amounts on deposit in the Initial Subordinated Debt Service Reserve Fund. However, JEA may provide, at its option, in the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of any series that the Subordinated Bonds of such series will be additionally secured by amounts on deposit in any Initial Subordinated Debt Service Reserve Fund. In the event that the Subordinated Bonds of a series hereafter issued are to be additionally secured by amounts on deposit in the Initial Subordinated Debt Service Reserve Fund, it will be a condition to the issuance of such Subordinated Bonds that the amount on deposit in the Initial Subordinated Debt Service Reserve Fund, after giving effect to the issuance of such Subordinated Bonds, equals the Subordinated Debt Service Reserve Requirement.

April 3, 2018

Drafts of the (i) Annual Disclosure Report for Electric Utility System for Fiscal Year Ended September 30, 2017 and (ii) Annual Disclosure Report for Water and Sewer System and District Energy System for Fiscal Year Ended September 30, 2017 were delivered to Board Members for review on March 20, 2018, and are not included in the monthly Board packages being distributed.

These reports are available for review upon request. Please contact Melissa Charleroy, Executive Assistant, at (904) 665-7313 if additional information is needed.

III. B. 2.

Monthly Operational and Financial Review







[Return to Agenda](#)

III. B. 2.
4/17/2018

Board of Directors Meeting April 17, 2018











Water & Wastewater Monthly Operations Scorecard

Water & Wastewater	FY2017	FY2018 Goal	FY2018 YTD	Status
JEA Safety RIR	2.0	1.40	1.67	
Sales Forecast (kGals in 1000's)	37,245	37,615	39,061	
Water Unplanned Outages (# cust.)	4,893	9,000	2,365	
CUP Compliance	Yes	Yes	Yes	
Nitrogen to the River (tons)	556	550	339	
Sanitary Sewer Overflows (SSO's)	57*	30	12	

Significant Occurrences or Concerns This Month

- Four (4) OSHA recordable safety incidents for JEA in March
- Unplanned Water Main Outages: 2,365 customers well below target, event communication enhancements ongoing into FY18
- CUP: Average daily flow of 108 MGD was 20% below CY limit of 135 MGD; reclaimed usage at 15 MGD
- Nitrogen to River: 339 tons due to high flows in October, repairs at Buckman post-hurricane, and construction at Arlington East for a clarifier addition; JEA has a limit of 683 tons per year and provides the COJ with 37 tons
- SSO's Impacting Waters of the US: 12 YTD, root cause analysis is performed on each SSO

Electric Monthly Operations Scorecard

Electric System	FY2017	FY2018 Goal	FY2018 YTD	Status
JEA Safety RIR	2.0	1.40	1.67	
Sales Forecast (million MWh)	12.1	12.4	12.4	
T&D Grid Performance Customer Outage				
<i>Frequency (outages/year)</i>	1.6	1.8	1.7	
<i>Electric Outage Duration (minutes/year)</i>	99.5	80	99	
<i>Transmission Line Faults (# per 100 miles)</i>	1.9	2.5	2.2	
<i>CEMI₅ (% cust. > 5 outages/year)</i>	1.07	1.0	0.67	
Generating Plant Performance				
<i>Generation Fleet Reliability (forced outages rate)</i>	2.17	2.3	2.42	
<i>Environmental Compliance (permit exceedances)</i>	6	5	1	

Significant Occurrences or Concerns This Month

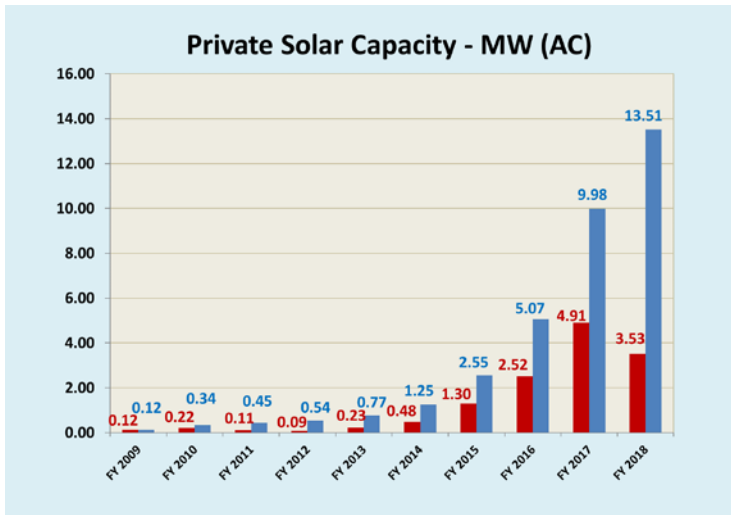
- Outage duration running high due to storms. JEA launched a new program this year aimed at reducing outage duration.
- The JEA fleet Forced Outage Rate has been running in line with prior 6-year performance.
- Started FY18 with a set of unit issues in October. November through March have been much better.



Customer Experience Monthly Operations Scorecard

Customer Experience	FY2016	FY2017	FY2018 YTD	Status
JDP Customer Satisfaction Index - Residential	2 nd Q	1 st Q	2 nd Q	●
JDP Customer Satisfaction Index - Business	1 st Q	1 st Q	1 st Q	●
Overall First Contact Resolution Index	79.4%	79.4%	77.7%	●
Self Service Utilization	76.0%	78.5%	82.4%	●
Net Write-Offs	0.14%	0.15%	0.13%	●

Significant Occurrences or Concerns This Month



- Private solar capacity added in March was 0.73 MW. Total aggregate capacity is 13.51 MW.
- The annualized expense for the current 13.51 MW of installed private solar is \$982,000 annually.
- All new applications starting in April are under the new Distributed Generation Policy



Financial Results and Cost Metrics

Electric System Metrics

	Rating Agency/ Perform. Goal	Forecast	Score
System Sales (GWh)	12,000	12,390	
Base Revenue Growth	0.5%	3.6%	
Debt Svc. Coverage	2.2x	2.3x	
Days Liquidity (Cash)	280 (180)	312 (214)	
Debt/Asset % ¹	71%	71%	
Non-Fuel/MWh	\$56.88	\$58.13	
Net Funded Debt Reduction	\$135m	\$157m	
Capital Expenditures	\$205m	\$195m	
Moody's/S&P/Fitch	Aa2/AA-/AA	Aa2/AA-/AA	

Water and Sewer Systems Metrics

	Rating Agency/ Perform. Goal	Forecast	Score
Water System Sales (kGals)	37,615	39,061	
Base Revenue Growth	1.5%	2.6%	
Debt Svc. Coverage	2.7x	3.1x	
Days Liquidity (Cash)	502 (404)	565 (471)	
Debt/Asset % ¹	49%	49%	
Water Cost/kgal	\$4.40	\$4.49	
Sewer Cost/kgal	\$9.85	\$9.87	
Net Funded Debt Reduction	\$50m	\$70m	
Capital Expenditures	\$215m	\$215m	
Moody's/S&P/Fitch	Aa2/AA/AA	Aa2/AAA/AA	

Significant Occurrences or Concerns This Month

- Electric System Sales were 7.3% above 2017, due to colder weather, evidenced by 34% increase in Degree Days.

¹ Revised ratio calculation and inclusion of SJRPP impairment

III. D. 1.
CEO Search

**EMPLOYMENT AGREEMENT
FOR INTERIM CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR**

THIS AGREEMENT is made and entered into in duplicate on this ____ day of April 2018, by and between JEA, a body politic and corporate under the laws of the State of Florida and an independent agency of the Consolidated City of Jacksonville, hereinafter referred to as JEA, and _____, an individual currently residing in Jacksonville, Florida, hereinafter referred to as Employee or Interim CEO/Managing Director.

WITNESSETH:

WHEREAS, JEA is a community-owned, not-for-profit utility providing electricity to more than 458,000 customers in Jacksonville and the surrounding areas in northeastern Florida;

WHEREAS, JEA, founded in 1968, manages an electric system that dates back to 1895, and now owns and operates an electric system with five generating plants, transmission and distribution facilities, including 745 miles of transmission lines and 6,625 miles of distribution lines; is part owner and full operator of a sixth generating plant; produces energy from two methane-fueled generating facilities and owns a 12.6-megawatt solar project placing JEA's total generating capacity at approximately 3,757 megawatts;

WHEREAS, JEA also provides water and wastewater services to approximately 341,000 water customers, 9,000 reuse water customers and 264,000 wastewater customers;

WHEREAS, JEA's water system consists of 136 artesian wells tapping the Floridian aquifer, distributing water through 37 water treatment plants and 4,352 miles of water lines and with a sewer system of more than 3,760 miles of collection lines and seven regional and seven non-regional sewer treatment plants;

WHEREAS, JEA owns and operates the District Energy System a separate utility system that provides chilled water to 13 locations in Jacksonville;

WHEREAS, the JEA governing body is made up of a seven-member Board of Directors appointed by the Mayor and confirmed by the City Council;

WHEREAS, the JEA Board of Directors is tasked with appointing a CEO/Managing Director to operate the eighth largest community-owned electric utility company in the United States and the largest in Florida, with total assets of \$8.7 billion (2017), total equity of \$2.6 billion (2017), and approximately 2000 employees (2017);

WHEREAS, the former CEO/Managing Director resigned on April 8, 2018 and JEA is in the process of recruiting and filling the permanent position, but will need time to complete the recruitment;

WHEREAS, JEA is desirous of employing Employee as Interim CEO/Managing Director Chief Executive Officer pursuant to the terms and conditions and for the consideration set forth in this

Agreement, and Employee is desirous of entering into the employ of JEA pursuant to such terms and conditions and for consideration.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and obligations contained herein, JEA and Employee agree as follows:

SECTION I – EMPLOYMENT AND DUTIES:

- 1.1 **Engagement.** JEA agrees to employ Employee and Employee agrees to be employed by JEA, beginning as of April 17, 2018, and terminating, unless earlier terminated in accordance with this Agreement, as of April 30, 2019 (“Term”), subject to the terms and conditions of this Agreement.
- 1.2 **Terms and Duties.** Employee shall be employed as Interim Chief Executive Officer and Managing Director of JEA (hereinafter collectively “Interim CEO/Managing Director”). Employee agrees to serve in this position and to perform diligently and to the best of Employee’s abilities the duties and services required by such a position as determined by JEA’s Board of Directors (the “Board”), as well as such duties that may from time to time be directed by the Board. Such duties include, but are not limited to, exercising the full authority, responsibility and duties commensurate with the laws establishing JEA to manage the affairs of JEA and to manage and direct staff, business, and operations of JEA.
- 1.3 **Compliance with Policies and Procedures.** Employee shall at all times comply with and be subject to such policies and procedures as the Board may establish.
- 1.4 **Diligence to Position.** Employee shall devote full business time, energy, and best efforts to the business of Employer; provided, however, that it is agreed that this obligation, shall not preclude Employee from engaging in appropriate civic, charitable or religious activities or, with the consent of the Board, from serving on the boards of directors of companies that are not competitors to JEA, as long as the activities do not materially interfere or conflict with your responsibilities to or your ability to perform your duties of employment at JEA, within the sole discretion of the Board. Subject to the foregoing, Employee may not engage, directly or indirectly, in any other business, investment, or activity that interferes with Employee’s performance of his duties, is directly contrary to JEA’s interests, or requires any significant portion of Employee’s business time. Employee’s authority, responsibilities and duties are generally described in the Position Profile for Managing Director and Chief Executive Officer which may be amended from time to and which is attached hereto as Exhibit A and by reference made a part hereof.
- 1.5 **Fiduciary Obligations.** Employee acknowledges and agrees that Employee owes a fiduciary duty of loyalty, fidelity, and allegiance to act at all times in the best interests of Employer, and to do no act which would intentionally injure the direct or indirect interests in, in connection with, or benefit from any outside activities, which interests might conflict with JEA, or upon discovery thereof, allow such a conflict to continue. Moreover, Employee agrees to disclose to the Board Chairman, any facts which might involve a possible conflict of interest.

SECTION II – COMPENSATION AND BENEFITS:

- 2.1 **Annual Base Salary.** Employee shall be paid a salary of _____ Dollars (\$) per annum (Base Salary), which shall be paid in accordance with JEA's standard payroll practice, including deductions for all legally applicable taxes and withholdings, with accrual commencing April 17, 2018
- 2.2 **Vehicle.** Employee will have the use of an appropriately equipped JEA vehicle at the expense of JEA to supplement Employee's personal vehicle. In lieu of having use of a JEA vehicle, Employee may, at Employee's option, be provided a monthly automobile allowance of \$850, payable on the first bi-weekly pay period of each month subject to withholding. It is specifically intended and understood that this allowance shall be provided for unreimbursed expenses incurred by the Employee within the territorial limits of the JEA service territory and receipt of this allowance shall not prevent the Employee from claiming and being reimbursed for travel expenses resulting from travel by him outside the JEA service territory in the manner provided by the Ordinance Code the City of Jacksonville.
- 2.3 **Business Allowance.** Employee will be provided a monthly allowance in the amount of \$1,000 for telephone and other business expenses incurred in Employee's efforts to promote and represent JEA beyond those identified in JEA employee policies. The business allowance shall be payable on the first bi-weekly pay period of each month, subject to withholding.
- 2.4 **Annual Leave.** Employee will be provided annual leave in accordance with JEA's existing policies and procedures. Without limiting the generality of the foregoing, Employee shall be entitled to 280 hours of leave during each year of employment commencing on October 1, 2017.
- 2.5 **Fringe Benefits.** Employee shall be allowed to participate, on the same basis generally as other employees of JEA, in all general employee benefit plans and programs, including improvements or modifications of same, which on the effective date or thereafter are made available by JEA to all or substantially all of JEA's executive employees. Such benefits, plans, and programs may include, without limitation, medical, health, and dental care, life insurance, disability protection, and the pension plans including JEA's Supplemental Executive Retirement Plan including any amendments thereto. Except as specifically provided herein, nothing in this Agreement is to be construed or interpreted to provide greater or lesser rights, participation, coverage, or benefits under the benefit plans or programs than provided to executive employees pursuant to the terms and conditions of such benefit plans and programs. JEA shall not by reason of this Section II be obligated to institute, maintain, or refrain from changing, amending, or discontinuing, any incentive compensation or employee benefit program or plan, so long as such actions are similarly applicable to covered employees generally.

SECTION III – TERMINATION AND EXTENSION:

- 3.1 **Termination.** Employee's employment with JEA shall be terminated (i) on April 30, 2019 unless earlier terminated, extended pursuant to this Section III or otherwise by agreement

between Employer and Employee, (ii) upon Employee's death, (iii) upon Employee's physical or mental incapacity to perform the usual duties as an employee (with such condition likely to remain continuously and permanently), (iv) by JEA, without cause, upon 30 days advance notice to Employee, or (v) immediately for cause as defined herein in Section 3.1.2.

3.1.1 If Employee's employment is terminated with or without cause, all future compensation to which Employee is otherwise entitled and all future benefits for which Employee is eligible shall cease and terminate as of the date of termination, except as specifically provided in this Section 3.1.1. Upon termination without cause, JEA shall pay Employee a lump sum payment equal to twenty (20) weeks of the current Annual Base Salary, less applicable taxes and deductions.

3.1.2 No severance shall be due to Employee if Employee resigns his employment or if Employee's employment is terminated by JEA for cause. For purposes of the Agreement, termination for "cause" shall include: (a) willful breach of material duties, obligations and policies of JEA; (b) gross negligence or gross neglect of duties and obligations required in performance of Employee's duties; or willful misconduct (c) continued violation of written rules and policies of the Board after written notice of same and opportunity to cure; (d) commission of any criminal act (felony); (e) commission of any dishonest act in a public or private capacity such as theft, fraud, misappropriation of embezzlement of funds; or (f) engagement in an act of disruption or violence or any other activity which would constitute grounds for immediate dismissal of any employee by JEA under JEA policies.

3.2 **Extension.** This Agreement may only be extended by action of the Board along with Employee's concurrence, with the legal formalities accompanying the execution of this Agreement. The Board Chairman shall notify Employee of an intent to bring a request to the Employee and the Board to extend this Agreement. Such notification need not include terms, and need not be in writing.

3.3 **Transition.** If a permanent CEO/Managing Director is hired prior to April 30, 2019, the Employee's duties shall be reduced to transition services through the remaining Term of this Agreement with all other terms, conditions and benefits continuing.

SECTION V – MISCELLANEOUS:

4.1 **Eligibility to Work in the United States.** Employee has provided previously to JEA the appropriate documentation to verify his authorization to work in the United States.

4.2 **Governing Law; Binding Effect; Amendment.** This Agreement shall be interpreted and enforced in accordance with the laws of the State of Florida, with venue to lie in Duval County, and shall be binding on JEA's successors and assigns. No amendment or modification shall be effective unless in writing by the parties, including the approval of the Board.

- 4.3 **Savings Clause.** Employee's present benefits and rights are preserved, including but not limited to accrued service credits, accrued leave, and accrued incentive compensation carried forward in accordance with existing policies and procedures.
- 4.4 **Public Records and Open Meetings (Sunshine) Requirements.** Employee will familiarize himself generally with the assistance of JEA's staff and JEA's legal counsel with the unique obligations and parameters of the State of Florida's public records and sunshine act laws, in order that JEA maintain its record of compliance with such laws.
- 4.5 **Legal Counsel.** Employee shall be entitled to legal counsel, paid for by JEA, as necessary if Employee is a defendant participant in a lawsuit against the JEA for actions that occurred during period of employment with JEA, excepting intentional torts.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the day and year above first written.

ATTEST:

JEA

G. Alan Howard, Chairman

Date: _____

WITNESSES:

, Employee

Date: _____

I hereby certify that the expenditure contemplated by the foregoing Agreement has been duly authorized, and provision has been made for the payment of the moneys provided therein to be paid.

Chief Financial Officer, JEA

Approved:

Chief Legal Officer



POSITION PROFILE

For Appointed and Non-Bargaining Unit Positions

TITLE OF POSITION		SALARY BAND	
Managing Director and Chief Executive Officer (CEO)		N/A	
TITLE OF IMMEDIATE MANAGER		DIRECT REPORTS TO THIS POSITIONS	
JEA Board		VP/GM Electric Systems, VP/GM Water Wastewater Systems, Chief Financial Officer, Chief Customer Officer, Chief Public Affairs Officer, Chief Compliance Officer, Chief Information Officer, Chief Human Resources Officer	
EEO CODE	OCC CODE	FLSA	SAFETY SENSITIVE
01	4600	Exempt	No
CAR ALLOWANCE	CELL PHONE ALLOWANCE	OVERNIGHT TRAVEL (%)	
Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> 10% No <input type="checkbox"/>	

POSITION SUMMARY:

The CEO is responsible for directing the business and overall activities of the organization by establishing policies and the current and long term plans and objectives, subject to approval of the JEA Board. Further, the CEO represents the company with its major customers, the financial community, the public and other stakeholders.

DUTIES & RESPONSIBILITIES:

- Provides strategic leadership for the organization by developing and implementing a strategic vision that outlines the long-term role of JEA in the metro area and the state.
- Oversees company operations to ensure production efficiency, quality, service and cost-effective management of resources.
- Enhances and maintains relationships with key constituents across the state and the region, including elected officials, industry leaders, suppliers, environmental groups and customers.
- Leads public policy and public affairs activity and serves as the primary spokesperson for the agency locally, regionally and nationally.
- Increases understanding of the role of JEA in economic development efforts across the region.
- Participates actively in legislative and regulatory initiatives regionally and nationally.
- Promotes strong fiscal accountability and responsibility.
- Develops a culture of efficiency, productivity, flexibility and accountability to customers.
- Prepares and delivers presentations to large groups in various settings, utilizing the ability to communicate technical information to the layman.
- Develops and executes a workforce development plan.
- Identifies and mentors future leaders for the organization.
- Knowledge of contracting, negotiating and change management.
- Knowledge of public relations principles and practices.
- Knowledge of communication and public relation techniques.
- Ability to develop financial plans and manage resources.
- Ability to analyze and interpret financial data.
- Ability to develop and deliver presentations.
- Ability to communicate and interact with officials at all levels of government and to work with a wide range of constituencies in a diverse community.
- Skill in strategic planning and execution.
- Skill in examining and re-engineering operations and procedures.
- Skill in formulating policy and developing and implementing new strategies and procedures.



POSITION PROFILE

POSITION SCOPE:

This position is selected by and reports directly to the JEA Board. The CEO is responsible for ensuring that the organization attracts and retains the appropriate level and mix of managerial, professional and administration skills to maintain effective control of operations and protect information and assets. The CEO directs and guides the development of strategic and long-term plans, resourcing strategies and budgets, all of which are subject to Board approval. In addition to working closely with the Board and the Executive Management Team, this position also works with public officials, industry leaders, suppliers, environmental groups and customers to ensure JEA continues to meet and/or exceed its objectives in the most efficient and cost effective manner.

REPRESENTATIVE OF JEA:

This position will represent JEA in local, state, and national forums.

JOB REQUIREMENTS:

Education: Bachelor Degree from an accredited college or university in a related field or discipline; MBA preferred
Experience: Fifteen (15) years’ managerial experience, including executive management within a utility or consumer oriented enterprise.
License/certifications/registrations: A valid driver’s license is required prior to appointment and must be maintained during employment in this classification.

PHYSICAL REQUIREMENTS

Sitting	Up to 8 hours per day	Lifting	Up to 2 hours per day
Walking	Up to 8 hours per day	Pushing	Up to 50 max. pounds **
Standing	Up to 8 hours per day	Pulling	Will not generally apply
Bending	Up to 8 hours per day	Climbing	Up to 50 max. pounds**
Squatting	Up to 0 hours per day	Stairs	Up to 0 hours per day
Stooping	Up to 0 hours per day	Ladder	Will not generally apply
Reaching	Up to 0 hours per day	Equipment	Will not generally apply
Balancing	Up to 0 hours per day	Outdoors	Will not generally apply
Twisting	Up to 0 hours per day		
Crawling	Will not generally apply		
Kneeling	Will not generally apply		

Unusual hearing or vision demands:	None
Other physical demands or notes:	**JEA employees should not attempt to lift, pull or push a load in excess of 50lbs. without assistance. Care should always be taken when lifting, pushing or pulling in an awkward position.

This position requires that employees be in compliance with JEA procedure ES A0200 A0101 RS 628 Screening Personnel Risk Assessments (pre-hire for “FACTA” designations; pre-hire and recurring for “CIP” designations).

Approved:

Revised: 10/20/04, 8/21/12; 9/17/12, 2/10/15

JEA Members' Roster (updated 3/20/18)

G. Alan Howard (Chair)

Founder and President Milam Howard
Nicandri Gillam & Renner, P.A.
14 E Bay Street (office) 32202

ahoward@milamhoward.com

421-4741 (ofc)
962-3660 (cell)

Asst: Allison Brown, abrown@milamhoward.onmicrosoft.com 904-357-3660 Ext. 130
Term: Appointed 2/10/16 for an unexpired term expiring February 28, 2019.
Board Chair and Chair, Nominating Committee, attends all Board Committee Meetings

Husein Cumber (Vice Chair)

Executive VP Corporate Development,
Florida East Coast Industries, Inc.
2002 San Marco Blvd., Suite 202 (office) 32207
2325 River Road (home) 32207

Husein.Cumber@feci.com

996-2812(ofc)

New Address as of 3/1/2017

954-234-0650 (cell)

Assistant: Stacey Rinaldi, Stacey.rinaldi@feci.com, 996-2813
Term: Appointed 2/26/14 for a four year term, expiring 2/28/18.

Board Vice Chair, Member, Finance & Audit Committee, Government, Legal and Real Estate Affairs Committee, and Compensation Committee

Reverend Frederick Newbill (Secretary)

Pastor, First Timothy Baptist Church North
12103 Biscayne Blvd. (office) 32218
1111 Mar Del Plata St. S (home) 32256

Newbill32218@yahoo.com

904-304-1634 (cell)

Asst: Terrence Joseph, t.joseph@firsttimothy.org, 757-9878 ext. 11 (office), 607-7646 (cell)
Term: Appointed 1/12/17 for a first full term expiring February 28, 2019.

Board Secretary and Member, Government, Legal and Real Estate Affairs Committee

Kelly Flanagan

Senior VP and CFO, Jacksonville Jaguars
One EverBank Field Drive (office) 32202
2525 College Street, Unit 1312 (home) 32204

flanagank@jaguars.nfl.com

633-6332 (ofc) **preferred**
477-9799 (cell)
N/A (fax)

Term: Appointed 11/25/15 for an unexpired term to expire 2/28/16, followed by a first full term to expire 2/28/20.
Chair, Finance & Audit Committee, and Chair, Compensation Committee

April Green

CFO/COO, Bethel Baptist Institutional Church
215 Bethel Baptist Street 32202
7759 Shelter Wood Court (home) 32256

april.green@bethelite.org

904-228-5594 (cell)
904-354-1464 (office)

Assistant: Cynthia Lilly, clilly@thebethelexperience.com, 354-1464
Term: Appointed 12/1/2017 for a first full term to expire 2/28/21.
Member, Compensation Committee

Aaron Zahn

Pascal Partners
P.O. Box 50806 (other) 32240

zahnaf@jea.com

904-819-9170 (ofc)
312-286-1040 (cell)

Term: Appointed 2/28/18 for a first full term to expire 2/28/22.