

# JEA BOARD MEETING AGENDA

October 22, 2019 • 9:00 a.m.

21 W. Church Street, 19<sup>th</sup> Floor



<b>I.</b>	<b>WELCOME</b>			
	A.	Call to Order		
	B.	Time of Reflection		
	C.	Pledge to Flag		
	D.	Introductions		
	E.	Adoption of the Agenda – Action		
	F.	Safety Briefing – Aaron Zahn, Managing Director/CEO		
	G.	Sunshine Law/Public Records Statement – Lynne Rhode, Chief Legal Officer		
<b>II.</b>	<b>COMMENTS / PRESENTATIONS</b>			
	Item(s)		Speaker/Title	
	A.	Comments from the Public	Public	
	B.	Council Liaison’s Comments	Council Member Danny Becton	
	C.	John Campion Recognition	Aaron Zahn, Managing Director/CEO	
<b>III.</b>	<b>OPERATIONS (DISCUSSION / ACTION)</b>			
	Definition: The “Operations” section of the Board Meeting is for business matters requiring Board discussion, Board action, or for matters being submitted to the Board as information only.			
	Item(s)		Speaker/Title	Discussion Action/Information
	A.	Consent Agenda – The Consent Agenda consists of agenda items that require Board approval but are routine in nature, or have been discussed in previous public meetings of the Board. The Consent Agenda items require no explanation, discussion or presentation, and are approved by one motion and vote.		
	Consent Agenda Reference Material (Provided in Appendices)			
	Appendix A:	Board Meeting Minutes September 24, 2019		Action
	Appendix B:	FY2019 Operating and Capital Budget Line Item Transfers		Action
	Appendix C:	Approval of Resolution: FY2020 Budgetary Transfers		Action
	Appendix D:	JEA Investment Policy Revisions		Action
	B.	Monthly Reports and Updates – The following monthly reports and updates are submitted to the Board as information only. These items require no explanation, discussion, presentation or action.		
	Monthly Reports and Updates (Provided in Appendices)			
	Appendix E:	Monthly Financial Statements		Information
	Appendix F:	Monthly FY18 Communications & Engagement Calendar and Plan Update		Information
Appendix G:	Financial and Operations Detail		Information	
Appendix H:	Corporate Campus Update		Information	
Appendix I:	Sole Source & Emergency/Procurement Appeals Board Report		Information	

	C.	Monthly Financial and Operations Dashboard	Caren Anders, VP/GM Energy Systems Deryle Calhoun, VP/GM Water/Wastewater Systems	Information
	D.	JEA’s Jacksonville Small and Emerging Program Report	John McCarthy, VP/Chief Supply Chain Officer	Information
	E.	Renewal of Firm Natural Gas Supply Agreement with Shell Energy North America	Caren Anders, VP/Chief Energy Officer	Action

<b>IV.</b>	<b>STRATEGY (DISCUSSION ONLY)</b>			
	Definition: The “Strategy” section of the Board Meeting is <u>only</u> for discussion & feedback to management on strategic initiatives of and for JEA.			
	Item(s)		Speaker/Title	
	A.	JEA Invitation to Negotiate Update	Morgan Stanley & JP Morgan	

<b>V.</b>	<b>SUBJECT MATTER EXPLORATION (OPPORTUNITIES &amp; RISKS – PRESENTATION)</b>			
	Definition: The “Subject Matter Exploration” section of the Board Meeting will be used to brief the Board Members on market, environment, business or other generally important matters. Staff and/or 3 <sup>rd</sup> party experts will provide presentations on a specific subject and the Board will be afforded an opportunity for Q&A at the end.			
	Item(s)		Speaker/Title	
	A	N/A		

<b>VI.</b>	<b>COMMITTEE REPORTS</b>			
	Item(s)		Speaker/Title	Discussion Action/Information
	A.	Compensation Committee	Camille Lee-Johnson	
		1. CEO Performance Review	Jon Kendrick, VP/Chief Human Resource Officer	Action

<b>VII.</b>	<b>OTHER BUSINESS</b>			
	Item(s)		Speaker/Title	
	A.	Old Business		
	B.	Other New Business		
	C.	Open Discussion		
	D.	Managing Director/CEO’s Report	Aaron Zahn, Managing Director/CEO	
E.	Chair’s Report	April Green, Board Chair		

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.

<b>VIII.</b>	<b>CLOSING CONSIDERATIONS</b>	
	Item(s)	
	A.	Announcements – Next Board Meeting November 19, 2019
	B.	Adjournment

<h2 style="margin: 0;">Board Calendar</h2>
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**Board Meetings:** 9:00 a.m. – Fourth Tuesday of Every Month (exception(s): November 19, 2019 and December 17, 2019)

**Committees:** Finance & Audit Committee: December 9, 2019

CEO Search Committee: TBD

Compensation Committee: TBD

Government Affairs Committee: TBD

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

This meeting is subject to Florida's Government in the Sunshine Law, §286.011, Florida Statutes, and shall be open to the public at all times.



## BOARD OF DIRECTORS RESOLUTION

October 22, 2019

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### HONORING JOHN CAMPION

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WHEREAS, John Campion was appointed to the Board of Directors of JEA on July 25, 2018 and served one term from July 25, 2018 through September 17, 2019 with roles as Compensation Committee Chair and CEO Search Committee, and,

WHEREAS, the Board accomplished major milestones in economic development, solar expansion and record J.D. Power customer satisfaction scores during his tenure, and,

WHEREAS, his vision and foresight have been invaluable to JEA, his focus and professionalism have helped guide JEA's strategic planning, and,

WHEREAS, the dedication, high ethical standards, and appreciation for all things JEA by this consummate gentleman and professional, will be missed greatly by all of the JEA family,

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of JEA that it hereby expresses its deep gratitude and appreciation to John Campion for his lasting contributions as a member of the Board of Directors of JEA.

**UNANIMOUSLY ADOPTED THIS 22nd DAY OF OCTOBER, 2019**

JEA

By:

April Green, Chair of the Board

**JEA BOARD MINUTES  
September 24, 2019**

**The JEA Board met in regular session on Tuesday, September 24, 2019, on the 19<sup>th</sup> Floor, 21 W. Church Street, Jacksonville, Florida. Present were April Green, Reverend Fredrick Newbill, Kelly Flanagan, Andy Allen, and Henry Brown.**

**Agenda Item I – Welcome**

- A.** The meeting was **called to order** at 9:01 AM by Chair April Green.
- B.** A **Moment of Reflection** was observed by all.
- C.** The **Pledge of Allegiance** was led by Chair Green.
- D.** **Introductions** were made by board members present, Aaron Zahn, and Lynne Rhode.
- E.** **Adoption of Agenda** – The agenda was approved on **motion** by Ms. Flanagan and second by Mr. Howard.
- F.** The **Safety Briefing** was given by Aaron Zahn, Managing Director/Chief Executive Officer.
- G.** **Sunshine Law/Public Records Statement** – Lynne Rhode, 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 – Comments / Presentations**

- A.** **Comments from the Public** – All information for speakers on file.
  - **James Taylor (Jim)** – provided his opinion on the recapitalization process.
  - **Casey Jones** – Spoke on his concerns of light pollution on Sea Turtles.
  - **Bruce Dueck** – provided his opinions on the strategic planning process.
- B.** **Comments from Council Liaison** – **Councilman Danny Becton** did not provide any comments.
- C.** **Mike Hightower Recognition** – Aaron Zahn presented Mike Hightower, former Board of Directors Chair and Vice President/Chief Public and Stakeholder Affairs Officer, with a Resolution and gift of appreciation for his service to JEA. Mike Hightower expressed his gratitude and stated that he enjoyed his time with JEA.

**Agenda Item III – Operations (Discussion/Action)**

- A.** **Consent Agenda** – used for items that require no explanation, discussion or presentation and are approved by one motion and vote. On **motion** by Vice Chair Newbill and second by Mr. Allen, Appendix A, B, C, and E were unanimously approved.

**Appendix A: Board Meeting Minutes July 23, 2019** – approved

**Appendix B: Clarification on Employee Protection and Retention Summary** – approved

**Appendix C: Real Estate Optimization – Sale of 9201 Atlantic Blvd** – approved

**Appendix E: Real Estate Purchase – Hart Bridge Conduit** – approved

**Chair Green abstained from the vote on Appendix D: Real Estate Acceptance – 2470 Talleyrand Ave (form on file) – On motion by Vice Chair Newbill and second by Mr. Allen, Appendix D unanimously approved.**

- B. Monthly Reports and Updates** – The following monthly reports and updates are submitted to the Board as information only. These items require no explanation, discussion, presentation or action.

**Appendix F: Monthly Financial Statements** – received for information

**Appendix G: Monthly FY19 Communications & Engagement Calendar and Plan Update** – received for information

**Appendix H: Corporate Campus Update** – received for information

- C. Monthly Financials and Operations Dashboard** – Melissa Dykes, President/COO and Ryan Wannemacher, Chief Financial Officer provided the highlights from the Financial and Operations Dashboard. Ms. Dykes noted that electric debt is the lowest it has been in 34 years and water debt is the lowest it has been in 16 years. Ms. Dykes also highlighted the JD Power, CEMI-5 and environmental impact to the wastewater system metrics success. Mr. Wannemacher highlighted the capital spend, energy and water/wastewater financial performance metrics, and the STAR Plan Phase 2.

*Agenda Item III. D. was skipped and presented later in the meeting.*

- E. Collective Bargaining Agreements** – Jon Kendrick, VP/Chief Human Resource Officer, provided an update on the Collective Bargaining Agreements and requested approval from the Board for Appendix I – M.

On **motion** from Vice Chair Newbill and second from Mr. Brown, Appendix I – M were unanimously approved.

**Appendix I: Professional Employees Association Collective Bargaining Agreement** – approved

**Appendix J: International Brotherhood of Electrical Workers (IBEW) Collective Bargaining Agreement** – approved

**Appendix K: Laborers' International Union of North America (LIUNA) Collective Bargaining Agreement** – approved

**Appendix L: American Federation of State, County and Municipal Employees (AFSCME) Collective Bargaining Agreement** – approved

**Appendix M: JEA Supervisors Association (JSA) Collective Bargaining Agreement** – approved

#### **Agenda Item IV – JEA Invitation to Negotiate Update**

- A. JEA Invitation to Negotiate** – Lynne Rhode, Chief Legal Officer, read the “Cone of Silence” Statement followed by a summary of the strategic process and the development of the non-traditional response and its objectives by Aaron Zahn, Managing Director/CEO. Herschel Vinyard, VP/Chief Administrative Officer recapped the presentation from July’s Board of Director’s Meeting on the process of removing the constraints and becoming a non-government owned utility. Kevin Hyde, Partner at Foley & Lardner LLP, provided an overview of the ITN

Procurement Process. Mr. Hyde explained the requirements of a successful replier, the evaluation process, further explained the “Cone of Silence”, and expounded on the opportunities for the public to comment. Mr. Hyde stated that any contracts approved will go to voter referendum. Mr. Zahn explained that on October 7 names will not be released, only the number of respondents in order to protect the process and keep it competitive.

Stephen Amdur, Chair of the New York Corporate Department at Pillsbury Winthrop Shaw Pittman LLP, reviewed scenarios 3A – 3F.

3A: Community Ownership

3B: IPO (become public with stock issuance)

3C: Private Placement Equity (shares with private sector investors)

3D: Technology Conversion (tech focused company purchases controlling interest)

3E: Oil and Gas Conversion

3F: Utility company purchases controlling interest

Mr. Amdur concluded his presentation by reviewing key anticipated process dates.

A discussion followed the presentation amongst Board Members concerning why names are not released on October 7, rating agency updates, why it is important to maintain an open process, and requirements for submissions for a particular scenario to continue the process.

### **Agenda Item III**

**D. 2020 Proposed Meeting Board of Directors Meeting Schedule** – Proposed schedule opened to comments. There were no comments or suggested changes. Board meetings will continue to be on the fourth Tuesday of every month, with the exception of November and December 2020 due to holidays.

### **Agenda Item – Committee Reports**

**A. Finance & Audit Committee** – Kelly Flanagan, Finance and Audit Committee Chair, reviewed items from the August 19, 2019 committee meeting and deferred action to the board due to a lack of quorum. Ryan Wannemacher, CFO presented the added item, Authorizations for the Use of Electrical Environmental Funds to Approved Projects.

On **motion** by Kelly Flanagan and second by Vice Chair Newbill, agenda items VI. 1, VI. 2, VI. 4, VI. 5, VI. 9, VI. 10, and VI. 14 were unanimously approved.

**VI. 1. Adoption of Agenda – August 19, 2019** – approved

**VI. 2. Approval of Minutes – May 20, 2019** – approved

**VI. 4. Annual Approval of Internal Audit Charter** – approved

**VI. 5. Approval of Annual Audit Internal Plan** – approved

**VI. 9. Pricing Policy Revision** – approved

**VI.10. Debt Management Policy Revision** – approved

**VI.14. Authorizations for the Use of Electrical Environmental Funds to Approved**

Henry Brown agreed to join the Finance and Audit Committee.

**Agenda Item VII – Other Business**

- A. **Old Business** – N/A
- B. **Other New Business** – N/A
- C. **Open Discussion** – Vice Chair Newbill empowered staff to pursue traditional response just the same as the non-traditional response. Mr. Zahn stated staff will follow the action and provide further analysis if directed by the Board to do so.
- D. **Managing Director/CEO’s Report** – Mr. Zahn announced John Campion’s resignation from the Board of Directors. He will be recognized at the October Board Meeting.
- E. **Chair’s Report** – Chair Green thanked Kerri Stewart, the Communications team, Aaron Zahn, and Melissa Dykes for the work during Hurricane Dorian.

**Agenda Item VIII – Closing Considerations**

- A. **Announcements** – Next Board Meeting – October 22, 2019
- B. **Adjournment**

*With no further business claiming the attention of the Board, Chair Green adjourned the meeting at 10:44am.*

APPROVED BY:

\_\_\_\_\_  
SECRETARY  
DATE: \_\_\_\_\_

Board Meeting recorded by:

\_\_\_\_\_  
Madricka L. Jones, Executive Staff Assistant



**INTER-OFFICE MEMORANDUM**

October 11, 2019

**SUBJECT:** FY 2019 OPERATING AND CAPTIAL BUDGET LINE ITEM TRANSFERS  
**FROM:** Aaron F. Zahn, Managing Director/CEO  
**TO:** JEA Board of Directors

**BACKGROUND**

Each year the Board of Directors approves an agenda item for Budgetary Transfers authorizing the Managing Director/CEO to make certain transfers within the budget. This authorization allows the Managing Director/CEO to make transfers up to \$5.0 million during a budget year. Transfers in excess of \$5.0 million during the fiscal year and/or to close the books at the end of the fiscal year are brought to the Board of Directors for authorization after the fact. This month's agenda item requests authorization from the Board of Directors for FY19 transfers needed to close the books and are now brought back to the Board of Directors for ratification. The transfers are summarized in the tables below.

JEA provides the Council Auditor a final end-of-year revised budget by November 30th of each year. The revised budget includes budget transfers necessary to ensure JEA maintains a balanced budget and that line item expenditures do not exceed their respective budget.

**DISCUSSION**

Opportunities existed in FY2019 to transfer funds to budget line items to support JEA's financial objectives, to reduce debt outstanding and to reduce the need for additional debt by funding current year capital requirements with current year revenues on both the Energy and Water and Wastewater Systems.

**Energy System- Operating and Maintenance**

Lower than budgeted expense for Operating Capital Outlay generated the ability to deposit an additional \$21.9 million to Operating Capital Outlay – Environmental; \$17.6 million to the Rate Stabilization – Non-Fuel Purchased Power; \$6.4 million to Scherer Renewal & Replacement; \$2.3 million to SJRPP Operating & Maintenance; \$0.6 million to Other Capacity; and \$0.3 million to Scherer Transmission.

During FY2019, \$17.6 million was deposited in the Rate Stabilization – NFPP, which is set up for the purpose of funding expenses related to Plant Vogtle prior to commercial operation. This stabilization fund is an important component of our credit analysis by the rating agencies since it demonstrates that Plant Vogtle does not represent a financial hardship for our customers prior to commercial operation.

The following end-of-year budget line item transfers for FY2019 support JEA's financial objectives and maintains a balanced budget.

<b>Energy System</b>			
<b>Transfer From</b>		<b>Transfer To</b>	
Operating Capital Outlay	\$ 49.0	Operating Capital Outlay - Environmental	\$ 21.9
		Rate Stabilization - NFPP	17.6
		Scherer R&R	6.4
		SJRPP O&M Costs	2.3
		Other Capacity	0.6
		Scherer Transmission	0.3
	\$ 49.0		\$ 49.0

**Water and Wastewater System – Operating and Maintenance**

Lower than budgeted expenses for Operating Capital Outlay - Environmental and Operations & Maintenance, coupled with Debt Service – Interest reduction due to the Strategic and Timely Asset Realignment (STAR) plan and lower variable interest rates generated the ability to deposit an additional \$5.0 million into Capacity Fees; an additional \$3.8 million into Operating Capital Outlay; and \$2.8 million into the Rate Stabilization – Environmental.

The FY2019 Water and Wastewater System budget for Capacity Fees was \$24.5 million. However, Capacity Fee revenue was \$29.5 million, which required additional funds be transferred to the Capacity Fee budget line item.

<b>Water and Wastewater System</b>			
<b>Transfer From</b>		<b>Transfer To</b>	
Operations & Maintenance	\$ 4.2	Capacity Fees	\$ 5.0
Debt Service - Interest	4.1	Operating Capital Outlay	3.8
Operating Capital Outlay - Environmental	3.3	Rate Stabilization - Environmental	2.8
	\$ 11.6		\$ 11.6

**Water and Wastewater System – Capital**

A transfer to Other Projects from Sewer projects to cover the Water and Wastewater other projects.

**RECOMMENDATION**

Staff recommends that the Board ratify the FY2019 year-end budget line item transfers of:

**Energy System – Operating and Maintenance**

- \$21.9 million to Operating Capital Outlay – Environmental; \$17.6 million to Rate Stabilization – Non-Fuel Purchased Power (NFPP); \$6.4 million to Scherer Renewal and Replacement; \$2.3 million to SJRPP O&M Costs; \$0.6 million to Other Capacity; and \$0.3 million to Scherer Transmission from Operating Capital Outlay

**Water and Wastewater System – Operating and Maintenance**

- \$5.0 million to Capacity Fees expense; \$3.8 million to Operating Capital Outlay; and \$2.8 million to Rate Stabilization – Environmental from Operating Capital Outlay – Environmental; Operating & Maintenance; and Debt Service – Interest

**Water and Wastewater System – Capital**

- \$5.6 million to Other Projects to Sewer Projects

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Aaron F. Zahn, Managing Director/CEO



**INTER-OFFICE MEMORANDUM**

October 11, 2019

**SUBJECT: APPROVAL OF RESOLUTION: FY2020 BUDGETARY TRANSFERS**

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**FROM:** Aaron Zahn, Managing Director/CEO

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**TO:** JEA Board of Directors

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**BACKGROUND**

The budget ordinance includes the authority for JEA to transfer from time to time, without Council approval, appropriated funds from one of the purposes for which funds are appropriated to another purpose during the fiscal year. The ordinance requires that the City Council Auditor be provided, at the end of each quarter, a copy or a written summary of the documentation of all transfers made between approved budget line items. In the past, the Board has delegated to the Managing Director authority to make transfers during the fiscal year within the budget line items.

**DISCUSSION**

The proposed Resolution authorizes the Managing Director to approve transfers between approved budget line items within the JEA budget for Fiscal Year 2020. Authorization is limited to \$5.0 million per transfer; however, in the event of an emergency or for year-end adjustments, the Managing Director is authorized to approve budget transfers exceeding \$5.0 million. Emergency and year-end transfers exceeding \$5.0 million will be brought to the Board for ratification. The Resolution states that the JEA staff will provide to the City Council Auditor at the end of each quarter a copy or written summary of the documentation of all transfers made between approved budget line items.

**RECOMMENDATION**

Staff recommends that the Board approve the attached Resolution 2019-13, which allows the Managing Director to process budget transfers within JEA budget for FY2020. This authorization is limited to \$5.0 million per transfer, except in the event of an emergency or year-end adjustments, where transfers over \$5.0 million will be brought to the Board for ratification.

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Aaron Zahn, Managing Director/CEO

AFZ/RFW/KMQ

**Resolution No. 2019-13**

**A RESOLUTION AUTHORIZING THE MANAGING DIRECTOR TO AFFECT TRANSFERS WITHIN THE ACCOUNTS OF THE FISCAL YEAR 2020 OPERATING AND CAPITAL BUDGETS FOR JEA, AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, each year, the City Council approves the JEA Budget, and authorizes the Board to make allocations, allotments, and transfers within the approved budget for JEA; and

**WHEREAS**, each year, the Board of Directors authorizes the Managing Director to make allocations, allotments, and transfers within the approved budget for JEA, within a limit set by Resolution; now therefore

**BE IT RESOLVED** by the JEA Board of Directors that:

1. The Managing Director is authorized to approve transfers between line items within the JEA budget for Fiscal Year 2020, providing the transfers are within the total budget as approved by the City Council.
2. This Authorization is limited to \$5.0 million per transfer except in the event of an emergency or year-end adjustments, where the Managing Director is authorized to approve budget transfers exceeding \$5.0 million. Emergency and year-end transfers exceeding \$5.0 million will be brought to the Board of Directors for ratification.
3. There shall be a copy or a summary of the written documentation of all transfers made between approved budget line items provided to the Council Auditor at the end of each quarter.
4. This Resolution shall be effective immediately upon passage.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

JEA

By: \_\_\_\_\_  
April Green  
Chair

Form Approved:

\_\_\_\_\_  
Lynne C. Rhode  
Chief Legal Officer

\_\_\_\_\_  
Camille Lee-Johnson  
Secretary



**INTER-OFFICE MEMORANDUM**

October 15, 2019

**SUBJECT: JEA INVESTMENT POLICY REVISIONS**

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**FROM:** Aaron F. Zahn, Managing Director and CEO

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**TO:** JEA Board of Directors

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**BACKGROUND:**

Section 218.415 of the Florida Statutes requires that investment activity by a unit of local government be consistent with a written policy adopted by the governing body of such unit of local government. In September 1995, the JEA Board approved an Investment Policy that satisfied this statutory requirement. Since that time, on several occasions the JEA Board has amended the JEA Investment Policy to take into account revisions to the statute, changes to JEA system bond resolutions, and to incorporate current industry practices. The most recent revisions to the Policy were approved by the JEA Board at the February 2019 Board meeting.

**DISCUSSION:**

Section 5.0 of the JEA Investment Policy, Authorized Investments, refers to Exhibits I through V for a complete listing of Authorized Investments. Further, Table 1 lists the percentage limitations for the various investment types held in the investment portfolio. The eligible investments are based primarily on the investments allowed per each system's bond resolution.

Staff is proposing to modify the list of Authorized Investments for the Electric System, Water and Sewer System and District Energy System to establish the definitions of JEA Debt and Non-JEA Debt, which are currently referenced in Table 1 of the Investment Policy but are undefined along with various other minor typographical modifications. Staff is not recommending any changes to the current investment limitation percentages. A complete marked copy of the proposed changes is provided as an attachment hereto.

**RECOMMENDATION:**

Staff recommends that the Board approve the attached revisions to Exhibits I through V of the Investment Policy, with corresponding changes to Table 1.

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Aaron F. Zahn, Managing Director and CEO

AFZ/RFW/JEO

**JEA**  
**TREASURY SERVICES**  
**INVESTMENT POLICY**  
**AS OF ~~MARCH 26~~OCTOBER 22, 2019**

**1.0 SCOPE**

The statement of investment policy and guidelines applies to funds under control of JEA in excess of those required to meet short-term expenses.

This investment policy applies to financial assets including funds related to the issuance of debt by JEA, including the Electric System, the Water and Sewer System, St. Johns River Power Park (SJRPP), the Bulk Power Supply System, the District Energy System (DES), and any other entity created and approved by JEA's Board. Furthermore, this investment policy applies to customer deposit monies held by JEA. This policy shall not apply to investments of the SJRPP Employees' Retirement Plan or investments of the Other Post-Employment Benefits (OPEB) Trust, which are covered by separate investment policies or authorizing resolutions.

**2.0 INVESTMENT OBJECTIVES**

JEA's investment portfolio shall be managed with the primary objective of safety of capital. The investment strategy will provide sufficient liquidity to meet anticipated cash flow requirements.

JEA will strive to obtain the highest possible yields consistent with safety of capital, liquidity of the portfolio and prudent investment principles.

Investments are made with the intention of holding the securities to maturity. However, investments may be sold from time to time to meet cash flow requirements, for the purpose of restructuring the average duration of the portfolio and taking advantage of market opportunities to record capital gains.

**3.0 PERFORMANCE MEASUREMENT**

JEA seeks to optimize the return on investment within the constraints of safety and liquidity. The investment portfolio shall be designed to attain a market yield consistent with the investment risk, maturity and liquidity constraints as discussed in this policy. A benchmark index will be used to evaluate the performance of the portfolio and the index will be periodically reviewed by the Chief Financial Officer to determine its appropriateness and to recommend changes as needed.

#### **4.0 PRUDENCE AND ETHICAL STANDARDS**

The standard of prudence to be applied by JEA shall be the “Prudent Person” rule, which states: “Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.” The “Prudent Person” rule shall be applied in the context of managing the overall portfolio.

Employees of JEA involved in the investment process shall not transact personal business activity that could or could appear to conflict with State Statutes, City Ordinances, JEA Management Directives, proper execution of the investment program or which could impair their ability to make impartial investment decisions.

#### **5.0 AUTHORIZED INVESTMENTS**

Refer to Exhibits I through V for a complete listing of the “Authorized Investments”. The bond resolutions for the Electric System, the Water and Sewer System and for DES allow any investment that is permitted by Florida law. Further, the Florida statutes provide that authorized investments include those that have been authorized by a resolution of the entity, e.g. a Board resolution. Thus, the JEA Board can amend the list of Authorized Investments for the Electric System, the Water and Sewer System, and for DES. The Authorized Investments for the other JEA systems -are specifically listed in their respective bond resolutions and thus can only be changed by a change in the resolution.

Money market funds are specifically included in the list of Authorized Investments for the Electric System, the Water and Sewer System, and DES. However, the term “money market funds” is not specifically noted in the list of Authorized Investments for the SJRPP Second Bond Resolution or the Bulk Power Supply System. The listings for those systems include as Authorized Investments the shares of an investment company organized under the Investment Company Act of 1940, as amended. Money market funds which are organized and registered under the Investment Company Act of 1940, as amended, fall under this definition and are thus included as eligible investments. For all JEA systems, money market funds must be rated AAA by Standard and Poor’s or Aaa by Moody’s Investors Service.

JEA does not speculate on the future movement of interest rates and is not permitted to utilize reverse repurchase agreements or other forms of debt leverage in the management of its investment portfolio. Floating rate notes, inflation-indexed notes, and other adjustable rate securities are permitted types of securities. Inverse floaters, however, are prohibited.

JEA is permitted to use interest rate swap agreements for asset/liability management. For its assets, JEA utilizes interest rate swaps in a 100% asset matched strategy with JEA’s revolving fund balances. JEA is also permitted to engage in the practice of securities

lending, whereby a fee is paid to JEA in exchange for lending securities that are fully collateralized by securities listed as Authorized Investments. JEA's investment professionals have developed sufficient understanding of the investment vehicles listed above and have the expertise to manage them.

## **6.0 MATURITY AND LIQUIDITY REQUIREMENTS**

The investment portfolio shall be structured in such manner as to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities will be matched with known cash needs and anticipated cash flow requirements.

Additionally, maturity limitations for funds related to the issuance of debt are outlined in the Bond Resolution relating to those bond issues.

## **7.0 PORTFOLIO COMPOSITION**

The investment portfolio may be structured to have limits on certain types of securities, issuers, and maturities. Refer to Table 1 for specific limitations.

Investments in commercial paper, certificates of deposit or bankers acceptances shall have the following restrictions: Nine months maximum maturity, \$12,500,000 limit per issuer, and limited to 25% of the entire portfolio (including money market and repurchase agreements). Exceeding the 25% limit is permitted when including investments for the debt service sinking funds and escrows relating to the economic defeasance of debt. In addition, commercial paper must be rated in the highest whole rating category (i.e. A-1 by Standard and Poor's, P-1 by Moody's Investors Service or F1 by Fitch) by at least 2 nationally recognized rating agencies and be issued by a Fortune 500 company, a Fortune Global 500 company with significant operations in the U.S. (in U.S. dollar-denominated securities), or the governments of Canada or Canadian provinces (in U.S. dollar-denominated securities). The ratings outlook for the commercial paper must be positive or stable at the time of the investment.

## **8.0 RISK AND DIVERSIFICATION**

Assets held shall be diversified to control the risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which these instruments are bought and sold. Diversification strategies shall be reviewed and revised periodically as necessary by the appropriate management staff. A diversity of treasury and agency issues shall be maintained to avoid a concentration in any one issue or maturity. Refer to Table 1 for detailed investment limitations. Such limitations will be periodically reviewed by the Chief Financial Officer to determine their appropriateness and to recommend changes as needed.

## **9.0 AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS**

JEA shall only execute US Treasury and Agency investment transactions and repurchase agreements with primary securities dealers as designated by the Federal Reserve Bank of New York and commercial banks within JEA's geographical service area who are member banks of the Federal Reserve System and have capital stock, surplus and undivided earnings aggregating at least \$25,000,000 and have a rating on short-term bank deposits of at least P-1 by Moody's Investors Service. Commercial paper transactions, CDs and BAs can be executed with primary securities dealers and firms considered to be "Direct Issuers". Municipal securities transactions can be executed with primary securities dealers or municipal securities firms having a significant presence in Florida or firms owning a specific JEA bond issue and only on a delivery versus payment basis. Investment Agreements can be purchased directly from the issuing insurance company or financial institution. Money market mutual funds can be purchased from commercial banks meeting the requirements discussed above, from primary dealers, -or directly from the money market mutual fund. All other investments can only be purchased from primary dealers.

## **10.0 THIRD-PARTY CUSTODIAL AGREEMENTS**

All securities purchased by, and all collateral obtained by, JEA under this section shall be properly designated as an asset of JEA and held in safekeeping by a third party custodial bank or other third party custodial institution, except as noted below.

All securities purchased and sold by JEA under this section shall be executed using the "delivery versus payment procedure." Collateral requirements for Repurchase Agreements and Securities Lending Agreements will be contained in the Master Repurchase Agreement/Custodial Undertaking and Securities Lending Agreement, respectively, executed between JEA and the broker/dealer or bank.

The safekeeping institution shall issue a safekeeping receipt to JEA listing the specific instrument, par value, rate, maturity and any other pertinent information. In the case of securities purchased or sold, the "confirmation" received from the dealer or safekeeping institution should be attached to the internally generated trade ticket. In the case of repurchase agreements, collateral safekeeping receipts should be compared on a daily basis to ensure compliance with collateral requirements and investment limitations.

No withdrawal of securities, in whole or in part, shall be made from safekeeping, except by an authorized staff member of JEA.

An exception to third party custody of assets would be the safekeeping of collateral for repurchase agreements entered into between JEA and its primary bank for the purpose of conducting day to day cash management functions. Collateral will be held by that bank but not in JEA's name. The bank will issue a safekeeping receipt indicating the collateral pledged to JEA.

## **11.0 MASTER REPURCHASE AGREEMENT**

JEA shall require all institutions and dealers transacting repurchase agreements to execute and perform as stated in the Master Repurchase Agreement that is signed by both parties. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.

Repurchase Agreements can only be entered into with authorized investment institutions and dealers as defined in Section 9.0 of this policy. In addition, all repurchase agreements must adhere to the provisions as defined in Section 5.0 of this policy relating to Authorized Investments and Section 10.0 of this policy regarding third-party custodial agreements. Collateral requirements must adhere to those outlined in the appropriate bond resolution. Tri Party Repurchase Agreements are preferred to “conventional” (delivery of collateral versus wire transfer of the amount invested) Repurchase Agreements due to significant cost savings derived from safekeeping the collateral at the same custodian utilized by the dealer. Due to the costs associated with transferring Repurchase Agreements on a daily basis, the interest rate paid to JEA will be compared on a daily basis to the market (using Bloomberg or a similar source) and when appropriate, the Repurchase Agreement will be re-executed with a different institution based on the rate comparison.

## **12.0 BID REQUIREMENT**

Staff shall determine the approximate maturity date based on cash flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question when feasible and appropriate.

Competitive bids or offerings shall be obtained from at least three dealers on all sales or purchases except in situations where:

- a. the security involved is a “new issue” and/or can be purchased “at the auction”;
- b. the security involved has a fixed, “posted scale” rate;
- c. the security involved is available through direct issue, private placement (e.g., direct issue commercial paper);
- d. the security involved is of particular special interest to JEA (e.g. Florida General Obligation bonds or other municipal bonds) and dealer competition could have an adverse impact with respect to the price and/or availability of the security to JEA;
- e. a dealer or institution brings to JEA an unsolicited swap proposal deemed advantageous to JEA.

Although direct investments in equity securities are not Authorized Investments, such securities are received by JEA from time to time as payment for customer liabilities in lieu

of the receipt of cash. Competitive bids are not required on the sale of such securities in order that the sale may take place in an expeditious manner.

The requirement for competitive bids does not apply to JEA purchases of JEA bonds in the secondary market, or to investments in money market mutual funds, the State of Florida Local Government Surplus Funds Trust Fund (“Florida Prime”), or intergovernmental investment pools. Money market funds shall be rated AAA by Standard and Poor’s or Aaa by Moody’s Investors Service and will be selected on the basis of a fund’s yield, ranking versus peers, expenses, portfolio composition, assets under management, etc. Investments in money market mutual funds or in Florida Prime or an intergovernmental pool will be reviewed on a periodic basis for appropriateness.

### **13.0 INTERNAL CONTROLS**

The Chief Financial Officer and/or the Treasurer will maintain a system of internal controls, which will be documented in writing and made part of operational procedures in Treasury Services. The internal controls will be reviewed by independent auditors as part of any financial audit periodically required of JEA.

The internal controls should be designed to prevent losses of funds which might arise from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of JEA.

### **14.0 REPORTING**

Treasury Services shall generate monthly reports for management purposes. The reports shall include securities in the portfolio by class or type, book value, and yield earned during the period. Market values are reported quarterly in JEA’s financial statements. Treasury Services shall provide other such reports and information as deemed reasonable, upon request, from other internal and external sources.

### **15.0 CONTINUING EDUCATION**

JEA staff responsible for making investment decisions must annually complete 8 hours of continuing education in subjects of study related to investment practices and products. This requirement can be met through a variety of methods including, but not limited to, seminars, conferences, college courses, and CPA continuing education.

### **16.0 AUDITS**

Certified public accountants conducting audits of JEA pursuant to section 218.39, Florida Statutes, shall report, as part of the audit, whether or not JEA has complied with this section 218.415, Florida Statutes.

## **17.0 SALE OF SECURITIES**

When the invested funds are needed in whole or in part for the purposes originally intended or for more optimal investments, JEA may sell such investments at the “market” and place the proceeds in the proper account or fund.

## **18.0 AUTHORIZATIONS**

JEA investment accounts may be opened or continued at registered broker/dealers or banks. The Managing Director and Chief Executive Officer (CEO), or his designee, is authorized to open such accounts and to 1) purchase and sell authorized investments and to 2) sell securities received as payment for customer liabilities in lieu of the receipt of cash. A detailed listing of individuals in authorized positions and their specific authorities and signatures will be maintained in an “Authorization for the Opening and Continuing of Certain Investment Accounts and Signatories Therefor.”

## **19.0 PRIORITY OF DOCUMENTS**

This JEA Investment Policy shall be the governing document when conflicting or otherwise inconsistent with the JEA Procurement Code.

## **20.0 INVESTMENT POLICY APPROVAL**

The authority to approve, modify, or amend this Investment Policy rests with the JEA Finance and Audit Committee and the JEA Board. The JEA Chief Financial Officer or Treasurer may submit recommendations for changes to the Investment Policy as deemed necessary.

EXHIBIT 1  
JEA ELECTRIC SYSTEM AUTHORIZED INVESTMENTS

"Authorized Investments" shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of JEA's funds:

- (i) 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 obligations of any of the Federal agencies set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) bonds, debentures, or other evidences of indebtedness issued or guaranteed by an 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;
- (iii) obligations of any state of the United States of America or any political subdivision thereof or an agency or instrumentality of any state or political subdivision, provided at the time of their purchase hereunder such obligations are rated in either of the two highest rating categories by two nationally recognized rating agencies;
- (iv) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued and entered into by (i) an insurance company whose claim paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (ii) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Right of assignment is permitted, if approved by JEA;
- (v) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit or said State are pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (vi) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clause (i) and (iii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (vii) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000, provided at the time of their purchase hereunder such instruments are (a) rated not lower than the second highest rating category by two nationally recognized rating agencies, (b) issued by a bank, trust company or national banking association (1) which bank, trust company or

national banking association's deposit obligations have been issued the highest possible rating (giving effect to any refinement or graduation of ratings by a numerical modifier or otherwise) by (x) Moody's Investors Service or (y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirement set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the FDIC or secured, to the extent not insured by the FDIC, by such securities as described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;

- (viii) commercial paper that, at the date of investment, is rated "P-1" by Moody's Investors Service and "A-1" by Standard & Poor's Rating Group or their respective successors or if not so rated by both such rating agencies, then rated "P-1" by Moody's Investors Service or "A-1" by Standard & Poor's Ratings Group or "F-1" by Fitch Investors Service and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;
- (ix) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement relates to the sale and repurchase of any of the securities described in clauses (i) and (iii) above and which, in the judgement of JEA, conforms as to terms and conditions with the then prevailing prudent standards in the financial markets;
- (x) shares of an investment company organized under the Investment Company Act of 1940, as amended, including money market mutual funds, which invests its assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated AAA if rated by Standard & Poor's Rating Group and or Aaa if rated by Moody's Investors Service; ~~and~~
- (xi) interests in the State of Florida Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01;
- (xii) -JEA Debt, which shall mean any bonds, notes or other obligations or evidences of indebtedness, as the case may be: (a) issued by JEA relating to the Electric System, SJRPP, Bulk Power Supply System, Water and Sewer System, DES or (b) issued by non-JEA entities secured by Contract Debts which shall be paid as a Cost of Operation and Maintenance of the Electric System, Water and Sewer System or DES, as defined in their respective bond resolutions; and
- (xiii) Non-JEA Debt, which shall mean municipal debt that is not JEA Debt.

EXHIBIT II  
SJRPP AUTHORIZED INVESTMENTS – SECOND BOND RESOLUTION

“Authorized Investments” shall mean and include each of the following securities, obligations and investments if and to the extent that at the time the same shall be legal for investment of JEA’s funds:

- (i) 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 obligations of any of the federal agencies set forth in clause (ii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) 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 and “Aaa” by Moody’s Investors Service, if rated by both rating agencies, and, if rated by one such rating agency, shall have a rating of “AAA” or “Aaa” by Standard & Poor’s or Moody’s Investors Service, as the case may be;
- (iii) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision, provided that at the time of their purchase hereunder such obligations are rated in either of the two highest whole rating categories by two nationally recognized rating agencies;
- (iv) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State is pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (v) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clauses (i) and (ii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination of federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (vi) certificates of deposit, whether negotiable or non-negotiable, and banker’s acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000; provided, that at the time of their purchase hereunder such instruments are (a) rated not lower than the second highest whole rating category by two nationally recognized rating agencies, (b) issued by a bank, trust company or nationally recognized association (1) which bank, trust company or national banking association’s deposit obligations have been issued the highest possible rating (giving effect to any refinement or graduation of ratings by a numerical or symbolic modifier or otherwise) by (X) Moody’s Investors Service or Standard & Poor’s

or (Y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirements set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the Federal Deposit Insurance Corporation or secured, to the extent not insured by the Federal Deposit Insurance Corporation, by such securities as are described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;

- (vii) commercial paper that, at the date of investment, is rated "P-1" by Moody's Investors Service and "A-1" by Standard & Poor's, or if not so rated by both such rating agencies, then rated "P-1" by Moody's Investors Service or "A-1" by Standard & Poor's or "F-1" by Fitch Ratings and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;
- (viii) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve bank of New York, which agreement relates to the sale and repurchase of any one or more of the securities described in clauses (i) and (ii) above and which, in the judgment of JEA, conforms as to terms and conditions with then prevailing prudent standards in the financial markets;
- (ix) shares of an investment company organized under the Investment Company Act of 1940, as amended (or successor provision of law), which invests in assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated "AA" or above if rated by Standard & Poor's and "Aa2" or above if rated by Moody's Investors Service;
- (x) interests in the State of Florida Local Government Surplus Funds Trust Fund or other similar common trust fund for which such state, or a constitutional or statutory officer or agency thereof, shall be the custodian; and
- (xi) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment of such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued or entered into by (i) an insurance company whose claims paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (ii) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such

agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off.

EXHIBIT III  
RESTATED AND AMENDED BULK POWER SUPPLY SYSTEM  
AUTHORIZED INVESTMENTS

"Authorized Investments" shall mean and include each of the following securities, obligations and investments if and to the extent that at the time the same shall be legal for investment of JEA's funds:

- (i) 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 obligations of any of the federal agencies set forth in clause (ii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) 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 and "Aaa" by Moody's Investors Service, if rated by both rating agencies, and, if rated by one such rating agency, shall have a rating of "AAA" or "Aaa" by Standard & Poor's or Moody's Investors Service, as the case may be;
- (iii) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision, provided that at the time of their purchase hereunder such obligations are rated in either of the two highest whole rating categories by two nationally recognized rating agencies;
- (iv) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State is pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (v) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clauses (i) and (ii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination of federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (vi) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000; *provided*, that at the time of their purchase hereunder such instruments are (a) rated not lower than the second highest whole rating category by two nationally recognized rating agencies, (b)

issued by a bank, trust company or nationally recognized association (1) which bank, trust company or national banking association's deposit obligations have been issued the highest possible rating (giving effect to any refinement or graduation of ratings by a numerical or symbolic modifier or otherwise) by (X) Moody's Investors Service or Standard & Poor's or (Y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirements set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the Federal Deposit Insurance Corporation or secured, to the extent not insured by the Federal Deposit Insurance Corporation, by such securities as are described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;

- (vii) commercial paper that, at the date of investment, is rated "P-1" by Moody's Investors Service and "A-1" by Standard & Poor's, or if not so rated by both such rating agencies, then rated "P-1" by Moody's Investors Service or "A-1" by Standard & Poor's or "F-1" by Fitch Ratings and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;
- (viii) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve bank of New York, which agreement relates to the sale and repurchase of any one or more of the securities described in clauses (i) and (ii) above and which, in the judgment of JEA, conforms as to terms and conditions with then prevailing prudent standards in the financial markets;
- (ix) shares of an investment company organized under the Investment Company Act of 1940, as amended (or successor provision of law), which invests in assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated "AA" or above if rated by Standard & Poor's and "Aa" or above if rated by Moody's Investors Service;
- (x) interests in the State of Florida Local Government Surplus Funds Trust Fund or other similar common trust fund for which such state, or a constitutional or statutory officer or agency thereof, shall be the custodian; and
- (xi) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment of such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued or entered into by (i) an insurance company whose claims paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (ii) an insurance company

or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Any such agreement or contract may provide that, with the approval of JEA, the insurance company or other financial institution may have the right to assign its obligations under any such agreement or contract to any other insurance company or other financial institution.

EXHIBIT IV  
JEA WATER AND SEWER SYSTEM AUTHORIZED INVESTMENTS

"Authorized Investments" shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of JEA's funds:

- (i) 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 obligations of any of the Federal agencies set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) bonds, debentures, or other evidences of indebtedness issued or guaranteed by an 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;
- (iii) obligations of any state of the United States of America or any political subdivision thereof or an agency or instrumentality of any state or political subdivision, provided at the time of their purchase hereunder such obligations are rated in either of the two highest rating categories by two nationally recognized rating agencies;
- (iv) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued and entered into by (i) an insurance company whose claim paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (ii) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Right of assignment is permitted, if approved by JEA
- (v) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State are pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (vi) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clause (i) and (iii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (vii) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000, provide at the time of their purchase hereunder such instruments are (a) rated not lower than the

second highest rating category by two nationally recognized rating agencies, (b) issued by a bank, trust company or national banking association (1) which bank, trust company or national banking association's deposit obligations have been issued the highest possible rating (giving effect to any refinement or graduation of ratings by a numerical modifier or otherwise) by (x) Moody's Investors Service or (y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirement set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the FDIC or secured, to the extent not insured by the FDIC, by such securities as described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;

- (viii) commercial paper that, at the date of investment, is rated "P-1" by Moody's Investors Service and "A-1" by Standard & Poor's Rating Group or their respective successors or if not so rated by both such rating agencies, then rated "P-1" by Moody's Investors Service or "A-1" by Standard & Poor's Ratings Group or "F-1" by Fitch Investors Service and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;
- (ix) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement relates to the sale and repurchase of any of the securities described in clauses (i) and (iii) above and which, in the judgement of JEA, conforms as to terms and conditions with the then prevailing prudent standards in the financial markets;
- (x) shares of an investment company organized under the Investment Company Act of 1940, as amended, including money market mutual funds, which invests its assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated AAA if rated by Standard & Poor's or Aaa if rated by Moody's Investors Service;  
~~and~~
- (xi) interests in the State of Florida Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in s. 163.01;
- (xii) JEA Debt, which shall mean any bonds, notes or other obligations or evidences of indebtedness, as the case may be: (a) issued by JEA relating to the Electric System, SJRPP, Bulk Power Supply System, Water and Sewer System, DES or (b) issued by non-JEA entities secured by Contract Debts which shall be paid as a Cost of Operation and Maintenance of the Electric System, Water and Sewer System or DES, as defined in their respective bond resolutions; and
- (xiii) Non-JEA Debt, which shall mean municipal debt that is not JEA Debt.

EXHIBIT V  
JEA ~~DISTRICT ENERGY SYSTEM~~ AUTHORIZED INVESTMENTS

"Authorized Investments" shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of JEA's funds:

- (i) 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 obligations of any of the Federal agencies set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) bonds, debentures, or other evidences of indebtedness issued or guaranteed by an 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;
- (iii) obligations of any state of the United States of America or any political subdivision thereof or an agency or instrumentality of any state or political subdivision, provided at the time of their purchase hereunder such obligations are rated in either of the two highest rating categories by two nationally recognized rating agencies;
- (iv) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued and entered into by (i) an insurance company whose claim paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (ii) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Right of assignment is permitted, if approved by JEA;
- (v) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State are pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (vi) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clause (i) and (iii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (vii) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000, provide at the time of their purchase hereunder such instruments are (a) rated not lower than the second highest rating category by two nationally recognized rating agencies, (b) issued by a bank, trust company or national banking association (1) which bank, trust company or

national banking association's deposit obligations have been issued the highest possible rating (giving effect to any refinement or graduation of ratings by a numerical modifier or otherwise) by (x) Moody's Investors Service or (y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirement set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the FDIC or secured, to the extent not insured by the FDIC, by such securities as described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;

- (viii) commercial paper that, at the date of investment, is rated "P-1" by Moody's Investors Service and "A-1" by Standard & Poor's or their respective successors or if not so rated by both such rating agencies, then rated "P-1" by Moody's Investors Service or "A-1" by Standard & Poor's or "F-1" by Fitch Investors Service and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;
- (ix) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement relates to the sale and repurchase of any of the securities described in clauses (i) and (iii) above and which, in the judgement of JEA, conforms as to terms and conditions with the then prevailing prudent standards in the financial markets;
- (x) shares of an investment company organized under the Investment Company Act of 1940, as amended, including money market mutual funds, which invests its assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated AAA if rated by Standard & Poor's or Aaa if rated by Moody's Investors Service; and
- (xi) interests in the State of Florida Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01.
- (xii) JEA Debt, which shall mean any bonds, notes or other obligations or evidences of indebtedness, as the case may be: (a) issued by JEA relating to the Electric System, SJRPP, Bulk Power Supply System, Water and Sewer System, DES or (b) issued by non-JEA entities secured by Contract Debts which shall be paid as a Cost of Operation and Maintenance of the Electric System, Water and Sewer System or DES, as defined in their respective bond resolutions; and
- (xiii) Non-JEA Debt, which shall mean municipal debt that is not JEA Debt.

Table 1 – JEA Investment Limitations

Option	Allowable Range (% of total investments and/or \$ amount)	Comments
Bank NOW Account	Up to 25%, except for 3/31 and 9/30 at which time the limit is 30%	Federal or state insured financial institutions designated as Qualified Public Depositories by the State of Florida
Triparty Repo	Up to 15% with any one dealer; up to 25% in aggregate	102% collateral. Collateral can include Treasuries and/or Agencies and is held by a 3 <sup>rd</sup> party custodian. Dealers rated AA by two rating agencies.
U.S. Treasuries or Treasury-only Money Market Funds	Up to 100%	Fund must be rated AAA or Aaa and registered with SEC.
U.S. Agencies (Fannie Mae, Federal Home Loan Bank, Freddie Mac, etc.)	Less than 35% in any one issuer and up to 75% in aggregate, including repo collateral	Electric/Water/DES: No ratings requirement  Other Systems: AAA rated All Systems: Not backed by mortgage loans.
Commercial Paper	Up to 25% of portfolio; maximum of \$12.5 million in any one issuer	Must be in Fortune 500/Global 500, or governments of Canada or Canadian provinces (U.S. dollar-denominated); rated at least A-1/P-1 with stable or positive outlook
Municipal Bonds	Up to 30% <del>Non-JEA</del> <del>Debt</del> ; 50% including JEA <del>Debt</del>	Non-JEA <del>Debt</del> must be rated AA by two rating agencies
Government Agency Money Market Mutual Funds	Up to 10% in any one fund; up to 25% in aggregate	AAA or Aaa rating required. Registered with SEC.
Intergovernmental Investment Pool	Up to 20%	Authorized by Florida statutes. Includes Florida Prime Fund and PFM's Florida Education Income Trust Fund.



Monthly Financial  
Statements

September 2019  
(preliminary)

Monthly Financial Statements

September 2019

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**JEA**  
**Statements of Net Position**  
**(in thousands)**

	<b>September 2019</b>	
	<b>(unaudited)</b>	<b>September 2018</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 414,438	\$ 441,206
Investments	2,399	85,310
Customer accounts receivable, net of allowance (\$1,341 and \$1,830, respectively)	226,848	232,858
Inventories:		
Materials and supplies	58,962	59,204
Fuel	30,898	36,871
Other current assets	20,645	18,290
Total current assets	<u>754,190</u>	<u>873,739</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	265,784	114,576
Investments	380,250	731,627
Accounts and interest receivable	18	62
Total restricted assets	<u>646,052</u>	<u>846,265</u>
Costs to be recovered from future revenues	850,956	808,096
Other assets	19,016	22,686
Total noncurrent assets	<u>1,516,024</u>	<u>1,677,047</u>
Capital assets:		
Land and easements	195,461	194,552
Plant in service	11,563,873	11,231,096
Less accumulated depreciation	<u>(6,836,311)</u>	<u>(6,518,751)</u>
Plant in service, net	4,923,023	4,906,897
Construction work in progress	<u>542,421</u>	<u>473,362</u>
Net capital assets	<u>5,465,444</u>	<u>5,380,259</u>
Total assets	<u>7,735,658</u>	<u>7,931,045</u>
<b>Deferred outflows of resources</b>		
Unrealized pension contributions and losses	131,644	171,367
Unamortized deferred losses on refundings	132,805	143,722
Accumulated decrease in fair value of hedging derivatives	161,485	86,356
Unrealized asset retirement obligations	50,329	29,173
Unrealized OPEB contributions and losses	9,100	4,078
Total deferred outflows of resources	<u>485,363</u>	<u>434,696</u>
Total assets and deferred outflows of resources	<u>\$ 8,221,021</u>	<u>\$ 8,365,741</u>

**JEA**  
**Statements of Net Position**  
**(in thousands)**

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	<b>September 2019</b>	<b>September 2018</b>
	<b>(unaudited)</b>	
<b>Liabilities</b>		
Current liabilities:		
Accounts and accrued expenses payable	\$ 53,827	\$ 81,770
Customer deposits and prepayments	73,974	70,213
Billings on behalf of state and local governments	26,292	25,970
Current portion of asset retirement obligations	18,884	6,646
Compensation and benefits payable	17,228	12,688
City of Jacksonville payable	10,269	9,957
Total current liabilities	<u>200,474</u>	<u>207,244</u>
Current liabilities payable from restricted assets:		
Debt due within one year	192,555	185,790
Interest payable	64,775	73,737
Renewal and replacement reserve	46,955	54,370
Construction contracts and accounts payable	66,775	53,369
Total current liabilities payable from restricted assets	<u>371,060</u>	<u>367,266</u>
Noncurrent liabilities:		
Net pension liability	566,372	544,203
Asset retirement obligations	31,445	22,526
Net OPEB liability	18,256	18,835
Other liabilities	59,840	49,227
Total noncurrent liabilities	<u>675,913</u>	<u>634,791</u>
Long-term debt:		
Debt payable, less current portion	3,428,080	3,813,680
Unamortized premium, net	118,125	152,891
Fair value of debt management strategy instruments	149,887	86,356
Total long-term debt	<u>3,696,092</u>	<u>4,052,927</u>
Total liabilities	<u>4,943,539</u>	<u>5,262,228</u>
<b>Deferred inflows of resources</b>		
Revenues to be used for future costs	238,690	286,832
Unrealized pension gains	50,880	50,124
Unrealized OPEB gains	11,249	8,712
Accumulated increase in fair value of hedging derivatives	-	2,536
Total deferred inflows of resources	<u>300,819</u>	<u>348,204</u>
<b>Net position</b>		
Net investment in capital assets	2,272,793	1,856,725
Restricted for:		
Capital projects	164,133	331,157
Debt service	193,063	187,172
Other purposes	42,005	23,708
Unrestricted	304,669	356,547
Total net position	<u>2,976,663</u>	<u>2,755,309</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,221,021</u>	<u>\$ 8,365,741</u>

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

	Month		Year-to-Date	
	September		September	
	2019	2018	2019	2018
<b>Operating revenues</b>				
Electric - base	\$ 99,341	\$ 80,395	\$ 842,801	\$ 793,314
Electric - fuel and purchased power	34,570	26,744	417,014	473,888
Water and sewer	40,202	34,513	450,116	423,480
District energy system	893	860	8,504	8,348
Other	2,928	7,881	33,526	90,952
Total operating revenues	177,934	150,393	1,751,961	1,789,982
<b>Operating expenses</b>				
Operations and maintenance:				
Fuel	27,202	49,775	330,328	421,052
Purchased power	11,568	12,643	135,245	109,194
Maintenance and other operating expenses	46,243	40,806	395,692	431,269
Depreciation	29,887	28,119	362,313	360,609
State utility and franchise taxes	6,814	6,490	71,569	70,027
Recognition of deferred costs and revenues, net	25,076	5,740	44,792	6,856
Total operating expenses	146,790	143,573	1,339,939	1,399,007
Operating income	31,144	6,820	412,022	390,975
<b>Nonoperating revenues (expenses)</b>				
Interest on debt	(11,891)	(12,648)	(139,671)	(153,112)
Debt management strategy	(1,049)	(1,017)	(11,445)	(13,396)
Investment income	3,751	1,520	39,745	11,826
Allowance for funds used during construction	(579)	1,414	14,099	11,764
Other nonoperating income, net	769	588	9,082	9,857
Earnings from The Energy Authority	76	954	2,412	4,074
Other interest, net	(37)	(109)	(1,626)	(1,825)
Total nonoperating expenses, net	(8,960)	(9,298)	(87,404)	(130,812)
Income before contributions	22,184	(2,478)	324,618	260,163
<b>Contributions (to) from</b>				
General Fund, City of Jacksonville, Florida	(9,804)	(9,719)	(132,802)	(116,620)
Developers and other	9,958	7,536	97,726	82,157
Reduction of plant cost through contributions	(7,011)	(4,167)	(68,188)	(54,114)
Total contributions, net	(6,857)	(6,350)	(103,264)	(88,577)
<b>Special items</b>	-	(45,099)	-	(45,099)
Change in net position	15,327	(53,927)	221,354	126,487
Net position, beginning of period	2,961,336	2,809,236	2,755,309	2,628,822
Net position, end of period	\$ 2,976,663	\$ 2,755,309	\$ 2,976,663	\$ 2,755,309

**Statement of Cash Flows**  
**(in thousands - unaudited)**

	Year-to-Date September	
	2019	2018
<b>Operating activities</b>		
Receipts from customers	\$ 1,678,474	\$ 1,740,598
Payments to suppliers	(709,907)	(799,895)
Payments to employees	(233,377)	(258,636)
Other operating activities	36,371	93,902
Net cash provided by operating activities	<u>771,561</u>	<u>775,969</u>
<b>Noncapital and related financing activities</b>		
Contribution to General Fund, City of Jacksonville, Florida	(132,707)	(116,569)
Net cash used in noncapital and related financing activities	<u>(132,707)</u>	<u>(116,569)</u>
<b>Capital and related financing activities</b>		
Defeasance of debt	(195,045)	(993,690)
Proceeds received from debt	2,000	821,000
Acquisition and construction of capital assets	(468,961)	(384,577)
Repayment of debt principal	(185,790)	(229,095)
Interest paid on debt	(169,836)	(182,849)
Capital contributions	29,538	28,043
Other capital financing activities	(3,835)	63,197
Net cash used in capital and related financing activities	<u>(991,929)</u>	<u>(877,971)</u>
<b>Investing activities</b>		
Purchase of investments	(415,403)	(1,037,966)
Proceeds from sale and maturity of investments	863,004	1,179,471
Investment income	27,471	15,301
Distributions from The Energy Authority	2,443	3,513
Net cash provided by investing activities	<u>477,515</u>	<u>160,319</u>
Net change in cash and cash equivalents	124,440	(58,252)
Cash and cash equivalents at beginning of year	555,782	614,034
Cash and cash equivalents at end of period	<u>\$ 680,222</u>	<u>\$ 555,782</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	\$ 412,022	\$ 390,975
Adjustments:		
Depreciation and amortization	363,534	361,889
Recognition of deferred costs and revenues, net	44,792	6,856
Other nonoperating income, net	2,035	1,073
Changes in noncash assets and noncash liabilities:		
Accounts receivable	(3,456)	26,486
Accounts receivable, restricted	8	16
Inventories	6,215	46,419
Other assets	5,702	6,421
Accounts and accrued expenses payable	(22,743)	979
Current liabilities payable from restricted assets	(5,299)	(49,998)
Other noncurrent liabilities and deferred inflows	(31,249)	(15,147)
Net cash provided by operating activities	<u>\$ 771,561</u>	<u>\$ 775,969</u>
<b>Noncash activity</b>		
Contribution of capital assets from developers	\$ 68,188	\$ 54,114
Unrealized gains (losses) on fair value of investments, net	\$ 13,314	\$ (3,386)

**Combining Statement of Net Position**  
(in thousands - unaudited) September 2019

	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
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 282,069	\$ 66,734	\$ -	\$ 348,803	64,146	\$ 1,489	\$ 414,438
Investments	-	2,399	-	2,399	-	-	2,399
Customer accounts receivable, net of allowance (\$1,341)	171,854	-	-	171,854	54,756	238	226,848
Inventories:							
Materials and supplies	2,219	106	-	2,325	56,637	-	58,962
Fuel	30,898	-	-	30,898	-	-	30,898
Other current assets	19,411	6,790	(10,138)	16,063	4,582	-	20,645
Total current assets	506,451	76,029	(10,138)	572,342	180,121	1,727	754,190
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	74,586	94,858	-	169,444	89,586	6,754	265,784
Investments	230,849	10,891	-	241,740	138,510	-	380,250
Accounts and interest receivable	-	11	-	11	7	-	18
Total restricted assets	305,435	105,760	-	411,195	228,103	6,754	646,052
Costs to be recovered from future revenues	343,247	253,616	-	596,863	254,059	34	850,956
Other assets	16,285	-	-	16,285	2,731	-	19,016
Total noncurrent assets	664,967	359,376	-	1,024,343	484,893	6,788	1,516,024
Capital assets:							
Land and easements	124,457	6,660	-	131,117	61,293	3,051	195,461
Plant in service	5,598,589	1,316,043	-	6,914,632	4,592,091	57,150	11,563,873
Less accumulated depreciation	(3,252,637)	(1,312,969)	-	(4,565,606)	(2,242,977)	(27,728)	(6,836,311)
Plant in service, net	2,470,409	9,734	-	2,480,143	2,410,407	32,473	4,923,023
Construction work in progress	203,901	-	-	203,901	337,716	804	542,421
Net capital assets	2,674,310	9,734	-	2,684,044	2,748,123	33,277	5,465,444
Total assets	3,845,728	445,139	(10,138)	4,280,729	3,413,137	41,792	7,735,658
<b>Deferred outflows of resources</b>							
Unrealized pension contributions and losses	78,089	3,629	-	81,718	49,926	-	131,644
Unamortized deferred losses on refundings	77,246	3,973	-	81,219	51,404	182	132,805
Accumulated decrease in fair value of hedging derivatives	130,219	-	-	130,219	31,266	-	161,485
Unrealized asset retirement obligations	32,282	18,047	-	50,329	-	-	50,329
Unrealized OPEB contributions and losses	5,551	-	-	5,551	3,549	-	9,100
Total deferred outflows of resources	323,387	25,649	-	349,036	136,145	182	485,363
Total assets and deferred outflows of resources	\$ 4,169,115	\$ 470,788	\$ (10,138)	\$ 4,629,765	\$ 3,549,282	\$ 41,974	\$ 8,221,021

**Combining Statement of Net Position**  
(in thousands - unaudited) September 2019

	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
<b>Liabilities</b>							
Current liabilities:							
Accounts and accrued expenses payable	\$ 42,875	\$ 4,255	\$ (3,600)	\$ 43,530	\$ 10,156	\$ 141	\$ 53,827
Customer deposits and prepayments	56,714	-	-	56,714	17,260	-	73,974
Billings on behalf of state and local governments	22,406	(1)	-	22,405	3,887	-	26,292
Current portion of asset retirement obligations	837	18,047	-	18,884	-	-	18,884
Compensation and benefits payable	12,236	-	-	12,236	4,944	48	17,228
City of Jacksonville payable	8,186	-	-	8,186	2,083	-	10,269
Total current liabilities	143,254	22,301	(3,600)	161,955	38,330	189	200,474
Current liabilities payable from restricted assets:							
Debt due within one year	122,380	13,780	-	136,160	54,705	1,690	192,555
Interest payable	32,109	5,564	-	37,673	26,436	666	64,775
Renewal and replacement reserve	-	46,955	-	46,955	-	-	46,955
Construction contracts and accounts payable	24,589	3,859	(3,315)	25,133	41,481	161	66,775
Total current liabilities payable from restricted assets	179,078	70,158	(3,315)	245,921	122,622	2,517	371,060
Noncurrent liabilities:							
Net pension liability	343,046	4,001	-	347,047	219,325	-	566,372
Asset retirement obligations	31,445	-	-	31,445	-	-	31,445
Net OPEB liability	11,136	-	-	11,136	7,120	-	18,256
Other liabilities	51,373	3,223	(3,223)	51,373	8,438	29	59,840
Total noncurrent liabilities	437,000	7,224	(3,223)	441,001	234,883	29	675,913
Long-term debt:							
Debt payable, less current portion	1,796,880	265,105	-	2,061,985	1,332,960	33,135	3,428,080
Unamortized premium (discount), net	56,775	1,433	-	58,208	59,946	(29)	118,125
Fair value of debt management strategy instruments	118,621	-	-	118,621	31,266	-	149,887
Total long-term debt	1,972,276	266,538	-	2,238,814	1,424,172	33,106	3,696,092
Total liabilities	2,731,608	366,221	(10,138)	3,087,691	1,820,007	35,841	4,943,539
<b>Deferred inflows of resources</b>							
Revenues to be used for future costs	208,794	-	-	208,794	29,896	-	238,690
Unrealized pension gains	27,276	6,166	-	33,442	17,438	-	50,880
Unrealized OPEB gains	6,862	-	-	6,862	4,387	-	11,249
Total deferred inflows of resources	242,932	6,166	-	249,098	51,721	-	300,819
<b>Net position</b>							
Net investment in (divestment of) capital assets	788,592	(12,408)	-	776,184	1,498,107	(1,498)	2,272,793
Restricted for:							
Capital projects	81,964	-	-	81,964	77,771	4,398	164,133
Debt service	121,541	14,071	-	135,612	55,761	1,690	193,063
Other purposes	4,388	28,186	3,315	35,889	6,116	-	42,005
Unrestricted	198,090	68,552	(3,315)	263,327	39,799	1,543	304,669
Total net position	1,194,575	98,401	-	1,292,976	1,677,554	6,133	2,976,663
Total liabilities, deferred inflows of resources, and net position	\$ 4,169,115	\$ 470,788	\$ (10,138)	\$ 4,629,765	\$ 3,549,282	\$ 41,974	\$ 8,221,021

**Combining Statement of Net Position**  
**(in thousands) September 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
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 285,611	\$ 65,840	\$ -	\$ 351,451	\$ 86,219	\$ 3,536	\$ 441,206
Investments	83,268	2,042	-	85,310	-	-	85,310
Customer accounts receivable, net of allowance (\$1,830)	180,731	-	-	180,731	51,267	860	232,858
Inventories:							
Materials and supplies	2,189	665	-	2,854	56,350	-	59,204
Fuel	35,856	1,015	-	36,871	-	-	36,871
Other current assets	16,310	790	(1,912)	15,188	3,102	-	18,290
Total current assets	603,965	70,352	(1,912)	672,405	196,938	4,396	873,739
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	203	74,113	-	74,316	36,842	3,418	114,576
Investments	419,536	23,330	-	442,866	288,761	-	731,627
Accounts and interest receivable	7	47	-	54	8	-	62
Total restricted assets	419,746	97,490	-	517,236	325,611	3,418	846,265
Costs to be recovered from future revenues	301,805	261,277	-	563,082	244,987	27	808,096
Other assets	18,843	-	-	18,843	3,843	-	22,686
Total noncurrent assets	740,394	358,767	-	1,099,161	574,441	3,445	1,677,047
Capital assets:							
Land and easements	123,626	6,660	-	130,286	61,215	3,051	194,552
Plant in service	5,426,682	1,316,043	-	6,742,725	4,431,995	56,376	11,231,096
Less accumulated depreciation	(3,072,611)	(1,312,559)	-	(4,385,170)	(2,108,027)	(25,554)	(6,518,751)
Plant in service, net	2,477,697	10,144	-	2,487,841	2,385,183	33,873	4,906,897
Construction work in progress	174,527	-	-	174,527	297,681	1,154	473,362
Net capital assets	2,652,224	10,144	-	2,662,368	2,682,864	35,027	5,380,259
Total assets	3,996,583	439,263	(1,912)	4,433,934	3,454,243	42,868	7,931,045
<b>Deferred outflows of resources</b>							
Unrealized pension contributions and losses	83,649	34,238	-	117,887	53,480	-	171,367
Unamortized deferred losses on refundings	85,165	4,185	-	89,350	54,178	194	143,722
Accumulated decrease in fair value of hedging derivatives	70,103	-	-	70,103	16,253	-	86,356
Unrealized asset retirement obligations	-	29,173	-	29,173	-	-	29,173
Unrealized OPEB contributions and losses	2,488	-	-	2,488	1,590	-	4,078
Total deferred outflows of resources	241,405	67,596	-	309,001	125,501	194	434,696
Total assets and deferred outflows of resources	\$ 4,237,988	\$ 506,859	\$ (1,912)	\$ 4,742,935	\$ 3,579,744	\$ 43,062	\$ 8,365,741

**Combining Statement of Net Position**  
**(in thousands) September 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
<b>Liabilities</b>							
Current liabilities:							
Accounts and accrued expenses payable	\$ 69,831	\$ 1,021	\$ (796)	\$ 70,056	\$ 11,636	\$ 78	\$ 81,770
Customer deposits and prepayments	53,738	-	-	53,738	16,475	-	70,213
Billings on behalf of state and local governments	22,295	1	-	22,296	3,674	-	25,970
Current portion of asset retirement obligations	-	6,646	-	6,646	-	-	6,646
Compensation and benefits payable	9,458	-	-	9,458	3,205	25	12,688
City of Jacksonville payable	7,846	-	-	7,846	2,111	-	9,957
Total current liabilities	163,168	7,668	(796)	170,040	37,101	103	207,244
Current liabilities payable from restricted assets:							
Debt due within one year	130,690	1,720	-	132,410	51,720	1,660	185,790
Interest payable	37,613	5,603	-	43,216	29,841	680	73,737
Renewal and replacement reserve	-	54,370	-	54,370	-	-	54,370
Construction contracts and accounts payable	16,596	1,742	(1,116)	17,222	35,886	261	53,369
Total current liabilities payable from restricted assets	184,899	63,435	(1,116)	247,218	117,447	2,601	367,266
Noncurrent liabilities:							
Net pension liability	321,885	16,523	-	338,408	205,795	-	544,203
Asset retirement obligations	-	22,526	-	22,526	-	-	22,526
Net OPEB liability	11,489	-	-	11,489	7,346	-	18,835
Other liabilities	40,344	-	-	40,344	8,849	34	49,227
Total noncurrent liabilities	373,718	39,049	-	412,767	221,990	34	634,791
Long-term debt:							
Debt payable, less current portion	2,019,350	278,885	-	2,298,235	1,480,620	34,825	3,813,680
Unamortized premium (discount), net	76,748	2,474	-	79,222	73,703	(34)	152,891
Fair value of debt management strategy instruments	70,103	-	-	70,103	16,253	-	86,356
Total long-term debt	2,166,201	281,359	-	2,447,560	1,570,576	34,791	4,052,927
Total liabilities	2,887,986	391,511	(1,912)	3,277,585	1,947,114	37,529	5,262,228
<b>Deferred inflows of resources</b>							
Revenues to be used for future costs	249,085	10,624	-	259,709	27,123	-	286,832
Unrealized pension gains	26,250	7,091	-	33,341	16,783	-	50,124
Unrealized OPEB gains	5,314	-	-	5,314	3,398	-	8,712
Accumulated increase in fair value of hedging derivatives	2,536	-	-	2,536	-	-	2,536
Total deferred inflows of resources	283,185	17,715	-	300,900	47,304	-	348,204
<b>Net position</b>							
Net investment in (divestment of) capital assets	530,479	2,138	-	532,617	1,325,600	(1,492)	1,856,725
Restricted for:							
Capital projects	190,132	(1,760)	-	188,372	141,707	1,078	331,157
Debt service	129,870	1,843	-	131,713	53,799	1,660	187,172
Other purposes	(3,302)	26,081	1,116	23,895	(187)	-	23,708
Unrestricted	219,638	69,331	(1,116)	287,853	64,407	4,287	356,547
Total net position	1,066,817	97,633	-	1,164,450	1,585,326	5,533	2,755,309
Total liabilities, deferred inflows of resources, and net position	\$ 4,237,988	\$ 506,859	\$ (1,912)	\$ 4,742,935	\$ 3,579,744	\$ 43,062	\$ 8,365,741

**Combining Statement of Revenues, Expenses and Changes in Net Position**  
(in thousands - unaudited) for the month ended September 2019

	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
<b>Operating revenues</b>								
Electric - base	\$ 99,669	\$ -	\$ -	\$ 99,669	\$ -	\$ -	\$ (328)	\$ 99,341
Electric - fuel and purchased power	35,781	1,966	(1,945)	35,802	-	-	(1,232)	34,570
Water and sewer	-	-	-	-	40,252	-	(50)	40,202
District energy system	-	-	-	-	-	933	(40)	893
Other	1,969	-	-	1,969	1,240	1	(282)	2,928
Total operating revenues	137,419	1,966	(1,945)	137,440	41,492	934	(1,932)	177,934
<b>Operating expenses</b>								
Operations and maintenance:								
Fuel	27,202	-	-	27,202	-	-	-	27,202
Purchased power	13,513	-	(1,945)	11,568	-	-	-	11,568
Maintenance and other operating expenses	29,489	(248)	-	29,241	18,336	598	(1,932)	46,243
Depreciation	16,854	34	-	16,888	12,802	197	-	29,887
State utility and franchise taxes	5,894	-	-	5,894	920	-	-	6,814
Recognition of deferred costs and revenues, net	21,640	1,172	-	22,812	2,264	-	-	25,076
Total operating expenses	114,592	958	(1,945)	113,605	34,322	795	(1,932)	146,790
Operating income	22,827	1,008	-	23,835	7,170	139	-	31,144
<b>Nonoperating revenues (expenses)</b>								
Interest on debt	(6,499)	(870)	-	(7,369)	(4,409)	(113)	-	(11,891)
Debt management strategy	(839)	-	-	(839)	(210)	-	-	(1,049)
Investment income	2,077	475	-	2,552	1,187	12	-	3,751
Allowance for funds used during construction	(1,635)	-	-	(1,635)	1,053	3	-	(579)
Other nonoperating income, net	392	29	-	421	348	-	-	769
Earnings from The Energy Authority	76	-	-	76	-	-	-	76
Other interest, net	(36)	-	-	(36)	(1)	-	-	(37)
Total nonoperating expenses, net	(6,464)	(366)	-	(6,830)	(2,032)	(98)	-	(8,960)
Income before contributions	16,363	642	-	17,005	5,138	41	-	22,184
<b>Contributions (to) from</b>								
General Fund, City of Jacksonville, Florida	(7,746)	-	-	(7,746)	(2,058)	-	-	(9,804)
Developers and other	469	-	-	469	9,489	-	-	9,958
Reduction of plant cost through contributions	(469)	-	-	(469)	(6,542)	-	-	(7,011)
Total contributions, net	(7,746)	-	-	(7,746)	889	-	-	(6,857)
Change in net position	8,617	642	-	9,259	6,027	41	-	15,327
Net position, beginning of period	1,185,958	97,759	-	1,283,717	1,671,527	6,092	-	2,961,336
Net position, end of period	\$ 1,194,575	\$ 98,401	\$ -	\$ 1,292,976	\$ 1,677,554	\$ 6,133	\$ -	\$ 2,976,663

**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**(in thousands - unaudited) for the month ended September 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
<b>Operating revenues</b>								
Electric - base	\$ 80,796	\$ -	\$ -	\$ 80,796	\$ -	\$ -	\$ (401)	\$ 80,395
Electric - fuel and purchased power	27,967	1,876	(1,593)	28,250	-	-	(1,506)	26,744
Water and sewer	-	-	-	-	34,583	-	(70)	34,513
District energy system	-	-	-	-	-	901	(41)	860
Other	2,044	4,989	-	7,033	1,104	-	(256)	7,881
Total operating revenues	110,807	6,865	(1,593)	116,079	35,687	901	(2,274)	150,393
<b>Operating expenses</b>								
Operations and maintenance:								
Fuel	37,500	12,275	-	49,775	-	-	-	49,775
Purchased power	14,236	-	(1,593)	12,643	-	-	-	12,643
Maintenance and other operating expenses	29,520	(3,584)	-	25,936	16,293	851	(2,274)	40,806
Depreciation	15,909	34	-	15,943	11,973	203	-	28,119
State utility and franchise taxes	5,627	-	-	5,627	863	-	-	6,490
Recognition of deferred costs and revenues, net	4,043	688	-	4,731	1,009	-	-	5,740
Total operating expenses	106,835	9,413	(1,593)	114,655	30,138	1,054	(2,274)	143,573
Operating income	3,972	(2,548)	-	1,424	5,549	(153)	-	6,820
<b>Nonoperating revenues (expenses)</b>								
Interest on debt	(6,880)	(876)	-	(7,756)	(4,777)	(115)	-	(12,648)
Debt management strategy	(821)	-	-	(821)	(196)	-	-	(1,017)
Investment income	1,195	96	-	1,291	216	13	-	1,520
Allowance for funds used during construction	509	-	-	509	902	3	-	1,414
Other nonoperating income, net	349	31	-	380	208	-	-	588
Earnings from The Energy Authority	954	-	-	954	-	-	-	954
Other interest, net	(109)	-	-	(109)	-	-	-	(109)
Total nonoperating expenses, net	(4,803)	(749)	-	(5,552)	(3,647)	(99)	-	(9,298)
Income before contributions	(831)	(3,297)	-	(4,128)	1,902	(252)	-	(2,478)
<b>Contributions (to) from</b>								
General Fund, City of Jacksonville, Florida	(7,623)	-	-	(7,623)	(2,096)	-	-	(9,719)
Developers and other	118	-	-	118	7,418	-	-	7,536
Reduction of plant cost through contributions	(118)	-	-	(118)	(4,049)	-	-	(4,167)
Total contributions, net	(7,623)	-	-	(7,623)	1,273	-	-	(6,350)
<b>Special items</b>								
	-	(45,099)	-	(45,099)	-	-	-	(45,099)
<b>Change in net position</b>								
Change in net position	(8,454)	(48,396)	-	(56,850)	3,175	(252)	-	(53,927)
Net position, beginning of period, as restated	1,075,271	146,029	-	1,221,300	1,582,151	5,785	-	2,809,236
Net position, end of period	\$ 1,066,817	\$ 97,633	\$ -	\$ 1,164,450	\$ 1,585,326	\$ 5,533	\$ -	\$ 2,755,309

**Combining Statement of Revenues, Expenses and Changes in Net Position**  
(in thousands - unaudited) for the twelve months ended September 2019

	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
<b>Operating revenues</b>								
Electric - base	\$ 846,306	\$ -	\$ -	\$ 846,306	\$ -	\$ -	\$ (3,505)	\$ 842,801
Electric - fuel and purchased power	428,537	28,159	(26,495)	430,201	-	-	(13,187)	417,014
Water and sewer	-	-	-	-	450,641	-	(525)	450,116
District energy system	-	-	-	-	-	8,891	(387)	8,504
Other	23,242	459	-	23,701	13,176	4	(3,355)	33,526
Total operating revenues	1,298,085	28,618	(26,495)	1,300,208	463,817	8,895	(20,959)	1,751,961
<b>Operating expenses</b>								
Operations and maintenance:								
Fuel	325,659	4,669	-	330,328	-	-	-	330,328
Purchased power	161,740	-	(26,495)	135,245	-	-	-	135,245
Maintenance and other operating expenses	248,379	2,898	-	251,277	160,671	4,703	(20,959)	395,692
Depreciation	207,427	410	-	207,837	152,047	2,429	-	362,313
State utility and franchise taxes	60,767	-	-	60,767	10,802	-	-	71,569
Recognition of deferred costs and revenues, net	20,074	14,061	-	34,135	10,657	-	-	44,792
Total operating expenses	1,024,046	22,038	(26,495)	1,019,589	334,177	7,132	(20,959)	1,339,939
Operating income	274,039	6,580	-	280,619	129,640	1,763	-	412,022
<b>Nonoperating revenues (expenses)</b>								
Interest on debt	(74,928)	(10,840)	-	(85,768)	(52,555)	(1,348)	-	(139,671)
Debt management strategy	(9,253)	-	-	(9,253)	(2,192)	-	-	(11,445)
Investment income	21,623	4,684	-	26,307	13,282	156	-	39,745
Allowance for funds used during construction	3,973	-	-	3,973	10,097	29	-	14,099
Other nonoperating income, net	4,392	344	-	4,736	4,346	-	-	9,082
Earnings from The Energy Authority	2,412	-	-	2,412	-	-	-	2,412
Other interest, net	(1,548)	-	-	(1,548)	(78)	-	-	(1,626)
Total nonoperating expenses, net	(53,329)	(5,812)	-	(59,141)	(27,100)	(1,163)	-	(87,404)
Income before contributions	220,710	768	-	221,478	102,540	600	-	324,618
<b>Contributions (to) from</b>								
General Fund, City of Jacksonville, Florida	(92,952)	-	-	(92,952)	(39,850)	-	-	(132,802)
Developers and other	5,431	-	-	5,431	92,295	-	-	97,726
Reduction of plant cost through contributions	(5,431)	-	-	(5,431)	(62,757)	-	-	(68,188)
Total contributions, net	(92,952)	-	-	(92,952)	(10,312)	-	-	(103,264)
Change in net position	127,758	768	-	128,526	92,228	600	-	221,354
Net position, beginning of year	1,066,817	97,633	-	1,164,450	1,585,326	5,533	-	2,755,309
Net position, end of period	\$ 1,194,575	\$ 98,401	\$ -	\$ 1,292,976	\$ 1,677,554	\$ 6,133	\$ -	\$ 2,976,663

**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**(in thousands - unaudited) for the twelve months ended September 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
<b>Operating revenues</b>								
Electric - base	\$ 796,822	\$ -	\$ -	\$ 796,822	\$ -	\$ -	\$ (3,508)	\$ 793,314
Electric - fuel and purchased power	456,317	87,749	(56,982)	487,084	-	-	(13,196)	473,888
Water and sewer	-	-	-	-	424,121	-	(641)	423,480
District energy system	-	-	-	-	-	8,756	(408)	8,348
Other	22,116	60,089	-	82,205	11,561	-	(2,814)	90,952
Total operating revenues	1,275,255	147,838	(56,982)	1,366,111	435,682	8,756	(20,567)	1,789,982
<b>Operating expenses</b>								
Operations and maintenance:								
Fuel	356,877	64,175	-	421,052	-	-	-	421,052
Purchased power	166,176	-	(56,982)	109,194	-	-	-	109,194
Maintenance and other operating expenses	245,291	52,296	-	297,587	149,646	4,603	(20,567)	431,269
Depreciation	203,075	10,987	-	214,062	144,144	2,403	-	360,609
State utility and franchise taxes	59,551	-	-	59,551	10,476	-	-	70,027
Recognition of deferred costs and revenues, net	1,546	(859)	-	687	6,169	-	-	6,856
Total operating expenses	1,032,516	126,599	(56,982)	1,102,133	310,435	7,006	(20,567)	1,399,007
Operating income	242,739	21,239	-	263,978	125,247	1,750	-	390,975
<b>Nonoperating revenues (expenses)</b>								
Interest on debt	(76,009)	(20,292)	-	(96,301)	(55,437)	(1,374)	-	(153,112)
Debt management strategy	(10,799)	-	-	(10,799)	(2,597)	-	-	(13,396)
Investment income	6,910	1,196	-	8,106	3,617	103	-	11,826
Allowance for funds used during construction	3,912	-	-	3,912	7,802	50	-	11,764
Other nonoperating income, net	6,025	1,068	-	7,093	2,764	-	-	9,857
Earnings from The Energy Authority	4,074	-	-	4,074	-	-	-	4,074
Other interest, net	(1,597)	-	-	(1,597)	(228)	-	-	(1,825)
Total nonoperating expenses, net	(67,484)	(18,028)	-	(85,512)	(44,079)	(1,221)	-	(130,812)
Income before contributions	175,255	3,211	-	178,466	81,168	529	-	260,163
<b>Contributions (to) from</b>								
General Fund, City of Jacksonville, Florida	(91,472)	-	-	(91,472)	(25,148)	-	-	(116,620)
Developers and other	1,597	-	-	1,597	80,560	-	-	82,157
Reduction of plant cost through contributions	(1,597)	-	-	(1,597)	(52,517)	-	-	(54,114)
Total contributions, net	(91,472)	-	-	(91,472)	2,895	-	-	(88,577)
<b>Special items</b>								
	-	(45,099)	-	(45,099)	-	-	-	(45,099)
Change in net position	83,783	(41,888)	-	41,895	84,063	529	-	126,487
Net position, beginning of year, as restated	983,034	139,521	-	1,122,555	1,501,263	5,004	-	2,628,822
Net position, end of period	\$ 1,066,817	\$ 97,633	\$ -	\$ 1,164,450	\$ 1,585,326	\$ 5,533	\$ -	\$ 2,755,309

## Combining Statement of Cash Flows

(in thousands - unaudited) for the twelve months ended September 2019

	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
<b>Operating activities</b>								
Receipts from customers	\$ 1,243,183	\$ 22,150	\$ (28,693)	\$ 1,236,640	\$ 449,924	\$ 9,514	\$ (17,604)	\$ 1,678,474
Payments to suppliers	(646,113)	(4,877)	28,693	(622,297)	(104,541)	(4,028)	20,959	(709,907)
Payments to employees	(167,477)	41	-	(167,436)	(65,347)	(594)	-	(233,377)
Other operating activities	27,336	459	-	27,795	11,934	(3)	(3,355)	36,371
Net cash provided by operating activities	456,929	17,773	-	474,702	291,970	4,889	-	771,561
<b>Noncapital and related financing activities</b>								
Contribution to General Fund, City of Jacksonville, Florida	(92,829)	-	-	(92,829)	(39,878)	-	-	(132,707)
Net cash used in noncapital and related financing activities	(92,829)	-	-	(92,829)	(39,878)	-	-	(132,707)
<b>Capital and related financing activities</b>								
Defeasance of debt	(100,090)	-	-	(100,090)	(94,955)	-	-	(195,045)
Proceeds received from debt	-	-	-	-	2,000	-	-	2,000
Acquisition and construction of capital assets	(263,925)	-	-	(263,925)	(204,285)	(751)	-	(468,961)
Interest paid on debt	(92,619)	(11,167)	-	(103,786)	(64,705)	(1,345)	-	(169,836)
Repayment of debt principal	(130,690)	(1,720)	-	(132,410)	(51,720)	(1,660)	-	(185,790)
Capital contributions	-	-	-	-	29,538	-	-	29,538
Other capital financing activities	(2,588)	(59)	-	(2,647)	(1,188)	-	-	(3,835)
Net cash used in capital and related financing activities	(589,912)	(12,946)	-	(602,858)	(385,315)	(3,756)	-	(991,929)
<b>Investing activities</b>								
Purchase of investments	(235,745)	(97,635)	-	(333,380)	(82,023)	-	-	(415,403)
Proceeds from sale and maturity of investments	515,390	109,768	-	625,158	237,846	-	-	863,004
Investment income	14,565	4,679	-	19,244	8,071	156	-	27,471
Distributions from The Energy Authority	2,443	-	-	2,443	-	-	-	2,443
Net cash provided by investing activities	296,653	16,812	-	313,465	163,894	156	-	477,515
Net change in cash and cash equivalents	70,841	21,639	-	92,480	30,671	1,289	-	124,440
Cash and cash equivalents at beginning of year	285,814	139,953	-	425,767	123,061	6,954	-	555,782
Cash and cash equivalents at end of period	\$ 356,655	\$ 161,592	\$ -	\$ 518,247	\$ 153,732	\$ 8,243	\$ -	\$ 680,222
<b>Reconciliation of operating income to net cash provided by operating activities</b>								
Operating income	\$ 274,039	\$ 6,580	\$ -	\$ 280,619	\$ 129,640	\$ 1,763	\$ -	\$ 412,022
Adjustments:								
Depreciation and amortization	207,427	410	-	207,837	153,268	2,429	-	363,534
Recognition of deferred costs and revenues, net	20,074	14,061	-	34,135	10,657	-	-	44,792
Other nonoperating income, net	171	-	-	171	1,864	-	-	2,035
Changes in noncash assets and noncash liabilities:								
Accounts receivable	7,261	(6,009)	-	1,252	(5,330)	622	-	(3,456)
Accounts receivable, restricted	7	-	-	7	1	-	-	8
Inventories	4,928	1,574	-	6,502	(287)	-	-	6,215
Other assets	7,092	-	-	7,092	(1,383)	(7)	-	5,702
Accounts and accrued expenses payable	(23,717)	(292)	-	(24,009)	1,179	87	-	(22,743)
Current liabilities payable from restricted assets	-	(5,299)	-	(5,299)	-	-	-	(5,299)
Other noncurrent liabilities and deferred inflows	(40,353)	6,748	-	(33,605)	2,361	(5)	-	(31,249)
Net cash provided by operating activities	\$ 456,929	\$ 17,773	\$ -	\$ 474,702	\$ 291,970	\$ 4,889	\$ -	\$ 771,561
<b>Noncash activity</b>								
Contribution of capital assets from developers	\$ 5,431	\$ -	\$ -	\$ 5,431	\$ 62,757	\$ -	\$ -	\$ 68,188
Unrealized gains on fair value of investments, net	\$ 7,690	\$ 52	\$ -	\$ 7,742	\$ 5,572	\$ -	\$ -	\$ 13,314

**Combining Statement of Cash Flows**  
(in thousands - unaudited) for the twelve months ended September 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
<b>Operating activities</b>								
Receipts from customers	\$ 1,249,048	\$ 104,261	\$ (34,089)	\$ 1,319,220	\$ 430,685	\$ 8,446	\$ (17,753)	\$ 1,740,598
Payments to suppliers	(655,986)	(90,429)	34,089	(712,326)	(104,124)	(4,012)	20,567	(799,895)
Payments to employees	(160,943)	(35,736)	-	(196,679)	(61,403)	(554)	-	(258,636)
Other operating activities	25,123	60,089	-	85,212	11,504	-	(2,814)	93,902
Net cash provided by operating activities	457,242	38,185	-	495,427	276,662	3,880	-	775,969
<b>Noncapital and related financing activities</b>								
Contribution to General Fund, City of Jacksonville, Florida	(91,538)	-	-	(91,538)	(25,031)	-	-	(116,569)
Net cash used in noncapital and related financing activities	(91,538)	-	-	(91,538)	(25,031)	-	-	(116,569)
<b>Capital and related financing activities</b>								
Defeasance of debt	(405,105)	(128,280)	-	(533,385)	(460,305)	-	-	(993,690)
Proceeds received from debt	383,840	-	-	383,840	437,160	-	-	821,000
Acquisition and construction of capital assets	(180,050)	-	-	(180,050)	(203,474)	(1,053)	-	(384,577)
Interest paid on debt	(97,134)	(16,685)	-	(113,819)	(67,659)	(1,371)	-	(182,849)
Repayment of debt principal	(135,105)	(41,330)	-	(176,435)	(51,020)	(1,640)	-	(229,095)
Capital contributions	-	-	-	-	28,043	-	-	28,043
Other capital financing activities	44,011	(6,974)	-	37,037	26,160	-	-	63,197
Net cash used in capital and related financing activities	(389,543)	(193,269)	-	(582,812)	(291,095)	(4,064)	-	(877,971)
<b>Investing activities</b>								
Purchase of investments	(506,359)	(252,593)	-	(758,952)	(279,014)	-	-	(1,037,966)
Proceeds from sale and maturity of investments	462,211	428,653	-	890,864	288,607	-	-	1,179,471
Investment income	10,225	(2,050)	-	8,175	7,023	103	-	15,301
Distributions from The Energy Authority	3,513	-	-	3,513	-	-	-	3,513
Net cash provided by (used in) investing activities	(30,410)	174,010	-	143,600	16,616	103	-	160,319
Net change in cash and cash equivalents	(54,249)	18,926	-	(35,323)	(22,848)	(81)	-	(58,252)
Cash and cash equivalents at beginning of year	340,063	121,027	-	461,090	145,909	7,035	-	614,034
Cash and cash equivalents at end of period	\$ 285,814	\$ 139,953	\$ -	\$ 425,767	\$ 123,061	\$ 6,954	\$ -	\$ 555,782
<b>Reconciliation of operating income to net cash provided by operating activities</b>								
Operating income	\$ 242,739	\$ 21,239	\$ -	\$ 263,978	\$ 125,247	\$ 1,750	\$ -	\$ 390,975
Adjustments:								
Depreciation and amortization	203,075	10,987	-	214,062	145,424	2,403	-	361,889
Recognition of deferred costs and revenues, net	1,546	(859)	-	687	6,169	-	-	6,856
Other nonoperating income (loss), net	103	700	-	803	270	-	-	1,073
Changes in noncash assets and noncash liabilities:								
Accounts receivable	13,184	15,812	-	28,996	(2,200)	(310)	-	26,486
Accounts receivable, restricted	13	-	-	13	3	-	-	16
Inventories	2,136	52,297	-	54,433	(8,014)	-	-	46,419
Other assets	5,688	-	-	5,688	733	-	-	6,421
Accounts and accrued expenses payable	10,076	(10,441)	-	(365)	1,330	14	-	979
Current liabilities payable from restricted assets	-	(49,998)	-	(49,998)	-	-	-	(49,998)
Other noncurrent liabilities and deferred inflows	(21,318)	(1,552)	-	(22,870)	7,700	23	-	(15,147)
Net cash provided by operating activities	\$ 457,242	\$ 38,185	\$ -	\$ 495,427	\$ 276,662	\$ 3,880	\$ -	\$ 775,969
<b>Noncash activity</b>								
Contribution of capital assets from developers	\$ 1,597	\$ -	\$ -	\$ 1,597	\$ 52,517	\$ -	\$ -	\$ 54,114
Unrealized gains (losses) on fair value of investments, net	\$ (4,052)	\$ 4,146	\$ -	\$ 94	\$ (3,480)	\$ -	\$ -	\$ (3,386)

	Month		Year-to-Date	
	September	September	September	September
	2019	2018	2019	2018
<b>Electric System</b>				
Senior debt service coverage, (annual minimum 1.20x)	9.90 x	4.55 x	6.51 x	6.55 x
Senior and subordinated debt service coverage, (annual minimum 1.15x)	4.25 x	1.59 x	2.81 x	2.30 x
<b>Bulk Power Supply System</b>				
Debt service coverage, (annual minimum 1.15x)	2.32 x	4.79 x	2.19 x	3.47 x
<b>St. Johns River Power Park, Second Resolution</b>				
Debt service coverage, (semi-annual minimum 1.15x)	1.17 x	5.96 x	1.19 x	1.60 x
<b>Water and Sewer System</b>				
Senior debt service coverage, (annual minimum 1.25x)	3.50 x	2.97 x	3.59 x	3.33 x
Senior and subordinated debt service coverage excluding capacity fees <sup>(1)</sup>	2.62 x	2.12 x	2.75 x	2.54 x
Senior and subordinated debt service coverage including capacity fees <sup>(1)</sup>	2.94 x	2.48 x	3.02 x	2.79 x
<b>District Energy System</b>				
Debt service coverage, (annual minimum 1.15x)	1.38 x	0.25 x	2.34 x	1.41 x

<sup>(1)</sup> Annual minimum 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).

	Month September			Year-to-Date September		
	2019	2018	Variance	2019	2018	Variance
<b>Electric revenues sales (000s omitted):</b>						
Residential	\$ 60,996	\$ 61,278	-0.46%	\$ 629,355	\$ 618,171	1.81%
Commercial	34,873	36,829	-5.31%	395,090	392,484	0.66%
Industrial	16,086	18,318	-12.18%	195,383	201,911	-3.23%
Public street lighting	1,117	1,070	4.39%	13,176	12,873	2.35%
Electric revenues - territorial	113,072	117,495	-3.76%	1,233,004	1,225,439	0.62%
Sales for resale - off system	342	69	395.65%	3,914	5,474	-28.50%
Electric revenues	113,414	117,564	-3.53%	1,236,918	1,230,913	0.49%
Rate stabilization & recovery	22,202	(8,634)	-357.15%	39,485	23,514	67.92%
Allowance for doubtful accounts	(166)	(167)	-0.60%	(1,560)	(1,288)	21.12%
<b>Net electric revenues</b>	<b>135,450</b>	<b>108,763</b>	<b>24.54%</b>	<b>1,274,843</b>	<b>1,253,139</b>	<b>1.73%</b>
<b>MWh sales</b>						
Residential	538,758	541,545	-0.51%	5,515,428	5,414,721	1.86%
Commercial	365,714	390,317	-6.30%	4,073,954	4,050,130	0.59%
Industrial	222,559	259,807	-14.34%	2,719,603	2,801,673	-2.93%
Public street lighting	4,844	4,705	2.95%	57,410	59,176	-2.98%
Total MWh sales - territorial	1,131,875	1,196,374	-5.39%	12,366,395	12,325,700	0.33%
Sales for resale - off system	9,417	673	1299.26%	99,563	74,069	34.42%
Total MWh sales	1,141,292	1,197,047	-4.66%	12,465,958	12,399,769	0.53%
<b>Number of accounts (1)</b>						
Residential	422,381	414,022	2.02%	418,728	410,060	2.11%
Commercial	53,285	52,659	1.19%	53,010	52,376	1.21%
Industrial	191	198	-3.54%	194	197	-1.52%
Public street lighting	3,899	3,816	2.18%	3,854	3,776	2.07%
<b>Total average accounts</b>	<b>479,756</b>	<b>470,695</b>	<b>1.93%</b>	<b>475,786</b>	<b>466,409</b>	<b>2.01%</b>
<b>Residential averages</b>						
Revenue per account - \$	144.41	148.01	-2.43%	1,503.02	1,507.51	-0.30%
kWh per account	1,276	1,308	-2.48%	13,172	13,205	-0.25%
Revenue per kWh - ¢	11.32	11.32	0.05%	11.41	11.42	-0.05%
<b>Degree days</b>						
Heating degree days	-	-	-	972	1,103	(131)
Cooling degree days	497	531	(34)	3,322	3,153	169
<b>Total degree days</b>	<b>497</b>	<b>531</b>	<b>(34)</b>	<b>4,294</b>	<b>4,256</b>	<b>38</b>
Degree days - 30 year average	396			4,014		

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

	Month			Year-to-Date		
	September		Variance	September		Variance
	2019	2018		2019	2018	
<b>Water</b>						
<i>Revenues (000s omitted):</i>						
Residential	\$ 7,802	\$ 7,039	10.84%	\$ 96,699	\$ 91,954	5.16%
Commercial and industrial	3,943	4,021	-1.94%	47,619	47,494	0.26%
Irrigation	2,844	2,718	4.64%	34,800	32,004	8.74%
Total water revenues	14,589	13,778	5.89%	179,118	171,452	4.47%
Rate stabilization	479	6	7883.33%	(1,094)	(3,053)	-64.17%
Allowance for doubtful accounts	(19)	(20)	-5.00%	(210)	(236)	-11.02%
Net water revenues	\$ 15,049	\$ 13,764	9.34%	\$ 177,814	\$ 168,163	5.74%
<i>Kgal sales (000s omitted)</i>						
Residential	1,508,492	1,395,586	8.09%	17,921,588	16,932,812	5.84%
Commercial and industrial	1,224,792	1,311,284	-6.60%	13,958,000	14,023,130	-0.46%
Irrigation	487,549	467,307	4.33%	5,816,484	5,230,617	11.20%
Total kgals sales	3,220,833	3,174,177	1.47%	37,696,072	36,186,559	4.17%
<i>Number of accounts (1):</i>						
Residential	295,774	288,896	2.38%	292,460	285,404	2.47%
Commercial and industrial	26,079	25,823	0.99%	25,963	25,702	1.02%
Irrigation	37,377	37,151	0.61%	37,212	37,053	0.43%
Total average accounts	359,230	351,870	2.09%	355,635	348,159	2.15%
<i>Residential averages:</i>						
Revenue per account - \$	26.38	24.37	8.25%	330.64	322.19	2.62%
Kgals per account	5.10	4.83	5.59%	61.28	59.33	3.29%
Revenue per kgals - \$	5.17	5.04	2.58%	5.40	5.43	-0.55%
<b>Sewer</b>						
<i>Revenues (000s omitted):</i>						
Residential	\$ 12,718	\$ 10,717	18.67%	\$ 146,186	\$ 139,174	5.04%
Commercial and industrial	10,049	8,848	13.57%	110,724	108,126	2.40%
Total sewer revenues	22,767	19,565	16.37%	256,910	247,300	3.89%
Rate stabilization	715	10	7050.00%	(1,678)	(4,648)	-63.90%
Allowance for doubtful accounts	(29)	(29)	0.00%	(314)	(353)	-11.05%
Net sewer revenues	23,453	19,546	19.99%	254,918	242,299	5.21%
<i>Kgal sales (000s omitted)</i>						
Residential	1,461,016	1,181,552	23.65%	15,717,129	14,623,682	7.48%
Commercial and industrial	1,151,049	997,102	15.44%	12,009,667	11,716,940	2.50%
Total kgals sales	2,612,065	2,178,654	19.89%	27,726,796	26,340,622	5.26%
<i>Number of accounts (1):</i>						
Residential	262,534	255,861	2.61%	259,308	252,531	2.68%
Commercial and industrial	18,581	18,404	0.96%	18,507	18,340	0.91%
Total average accounts	281,115	274,265	2.50%	277,815	270,871	2.56%
<i>Residential averages:</i>						
Revenue per account - \$	48.44	41.89	15.64%	563.75	551.12	2.29%
kgals per account	5.57	4.62	20.56%	60.61	57.91	4.66%
Revenue per kgals - \$	8.70	9.07	-4.08%	9.30	9.52	-2.31%
<b>Reuse</b>						
<i>Revenues (000s omitted):</i>						
Reuse revenues	\$ 1,750	\$ 1,273	37.47%	\$ 17,909	\$ 13,659	31.12%
<i>Kgal sales (000s omitted)</i>						
Reuse sales (kgals)	398,310	322,214	23.62%	3,884,210	3,119,739	24.50%
<i>Number of accounts (1):</i>						
Reuse accounts	15,520	12,645	22.74%	14,267	11,498	24.08%
<b>Rainfall</b>						
	Diff in inches			Diff in inches		
Normal	8.19	8.19		52.39	52.39	
Actual	2.35	3.41	(1.06)	45.95	57.41	(11.46)
Rain Days	11	14	(3)	123	120	3

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

# Appendix

**Schedule of Cash and Investments**  
(in thousands - unaudited) September 2019

	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
<b>Unrestricted cash and investments</b>						
Operations	\$ 35,605	\$ 49,322	\$ 84,927	\$ 17,961	\$ 1,489	\$ 104,377
Rate stabilization:						
Fuel	47,152	-	47,152	-	-	47,152
Debt management	29,884	-	29,884	14,209	-	44,093
Environmental	25,632	-	25,632	15,687	-	41,319
Purchased Power	56,870	-	56,870	-	-	56,870
DSM/Conservation	4,363	-	4,363	-	-	4,363
Total rate stabilization funds	163,901	-	163,901	29,896	-	193,797
Customer deposits	44,785	-	44,785	16,289	-	61,074
General reserve	-	19,811	19,811	-	-	19,811
Self insurance reserve funds:						
Self funded health plan	11,210	-	11,210	-	-	11,210
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	21,210	-	21,210	-	-	21,210
Environmental liability reserve	16,568	-	16,568	-	-	16,568
<b>Total unrestricted cash and investments</b>	<b>\$ 282,069</b>	<b>\$ 69,133</b>	<b>\$ 351,202</b>	<b>\$ 64,146</b>	<b>\$ 1,489</b>	<b>\$ 416,837</b>
<b>Restricted assets</b>						
Renewal and replacement funds	\$ 81,964	\$ 46,955	\$ 128,919	\$ 48,796	\$ 4,398	\$ 182,113
Debt service reserve account	65,433	10,973	76,406	63,441	-	139,847
Debt service funds	153,650	19,635	173,285	80,775	2,356	256,416
Construction funds	-	-	-	28,968	-	28,968
Environmental funds	-	-	-	1,891	-	1,891
Subtotal	301,047	77,563	378,610	223,871	6,754	609,235
Unrealized holding gain (loss) on investments	4,388	107	4,495	4,225	-	8,720
Other funds	-	28,079	28,079	-	-	28,079
<b>Total restricted cash and investments</b>	<b>\$ 305,435</b>	<b>\$ 105,749</b>	<b>\$ 411,184</b>	<b>\$ 228,096</b>	<b>\$ 6,754</b>	<b>\$ 646,034</b>

## JEA

**Schedule of Cash and Investments**  
(in thousands) September 2018

	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
<b>Unrestricted cash and investments</b>						
Operations	\$ 86,294	\$ 49,416	\$ 135,710	\$ 43,480	\$ 799	\$ 179,989
Rate stabilization:						
Fuel	74,376	-	74,376	-	-	74,376
Debt management	29,884	-	29,884	14,209	2,737	46,830
Environmental	42,163	-	42,163	12,914	-	55,077
Purchased Power	53,493	-	53,493	-	-	53,493
DSM/Conservation	3,470	-	3,470	-	-	3,470
Total rate stabilization funds	203,386	-	203,386	27,123	2,737	233,246
Customer deposits	44,242	-	44,242	15,616	-	59,858
General reserve	-	18,466	18,466	-	-	18,466
Self insurance reserve funds:						
Self funded health plan	8,139	-	8,139	-	-	8,139
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	18,139	-	18,139	-	-	18,139
Environmental liability reserve	16,818	-	16,818	-	-	16,818
<b>Total unrestricted cash and investments</b>	<b>\$ 368,879</b>	<b>\$ 67,882</b>	<b>\$ 436,761</b>	<b>\$ 86,219</b>	<b>\$ 3,536</b>	<b>\$ 526,516</b>
<b>Restricted assets</b>						
Renewal and replacement funds	\$ 189,922	\$ 52,610	\$ 242,532	\$ 141,415	\$ 1,078	\$ 385,025
Debt service reserve account	65,433	11,307	76,740	102,850	-	179,590
Debt service funds	167,483	7,446	174,929	81,242	2,340	258,511
Construction funds	203	-	203	284	-	487
Environmental funds	-	-	-	1,159	-	1,159
Subtotal	423,041	71,363	494,404	326,950	3,418	824,772
Unrealized holding gain (loss) on investments	(3,302)	66	(3,236)	(1,347)	-	(4,583)
Other funds	-	26,014	26,014	-	-	26,014
<b>Total restricted cash and investments</b>	<b>\$ 419,739</b>	<b>\$ 97,443</b>	<b>\$ 517,182</b>	<b>\$ 325,603</b>	<b>\$ 3,418</b>	<b>\$ 846,203</b>

**JEA**  
**INVESTMENT PORTFOLIO REPORT**  
**September 2019**  
**(unaudited)**  
**All Funds**

<u>INVESTMENT</u>	<u>BOOK VALUE</u>	<u>YIELD</u>	<u>% OF TOTAL</u>
* Treasuries	\$ 1,984,609	2.46%	0.19%
<u>Agencies</u>			
Federal Farm Credit Bank	34,037,165	1.62%	3.24%
Federal Home Loan Bank	146,579,042	2.32%	13.94%
Total	180,616,207	2.19%	17.18%
Municipal Bonds	174,462,419	2.81%	16.59%
Commercial Paper	44,265,929	2.19%	4.21%
U.S. Treasury Money Market Funds (1)	43,069,072	2.04%	4.10%
Agency Money Market Funds (2)	82,925,000	2.06%	7.89%
PALM Money Market Fund	7,500,000	2.19%	0.71%
Florida Prime Fund	180,266,000	2.27%	17.15%
Wells Fargo Bank Accounts (3)			
Electric, Scherer	213,848,340	1.95%	20.34%
SJRPP	26,733,895	1.95%	2.54%
Water & Sewer, DES	95,659,237	1.95%	9.10%
Total Portfolio	\$ 1,051,330,708	2.31%	100.00%

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

Weighted Avg. Annual Yield for September 2019, Excluding Bank & Money Market Funds: 2.46%

Weighted Avg. Annual Yield for September 2019, Including Bank & Money Market Funds: 2.31%

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

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
<b>Electric System - Fixed Rate Bonds</b>				
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%	2019	5,070,000	5,070,000
Series Three 2010 C	4.500%	2031	1,290,000	-
Series Three 2010 D	4.250 - 5.000%	2020-2038	1,205,000	-
Series Three 2010 E - BABs	5.350 - 5.482%	2028-2040	34,255,000	-
Series Three 2012A	4.000 - 4.500%	2027-2033	16,210,000	-
Series Three 2012B	2.000 - 5.000%	2019-2039	85,615,000	725,000
Series Three 2013A	3.000 - 5.000%	2019-2026	49,050,000	8,990,000
Series Three 2013B	3.000 - 5.000%	2026-2038	7,500,000	-
Series Three 2013C	4.600 - 5.000%	2019-2030	10,555,000	1,700,000
Series Three 2014A	3.500 - 5.000%	2019-2034	9,350,000	1,285,000
Series Three 2015A	3.000 - 5.000%	2019-2041	59,005,000	155,000
Series Three 2015B	3.375 - 5.000%	2019-2031	17,225,000	6,945,000
Series Three 2017A	5.000%	2019	18,670,000	18,670,000
Series Three 2017B	3.375 - 5.000%	2026-2039	198,095,000	-
<b>Total Fixed Rate Senior Bonds</b>			<b>559,155,000</b>	<b>43,540,000</b>
2009 Series F - BABs	4.900 - 6.406%	2019-2034	62,155,000	1,550,000
2009 Series G	4.000 - 5.000%	2019	14,665,000	14,665,000
2010 Series B	4.000 - 5.000%	2019-2020	3,115,000	960,000
2010 Series D - BABs	4.150 - 5.582%	2019-2027	42,050,000	2,705,000
2012 Series A	3.250 - 5.000%	2019-2033	55,515,000	2,655,000
2012 Series B	3.250 - 5.000%	2019-2037	50,030,000	2,215,000
2013 Series A	3.000 - 5.000%	2019-2030	37,330,000	2,780,000
2013 Series B	3.000 - 5.000%	2019-2026	17,165,000	2,870,000
2013 Series C	1.375 - 5.000%	2019-2038	74,750,000	885,000
2013 Series D	4.375 - 5.250%	2019-2035	50,115,000	20,830,000
2014 Series A	4.000 - 5.000%	2019-2039	94,265,000	14,635,000
2017 Series A	3.000%	2019	1,290,000	1,290,000
2017 Series B	3.375 - 5.000%	2019-2034	171,700,000	1,055,000
<b>Total Fixed Rate Subordinated Bonds</b>			<b>674,145,000</b>	<b>69,095,000</b>
<b>Total Fixed Rate Electric System Bonds/4.551%</b>			<b>1,233,300,000</b>	<b>112,635,000</b>
<b>Electric System - Variable Rate Bonds</b>				
	Current Interest Rates (1)			
Series Three 2008 A - Weekly	1.439%	2027-2036	51,680,000	-
Series Three 2008 B-1 - Weekly	1.892%	2019-2040	59,620,000	425,000
Series Three 2008 B-2 - Weekly	1.439%	2025-2040	41,900,000	-
Series Three 2008 B-3 - Weekly	1.439%	2024-2036	37,000,000	-
Series Three 2008 B-4 - Weekly	1.892%	2019-2036	49,010,000	425,000
Series Three 2008 C-1 - Weekly	1.439%	2024-2034	44,145,000	-
Series Three 2008 C-2 - Weekly	1.439%	2024-2034	43,900,000	-
Series Three 2008 C-3 - Flex	1.417%	2030-2038	25,000,000	-
Series Three 2008 D-1 - Weekly	1.892%	2019-2036	106,275,000	2,745,000
<b>Total Variable Rate Senior Bonds</b>			<b>458,530,000</b>	<b>3,595,000</b>
Series 2000 A - Flex	1.527%	2021-2035	30,965,000	-
Series 2000 F-1 - Flex	1.423%	2026-2030	37,200,000	-
Series 2000 F-2 - Flex	1.517%	2026-2030	24,800,000	-
Series 2008 D - Daily	1.462%	2024-2038	39,455,000	-
<b>Total Variable Rate Subordinated Bonds</b>			<b>132,420,000</b>	-
<b>Total Variable Rate Bonds</b>			<b>590,950,000</b>	<b>3,595,000</b>
<b>Total Electric System Bonds</b>			<b>1,824,250,000</b>	<b>116,230,000</b>
<b>St. Johns River Power Park - Fixed Rate Bonds</b>				
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	4.700 - 5.450%	2019-2028	20,690,000	1,775,000
Issue 3 Series 6	2.375 - 5.000%	2019-2037	91,330,000	5,680,000
Issue 3 Series 7	2.000 - 5.000%	2019-2033	79,500,000	4,120,000
Issue 3 Series 8	2.000 - 5.000%	2019-2039	57,895,000	2,205,000
<b>Total Fixed Rate St. Johns River Power Park Bonds/4.014%</b>			<b>278,885,000</b>	<b>13,780,000</b>
<b>Bulk Power Supply System, Scherer 4 Project - Fixed Rate Bonds</b>				
Series 2010A - BABs	4.800 - 5.920%	2019-2030	34,355,000	2,140,000
Series 2014A	2.000 - 4.125%	2019-2038	60,655,000	4,010,000
<b>Total Fixed Rate Bulk Power Supply System Bonds/4.324%</b>			<b>95,010,000</b>	<b>6,150,000</b>
<b>Weighted Average Cost(2) / Total Outstanding Debt</b>		3.363%	<b>\$ 2,198,145,000</b>	<b>\$ 136,160,000</b>

(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/remarketing fees and interest rate swap payments.

• Debt Ratio - Electric Enterprise Func	Current YTD 64.9%	Prior YTD 71.1%	Year End Target 65.5%
• Remaining New Money Authorization	\$ 465,160,992	Electric System	Power Park Issue Three
• Remaining Senior Refunding Authorizator	\$ 1,022,837,381		103,865,000
• Remaining Subordinated Refunding Authorizator	\$ 634,898,000		250,810,000
			n/a

JEA  
Water and Sewer System  
Schedule of Outstanding Indebtedness  
September 2019  
(unaudited)

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
<b>Fixed Rate Bonds</b>				
2009 Series B	3.7500%	2019	\$ 8,915,000	\$ 8,915,000
2010 Series A - BABs	6.210 - 6.310%	2026-2044	83,115,000	-
2010 Series B - Taxable	5.200 - 5.700%	2019-2025	12,110,000	1,730,000
2010 Series D	4.000 - 5.000%	2019-2039	24,125,000	5,015,000
2010 Series E	4.000 - 5.000%	2023-2039	8,570,000	-
2010 Series F - BABs	3.900 - 5.887%	2019-2040	42,095,000	2,395,000
2012 Series A	3.000 - 5.000%	2019-2041	153,175,000	1,070,000
2012 Series B	2.250 - 5.000%	2019-2037	73,270,000	1,280,000
2013 Series A	4.500 - 5.000%	2019-2027	17,575,000	12,580,000
2014 Series A	2.000 - 5.000%	2019-2040	212,960,000	5,625,000
2017 Series A	3.125 - 5.000%	2022-2041	360,775,000	-
<b>Total Fixed Rate Senior Bonds</b>			<b>996,685,000</b>	<b>38,610,000</b>
2010 Series A	5.000%	2019	2,790,000	2,790,000
2010 Series B	4.000 - 5.000%	2023-2025	2,060,000	-
2012 Series B	3.250 - 5.000%	2030-2043	29,685,000	-
2013 Series A	2.125 - 5.000%	2019-2029	25,210,000	5,365,000
2017 Series A	2.750 - 5.000%	2021-2034	58,940,000	-
<b>Total Fixed Rate Subordinated Bonds</b>			<b>118,685,000</b>	<b>8,155,000</b>
<b>Total Fixed Rate Bonds/4.528%</b>			<b>1,115,370,000</b>	<b>46,765,000</b>
<b>Variable Rate Bonds</b>		Current Interest Rates (1)		
2006 Series B - CPI Bonds	2.533% (2)	2019-2022	24,850,000	5,740,000
2008 Series A-2 - Weekly	1.430%	2028-2042	51,820,000	-
2008 Series B - Weekly	1.449%	2023-2041	85,290,000	-
<b>Total Variable Rate Senior Bonds</b>			<b>161,960,000</b>	<b>5,740,000</b>
2008 Series A-1 - Daily	1.437%	2019-2038	48,850,000	2,200,000
2008 Series A-2 - Weekly	1.378%	2030-2038	25,600,000	-
2008 Series B-1 - Weekly	1.434%	2030-2036	30,885,000	-
<b>Total Variable Rate Subordinated Bonds</b>			<b>105,335,000</b>	<b>2,200,000</b>
<b>Total Variable Rate Bonds</b>			<b>267,295,000</b>	<b>7,940,000</b>
<b>Other Obligations</b>				
Revolving Credit Agreement	3.260%	2021	5,000,000	-
<b>Total Other Obligations</b>			<b>5,000,000</b>	<b>-</b>
<b>Weighted Average Cost(3) / Total Outstanding Debt</b>			<b>3.575%</b>	<b>\$ 1,387,665,000 \$ 54,705,000</b>

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

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

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

	Current YTD	Prior YTD	Year End Target
• Debt Ratio - Water and Sewer	44.8%	49.5%	45.8%
• 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  
September 2019  
(unaudited)

Issue/Average Coupon	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
<b>Fixed Rate Bonds</b>				
2013 Series A/4.184%	2.065 - 4.538%	2019-2034	\$ 34,825,000	\$ 1,690,000
<b>Weighted Average Cost(1) / Total Outstanding Debt</b>			<b>4.187%</b>	<b>\$ 34,825,000 \$ 1,690,000</b>

(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**  
**Interest Rate Swap Position Report**  
**September 2019**  
**(unaudited)**

**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	1.428	2.289	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039	82,575,000	-	4.351	1.391	2.960	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035	85,200,000	-	3.661	1.428	2.233	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037	39,175,000	-	3.716	1.428	2.288	n/a	68% 1 mth Libor
7	Morgan Stanley	10/31/2006	10/1/2022	-	24,850,000	4.039	2.533	1.506	n/a	CPI
8	Morgan Stanley	1/31/2007	10/1/2031	62,980,000	-	3.907	1.391	2.516	n/a	SIFMA
9	Merrill Lynch	3/8/2007	10/1/2041	-	85,290,000	3.895	1.391	2.504	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036	51,680,000	-	3.836	1.391	2.445	n/a	SIFMA
Total				<u>\$ 406,410,000</u>	<u>\$ 110,140,000</u>	Wtd Avg Spread		2.428		

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

	Month			Year-to-Date		
	September	2018	Variance	September	2018	Variance
	2019	2018		2019	2018	
<b>Generated power:</b>						
<b>Steam:</b>						
<i>Fuel oil</i>						
Fuel expense	\$ 89,152	\$ 23,805	274.51%	\$ 464,614	\$ 4,187,332	-88.90%
Barrels #6 oil consumed	823	220	274.09%	4,336	38,702	-88.80%
\$/ per barrel consumed	\$ 108.33	\$ 108.20	0.11%	\$ 107.15	\$ 108.19	-0.96%
kWh oil generated (1)	-	-		1,220,989	23,686,188	-94.85%
Cost per MWh - oil	\$ -	\$ -		\$ 380.52	\$ 176.78	115.25%
<i>Natural gas units #1-3</i>						
Gas expense - variable	\$ 4,303,713	\$ 6,394,692	-32.70%	\$ 61,068,093	\$ 58,059,155	5.18%
MMBTU's consumed	1,702,325	1,959,073	-13.11%	20,661,601	17,514,822	17.97%
\$/ per MMBTU consumed	\$ 2.53	\$ 3.26	-22.55%	\$ 2.96	\$ 3.31	-10.84%
kWh - gas generated (1)	150,646,028	177,608,688	-15.18%	1,923,911,446	1,605,049,831	19.87%
Cost per MWh - gas	\$ 28.57	\$ 36.00	-20.65%	\$ 31.74	\$ 36.17	-12.25%
Cost per MWh - gas & oil - steam	\$ 29.16	\$ 36.14	-19.31%	\$ 31.96	\$ 38.22	-16.37%
<i>Coal</i>						
Coal expense	\$ 1,733,464	\$ 1,736,098	-0.15%	\$ 25,095,745	\$ 27,903,515	-10.06%
kWh generated	55,347,609	77,277,331	-28.38%	692,230,504	889,139,338	-22.15%
Cost per MWh - coal	\$ 31.32	\$ 22.47	39.41%	\$ 36.25	\$ 31.38	15.52%
<i>Pet coke and limestone</i>						
Expense	\$ 4,102,618	\$ 8,322,414	-50.70%	\$ 42,546,250	\$ 65,286,701	-34.83%
kWh generated	124,376,537	187,774,486	-33.76%	1,236,400,876	1,601,197,764	-22.78%
Cost per MWh - pet coke and limestone	\$ 32.99	\$ 44.32	-25.58%	\$ 34.41	\$ 40.77	-15.60%
Cost per MWh - coal & petcoke - steam	\$ 32.47	\$ 37.95	-14.43%	\$ 35.07	\$ 37.42	-6.28%
<b>Combustion turbine:</b>						
<i>Fuel oil</i>						
Fuel expense	\$ 83,587	\$ 68,391	22.22%	\$ 1,445,949	\$ 3,663,513	-60.53%
Barrels #2 oil consumed	556	407	36.68%	9,827	37,559	-73.84%
\$/ per barrel consumed	\$ 150.34	\$ 168.12	-10.58%	\$ 147.14	\$ 97.54	50.85%
kWh - oil generated	89,819	137,301	-34.58%	3,220,695	14,708,463	-78.10%
Cost per MWh - oil	\$ 930.62	\$ 498.11	86.83%	\$ 448.96	\$ 249.08	80.25%
<i>Natural gas (includes landfill)</i>						
Gas expense Kennedy & landfill - variable	\$ 457,903	\$ 1,144,254	-59.98%	\$ 6,375,593	\$ 3,969,895	60.60%
MMBTU's consumed	180,989	340,603	-46.86%	2,229,311	1,174,559	89.80%
\$/ per MMBTU consumed	\$ 2.53	\$ 3.36	-24.69%	\$ 2.86	\$ 3.38	-15.39%
kWh - gas generated (1)	16,158,212	30,443,367	-46.92%	197,804,443	99,958,709	97.89%
Cost per MWh - gas	\$ 28.34	\$ 37.59	-24.60%	\$ 32.23	\$ 39.72	-18.84%
Gas expense BB simple - variable	\$ 425,951	\$ 244,298	74.36%	\$ 5,863,027	\$ 3,658,692	60.25%
MMBTU's consumed	\$ 164,743	\$ 81,650	101.77%	2,006,161	1,252,435	60.18%
\$/ per MMBTU consumed	\$ 2.59	\$ 2.99	-13.59%	\$ 2.92	\$ 2.92	0.04%
kWh - gas generated (1)	9,037,900	7,123,376	26.88%	170,475,446	108,956,032	56.46%
Cost per MWh - gas simple	\$ 47.13	\$ 34.30	37.42%	\$ 34.39	\$ 33.58	2.42%
Gas expense BB combined - variable	\$ 6,976,608	\$ 7,186,232	-2.92%	\$ 74,530,601	\$ 85,779,022	-13.11%
MMBTU's consumed	2,764,720	2,501,733	10.51%	24,457,995	29,274,059	-16.45%
\$/ per MMBTU consumed	\$ 2.52	\$ 2.87	-12.15%	\$ 3.05	\$ 2.93	4.00%
kWh - gas generated (1)	409,080,477	352,473,784	16.06%	3,563,742,747	4,154,030,128	-14.21%
Cost per MWh - gas combined	\$ 17.05	\$ 20.39	-16.35%	\$ 20.91	\$ 20.65	1.28%
Gas expense GEC simple - variable	\$ 860,744	\$ 2,160,581	-60.16%	\$ 12,915,517	\$ 13,346,018	-3.23%
MMBTU's consumed	557,974	684,825	-18.52%	5,011,848	3,694,444	35.66%
\$/ per MMBTU consumed	\$ 1.54	\$ 3.15	-51.10%	\$ 2.58	\$ 3.61	-28.66%
kWh - gas generated	51,464,372	62,167,767	-17.22%	457,255,731	331,680,251	37.86%
Cost per MWh - gas simple	\$ 16.73	\$ 34.75	-51.88%	\$ 28.25	\$ 40.24	-29.80%
Cost per MWh - gas & oil ct	\$ 18.12	\$ 23.88	-24.12%	\$ 23.02	\$ 23.45	-1.80%
Natural gas expense - fixed	\$ 3,250,350	\$ 3,488,922	-6.84%	\$ 40,072,960	\$ 39,647,144	1.07%
<b>Total generated power:</b>						
Fuels expense	\$ 22,284,090	\$ 30,769,687	-27.58%	\$ 270,378,349	\$ 305,500,987	-11.50%
kWh generated	816,200,954	895,006,102	-8.80%	8,246,262,877	8,828,406,704	-6.59%
Cost per MWh	\$ 27.30	\$ 34.38	-20.59%	\$ 32.79	\$ 34.60	-5.25%

(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	\$ 89,152	\$ 23,805		\$ 464,614	\$ 4,187,332
Natural gas units #1-3 with landfill - variable	4,303,713	6,394,692		61,068,093	58,059,155
Coal	1,733,464	1,736,098		25,095,745	27,903,515
Petcoke	4,102,618	8,322,414		42,546,250	65,286,701
Fuel oil #2	83,587	68,391		1,445,949	3,663,513
Natural gas - simple cycle (BB & GEC) - variable	1,744,598	3,549,133		25,154,137	20,974,605
Natural gas - combined (BB) - variable	6,976,608	7,186,232		74,530,601	85,779,022
Natural gas - fixed	3,250,350	3,488,922		40,072,960	39,647,144
<b>Total</b>	<b>\$ 22,284,090</b>	<b>\$ 30,769,687</b>		<b>\$ 270,378,349</b>	<b>\$ 305,500,987</b>

	Month			Year-to-Date		
	September	2018	Variance	September	2018	Variance
	2019	2018		2019	2018	
<b>Production Statistics (Continued)</b>						
<b>Purchased power:</b>						
<i>Plant Scherer</i>						
Purchases	\$ 4,763,234	\$ 8,005,246	-40.50%	\$ 63,567,977	\$ 69,026,622	-7.91%
kWh purchased	102,996,000	132,283,000	-22.14%	1,388,654,000	1,124,849,000	23.45%
Cost per MWh	\$ 46.25	\$ 60.52	-23.58%	\$ 45.78	\$ 61.37	-25.40%
<i>TEA &amp; other</i>						
Purchases	\$ 11,567,593	\$ 12,642,903	-8.51%	\$ 135,245,015	\$ 109,194,033	23.86%
kWh purchased	288,134,841	232,109,433	24.14%	3,329,659,975	2,381,087,510	39.84%
Cost per MWh	\$ 40.15	\$ 54.47	-26.30%	\$ 40.62	\$ 45.86	-11.43%
<i>SJRPP</i>						
Purchases	\$ 1,944,900	\$ 1,592,876	22.10%	\$ 26,494,827	\$ 56,981,726	-53.50%
kWh purchased	-	-		-	539,759,000	-100.00%
Cost per MWh				\$ 105.57		
<b>Total purchased power:</b>						
Purchases	\$ 18,275,727	\$ 22,241,025	-17.83%	\$ 225,307,819	\$ 235,202,381	-4.21%
kWh purchased	391,130,841	364,392,433	7.34%	4,718,313,975	4,045,695,510	16.63%
Cost per MWh	\$ 46.73	\$ 61.04	-23.45%	\$ 47.75	\$ 58.14	-17.86%
Subtotal - generated and purchased power:	\$ 40,559,817	\$ 53,010,712	-23.49%	\$ 495,686,168	\$ 540,703,368	-8.33%
Fuel interchange sales	(289,763)	(20,941)	1283.71%	(3,294,655)	(1,109,990)	196.82%
Earnings of The Energy Authority	(75,000)	(954,348)	-92.14%	(2,413,961)	(4,078,816)	-40.82%
Realized and Unrealized (Gains) Losses	452,600	(455,000)	-199.47%	(789,000)	(4,191,460)	-81.18%
Fuel procurement and handling	1,411,022	2,473,067	-42.94%	13,030,669	13,395,309	-2.72%
By product reuse	183,801	1,027,729	-82.12%	5,336,253	13,454,765	-60.34%
Total generated and net purchased power:						
Cost, net	42,242,477	55,081,219	-23.31%	507,555,474	558,173,176	-9.07%
kWh generated and purchased	1,207,331,795	1,259,398,535	-4.13%	12,964,576,852	12,874,102,214	0.70%
Cost per MWh	\$ 34.99	\$ 43.74	-20.00%	\$ 39.15	\$ 43.36	-9.70%
<b>Reconciliation:</b>						
Generated and purchased power per above	\$ 42,242,477	\$ 34.99		\$ 507,555,474	\$ 39.15	
<i>SJRPP operating expenses:</i>						
SJRPP O & M	(35,418)	(0.03)		(2,299,387)	(0.18)	
SJRPP debt service	(1,653,605)	(1.37)		(21,124,909)	(1.63)	
SJRPP R & R	(255,878)	(0.21)		(3,070,532)	(0.24)	
<i>Scherer operating expenses:</i>						
Scherer power production	(403,161)	(0.33)		(7,486,985)	(0.58)	
Scherer R & R	(1,002,428)	(0.83)		(11,053,227)	(0.85)	
Scherer transmission	(380,484)	(0.32)		(6,033,913)	(0.47)	
Scherer taxes	(105,623)	(0.09)		(1,290,647)	(0.10)	
Florida and other capacity	(1,371,178)	(1.14)		(15,883,342)	(1.23)	
MEAG	(1,565,606)	(1.30)		(14,189,076)	(1.09)	
Rounding	(1)	(0.00)		(1)	(0.00)	
Energy expense per budget page	\$ 35,469,095	\$ 29.38		\$ 425,123,455	\$ 32.79	

Electric System	Month				Prior Year Month	
	Budget vs. Actual	BUDGET	ACTUAL	Variance	ACTUAL	Variance
September 2019 and 2018 (unaudited)	2018-19	2018-19	2018-19	%	2017-18	%
<b>Fuel Related Revenues &amp; Expenses</b>						
Fuel Rate Revenues	\$ 422,782,362	\$ 37,784,390	\$ 36,481,442	-3.45%	\$ 38,563,657	-5.40%
Fuel Expense and Purchased Power:						
Fuel Expense - Energy System	327,822,632	27,372,410	24,331,514		33,815,484	
Fuel Expense - SJRPP	1,554,666	-	-		(13,426,101)	
Other Purchased Power	108,921,904	9,743,168	11,137,581		7,580,798	
Subtotal Energy Expense	438,299,202	37,115,578	35,469,095	4.44%	27,970,181	-26.81%
Transfer to (from) Rate Stabilization, Net	(16,151,013)	615,969	935,115		10,562,334	
Fuel Related Uncollectibles	634,173	52,843	77,232		57,977	
Total	422,782,362	37,784,390	36,481,442	3.45%	38,590,492	5.47%
Fuel Balance	-	-	-		(26,835)	
<b>Nonfuel Related Revenues</b>						
Base Rate Revenues	812,153,353	72,582,779	69,924,989		72,509,065	
Conservation Charge Revenue	1,000,000	89,371	145,947		125,757	
Environmental Charge Revenue	8,039,817	718,525	694,127		732,498	
Investment Income	11,600,594	966,716	2,274,089		2,104,168	
Natural Gas Revenue Pass Through	2,464,374	205,365	53,366		29,239	
Other Revenues	136,958,119	2,355,274	2,272,506		2,341,055	
Total	972,216,257	76,918,030	75,365,024	-2.02%	77,841,782	-3.18%
<b>Nonfuel Related Expenses</b>						
Non-Fuel O&M	221,286,372	24,591,629	26,776,830		25,138,140	
DSM / Conservation O&M	8,126,797	669,931	944,699		1,440,458	
Environmental O&M	3,071,529	179,195	203,937		947,941	
Rate Stabilization - DSM	(536,783)	(44,732)	(185,803)		(718,483)	
Rate Stabilization - Environmental	4,968,288	490,789	(21,385,649)		(215,443)	
Natural Gas Expense Pass Through	2,418,255	200,718	63,645		51,633	
Debt Principal - Energy System	116,230,000	9,685,833	9,685,833		10,433,929	
Debt Interest - Energy System	87,438,843	7,286,570	7,269,113		7,972,368	
Bond Buy-Back - Energy System	108,694,829	-	-		-	
R&R - Energy System	64,447,700	5,370,642	5,370,642		5,467,400	
Operating Capital Outlay	134,110,842	11,676,842	10,740,258		(6,502,058)	
Operating Capital Outlay - Environmental	21,875,839	21,875,839	21,875,839		-	
City Contribution Expense	92,952,147	7,746,012	7,746,012		7,622,650	
Taxes & Uncollectibles	1,437,599	119,800	163,933		125,423	
Emergency Reserve	5,000,000	5,000,000	-		-	
Nonfuel Purchased Power:						
* SJRPP D/S Principal	13,780,000	1,148,333	1,148,333		143,333	
* SJRPP D/S Interest	11,127,870	927,323	898,688		903,151	
** Other Non-Fuel Purchased Power	75,786,130	31,184,035	4,146,449		25,842,367	
Total Nonfuel Expenses	972,216,257	128,108,759	75,462,759	41.09%	78,652,809	4.06%
Non-Fuel Balance	-	(51,190,729)	(97,735)		(811,027)	
<b>Total Balance</b>	-	(51,190,729)	(97,735)		(837,862)	
<b>Total Revenues</b>	<b>1,394,998,619</b>	<b>114,702,420</b>	<b>111,846,466</b>	-2.49%	<b>116,405,439</b>	-3.92%
<b>Total Expenses</b>	<b>1,394,998,619</b>	<b>165,893,149</b>	<b>111,944,201</b>	32.52%	<b>117,243,301</b>	4.52%
<b>KWH Sold - Territorial</b>	<b>13,180,028,000</b>	<b>1,177,908,993</b>	<b>1,131,874,458</b>	-3.91%	<b>1,196,374,458</b>	-5.39%
<b>KWH Sold - Off System</b>	-	-	<b>9,417,000</b>		<b>673,000</b>	
	<b>13,180,028,000</b>	<b>1,177,908,993</b>	<b>1,141,291,458</b>	-3.11%	<b>1,197,047,458</b>	-4.66%

\* Gross debt service

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

Electric System Budget vs. Actual September 2019 and 2018 (unaudited)	Year-to-Date				Prior Year-to-Date	
	ANNUAL BUDGET 2018-19	BUDGET 2018-19	ACTUAL 2018-19	Variance %	ACTUAL 2017-18	Variance %
<b>Fuel Related Revenues &amp; Expenses</b>						
Fuel Rate Revenues	\$ 422,782,362	\$ 422,782,362	\$ 398,532,536	-5.74%	\$ 398,293,429	0.06%
Fuel Expense and Purchased Power:						
Fuel Expense - Energy System	327,822,632	327,822,632	287,956,271		328,159,602	
Fuel Expense - SJRPP	1,554,666	1,554,666	-		19,772,709	
Other Purchased Power	108,921,904	108,921,904	137,167,184		107,245,211	
Subtotal Energy Expense	438,299,202	438,299,202	425,123,455	3.01%	455,177,522	6.60%
Transfer to (from) Rate Stabilization, Net	(16,151,013)	(16,151,013)	(27,224,672)		(57,339,075)	
Fuel Related Uncollectibles	634,173	634,173	633,753		454,982	
Total	422,782,362	422,782,362	398,532,536	5.74%	398,293,429	-0.06%
Fuel Balance	-	-	-		-	
<b>Nonfuel Related Revenues</b>						
Base Rate Revenues	812,153,353	812,153,353	766,081,497		763,676,880	
Conservation Charge Revenue	1,000,000	1,000,000	858,433		905,640	
Environmental Charge Revenue	8,039,817	8,039,817	7,578,713		7,572,146	
Investment Income	11,600,594	11,600,594	13,930,513		10,946,799	
Natural Gas Revenue Pass Through	2,464,374	2,464,374	692,706		536,739	
Other Revenues	136,958,119	136,958,119	135,419,593		25,690,879	
Total	972,216,257	972,216,257	924,561,455	-4.90%	809,329,083	14.24%
<b>Nonfuel Related Expenses</b>						
Non-Fuel O&M	221,286,372	221,286,372	208,709,392		197,810,887	
DSM / Conservation O&M	8,126,797	8,126,797	6,182,957		7,260,160	
Environmental O&M	3,071,529	3,071,529	2,233,227		1,826,626	
Rate Stabilization - DSM	(536,783)	(536,783)	893,111		(225,135)	
Rate Stabilization - Environmental	4,968,288	4,968,288	(16,530,353)		5,745,520	
Natural Gas Expense Pass Through	2,418,255	2,418,255	780,450		653,688	
Debt Principal - Energy System	116,230,000	116,230,000	116,230,000		124,980,000	
Debt Interest - Energy System	87,438,843	87,438,843	83,155,513		90,056,945	
Bond Buy-Back - Energy System	108,694,829	108,694,829	108,694,829		-	
R&R - Energy System	64,447,700	64,447,700	64,447,700		65,608,800	
Operating Capital Outlay	134,110,842	134,110,842	133,174,258		82,497,942	
Operating Capital Outlay - Environmental	21,875,839	21,875,839	21,875,839		-	
City Contribution Expense	92,952,147	92,952,147	92,952,147		91,471,795	
Taxes & Uncollectibles	1,437,599	1,437,599	1,412,003		1,066,473	
Emergency Reserve	5,000,000	5,000,000	-		-	
<i>Nonfuel Purchased Power:</i>						
* SJRPP D/S Principal	13,780,000	13,780,000	13,780,000		7,812,969	
* SJRPP D/S Interest	11,127,870	11,127,870	10,784,252		11,782,611	
** Other Non-Fuel Purchased Power	75,786,130	75,786,130	75,786,130		120,979,802	
Total Nonfuel Expenses	972,216,257	972,216,257	924,561,455	4.90%	809,329,083	-14.24%
Non-Fuel Balance	-	-	-		-	
Total Balance	-	-	-		-	
<b>Total Revenues</b>	<b>1,394,998,619</b>	<b>1,394,998,619</b>	<b>1,323,093,991</b>	-5.15%	<b>1,207,622,512</b>	9.56%
<b>Total Expenses</b>	<b>1,394,998,619</b>	<b>1,394,998,619</b>	<b>1,323,093,991</b>	5.15%	<b>1,207,622,512</b>	-9.56%
<b>KWH Sold - Territorial</b>	<b>13,180,028,000</b>	<b>13,180,028,000</b>	<b>12,366,394,988</b>	-6.17%	<b>12,364,339,391</b>	0.02%
<b>KWH Sold - Off System</b>	<b>-</b>	<b>-</b>	<b>99,563,000</b>		<b>35,429,000</b>	
	<b>13,180,028,000</b>	<b>13,180,028,000</b>	<b>12,465,957,988</b>	-5.42%	<b>12,399,768,391</b>	0.53%

\* Gross debt service

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

## Water and Sewer System

Budget vs. Actual September 2019 and 2018 (unaudited)	Month				Prior Year Month	
	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
	2018-19	2018-19	2018-19	%	2017-18	%
<b>REVENUES</b>						
Water & Sewer Revenues	\$ 457,315,688	\$ 38,658,160	\$ 38,186,593		\$ 33,753,855	
Capacity & Extension Fees	24,500,000	1,738,570	2,827,044		3,368,976	
Capital Contributions	-	-	120,000		-	
Investment Income	6,318,534	526,544	1,110,445		1,180,467	
Other Income	139,432,982	2,618,967	3,426,272		2,491,667	
<b>Total</b>	<b>627,567,204</b>	<b>43,542,241</b>	<b>45,670,354</b>	<b>4.89%</b>	<b>40,794,965</b>	<b>11.95%</b>
<b>EXPENSES</b>						
O & M Expenses	157,996,392	11,424,218	18,463,758		16,914,363	
Debt Principal - Water & Sewer	54,705,000	4,558,750	4,558,754		4,310,000	
Debt Interest - Water & Sewer	61,300,057	1,322,057	5,129,699		5,705,983	
Bond Buy-Back - Water & Sewer	99,188,560	-	-		-	
Rate Stabilization - Environmental	2,772,839	2,772,839	(1,193,552)		(15,370)	
R&R - Water & Sewer	23,552,350	1,962,696	1,962,696		2,039,483	
Operating Capital Outlay	144,853,820	5,108,353	12,345,133		8,166,047	
Operating Capital Outlay - Capacity/Extension	29,537,910	7,079,576	2,827,044		3,368,975	
Operating Capital Outlay - Contributions	-	-	120,000		-	
Operating Capital Outlay - Environmental	11,757,522	(2,019,091)	2,263,447		1,008,650	
City Contribution Expense	24,695,388	2,057,949	2,057,949		2,095,668	
Uncollectibles & Fees	685,974	57,164	48,931		49,000	
Interlocal Agreements	15,521,392	-	-		-	
Emergency Reserve	1,000,000	1,000,000	-		-	
<b>Total Expenses</b>	<b>627,567,204</b>	<b>35,324,511</b>	<b>48,583,859</b>	<b>-37.54%</b>	<b>43,642,799</b>	<b>-11.32%</b>
<b>Total Balance</b>	<b>\$ -</b>	<b>\$ 8,217,730</b>	<b>\$ (2,913,505)</b>		<b>\$ (2,847,834)</b>	
<b>Sales kgals</b>						
Water	42,000,000	3,418,454	3,220,833	-5.78%	3,174,177	1.47%
Sewer	34,650,000	2,860,984	3,010,375	5.22%	2,500,868	20.37%
<b>Total</b>	<b>76,650,000</b>	<b>6,279,438</b>	<b>6,231,208</b>	<b>-0.77%</b>	<b>5,675,045</b>	<b>9.80%</b>

Budget vs. Actual September 2019 and 2018 (unaudited)	Year-To-Date				Prior Year to Date	
	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
	2018-19	2018-19	2018-19	%	2017-18	%
<b>REVENUES</b>						
Water & Sewer Revenues	\$ 457,315,688	\$ 457,315,688	\$ 443,134,487		\$ 421,936,538	
Capacity & Extension Fees	24,500,000	24,500,000	29,388,151		27,998,325	
Capital Contributions	-	-	149,759		44,638	
Investment Income	6,318,534	6,318,534	7,704,693		7,070,187	
Other Income	139,432,982	139,432,982	144,927,119		35,789,246	
<b>Total</b>	<b>627,567,204</b>	<b>627,567,204</b>	<b>625,304,209</b>	<b>-0.36%</b>	<b>492,838,934</b>	<b>26.88%</b>
<b>EXPENSES</b>						
O & M Expenses	157,996,392	157,996,392	157,996,392		147,334,052	
Debt Principal - Water & Sewer	54,705,000	54,705,000	54,705,000		51,720,000	
Debt Interest - Water & Sewer	61,300,057	61,300,057	61,300,057		65,999,462	
Bond Buy-Back - Water & Sewer	99,188,560	99,188,560	99,188,560		-	
Rate Stabilization - Environmental	2,772,839	2,772,839	2,772,839		7,701,048	
R&R - Water & Sewer	23,552,350	23,552,350	23,552,350		24,473,800	
Operating Capital Outlay	144,853,820	144,853,820	144,853,820		135,311,636	
Operating Capital Outlay - Capacity/Extension	29,537,910	29,537,910	29,388,151		27,998,324	
Operating Capital Outlay - Contributions	-	-	149,759		44,638	
Operating Capital Outlay - Environmental	11,757,522	11,757,522	10,656,678		6,168,895	
City Contribution Expense	24,695,388	24,695,388	24,695,388		25,148,020	
Uncollectibles & Fees	685,974	685,974	523,823		592,332	
Interlocal Agreements	15,521,392	15,521,392	15,521,392		346,727	
Emergency Reserve	1,000,000	1,000,000	-		-	
<b>Total Expenses</b>	<b>627,567,204</b>	<b>627,567,204</b>	<b>625,304,209</b>	<b>0.36%</b>	<b>492,838,934</b>	<b>-26.88%</b>
<b>Total Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	
<b>Sales kgals</b>						
Water	42,000,000	42,000,000	37,696,072	-10.25%	36,186,559	4.17%
Sewer	34,650,000	34,650,000	31,611,006	-8.77%	29,460,361	7.30%
<b>Total</b>	<b>76,650,000</b>	<b>76,650,000</b>	<b>69,307,078</b>	<b>-9.58%</b>	<b>65,646,920</b>	<b>5.58%</b>

## District Energy System

Budget vs. Actual September 2019 and 2018 (unaudited)	Month				Prior Year Month	
	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
	2018-19	2018-19	2018-19	%	2017-18	%
<b>REVENUES</b>						
Revenues	\$ 9,256,655	\$ 919,602	\$ 934,505		\$ 901,412	
Investment Income	-	-	12,001		12,479	
Total	9,256,655	919,602	946,506	2.93%	913,891	3.57%
<b>EXPENSES</b>						
O & M Expenses	4,895,382	394,930	594,030		850,934	
Debt Principal - DES	1,690,000	140,833	140,833		138,333	
Debt Interest - DES	1,330,449	110,871	110,871		113,257	
Rate Stabilization - Debt Management	(2,737,164)	-	-		-	
R&R - DES	442,950	36,913	36,913		36,404	
Operating Capital Outlay	3,635,038	897,874	897,874		795,979	
Total Expenses	9,256,655	1,581,421	1,780,521	-12.59%	1,934,907	7.98%
<b>Total Balance</b>	<b>\$ -</b>	<b>\$ (661,819)</b>	<b>\$ (834,015)</b>		<b>\$ (1,021,016)</b>	

Budget vs. Actual September 2019 and 2018 (unaudited)	Year-To-Date				Prior-Year-to-Date	
	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
	2018-19	2018-19	2018-19	%	2017-18	%
<b>REVENUES</b>						
Revenues	\$ 9,256,655	\$ 9,256,655	\$ 8,895,473		\$ 8,756,604	
Investment Income	-	-	155,631		102,755	
Total	9,256,655	9,256,655	9,051,104	-2.22%	8,859,359	2.16%
<b>EXPENSES</b>						
O & M Expenses	4,895,382	4,895,382	4,689,831		4,607,446	
Debt Principal - DES	1,690,000	1,690,000	1,690,000		1,660,000	
Debt Interest - DES	1,330,449	1,330,449	1,330,449		1,359,084	
Rate Stabilization - Debt Management	(2,737,164)	(2,737,164)	(2,737,164)		-	
R&R - DES	442,950	442,950	442,950		436,850	
Operating Capital Outlay	3,635,038	3,635,038	3,635,038		795,979	
Total Expenses	9,256,655	9,256,655	9,051,104	2.22%	8,859,359	-2.16%
<b>Total Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	



## Customer & Community Engagement Overview and Update September FY19

Each month, we update the Board on past, present and future Customer & Community Engagement monthly activities. The purpose is to keep you informed of these efforts, so that you are knowledgeable about JEA's attempts to keep our customers informed, to assist them in the management of their utility services and to be a good corporate citizen.

### Customer Communications

#### Customer Education Campaign

In September, JEA launched a campaign aimed at educating customers about potential changes within the organization. Through a combination of TV commercials, social media and web, custom messaging addressed such as what the future of energy utilities looks like and how JEA can better serve the community. All customer communications focused on JEA's goal of evolving to meet the ever-changing needs of today and preparing for the growth of tomorrow. The primary call-to-action associated with all these efforts drove customers to visit [WhatsNextJax.com](http://WhatsNextJax.com), for additional information.

#### Innovation Provides a Better Customer Experience with JEA

In the September bill insert, we highlighted JEA's commitment to innovation and displayed how it provides our customers with a better service experience. We showcased our ongoing efforts in the areas of customer, environmental and technological innovation. These efforts, along with the creation of the JEA Innovation Lab, demonstrate how we continue to serve the community better, keep rates stable and make conducting business with JEA more convenient for our customers.

### Community Engagement

JEA employees participated in numerous Ambassador events and Volunteer activities throughout the month of August. Ambassadors participated in 48 activities and volunteers served 1,081 hours in the community.

#### JEA Ambassadors

September was a busy month for Ambassadors through participation in several community events including activities at the Home & Patio Show, Higher Ground Community Day and Christ the King Middle, School among others. In addition, JEA Ambassadors conducted tours for students of the Tulsa Welding School and the Lego League.

#### Employee Volunteerism

In September, 263 JEA employees volunteered 1,081 hours in the community, connecting with customers and assisting with numerous nonprofit projects and activities.

Volunteers served at the BEAM Food Bank, Cathedral Terrace Café, Hope at Hand, the International Coastal Cleanup and many others. Through these efforts, JEA employees gave generously of their time and talents to benefit our community.

JEA employees take great pride in the Ambassador and Volunteer programs, which demonstrate tangible ways for our customers and our community to see the "Heart of JEA."

## JEA Community Engagement Calendar - September - November 2019

Date	Event/Activity	Location	Time	Type
<b>Sep-19</b>				
9/9/2019	USO NDD	2560 Mayport Rd.	10am	Volunteer Activity
9/10/2019	San Jose Apts.	Garcia rd.	10am	Ambassador Speaker
9/12/2019	PACE Family Night Event	University Blvd.	9am	Volunteer Activity
9/12/2019	BEAM Food Bank	Jacksonville Beach	1pm	Volunteer Activity
9/12/2019	West Branch Library	1425 Chaffee Rd	11am	Ambassador Event
9/12/2019	Lego League	NGS Tour	9am	Ambassador Facility Tour
9/13/2019	International Coastal Cleanup	Joe Carlucci Park & Boat Ramp	7:30am	Volunteer Activity
9/13/2019	Christ the King	6822 Larkin Rd.	8:30am	Ambassador Speaker
9/14/2019	Higher Ground Community Day	Higher Ground Church of God	10am - 3pm	Ambassador Event
9/16/2019	USO NDD	2560 Mayport Rd.	10am	Volunteer Activity
9/17/2019	Hurley Apts.	3333 University Blvd.	11am	Ambassador Speaker
9/17/2019	Butterfly Garden Prep: Custom Pearl St.	MillcoRd & Buckman WWTP	7am	Volunteer Activity
9/18/2019	JEA Senior Day	JEA Lobby	11am	Ambassador Event
9/19/2019	United Way Kick Off	CC-4	8am	Volunteer Activity
9/19/2019	Recovered Treasures	Normandy Blvd.	10am	Volunteer Activity
9/19/2019	Jacksonville Arboretum & Gardens	Millcoe Rd.	8:30am	Volunteer Activity
9/19/2019	Naval Supply Corp Breakfast	Naval Station Mayport	8am	Ambassador Speaker
9/19/2019	PACE Center for Girls	University Blvd.	9am	Volunteer Activity
9/20/2019	Barnabas New to You	Fernandina Bch.	1pm	Volunteer Activity
9/20/2019	Catty Shack Ranch	Starrat Rd.	10am	Volunteer Activity
9/20/2019	ReStore	Beach Blvd	9:30am	Volunteer Activity
9/20/2019	HabiJax Builds	Hubbard St.	7:30am	Volunteer Activity
9/21/2019	Solid Rock Health & Wellness Community Event	1418 Van Buren St.	10am	Ambassador Event

## JEA Community Engagement Calendar - September - November 2019

Date	Event/Activity	Location	Time	Type
9/23/2019	Callahan Food Distribution	Nassau County Extension Center	12pm	Volunteer Activity
9/24-9/25/2019	USO Food Pantry	2560 Mayport Rd.	9am	Volunteer Activity
9/25/2019	JEA 5 to 5 Butterfly Garden Project	Millcoe Rd.	9am	Volunteer Activity
9/26/2019	Salvation Army Food Pantry	W. Adams St.	8:30am	Volunteer Activity
9/26/2019	Eden Gardens	Garden St.	8am	Volunteer Activity
9/26/2019	Cathedral Terrace Café	Newnan St.	11am	Volunteer Activity
9/26/2019	Custom Catty Shack	Starrat Rd.	10am	Volunteer Activity
9/26 - 29/2019	2019 Fall Home & Patio Show	Prime Osborn	10am - 9pm	Ambassador Event
9/27/2019	Feeding NE FL Food Bank	Edgewood Ave.	8:30am	Volunteer Activity
9/27/2019	Tulsa Welding Students	Jax Solar Farm Tour	9:30am	Ambassador Facility Tour
9/27/2019	Hope at Hand	Atlantic Blvd.	11am	Volunteer Activity
9/27/2019	COJ Senior Games Opening Ceremonies	Hemming Plaza	9am	Volunteer Activity
9/27/2019 - 30/2019	Pearl St Zoo Activity	Zoo Blvd.	8am	Volunteer Activity
9/30/2019	Custom Coastal Cleanup	Little Talbot Island	8am	Volunteer Activity
<b>Oct-19</b>				
10/2/2019	John E Ford Elem. Health & Fitness Night	1137 Cleveland St.	5:30pm	Ambassador Event
10/2/2019	COJ Senior Games Bowling	Cassat Ave.		Volunteer Activity
10/2/-10/6/2019	FCNMHP MEGA Pet Adoption	Jacksonville Fairgrounds	Multiple Shifts	Volunteer Activity
10/7/2019	USO NDD	2560 Mayport Rd.	10am	Volunteer Activity
10/9/2019	Jr Achievement School Takeover	Waverly Academy- 5701 Wesconnett Blvd	8am - 2pm	Ambassador Instructor

## JEA Community Engagement Calendar - September - November 2019

Date	Event/Activity	Location	Time	Type
10/9/2019	JEA Power Pals	North Shore Elem.	9:30am	Ambassador Instructor
10/10/2019	Glynlea Park HOA	730 Mandalay Rd.	7pm	Ambassador Speaker
10/10/2019	Non Profit Breakfast	JEA T-19	7am	Volunteer Activity
10/10/2019	Non-Profit Breakfast	JEA T-19	7am	Ambassador Event
10/11/2019	Foundation Academy	Main St Lab Tour	10:30am	Ambassador Facility Tour
10/11/2019	UNF Engineering Students	Buckman WRP	1pm	Ambassador Facility Tour
10/14/2019	United Way Golf Tournament	St. Johns Golf & Country Club	7am	Volunteer Activity
10/15/2019	Crystal Spgs. Elem. Career day	Crystal Springs Elem.	8am	Ambassador Event
10/16/2019	JASMYN Coming Out Breakfast	Hyatt Regency	7am	Volunteer Activity
10/16/2019	JEA Power Pals	North Shore Elem.	9:30am	Ambassador Instructor
10/16/2019	Coummities in Schools Team Up	Andrew Robinson Elem.	4pm	Ambassador Speaker
10/16/2019	First lego Team	Southwest WRP Tour	1pm	Ambassador Facility Tour
10/17/2019	STEM Night Pickett Elem.	6305 Old Kings Rd	6pm	Ambassador Event
10/14 - 17/2019	Careers in Energy Week	Raines, Ribault, Sandalwood and Darnell Cookman	7:15am	Ambassador Instructor
10/17 - 20/2019	2019 Southern Women Show	Prime Osborn	10am	Ambassador Event
10/17/2019	Jacksonville Arboretum & Gardens	Millcoe Rd.	8:30am	Volunteer Activity
10/17/2019	Recovered Treasures	Normandy Blvd.	10am	Volunteer Activity
10/17/2019	Farm Share	Jessie St.	9am	Volunteer Activity
10/18/2019	Habijax Builds	Hubbard St.	7:30am	Volunteer Activity
10/18/2019	Catty Shack Ranch	Starrat Rd.	10am	Volunteer Activity

## JEA Community Engagement Calendar - September - November 2019

Date	Event/Activity	Location	Time	Type
10/18/2019	UNF Engineering Students	Buckman WRP	1pm	Ambassador Facility Tour
10/21/2019	UW Fishing Tournament	Palms Fish Camp	6am	Volunteer Activity
10/22/2019	Jacksonville Zoo & Gardens Community Event	Zoo Pkwy.	10am	Volunteer Activity
10/22/2019	JEA Power Pals	Sally B Mathis Elem.	1:30pm	Ambassador Instructor
10/22/-10/23/2019	USO Food Pantry	2560 Mayport Rd.	9am	Volunteer Activity
10/23/2019	JEA Power Pals	North Shore Elem.	9:30am	Ambassador Instructor
10/24/2019	Salvation Army Food Pantry	Adams St.	8:30am	Volunteer Activity
10/24/2019	Eden Gardens	Garden St.	8am	Volunteer Activity
10/25/2019	Feeding NE FL Food Bank	Edgewood Ave.	8:30am	Volunteer Activity
10/25/2019	Hope at Hand	Atlantic Blvd.	11am	Volunteer Activity
10/26/2019	Jax Love a Senior Fair	Jax fairgrounds	10am - 3pm	Ambassador Event
10/26/2019	Murray Hill-O-Ween Parade	840 Edgewood Ave.	7pm	Ambassador Event
10/26-10/27/2019	Jacksonville Sea & Sky Spectacular Air Show	Jacksonville Beach Seawalk Pavillion	8am	Volunteer Activity
10/27/2019	Bethel Baptist Fall Family Festival	Bethel Baptist Church	11:30am	Ambassador Event
10/29/2019	JEA Power Pals	Sally B Mathis Elem.	1:30pm	Ambassador Instructor
10/30/2019	JEA Power Pals	North Shore Elem.	9:30am	Ambassador Instructor
10/31/2019	Jacksonville Zoo & Gardens Mini Monster Mash & Candy Trail	Zoo Blvd.	9:30am	Volunteer Activity
10/31/2019	Cathedral Terrace Café	Newman St.	11am	Volunteer Activity
<b>Nov-19</b>				
11/1/2019	UNF Engineering Students	Buckman WRP Tour	1pm	Ambassador Facility Tour
11/4/2019	USO No Dough Dinner	2560 Mayport Rd.	10am	Volunteer Activity
11/5/2019	JEA Power Pals	Sally B Mathis Elem.	1pm	Ambassador Instructor
11/6/2019	MOSH Education Dept. Staff	Main St Lab Tour	3pm	Ambassador Facility Tour
11/8/2019	Barnabas Empty Bowls Event	Fernandina Bch.	9am	Volunteer Activity

## JEA Community Engagement Calendar - September - November 2019

Date	Event/Activity	Location	Time	Type
11/9/2019	Ascension St Vincents Life Wellness Fair	2434 Old Middleburg Rd.	10am - 3pm	Ambassador Event
11/12/2019	JEA Power Pals	Sally B Mathis Elem.	1pm	Ambassador Instructor
11/14/2019	Farm Share	1460 Vantage Way	9am	Volunteer Activity
11/15/2019	Jacksonville Arboretum & Gardens	Millcoie Rd.	8:30am	Volunteer Activity
11/15/2019	Catty Shack Ranch	Starrat Rd.	10am	Volunteer Activity
11/19-11/20/2019	USO Food Pantry	2560 Mayport Rd.	9am	Volunteer Activity
11/21-11/22/2019	Salvation Army Days of Caring	Adams St.	8:30am	Volunteer Activity



**BOARD OF  
DIRECTORS MEETING  
OPERATIONS UPDATE**  
as of September 30, 2019

# Financial Update



# FY2019 Key Financial Metrics:

Our key financial metrics are being impacted by the implementation of the Strategic & Timely Asset Realignment (STAR) Plan

- ▶ The STAR Plan is being implemented in two phases
- ▶ Phase One is complete
  - \$195 million was defeased in February
  - \$100 million for Energy
  - \$95 million for Water/Wastewater
- ▶ Phase Two is set to be completed in October of 2019
- ▶ Despite what the decrease in our days liquidity and days cash metrics might indicate, the STAR plan will actually increase cash flow by an average of ~\$80 million annually through 2023



Energy System	FY2018	FY2019	Target	Result
Debt Service Coverage	2.3x	2.8x	≥ 2.2x	●
Days Liquidity	316	308	150 to 250 <sup>1</sup>	●
Days Cash on Hand	218	146		●
Debt to Asset %	71.1%	65.0%	61% <sup>2</sup>	●

Water/Wastewater System	FY2018	FY2019	Target	Result
Debt Service Coverage	2.8x	3.0x	≥ 1.8x	●
Days Liquidity	527	334		●
Days Cash on Hand	434	186	150 to 250 <sup>4</sup>	●
Debt to Asset %	49.5%	44.8%	49% <sup>3</sup>	●

<sup>1</sup> Moody's Aa benchmark: 150 to 250 **days liquidity**; per Moody's Rating Methodology: "U.S. Public Power Electric Utilities with Generation Ownership Exposure, Nov. 2017"

<sup>2</sup> Long-term target is 60.9%; per Moody's Sector In-Depth Report Public Power Medians: "Stability Continues Amid Low Energy Prices, Clean Energy Shift, Sep. 2018"

<sup>3</sup> Long-term target is 49%; calculated peer group per "Moody's 214 Aa rated public water-sewer utilities, Dec. 2016"

<sup>4</sup> Moody's Aa benchmark: 150 to 250 **days cash**; per Moody's Rating Methodology: "U.S. Municipal Utility Revenue Debt, Oct. 2017"

# FY2019 Combined Debt Outstanding:

## Energy System (ES, BPSS, SJRPP):

- ▶ Debt outstanding: \$2,198
  - \$133 decrease due to October 1st principal payments
  - \$100 decrease due to Feb 2019 defeasance
- ▶ Total variable rate debt: \$591

## Water/Wastewater System:

- ▶ Debt outstanding: \$1,388
  - \$49 decrease due to October 1st principal payments
  - \$95 decrease due to Feb 2019 defeasance
- ▶ Total variable rate debt: \$272

## Interest Rates:

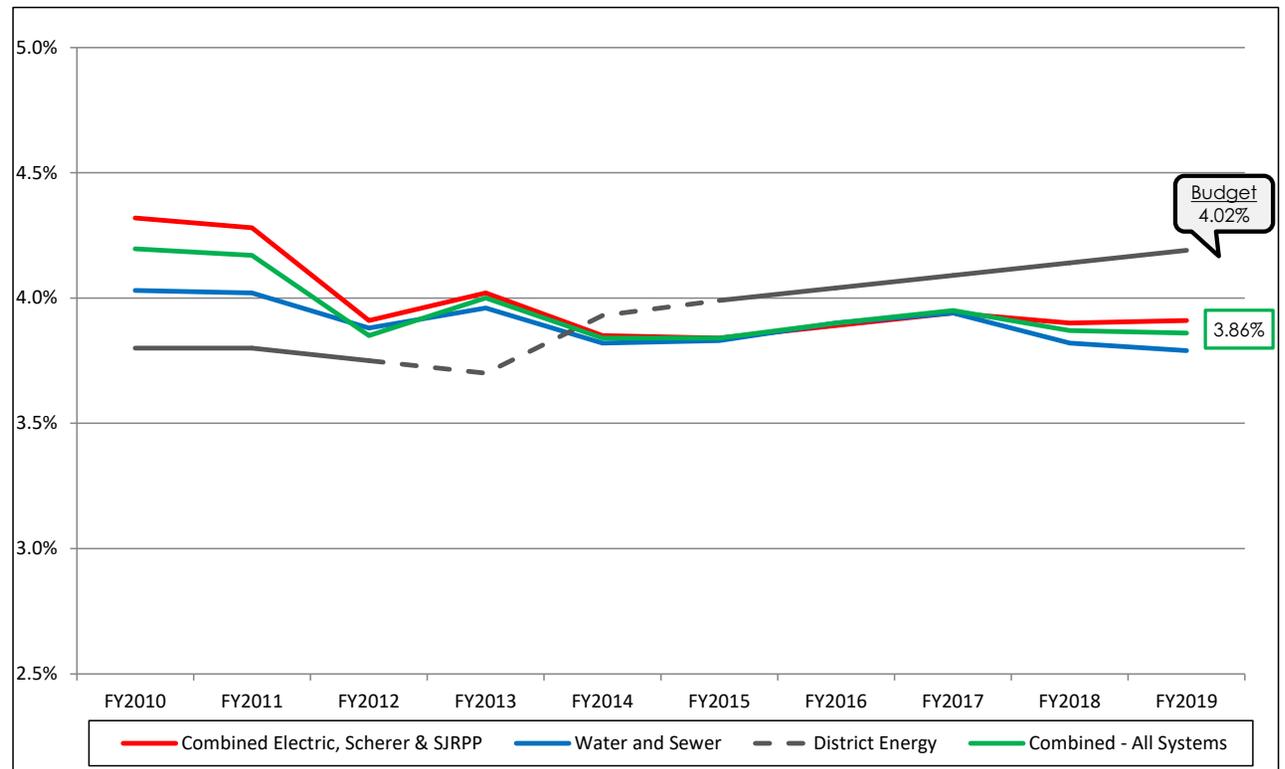
- ▶ Interest rates are net of BABs subsidy, original issue premiums / discounts and includes variable debt liquidity / remarketing fees and interest rate swap payments

(\$ in millions)	Principal Sep 2018	Principal Sep 2019	Change	Sep 2019 Weighted Average Interest Rates
<b>Energy System (ES)</b>				
Fixed rate bonds	\$1,455	\$1,233	\$(222)	4.01%
Hedged variable rate bonds	407	406	(1)	4.42%
Unhedged variable rate bonds	187	185	(2)	2.01%
Revolving credit agreement	--	--	--	--
<i>Total</i>	<i>\$2,049</i>	<i>\$1,824</i>	<i>\$(225)</i>	<i>3.91%</i>
<b>Bulk Power Supply System (BPSS)</b>				
Fixed rate bonds	\$101	\$95	(6)	3.78%
<i>Total</i>	<i>\$101</i>	<i>\$95</i>	<i>(6)</i>	<i>3.78%</i>
<b>SJRPP</b>				
Fixed rate bonds	\$281	\$279	\$(2)	3.91%
Revolving credit agreement	--	--	--	--
<i>Total</i>	<i>\$281</i>	<i>\$279</i>	<i>\$(2)</i>	<i>3.91%</i>
<b>Combined ES, BPSS and SJRPP</b>				
	<b>\$2,431</b>	<b>\$2,198</b>	<b>\$(233)</b>	<b>3.90%</b>
<b>Water/Wastewater System</b>				
Fixed rate bonds	\$1,254	\$1,116	\$(138)	4.01%
Hedged variable rate bonds	116	110	(6)	4.28%
Unhedged variable rate bonds	159	157	(2)	1.91%
Revolving credit agreement	3	5	2	3.26%
<i>Total</i>	<i>\$1,532</i>	<i>\$1,388</i>	<i>\$(144)</i>	<i>3.80%</i>
<b>District Energy System</b>				
Fixed rate bonds	\$36	\$35	\$(1)	4.19%
<i>Total</i>	<i>\$36</i>	<i>\$35</i>	<i>\$(1)</i>	<i>4.19%</i>
<b>Total JEA Debt</b>				
	<b>\$3,999</b>	<b>\$3,621</b>	<b>\$(378)</b>	<b>3.86%</b>

# FY2019 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 FY2010 – FY2013 DES was funded with variable rate debt at an average of 1 percent



# FY2019 Variable Debt Risk Analysis:

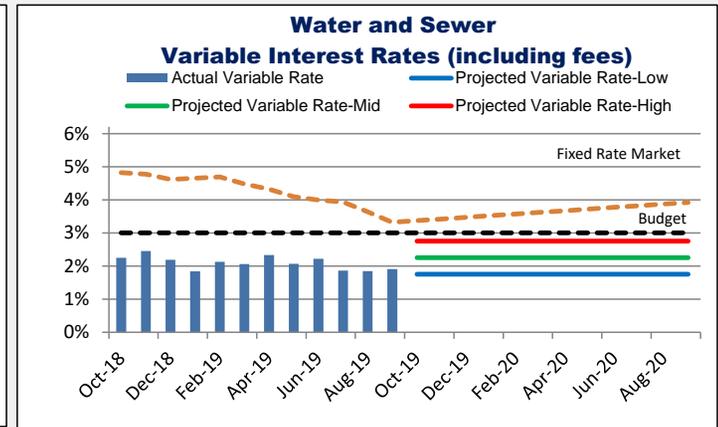
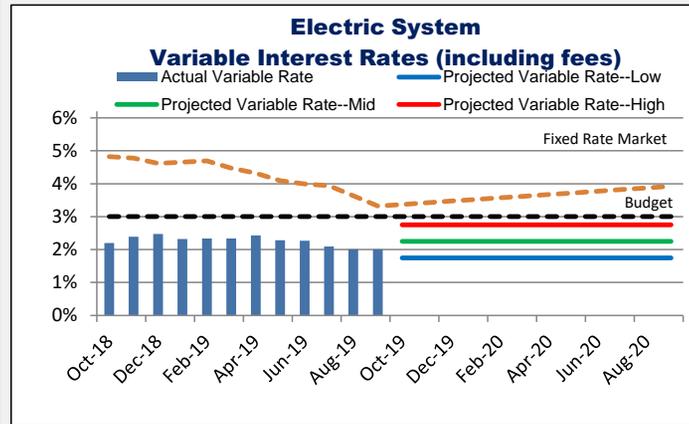
## Variable debt as a percentage of total debt:

- ▶ Unhedged variable at 8% for Energy and 12% for Water/Wastewater
- ▶ Hedged variable at 18% for Energy and 8% for Water/Wastewater

## Other Items Of Interest:

- ▶ Liquidity facilities / direct purchase bonds are with highly rated providers
- ▶ Next liquidity renewal in May 2020
- ▶ Variable rate reserve to mitigate risk of higher rates – \$44 million

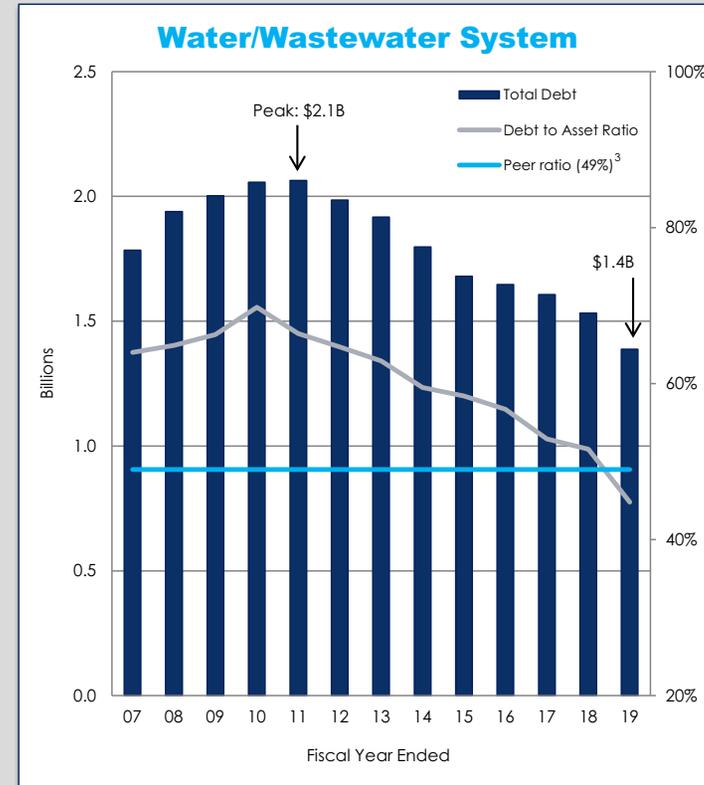
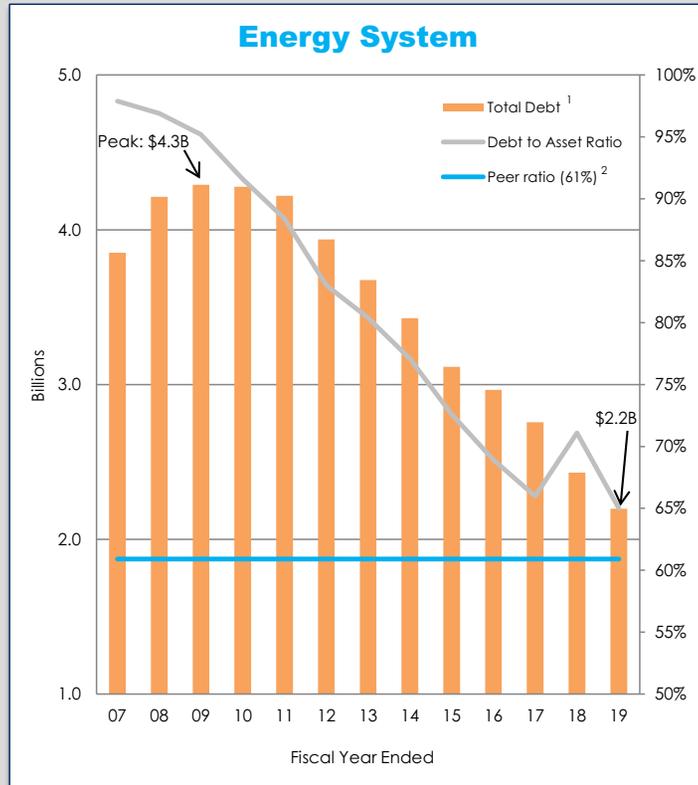
**Total variable rate debt of \$834MM with \$516MM swapped to fixed rate**



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-	\$215	26
JP Morgan Chase Bank N.A.	Aa2/A+/AA	199	24
Royal Bank of Canada	A2/AA-/AA	193	23
US Bank, N.A.	A1/AA-/AA-	144	17
Sumitomo	A1/A/A	52	6
State Street Bank	Aa3/AA-/AA	31	4
<b>Total Variable Rate Debt</b>		<b>\$834</b>	

Swap Providers			
Bank	Moody's/S&P/Fitch	\$ (in millions)	%
Morgan Stanley Capital Services	A3/BBB+/A	\$171	33
Goldman Sachs Mitsui Marine Derivative Products	Aa2/AA-/NR	136	26
JP Morgan Chase Bank N.A.	Aa2/A+/AA	124	24
Merrill Lynch	A3/A-/A+	85	17
<b>Total Swapped to Fixed Rate</b>		<b>\$516</b>	

# Debt & Debt To Asset Ratios



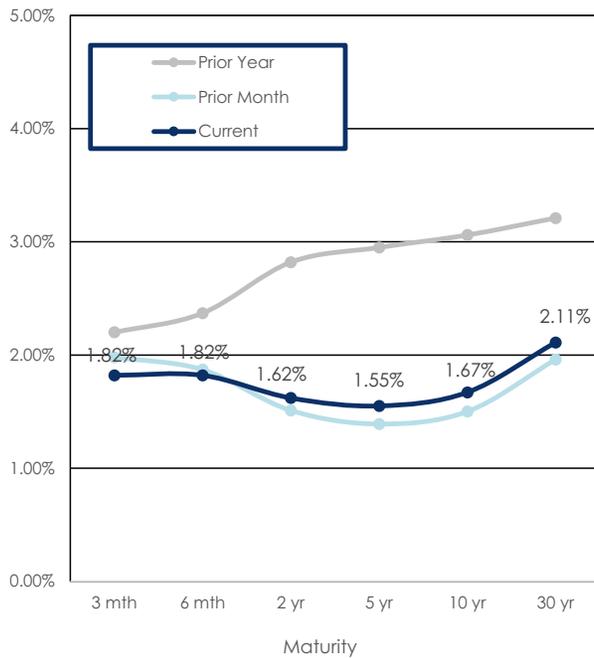
<sup>1</sup> Includes JEA, Scherer and SJRPP

<sup>2</sup> Per Moody's Sector In-Depth Report "Public Power Medians: Stability Continues Amid Low Energy Prices, Clean Energy Shift", Sept. 2018

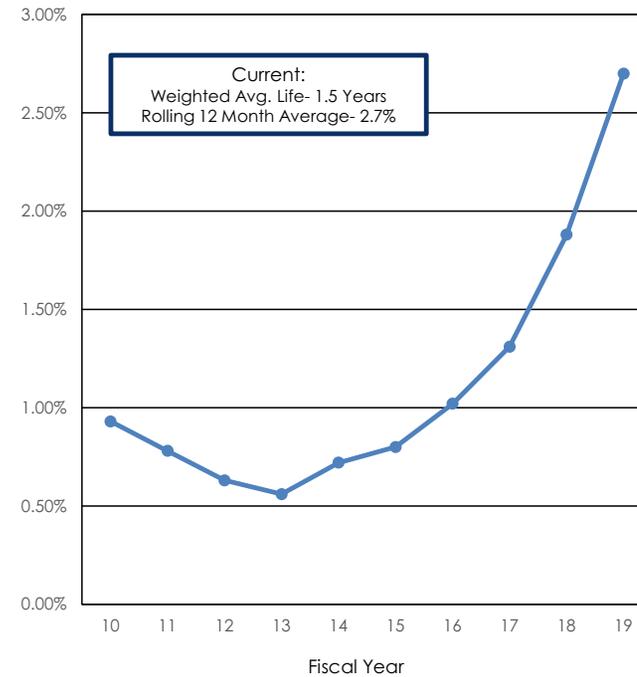
<sup>3</sup> As calculated from Moody's Municipal Financial Ratio Analysis database of 209 Aa rated public water-sewer utilities, Jan. 10, 2017

# Treasury Yield Curve and Investment Portfolio Return

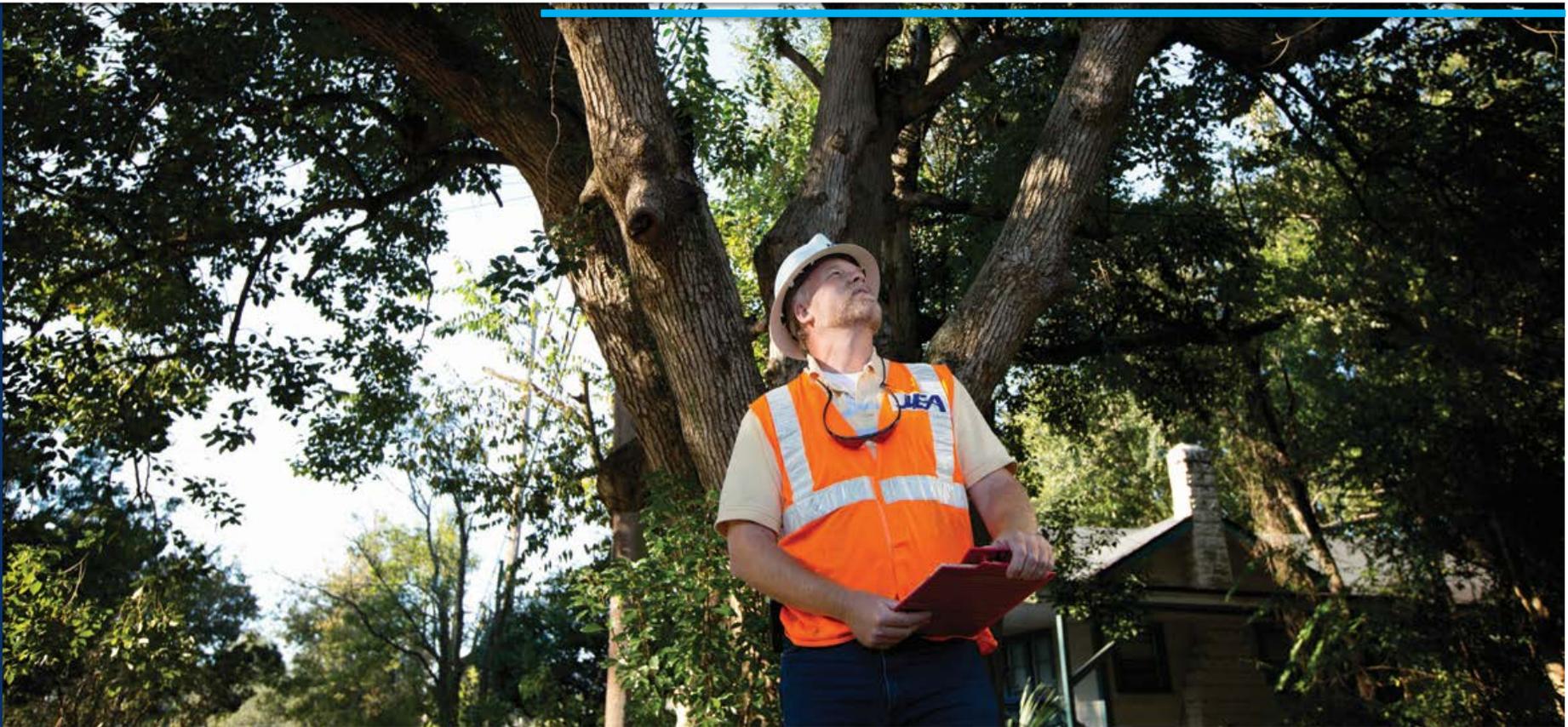
## U. S. Treasury Yield Curve



## Investment Portfolio Return



# Energy System Update



# FY2019 Energy System Financial Results

## Cost Metrics:

Debt Coverage: **2.8x**

Days Liquidity: **308 days**

Days Cash on Hand: **146 days**

Debt to Asset Ratio: **65%**

Total Debt: **\$2.2B**



Energy System	FY18 Actual	FY19 Budget	FY19 Actual	FY19 vs FY18 (\$)	FY19 vs FY18 (%)
<b>Revenues</b>					
Fuel Revenue	\$398,293	\$402,650	\$398,533	\$239	0.1%
Base Revenue	772,155	782,136	774,519	\$2,364	0.3%
Other Revenue	37,174	42,328	41,348	\$4,173	11.2%
<b>Total Revenues</b>	\$1,207,623	\$1,227,114	\$1,214,399	\$6,776	0.6%
				↕ (\$13) ↕	
<b>Select Expenses</b>					
Fuel Expense	\$455,633	\$418,167	\$425,757	\$29,875	6.6%
Fuel Fund Transfers	(57,339)	(15,517)	(27,225)	(\$30,114)	
O & M Expense	207,551	233,767	217,906	(\$10,355)	(5.0%)
Non-fuel Purchased Power	140,575 <sup>3</sup>	73,565	100,350	\$40,225	28.6%
<b>Net Revenues</b>	\$449,544	\$507,272	\$506,375	\$56,830	12.6%
				↕ (\$1) ↕	
Capital Expenditures	\$174,320	\$334,588 <sup>1</sup>	\$310,196 <sup>2</sup>	\$135,876	77.9%
Debt Service	\$196,288	\$190,618	\$180,728	\$15,561	7.9%

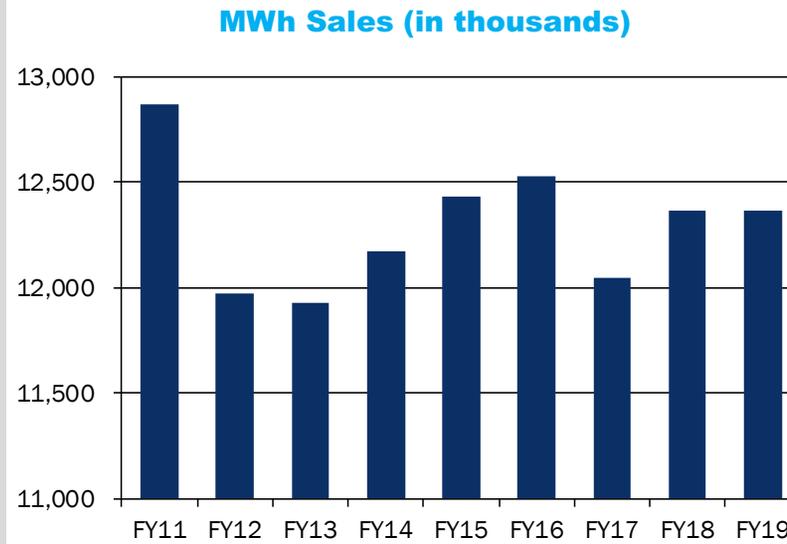
	Beginning Balance	Surplus/(Deficit)	Ending Balance	Percent of Annual Fuel Expense
Fuel Fund	\$74.4	(\$27.2)	\$47.2	9.4%

<sup>1</sup> Council approved limit for capital expenditures in FY19 is \$335 million  
<sup>2</sup> Includes \$57 million for Brandy Branch upgrades and \$8 million for Solar Land purchase  
<sup>3</sup> Includes \$18 million contribution to Rate Stabilization – Non-fuel Purchased Power for Plant Vogtle

# FY2019 Energy System MWh Sales

## Unit Sales Drivers:

- ▶ FY2019 MWh was flat despite a warmer summer compared FY 2018's summer
- ▶ FY2019 sales were supported by higher cooling degree days
- ▶ Both Degree Days and Customer Accounts are higher year over year



YTD Degree Days		
30-yr. Avg.	FY19	FY18
4,014	4,294	4,256

YTD Customer Accounts		
FY19	FY18	%
475,786	466,409	2.0%

Month	FY19	FY18	%
Oct	1,018,615	1,065,925	(4.4%)
Nov	898,455	833,994	7.7%
Dec	939,381	989,619	(5.1%)
Jan	992,410	1,205,005	(17.6%)
Feb	758,488	733,718	3.4%
Mar	910,894	889,143	2.4%
Apr	901,886	855,216	5.5%
May	1,158,218	1,050,255	10.3%
Jun	1,168,654	1,124,820	3.9%
Jul	1,218,341	1,170,996	4.0%
Aug	1,269,178	1,249,276	1.6%
Sep	1,131,874	1,196,374	(5.4%)
<b>Total</b>	<b>12,366,395</b>	<b>12,364,341</b>	<b>0.02%</b>

Total System	0.02%
Residential	1.9%
Comm./Industrial	(0.1%)
Interruptible	(5.1%)

## September 2019 Significant Occurrences of Concern This Month:

- ▶ The JEA Fleet Forced Outage Rate exceeded target in FY19 due to various issues including extended unit recovery on NS Unit 2 as a result of excess ash build up
- ▶ CEMI-5 was well below target in FY19, with only 407 customers experiencing more than 5 outages in the last 12 months
- ▶ ETR, Frequency, and Duration all performed better than goal
- ▶ Energy had 0 Permit Exceedances in FY19.

## Energy Monthly Operations Scorecard

Energy System	FY2018	FY2019 Goal	FY2019 YTD	Status
JEA Safety RIR	1.48	1.40	1.44	●
Sales Forecast (million MWh)	12.4	12.4	12.4	●
<b>T&amp;D Grid Performance Customer Outage</b>				
Frequency (outages/year)	1.4	1.6	1.3	●
Electric Outage Duration (minutes/year)	67	80	60	●
Transmission Line Faults (# per 100 miles)	2.2	2.5	1.2	●
CEMI5 (% cust. > 5 outages/year)	0.4	0.8	0.08	●
<b>Generating Plant Performance</b>				
Generation Fleet Reliability (forced outages rate)	2.1	2.0	4.9	●
Environmental Compliance (permit exceedances)	2	4	0	●

# FY2019 Energy System Reliability Metrics:

## Electric Service Reliability

- ▶ Outage frequency and duration have been reduced significantly over the last 9 years; running flat over last several years
- ▶ The typical JEA customer sees 1.3 outages per year and a total outage duration of about 60 minutes

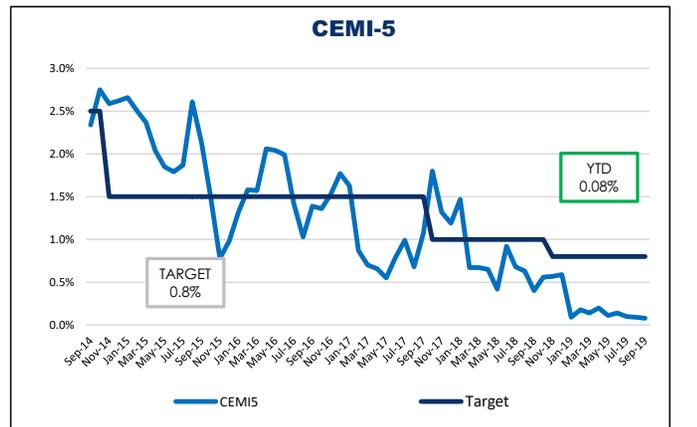
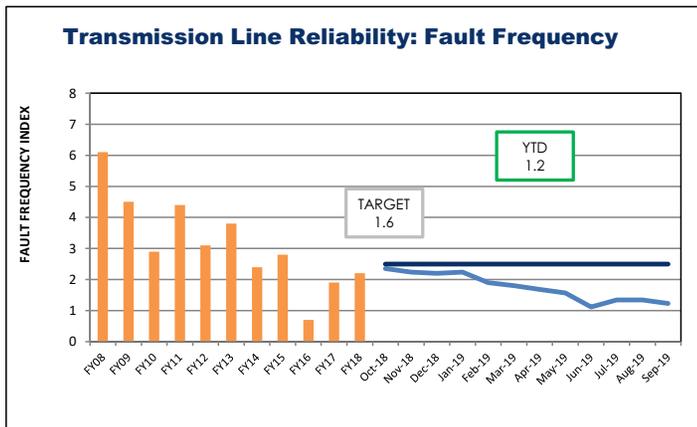
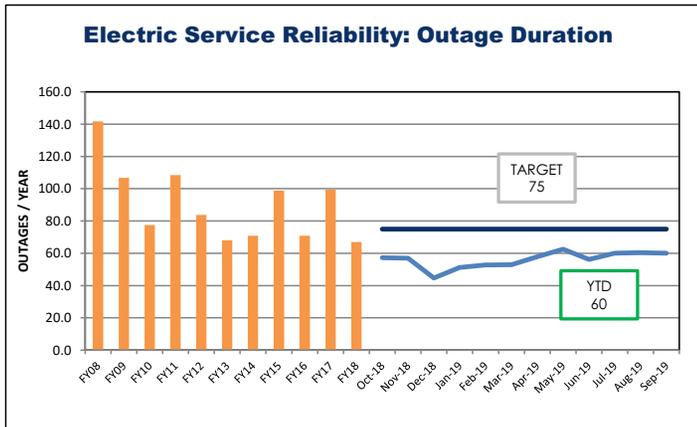
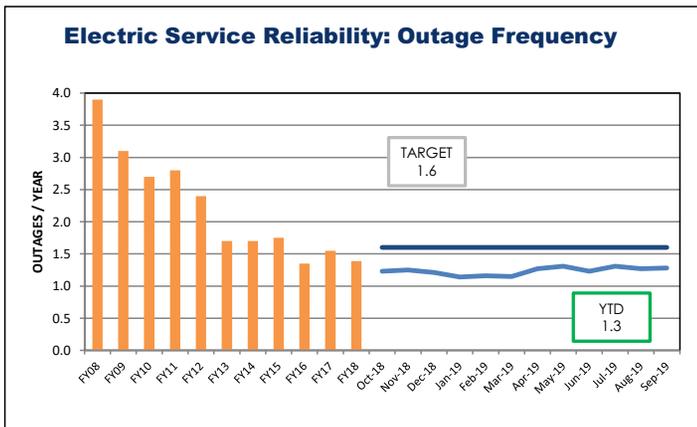
## Transmission Line Reliability

- ▶ Overall downward trend over the last eight years
- ▶ FY19 (1.2) is better than target

## CEMI-5

- ▶ Improvement trend over past three years for CEMI5. 407 (0.08%) of our customers have experienced more than 5 outages in the past 12 months

**JEA continues to show favorable trends over time across all other operational metrics**



T&D Grid Performance	Metric	FY2017	FY2018	FY2019 Target	FY2019
Customer Outage Frequency	# of Outages per Year	1.55	1.39	1.6	1.3
Electric Outage Duration	# of Minutes out per Year	99.5	66.9	75	60
Transmission Line Faults	# of Faults per 100 miles	1.9	2.2	2.5	1.2
CEMI <sub>5</sub>	% Customers > 5 outages per yr	1.07%	0.4%	0.8%	0.08%

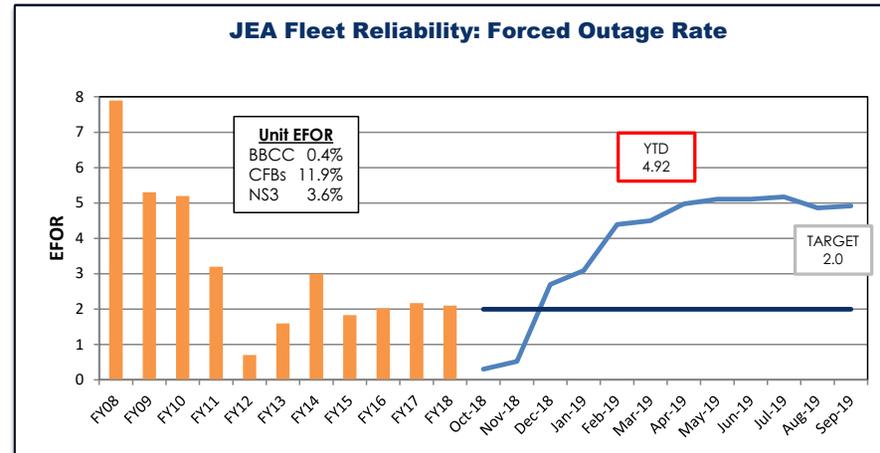
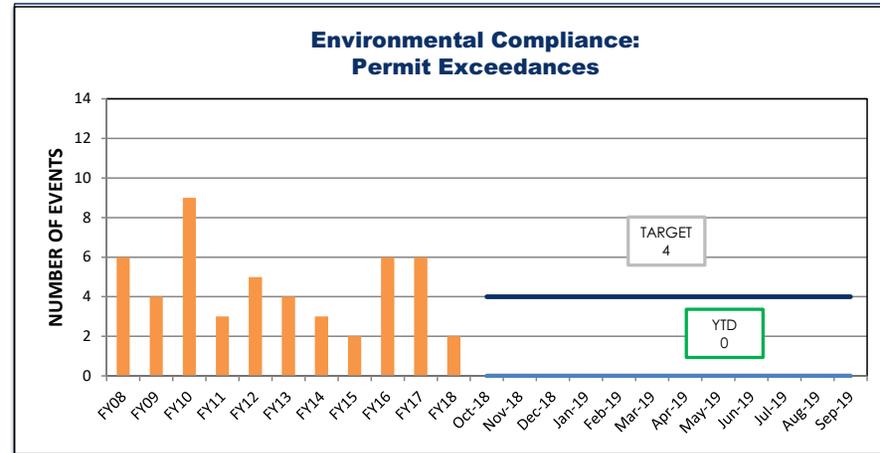
# FY2019 Energy System Reliability Metrics:

## Environmental Compliance

- ▶ We experienced 0 reportable events far during FY2019
- ▶ JEA remains actively engaged in preparing for all new and emerging environmental regulations

## Generating Fleet Reliability

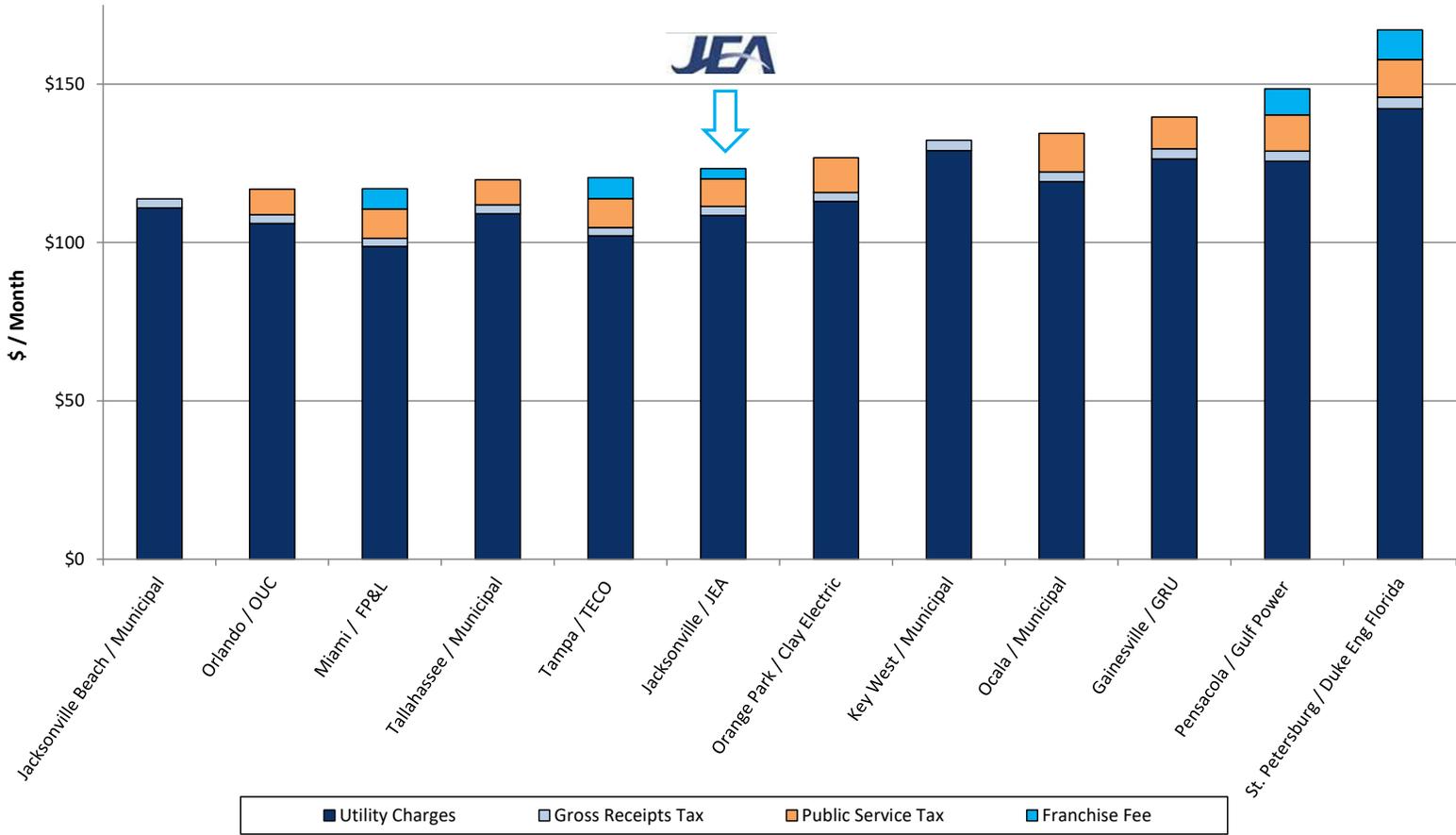
- ▶ The JEA Fleet Forced Outage Rate exceeded target through FY19 due to various issues including extended unit recovery on NS Unit 2 as a result of excess ash build up



Generating Plant Performance	Metric	FY2017	FY2018	FY2019 Target	FY2019
Generation Fleet Reliability	Forced Outages Rate	2.17	2.1	2.0	4.92
Environmental Compliance	Permit Exceedances	6	2	4	0

# Florida Utilities Monthly Residential Electric Bill Comparison

(Consumption @ 1,000 kWh)  
Residential Rates as of September 2019



# Water/Wastewater System Update



# FY2019

## Water/Wastewater System Financial Results & Cost Metrics

### Cost Metrics:

Debt Coverage: 3.0x

Days Liquidity: 334 days

Days Cash on Hand: 186 days

Debt to Asset Ratio: 44.8%

Total Debt: \$1.4B



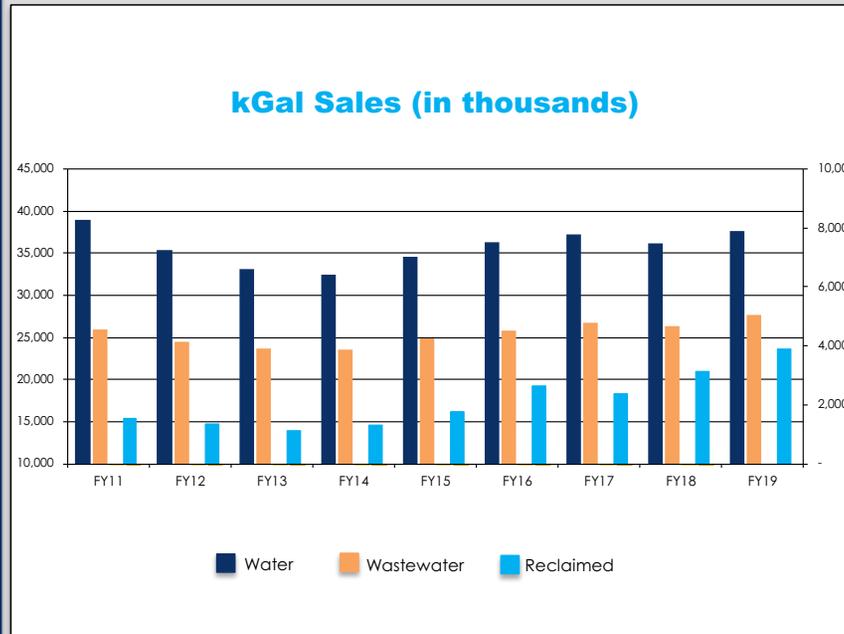
Water Wastewater System	FY18 Actual	FY19 Budget	FY19 Actual	FY19 vs FY18 (\$)	FY19 vs FY18 (%)
<b>Revenues</b>					
Water & Sewer Revenues	\$421,937	\$444,081	\$443,134	\$21,197	5.0%
Other Revenue	70,902	71,063	\$82,981	\$12,079	17.0%
<b>Total Revenues</b>	\$492,839	\$515,144	\$526,115	\$33,276	6.8%
			\$11		
<b>Select Expenses</b>					
O&M Expense	\$147,334	\$161,825	\$157,996	\$10,662	7.2%
<b>Net Revenues</b>	\$362,469	\$352,654	\$367,596	\$5,127	1.4%
			\$15		
Capital Expenditures	\$199,314	\$248,461 <sup>1</sup>	\$218,950	\$19,636	9.9%
Debt Service	\$112,791	\$115,964	\$109,817	(\$2,974)	(2.6%)

<sup>1</sup> Council approved limit for capital expenditures in FY19 is \$248 million

# FY2019 Water/Wastewater System kgal Sales:

## Unit Sales Drivers:

- ▶ FY2019 Sales were higher than FY2018 Actuals
- ▶ Water sales were up due to lower rainfall and a higher temperatures



Month	FY19	FY18	%
Oct	3,212	2,992	7.4%
Nov	2,862	3,037	(5.8%)
Dec	2,792	2,883	(3.2%)
Jan	2,724	2,790	(2.4%)
Feb	2,436	2,553	(4.6%)
Mar	3,014	3,191	(5.5%)
Apr	3,046	3,006	1.3%
May	3,921	3,270	19.9%
Jun	3,577	3,001	19.2%
Jul	3,523	3,133	12.4%
Aug	3,366	3,157	6.6%
Sep	3,221	3,174	1.5%
<b>Total</b>	<b>37,695</b>	<b>36,187</b>	<b>4.2%</b>

YTD Customer Accounts			
	FY19	FY18	%
Water	355,635	348,159	2.1%
Sewer	277,815	270,871	2.6%
Reclaimed	14,267	11,498	24.1%

YTD Rainfall			
	30-Yr. Avg.	FY19	FY18
Inches	52.4	46.0	57.4
Days	113.6	123.0	120.0

Total System 4.2%	
Residential	5.8%
Comm./Industrial	(0.5%)
Irrigation	11.2%

## September 2019 Significant Occurrences or Concerns This Month:

- ▶ JEA Safety RIR: Four OSHA recordable safety incidents for JEA in the month of September
- ▶ Unplanned Water Main Outages: 420 customers experienced an outage in the month of September
- ▶ CUP: Average daily flow of 120 MGD is 13% below CY limit of 138 MGD; reclaimed usage at 19 MGD
- ▶ Nitrogen to River: 396 tons estimated for FY19; JEA has a limit of 683 tons per year and provides the COJ with 37 tons
- ▶ SSO's Impacting Waters of the US: 36 YTD, root cause analysis is performed on each SSO – performed additional inspections of system and cleaning of problem areas completed

 **Water/Wastewater  
System Update**

## Water/Wastewater Monthly Operations Scorecard

Water/Wastewater System	FY2018	FY2019 Goal	FY2019	Status
JEA Safety RIR	2.0	1.40	1.51	●
Water Sales Forecast (kgal in 1000's)	36,187	37,615	37,695	●
Water Unplanned Outages (# cust.)	4.79%	2%	2.66%	●
CUP Compliance	Yes	Yes	Yes	●
Nitrogen to the River (tons)	550	616	396	●
Sanitary Sewer Overflows (SSO's per 100 miles of pipe)	0.63	0.58	0.70	●

# FY2019 Water/Wastewater System Customer Reliability:

## Unplanned Water Outages

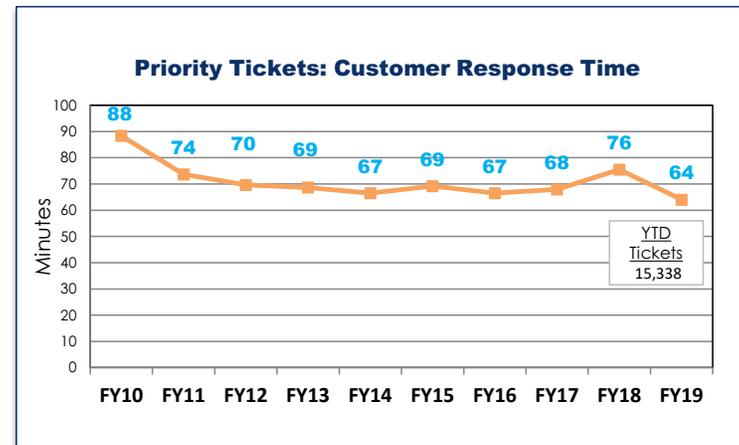
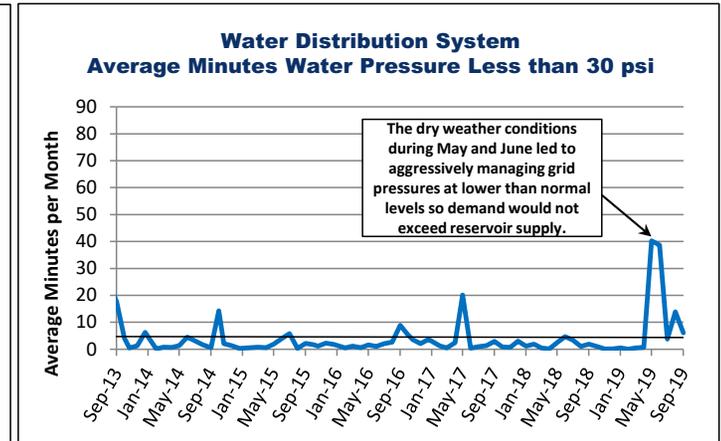
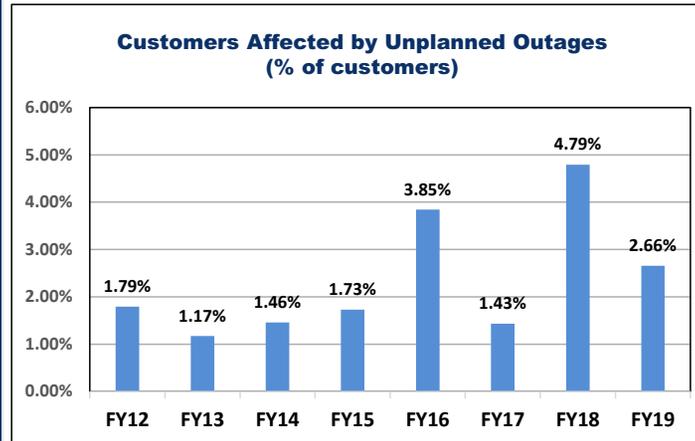
- ▶ Percentage of customers affected by unplanned outages. Large water main break in August caused FY19 goal of 2% not to be met.

## Water Pressure (minutes per month < 30 psi)

- ▶ Measured by 189 pressure monitoring stations in the distribution system. Pressure must be greater than 30 psi, and is expected to be greater than 50 psi. Regulatory requirement is minimum 20 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. Exceeded FY19 goal of 65 Min.



# FY2019 Water System Consumptive Use Permit: St. Johns River Water Management District CUP

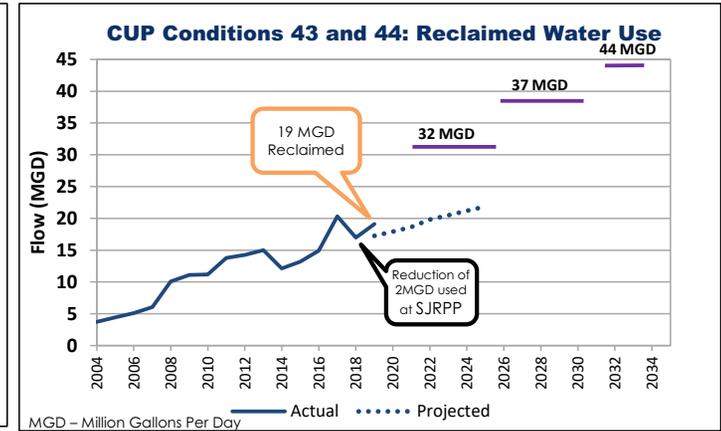
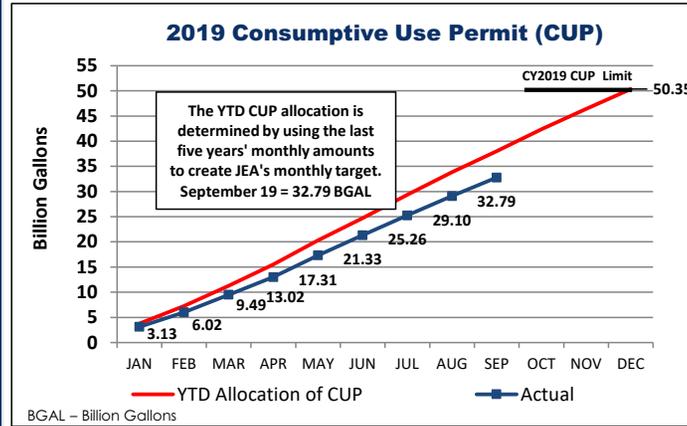
## YTD CUP Allocation

- ▶ The YTD CUP allocation is determined by using the last five years' monthly amounts to create JEA's monthly target
- ▶ September 2019 = 32.79 BGAL

## Condition 18

- ▶ YTD average daily flow is 13% below CY limit of 138 MGD

# Water/Wastewater System Update



### CUP Condition 44: South Grid Wellfield Allocation Limits

	Permit Limit	Actuals					
		2014	2015	2016	2017	2018	YTD
Critical Wellfields	Post 2014						
Deerwood III	7.00	7.01	6.67	7.88	7.64	7.17	7.40
Ridenour	6.85	6.39	6.66	7.64	6.68	6.54	6.88
Oakridge	5.65	6.23	4.99	5.79	5.49	5.55	5.70
Greenland	4.53	1.53	4.27	4.16	3.99	4.18	4.26
Brierwood	3.02	4.53	2.84	3.36	2.98	2.43	2.64
<b>Subtotal</b>	<b>27.05</b>	<b>25.69</b>	<b>25.43</b>	<b>28.83</b>	<b>26.78</b>	<b>25.87</b>	<b>26.89</b>
<b>Other Wellfields</b>	<b>23.18</b>	<b>20.92</b>	<b>22.07</b>	<b>24.12</b>	<b>21.85</b>	<b>20.48</b>	<b>22.18</b>
<b>Total South Grid</b>	<b>50.23</b>	<b>46.61</b>	<b>47.50</b>	<b>52.95</b>	<b>48.62</b>	<b>46.35</b>	<b>49.06</b>
<b>Total System ADF MGD</b>	<b>138</b>	<b>104</b>	<b>107</b>	<b>112</b>	<b>114</b>	<b>112</b>	<b>120</b>

Compliance	Metric – CY Basis	2016	2017	2018	2019 Target	2019
Water	CUP Limits (MGD)	112 (131 limit)	114 (133 limit)	112 (135 limit)	138 limit	120
South Grid	Wellfield Allocation (MGD)	52.95 (<50.23 limit)	48.62 (<50.23 limit)	46.35 (<50.23 limit)	< 50.23 limit	49.06
Reclaim	Usage (MGD)	16	20	17	19	19

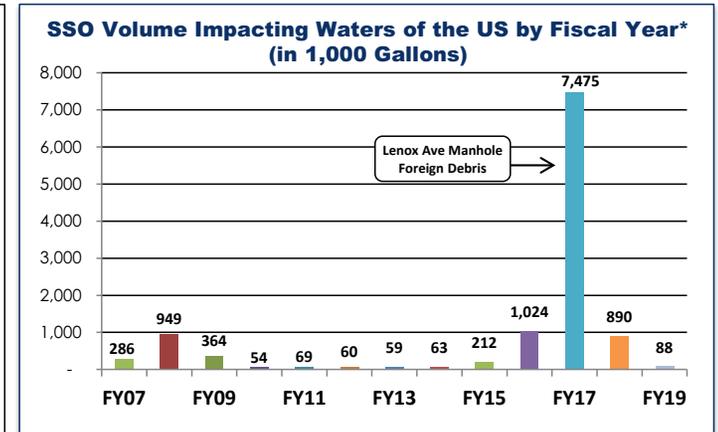
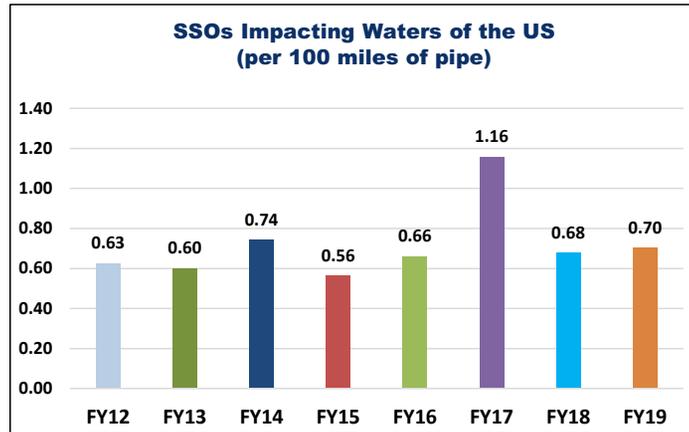
# FY2019 Wastewater System Environmental Compliance:

## Sanitary Sewer Overflows (SSOs to US Waters)

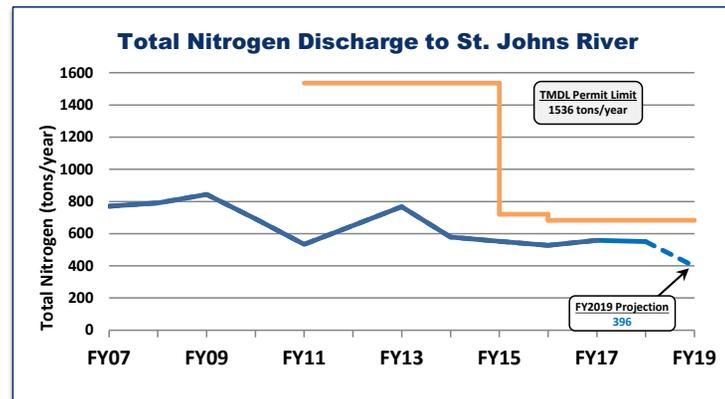
- ▶ FY04 – FY07: 54 per year average
- ▶ FY08 – FY18: 33 per year average
- ▶ 36 SSO's impacting US Waters during FY19

## Nitrogen Discharge to St. Johns River

- ▶ Total Maximum Daily Load (TMDL) Permit Limit is 683 tons (rolling 12 month total)
- ▶ Current rolling 12 month total is 409 tons
- ▶ FY19 projection is 396 tons



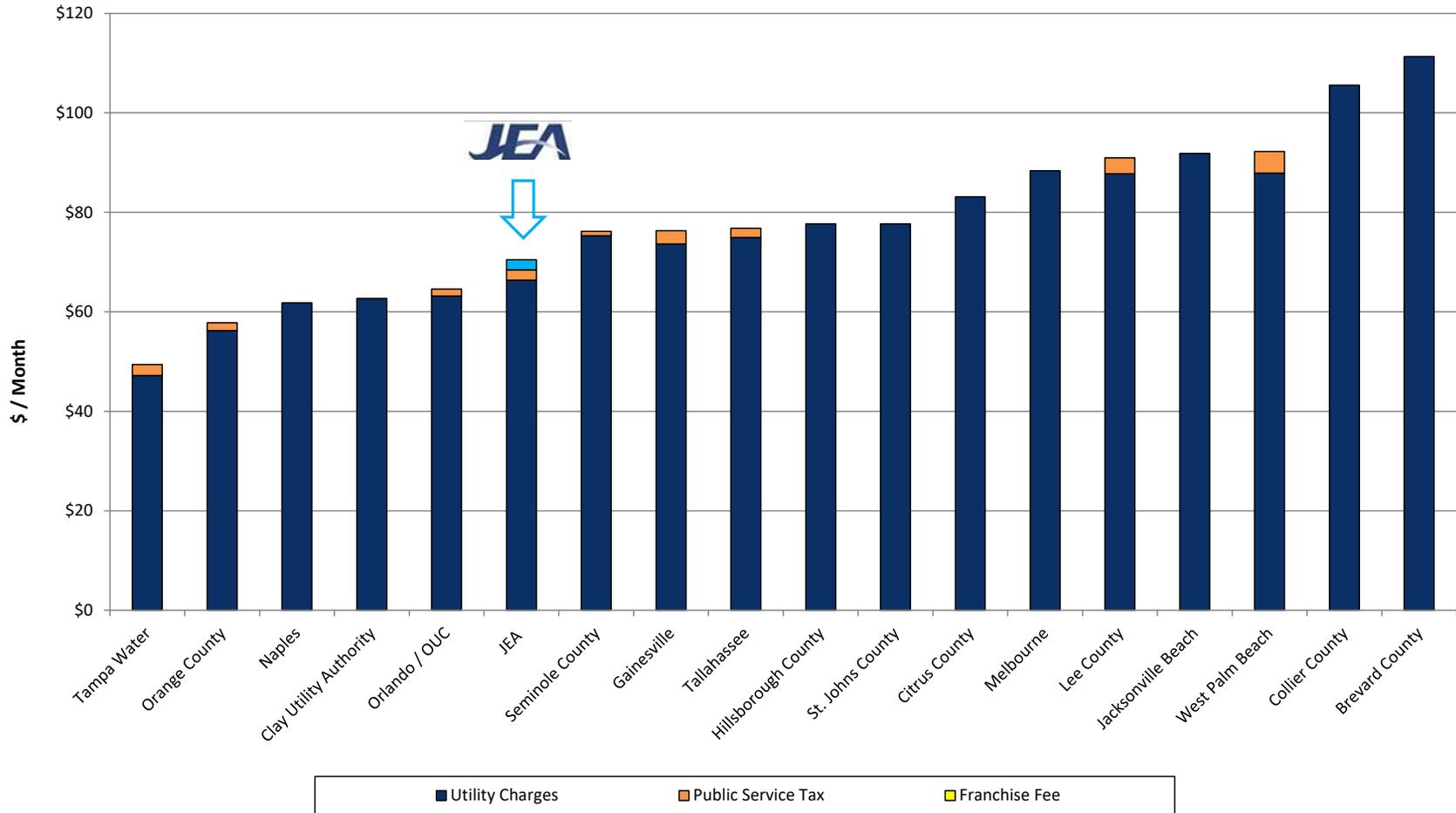
\*Aligned with the PSC Rule for Electric Reliability Reporting, the Operational Metrics will exclude the impact of all service interruptions associated with a storm named by the National Hurricane Center.



Compliance	Metric – CY Basis	2017	2018	2019 Target	FY2019
Sewer	Nitrogen (N) Tons – FY basis	527 (TMDL of 683*)	550 (TMDL of 683*)	616	396
Sewer	SSOs – US Waters (per 100 miles of pipe)	1.15	0.68	0.58	0.70

# Water & Sewer Rates in Florida

Residential Service with a 5/8" meter and 6 kgals of Consumption  
Residential Rates as of September 2019



# Safety Update



# FY2019 Consolidated Safety Performance:

## FY2018

- ▶ RIR = 1.48
- ▶ # of Recordables = 31

## FY2019

- ▶ RIR = 32
- ▶ September recordables = 4
- ▶ Lost Time Incidents = 8

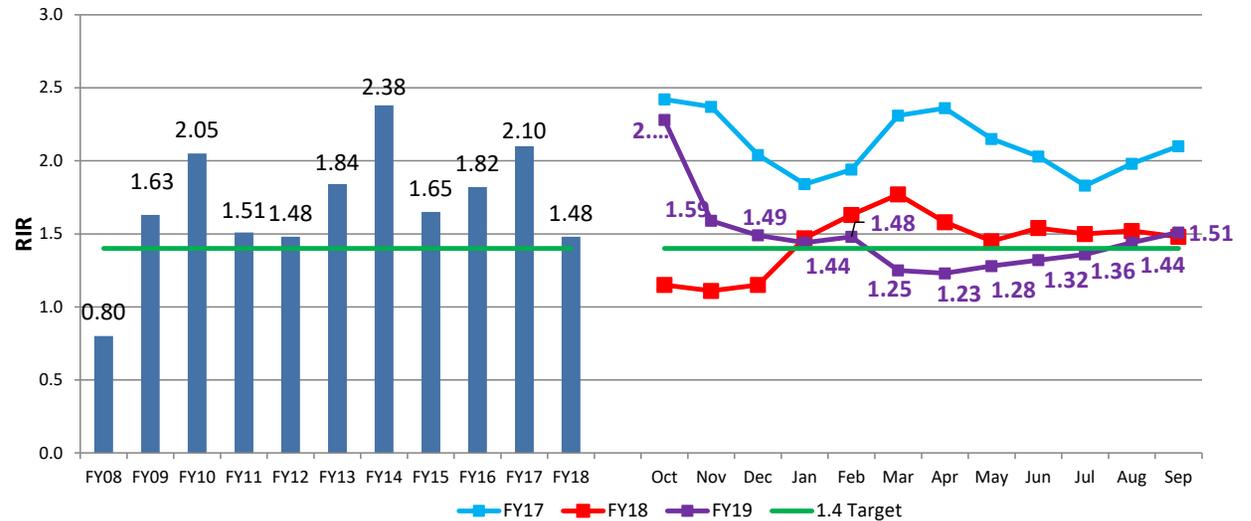
## FY2020

- ▶ Focus on elevating JEA's Safety Culture and Prevention
- ▶ Maintain emphasis on CHOPS
- ▶ Industry Benchmark\* RIR – 5.0
- ▶ APPA – 3<sup>rd</sup> Place, Group H CY 2018



## Safety Recordable Incident Rate (RIR)

Safety  
Recordable Incident Rate (RIR)  
BLS  
Public Sector 5.0  
Private Sector 2.0



Units	FY2017	FY2018	FY2019 Target	FY2019
Recordable Incident Rate (RIR)	2.10	1.48	1.40	*1.51

# Customer Experience Update



## Customer Experience Monthly Operations Scorecard

Customer Experience	FY2016	FY2017	FY2018	FY2019	Status
JDP Customer Satisfaction Index - Residential	2 <sup>nd</sup> Q	1 <sup>st</sup> Q	2 <sup>nd</sup> Q	1 <sup>st</sup> Q	●
JDP Customer Satisfaction Index - Business	1 <sup>st</sup> Q	1 <sup>st</sup> Q	1 <sup>st</sup> Q	2 <sup>nd</sup> Q	●
Overall First Contact Resolution Index	79.4%	79.4%	78.9%	79.3%	●
Self Service Utilization	76.0%	79.6%	82.0%	83.6%	●
Net Write-Offs	0.14%	0.15%	0.13%	0.12%	●

## FY19 Customer Satisfaction Goal

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

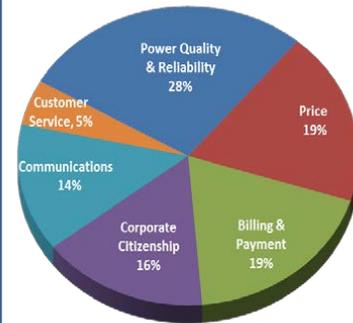
### Residential (R)

FY17		FY18		Per 1		Per 2		Per 3		Per 4		FY 19	
1Q	747	2Q	737	2Q	750	1Q	765	1Q	754	2Q	754	1Q	756

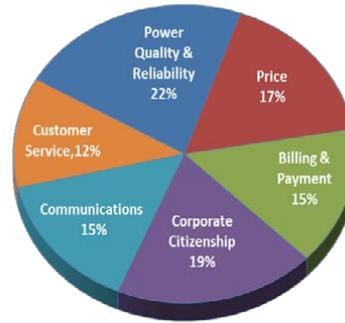
### Business (B)

FY17		FY18		Per 1		Per 2		FY 19	
1Q	779	1Q	802	3Q	760	1Q	804	2Q	782

### Residential



### Business



FY19 Residential # of companies ranked: 142  
 FY19 Business # of companies ranked: 87

1Q= 1st quartile 2Q= 2<sup>nd</sup> quartile 3Q= 3<sup>rd</sup> quartile 4Q= 4<sup>th</sup> quartile

## Achieve 1st Quartile Ranking on All Drivers

Be Easy to Do Business With

Customer Service

FY18		Per 1		Per 2		Per 3		Per 4		FY 19		
R	2Q	788	1Q	849	1Q	818	2Q	824	2Q	817	1Q	827
B	1Q	843	2Q	811	1Q	862					1Q	838

Power Quality & Reliability

FY18		Per 1		Per 2		Per 3		Per 4		FY 19		
R	2Q	781	2Q	792	1Q	819	2Q	798	2Q	798	2Q	802
B	1Q	823	3Q	795	1Q	840					2Q	817

Empower Customers to Make Informed Decisions

Billing & Payment

FY18		Per 1		Per 2		Per 3		Per 4		FY 19		
R	2Q	794	2Q	811	1Q	823	2Q	798	2Q	795	2Q	807
B	1Q	844	3Q	803	1Q	841					2Q	822

Communication

FY18		Per 1		Per 2		Per 3		Per 4		FY 19		
R	1Q	696	2Q	695	1Q	728	1Q	707	2Q	708	1Q	709
B	1Q	796	3Q	728	1Q	798					2Q	763

Price

FY18		Per 1		Per 2		Per 3		Per 4		FY 19		
R	2Q	675	1Q	706	1Q	702	1Q	707	1Q	709	1Q	706
B	1Q	760	2Q	722	2Q	760					2Q	741

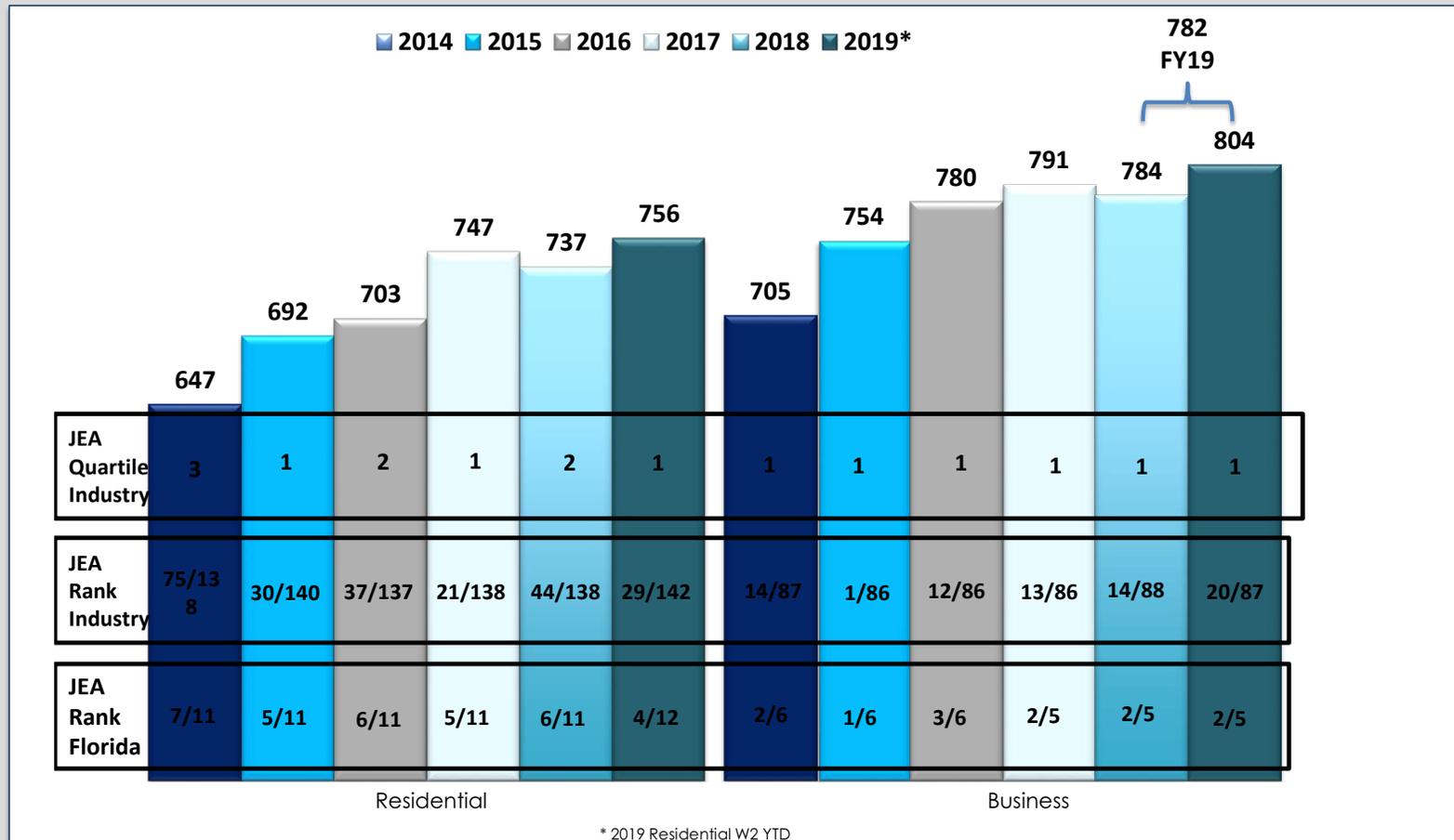
Demonstrate Community Responsibility

Corporate Citizenship

FY18		Per 1		Per 2		Per 3		Per 4		FY 19		
R	2Q	684	2Q	682	2Q	697	1Q	698	2Q	697	2Q	694
B	1Q	765	3Q	721	3Q	743					3Q	732



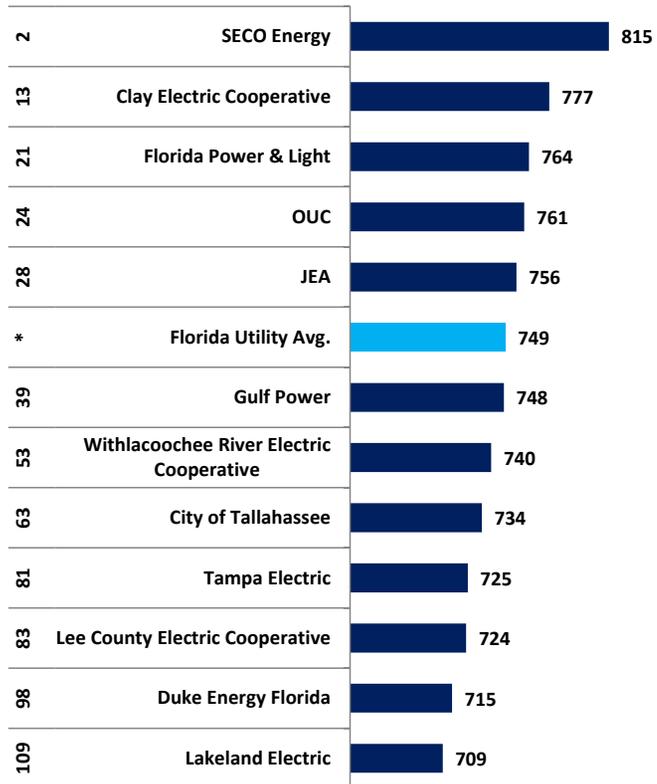
# Customer Satisfaction Index Scores



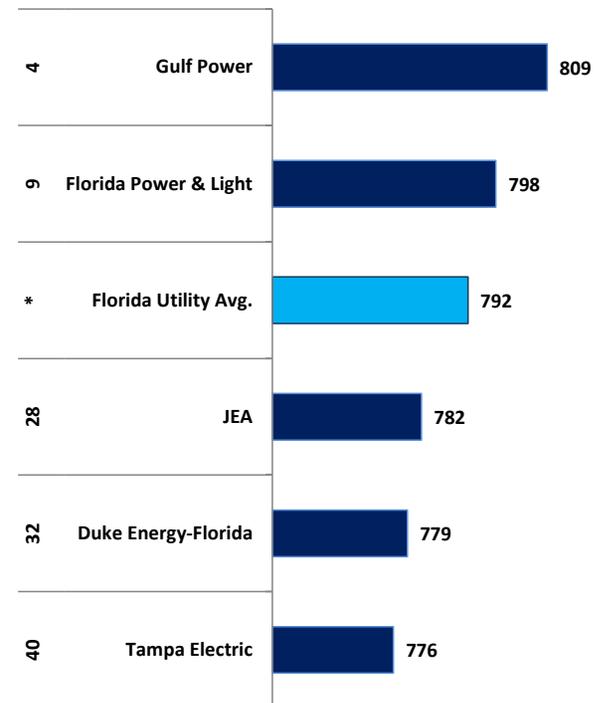
# Customer Satisfaction Index Score

Florida Utilities

## Residential 2019 WV1 & WV2



## Business 2018 W2 (FY19)





**INTER-OFFICE MEMORANDUM**

October 2, 2019

**SUBJECT: CORPORATE CAMPUS UPDATE**

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**FROM:** Aaron F. Zahn, Managing Director/CEO

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**TO:** JEA Board of Directors

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**BACKGROUND:**

JEA has been planning for a new corporate headquarters for several years to address business continuity risks while meeting our headquarter needs in a cost-effective manner. The Board approved a lease with Ryan Companies US, Inc. (Ryan) at its June 25, 2019 meeting. The lease was executed by JEA on July 9, 2019 after approval of the site purchase and sale agreement between Ryan and the City of Jacksonville. The lease included a cancellation clause which was extended through October 23, 2019 to allow for consideration of JEA's on-going strategic planning process and initial ITN Responses.

**DISCUSSION:**

JEA and Ryan continue to plan for the project. Ryan's conceptual approval application to the City's Downtown Development Review Board (DDRB) was approved on September 19. Ryan will have a workshop with DDRB later in October for more detail on the site and development planning. Ryan continues with site due diligence including environmental review, planning for preliminary site development submittals to the City, geotechnical investigations and testing for structural design and garage design. Ryan has kept JEA and its consultants abreast of progress on all aspects during the planning process. JEA is conducting further programming work to compile and confirm building size, functions and planned departmental adjacencies and this information should be complete mid-November. JEA will continue to evaluate and decide on Tenant Improvement (TI) providers within the next few months with Ryan continuing to express a strong interest in performing TI work to control schedule, coordination and project efficiency.

**RECOMMENDATION:**

This update is being provided as information only.

---

Aaron F. Zahn, Managing Director/CEO

AFZ/MHD/NKV



**INTER-OFFICE MEMORANDUM**

October 1, 2019

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

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**FROM:** Aaron Zahn, Managing Director/CEO

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**TO:** JEA Board of Directors

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**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 September 30, 2019. 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 September 30, 2019**

<b>Formal Awards</b>	<b>Number</b>	<b>%</b>	<b>Dollar Amount</b>	<b>%</b>
Total	60		\$ 115,387,958.19	
Sole Source Awards	0	0.00%	\$ 0	0.00%
Emergency Awards	0	0.00%	\$ 0	0.00%

<b>Informal Awards</b>	<b>Number</b>	<b>%</b>	<b>Dollar Amount</b>	<b>%</b>
Total	1615		\$ 16,620,521.00	
Sole Source Awards	0	0.00%	\$ 0.00	0.00%
Emergency Awards	0	0.00%	\$ 0.00	0.00%

**RECOMMENDATION:**

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

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Aaron Zahn, Managing Director/CEO

AFZ/JPM/JGM

**Formal Sole Source Awards by Department - Detailed Listing**

12 months ending September 30, 2019

**Sole Source Awards (0 Items totaling \$0.00)**

Award Date	Amount	Requesting Dept.	Vendor	Description	Sourcing Basis
Total	\$0.00				

**Formal Emergency Awards by Department - Detailed Listing**

12 months ending September 30, 2019

**Emergency Awards (0 Items totaling \$0.00)**

Award Date	Amount	Requesting Dept.	Vendor	Description	Sourcing Basis
Total	\$0.00				

# Total Sole Source & Emergency Procurement Actions

	FY19 Q1	FY19 Q2	FY19 Q3	FY19 Q4
Total Awards	\$256.33M	\$119.76M	\$134.34M	\$132.01M
Sole Source (\$)	\$0.00M	\$0.00M	\$0.23M	\$0.00M
Sole Source (%)	0%	0%	0.17%	0%
Emergency (\$)	\$0.06M	\$0.00M	\$0.02M	\$0.00M
Emergency (%)	0.02%	0.00%	0.02%	0.00%
Combined SS/E (%)	0.02%	0.00%	0.19%	0.00%



## Corporate Metrics Dashboard

As of 4th quarter ending September 30, 2019

Metrics for FY19 Goals	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual
<b>Customer Value</b>							
JDP Customer Satisfaction Index - Residential	4th Quartile	3rd Quartile	3rd Quartile	1st Quartile	2nd Quartile	1st Quartile	2nd Quartile
JDP Customer Satisfaction Index - Business	4th Quartile	4th Quartile	1st Quartile	1st Quartile	1st Quartile	1st Decile	
Customer Response Time (min.) - W/WW System	70	69	67	69	67	68	76
Overall First Contact Resolution	N/A	N/A	78.5%	80.9%	79.4%	79.0%	79.0%
Estimated time of Restoration Accuracy			88%	85%	89%	82%	80%
Grid Performance: Frequency (outages/year)	2.4	1.7	1.7	1.7	1.4	1.6	1.4
Grid Performance: Outage Duration (minutes/year)	84	68	71	99	71	99.5	67
Grid Performance: CEMIS (% cust. > 5 outages/year)	n/a	n/a	2.34	2.10	1.40	1.07	0.40
Water Unplanned Outages (% cust.)	2%	1%	1%	2%	4%	1%	5%
Water Distribution System Pressure (avg min < 30 psi)	34.9	20.0	2.1	2.8	2.1	3.7	1.8
<b>Financial Value</b>							
Net Write-Offs	0.19%	0.15%	0.15%	0.16%	0.14%	0.14%	0.13%
Generation Fleet Reliability (forced outages rate)	0.7%	1.6%	3.0%	1.8%	2.0%	2.2%	2.1%
Percent of Net O&M Budget	92%	90%	88%	93%	93%	93%	93%
Cost Reduction Metric (\$000)	n/a	n/a	n/a	n/a	\$25,156	\$10,087	\$10,495
<b>Community Impact Value</b>							
Capital Invested (\$000)	\$273,774	\$234,718	\$158,392	\$204,708	\$298,045	\$307,918	\$374,456
Safety (NIR)	1.48	1.84	2.38	1.65	1.82	2.10	1.48
JEA Volunteers	237 Activities	465 Activities	670 Activities	753 Activities	985 Activities	913 Activities	1,050 Activities
JSEB Spend (\$000)	\$9,168	\$10,121	\$7,302	\$9,318	\$9,983	\$13,365	\$15,760
<b>Environmental Value</b>							
Electric System Environmental Compliance (permit exceedances)	5	4	3	2	4	6	2
Consumptive Use Permit Compliance	Yes						
Nitrogen to the River (tons)	650	767	579	553	527	558	550
Sanitary Sewer Overflows (SSO's) (per 100 miles of pipe)	0.63	0.60	0.74	0.56	0.66	1.16	0.68

Metrics We Watch	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual
<b>Financial Value</b>							
Change in Net Position (\$000)	\$182,642	\$79,975	\$156,269	\$323,008	\$210,016	\$254,620	\$126,488
Debt to Capitalization	75%	73%	70%	69%	66%	63%	59%
City Contribution (\$000)	\$104,188	\$106,687	\$109,188	\$111,688	\$129,187	\$115,823	\$116,620
Electric sales (000's MWh)	13,855	11,990	12,172	12,434	12,561	12,050	12,366
Water Sales (000's kgal)	35,345	33,088	32,468	34,558	36,358	37,245	36,187
Sewer Sales (000's kgal)	24,490	23,624	23,527	24,922	25,818	26,713	26,340
Reclaim Sales (000's kgal)	1,330	1,110	1,301	1,784	2,644	3,290	3,120
<b>Community Impact Value</b>							
Utility Scale Solar Energy (000's MWh)	21	21	20	21	21	26	55
New Partnerships and Student Programs	N/A						
Voluntary Attrition	46	36	44	32	33	35	35
Diverse Slate of Candidates (% of recruitments)	N/A	N/A	N/A	97.6%	98.6%	100%	100%
Economic Development Program Participants	N/A	0	1	0	0	0	4
<b>Environmental Value</b>							
Reclaimed Water Customer Growth*	35%	40%	43%	31%	27%	25%	22%

Strategic Metrics - Long Term Influence	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual
<b>Customer Value</b>							
Residential Electric Bill in FL (% of State Median)	101%	101%	99%	99.5%	101%	100%	98%
Residential Water/Sewer Bill in FL (% of State Median)	110%	104%	102%	100%	96%	94%	92%
<b>Financial Value</b>							
Consolidated Return on Equity	13%	8%	10%	12%	13%	13%	9%
Return on Net Assets	4%	2%	3%	4%	5%	5%	4%
Unlevered Free Cash Flow: EBITDA less CAPEX (\$000)	\$606,131	\$532,872	\$632,212	\$591,925	\$547,897	\$573,259	\$367,007
Net Position (Book Value of Equity) (\$000)	\$1,991,311	\$2,071,286	\$2,196,006	\$2,166,909	\$2,376,928	\$2,631,545	\$2,765,310
City Contribution NPV							\$1,998,311
Electric Credit Ratings	Aa2/AA-/AA						
W/WW Credit Ratings	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AAA/AA	Aa2/AAA/AA	Aa2/AAA/AA
<b>Community Impact Value</b>							
Employee engagement (survey)	-	71%	-	74%	72%	79%	81%
<b>Environmental Value</b>							
CO <sub>2</sub> Emissions (lbs/MWh), net basis, w/ Scherer	1,631	1,828	1,851	1,731	1,799	1,593	1,516
CO <sub>2</sub> Emissions Mass(10 <sup>3</sup> Short Tons), w/ Scherer	8,881	10,414	11,194	10,425	10,609	8,916	7,731
Aquifer Withdrawal Limit	104	100	103	107	112	114	112
Residential Water Use Efficiency (gal. per capita per day)	88	80	75	79	81	82	75

\*May contain reclaimed customers temporarily supplied with potable water

## MANAGEMENT DISCUSSION

### Financial

#### Electric Enterprise:

- FY19 sales up 0.33% compared to FY18
- FY 19 Sales per customer down 1.7% compared to FY18
- FY19 Degree days up 0.9% compared to FY18
- FY19 Total customers up 2.1% compared to FY18
- Revenue decreased \$7m vs. FY18 driven by SIRPP decreases, which were mostly offset by higher stabilization revenue and Electric System revenue. Lower non-fuel purchased power contributions and withdrawals from environmental stabilization were partially offset by lower fuel stabilization withdrawals. Electric System revenue was up as the increase in number of accounts more than offset the decrease due to lower sales.
- Expenses decreased \$83m vs. FY18 driven by decreases in SIRPP and fuel and purchased power expenses. The decreases were partially offset by increases in environmental regulatory expense.

#### Water and Sewer:

- FY19 Water sales up 4.2% compared to FY18
- FY19 Sewer sales up 5.3% compared to FY18
- FY19 Reclaimed sales up 24.5% compared to FY18
- FY19 Sales per customer up 2.8% compared to FY18
- FY19 Rain days up 2.5% (3 days) compared to FY18, FY19 irrigation up 11.2% versus FY18
- FY19 Total customers up 2.7% compared to FY18
- Revenues increased by \$26m vs. FY18 due to increased customer accounts, higher sales, and lower enviro stabilization deposits.
- Expenses increased \$24m vs. FY18 driven by an increase in O&M (mainly compensation and benefits and professional services), higher depreciation, and higher environmental regulatory expenses.

### DES

- Stable, minimal change from FY18

### FEMA reimbursement:

- Matthew - \$7m of \$10m received
- Irma - \$711 of \$14m received

### Operations

- Four (4) OSHA recordable safety incidents for JEA in the month of September.

### Electric:

- The JEA Fleet Forced Outage Rate exceeded target in FY19 due to various issues including boiler tube leaks, auxiliary equipment failures and derates.
- CEMI-5 continued to be well below target in FY19, with only 407 customers experiencing more than 5 outages in the last 12 months
- ETR, Outage Frequency, and Outage Duration all performed better than goal

### Water/Sewer:

- Unplanned Water Main Outages: 420 customers experienced an unplanned outage in the month of September. Large water main break in August caused FY19 goal of 2% not to be met.
- Water Distribution System Pressure (avg min per monitor stations < 30 psi): Pressure less than 30 psi on average spiked due to conditions during the months of May - July 2019, which led to aggressively managing grid pressures at lower than normal so demand would not exceed reservoir supply in some instances. During the drought, highest flow during peak hours was 265 MGD and our Max daily flow was 171 MGD compared with a normal of 164 MGD and 156 MGD, respectively. As a result of these events, we did not meet the FY19 goal of 2.0.
- CUP: Average daily flow of 120 MGD is 13% below CY19 limit of 138 MGD; reclaimed usage at 19 MGD
- Nitrogen to River: FY19 Forecast is 396 tons this includes the deletion of 45 additional tons possible during the aeration basin project at Buckman, the project has been deferred until after the biosolids process rebuild. JEA has a limit of 683 tons per year and provides the COI with 37 tons.
- SSO's Impacting Waters of the US: 36 YTD, root cause analysis is performed on each SSO. Performed additional inspections of system and cleaning of problem areas completed.



**INTER-OFFICE MEMORANDUM**

October 2, 2019

**SUBJECT:** JEA'S JACKSONVILLE SMALL AND EMERGING BUSINESS (JSEB)  
PROGRAM REPORT

**FROM:** Aaron F. Zahn, Managing Director/CEO

**TO:** JEA Board of Directors

**BACKGROUND:**

A report on JEA's FY19 JSEB performance is provided to the JEA Board of Directors for review.

**DISCUSSION:**

JEA's JSEB performance for FY19 exceeded expectations. Details are provided in the attachment and summary information is provided below.

- FY19 JSEB spend goal was \$15,000,000, or 23% of the available spend
  - During FY19, JEA achieved a JSEB spend of \$18,772,933, or 29% of the available spend.
- JEA also had a goal to contract with at least 5 new JSEB companies during FY19
  - During FY19, JEA identified potential areas for JSEB opportunities and worked with key stakeholders on targeted outreach efforts to further grow capacity.
  - During FY19, JEA contracted with 15 new JSEB companies that did not provide services to JEA in FY18.

**RECOMMENDATION:**

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

\_\_\_\_\_  
Aaron F. Zahn, Managing Director/CEO

AFZ/JPM/JGM/RLS

# FY19 Jacksonville Small Emerging Business (JSEB) Scorecard

QTR4



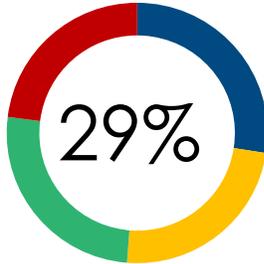
## Available Project Spend

AVAILABLE SPEND

\$65,000,000

GOAL = 23%

\$15,000,000

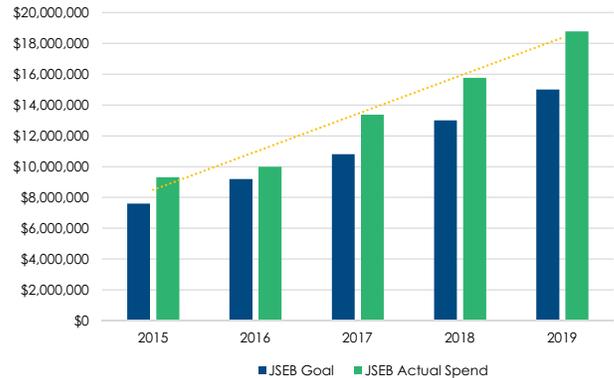


JSEB ACTUAL SPEND

\$18,772,933

QTR1 JSEB SPEND	\$5,154,836
QTR2 JSEB SPEND	\$4,468,138
QTR3 JSEB SPEND	\$4,825,048
QTR4 JSEB SPEND	\$4,324,912

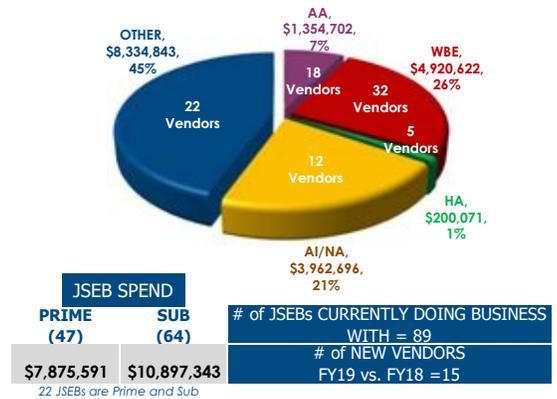
## Past 5 Years - JSEB Goal vs. Actual Spend



## TOP 10 JSEB VENDORS BY SPEND

JB MATERIALS, INC.	\$3,234,107	NA
DONNA J. HAMILTON, INC.	\$2,541,024	WBE
J & D MAINTENANCE AND SERVICES	\$1,913,013	OTHER
R E HOLLAND & ASSOCIATES, INC.	\$1,333,595	OTHER
COMPLETE SERVICES WELL DRILLING, INC.	\$1,169,076	OTHER
CONCRETE ADVANTAGE	\$1,015,767	OTHER
DAK RESOURCES, INC.	\$840,092	OTHER
J COLLINS ENGINEERING ASSOCIATES, LLC	\$515,301	OTHER
AMERICAN CONSTRUCTION ENTERPRISES OF NE FL	\$446,218	OTHER
BREAKING GROUND CONTRACTING CO.	\$417,291	WBE

## JSEB SPEND BY SBE & VENDOR TYPE



## TOP 10 NON-JSEB SBE VENDORS BY SPEND

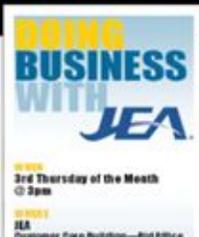
ZABATT POWER SYSTEMS	\$6,761,359	HA
KEVILLE ENTERPRISES, INC.	\$553,724	WBE
TRUSTED HAND SERVICE, INC.	\$519,997	WBE
SGS TECHNOLOGIE, LLC.	\$350,800	AA
W W GAY FIRE & INTEGRATED SYSTEMS, INC.	\$202,690	AI
F R ALEMAN & ASSOCIATES, INC.	\$155,738	HA
KSI	\$155,091	WBE
RELIANCE SUPPLY	\$86,625	OTHER
MISTER GENE CLEAN JANITORIAL SERVICES, INC.	\$50,315	AA
AMERICAN RAG & WIPERS, INC.	\$16,238	WBE

## NON-JSEB SPEND BY SBE



NON-JSEB SBE SPEND = \$8.8M

## OUTREACH INITIATIVES



**Meetings with COJ:**  
 Jan 15  
 Councilman Terrance Freeman  
 Jan 24  
 Councilman Reginald Gaffney

- |               |   |               |   |
|---------------|---|---------------|---|
| <b>DEC 20</b> | <b>Landscape &amp; Sod Restoration Workshop</b><br>Hosted by JEA                                    | <b>APR 29</b> | <b>Equal Business Opportunity Outreach Event</b><br>Hosted by Clark Construction                |
| <b>FEB 5</b>  | <b>Jaxport's Small Emerging Business Appreciation Day</b><br>Hosted by Jaxport                      | <b>MAY 10</b> | <b>Small Business Week Celebration</b><br>Hosted by SBDC  |
| <b>FEB 6</b>  | <b>African American Small Business Forum</b><br>Hosted by Florida Blue & 121 Financial Credit Union | <b>MAY 15</b> | <b>2019 Reverse Trade Show</b><br>Hosted by National Contract Management Assoc.                 |
| <b>FEB 21</b> | <b>STPO Construction Services Biltmore C Workshop</b><br>Hosted by JEA                              | <b>JUN 17</b> | <b>Spring Networking Event for Small Businesses</b><br>Hosted by JATF - Joint Agency Task Force |
| <b>FEB 28</b> | <b>Minority-Owned Business Leaders Group Meeting</b><br>Hosted by Councilman Reginald Gaffney       | <b>AUG 15</b> | <b>2019 JEA JSEB Procurement Summit</b><br>Hosted by JEA  |
| <b>APR 25</b> | <b>JEA AABE Annual Pastor's Luncheon</b><br>Hosted by JEA   | <b>SEP 17</b> | <b>2019 JEA WWW Capital Spend Summit</b><br>Hosted by JEA                                       |

# FY19 Jacksonville Small Emerging Business (JSEB) Scorecard

QTR4



## CONTRACTS AWARDED TO JSEB VENDORS

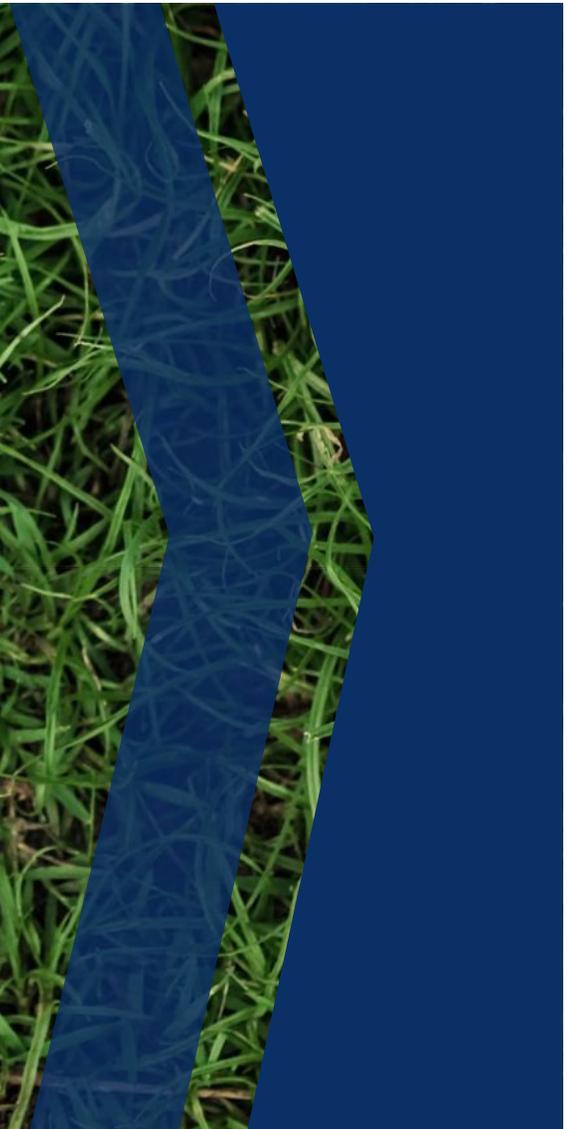
(Prime Vendors in blue - all others are Sub-Contractors)

JSEB Vendor Name	Contract Award	SBE Type	Contract Term	PROJECTED CONTRACT SPEND				
				FY19	FY20	FY21	FY22	FY23
ABC CUTTING CONTRACTORS OF JACKSONVILLE	\$16,292	Other	Project Completion	\$0	\$16,292			
ACUITY DESIGN GROUP, LLC	\$10,980	AI	3 Years w/2 - 1 Yr. Renewals	\$3,660	\$7,320			
ADVANCED TECHNOLOGY MANAGEMENT, INC.	\$1,335,841	AI	3 Years w/2 - 1 Yr. Renewals	\$278,300	\$667,921	\$389,620		
ALMOND ENGINEERING	\$300,000	OTHER	5 Years w/1 - 1 Yr. Renewal	\$112,500	\$150,000	\$37,500		
ALPHA ENVIROTECH CONSULTING, INC.	\$200,000	WBE	w/Two (2) - 1 Yr. Renewals		\$16,667	\$66,667	\$66,667	\$50,000
AMERICAN CONSTRUCTION ENTERPRISES OF NE FL	\$994,875	Other	5 Years w/1 - 1 Yr. Renewal	\$165,813	\$331,625	\$331,625	\$165,813	
B&G REFRIGERATION CO, INC.	\$348,000	WBE	3 Years w/2 - 1 Yr. Renewals	\$261,000	\$87,000			
BREAKING GROUND CONTRACTING CO.	\$422,797	WBE	Project Completion	\$151,698	\$271,099			
C & L LANDSCAPE, INC.	\$1,021,375	WBE	3 Years w/2 - 1 Yr. Renewals	\$170,229	\$340,458	\$340,458	\$170,229	
COMPLETE SERVICES WELL DRILLING, INC.	\$1,056,669	OTHER	Project Completion	\$193,728	\$545,951	\$316,990		
CONCRETE ADVANTAGE	\$2,467,080	WBE	3 Years w/2 - 1 Yr. Renewals	\$513,975	\$1,233,540	\$719,565		
CONSTRUCTION AND ENGINEERING SERVICES	\$5,784,274	AA	Project Completion	\$162,361	\$913,985	\$1,750,711	\$1,707,217	\$1,250,000
CSI GEO, INC.	\$1,508,014	AA	3 Years w/2 - 1 Yr. Renewals	\$180,747	\$526,698	\$458,246	\$187,939	\$123,964
D & J EROSION CONTROL SPECIALISTS, INC.	\$46,547	WBE	Project Completion	\$26,610	\$19,937			
DJ CONTRACTING OF JACKSONVILLE, INC.	\$2,243,134	WBE	3 Years w/2 - 1 Yr. Renewals	\$332,123	\$1,911,011			
DONNA J. HAMILTON, INC.	\$7,197,452	WBE	Project Completion	\$2,659,570	\$4,530,431	\$7,451		
EAGLE LAWN CARE OF N.E. FLORIDA, INC.	\$1,349,584	WBE	3 Years w/2 - 1 Yr. Renewals	\$281,163	\$674,792	\$393,629		
ENG ENGINEERING, INC.	\$18,931	AI	Project Completion	\$18,931				
ENVIRONMENTAL RESOURCE SOLUTIONS, INC.	\$632,645	AA	1 Year w/2 - 2 Yr. Renewals	\$225,027	\$315,860	\$90,106	\$1,043	\$609
ERS CORP	\$39,482	WBE	3 Years w/2 - 1 Yr. Renewals	\$17,343	\$18,291	\$3,848		
EVERSAFE BUILDING MAINTENANCE CORPORATION	\$879,712	AA	1 Year w/2 - 2 Yr. Renewals	\$186,933	\$692,779			
FOUR WATERS ENGINEERING, INC.	\$2,449,485	WBE	Project Completion	\$384,873	\$623,348	\$486,201	\$427,029	\$345,521
FREEDOM LANDSCAPE AND LAWN MAINTENANCE	\$1,478,255	AA	w/Two (2) - Two (2) Yr.	\$0	\$1,478,255			
GARMON TRUCKING, INC.	\$916,024	WBE	Project Completion	\$74,099	\$439,425	\$402,500		
GM HILL ENGINEERING, INC.	\$269,612	OTHER	3 Years w/2 - 1 Yr. Renewals	\$56,666	\$63,884	\$63,884	\$63,884	\$21,295
I-TECH RESOURCES, INC.	\$25,000	AA	1 Year w/2 - 2 Yr. Renewals	\$9,375	\$12,500	\$3,125		
J COLLINS ENGINEERING ASSOCIATES, LLC	\$408,787	Other	Project Completion	\$185,421	\$223,366			
J&D MAINTENANCE AND SERVICES	\$387,525	Other	3 Years w/2 - 1 Yr. Renewals	\$21,529	\$129,175	\$129,175	\$107,646	
JB MATERIALS, INC.	\$214,150	NA	Project Completion	\$97,925	\$116,225			
JOHNSON SURVEYING AND MAPPING	\$117,944	OTHER	Project Completion	\$26,014	\$61,930	\$30,000		
LANDSCAPE CONSTRUCTION, LLC	\$423,565	WBE	Project Completion	\$103,969	\$319,596			
LANDWISE DESIGN	\$64,793	Other	3 Years w/2 - 1 Yr. Renewals	\$12,873	\$20,346	\$15,507	\$12,051	\$4,017
LEGACY ENGINEERING, INC.	\$16,726	Other	Project Completion	\$10,934	\$5,792			
MACS INDUSTRIAL SUPPLIES, INC.	\$90,232	WBE	Project Completion	\$0	\$90,232			
MELSUELA INDUSTRIAL SOLUTIONS	\$91,212	HA	Project Completion	\$30,404	\$60,808			
MESKEL & ASSOCIATES ENGINEERING, PLLC	\$1,461,165	WBE	Project Completion	\$273,934	\$563,078	\$337,719	\$223,935	\$62,500
PETERS & YAFFEE, INC.	\$90,726	AA	Project Completion	\$30,242	\$60,484			
PQH GROUP DESIGN, INC.	\$16,750	HA	Project Completion	\$12,563	\$4,188			
R E HOLLAND & ASSOCIATES, INC.	\$912,086	Other	Project Completion	\$234,485	\$393,278	\$186,816	\$68,464	\$29,043
THE KENTON GROUP, INC.	\$35,539	AA	Project Completion	\$11,846	\$23,693			
TIMUS, INC.	\$28,140	NA	3 Years w/1 - 1 Yr. Renewals	\$28,140				
VIA CONSULTING SERVICES, INC.	\$15,644,508	WBE	Project Completion	\$53,709	\$1,840,799	\$5,000,000	\$5,000,000	\$3,750,000
	<b>\$53,015,907</b>			<b>\$7,600,712</b>	<b>\$19,802,056</b>	<b>\$11,561,342</b>	<b>\$8,201,916</b>	<b>\$5,636,948</b>

Note: Contract awards range from 1 to 5 Years



**JSEB PROGRAM  
FY19 ANNUAL  
REPORT**



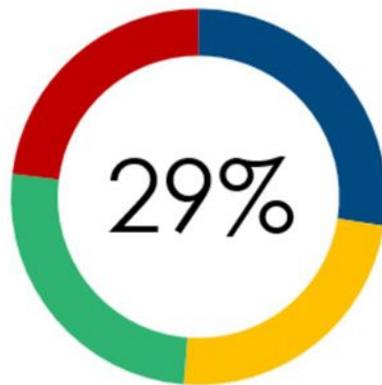
### Available Project Spend

AVAILABLE SPEND

\$65,000,000

GOAL = 23%

\$15,000,000



JSEB SPEND

\$18,772,933

QTR1 JSEB SPEND

\$5,154,836

QTR2 JSEB SPEND

\$4,468,138

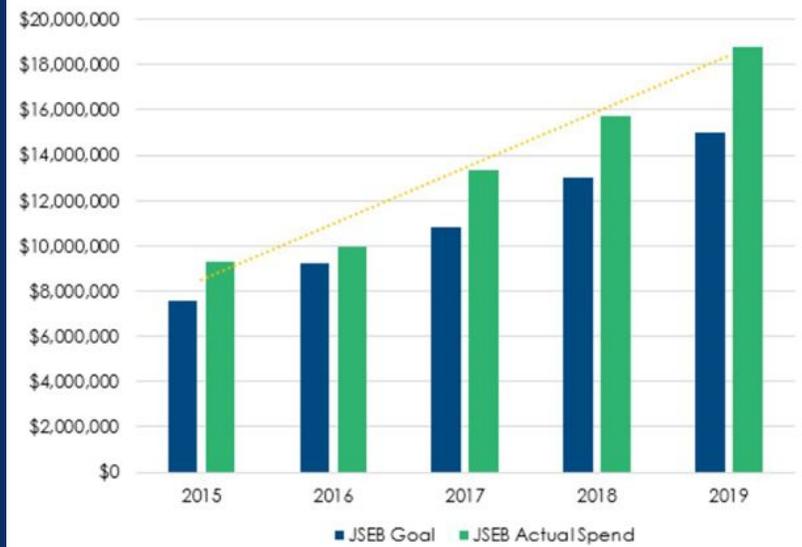
QTR3 JSEB SPEND

\$4,825,048

QTR4 JSEB SPEND

\$4,324,912

### Past 5 Years - JSEB Goal vs. Actual Spend



# FY19 JSEB SCORECARD

# FY19 JSEB Outreach

	Septic Tank Phase Out – Biltmore C	Tree Removal, Irrigation and Mulch (TRIM)	Westlake Substation T3 Addition	Cecil Commerce Substation Transmission	Small Diameter Pipe	Construction, Engineering, Inspection Svcs
Prime Award Amount	\$16.1M	\$387K	\$570K	\$649K	Evaluating	\$30M
JSEB Goal	20.16%	100%	17%	8%	Sheltered	10%
JSEB Opportunity	\$3.2M	\$387K	\$96K	\$52K	\$1.3M	\$20M
JSEBs Awarded	Landscape Construction, LLC Meskel & Associates Engineering DJ Contracting Donna Hamilton D&J Erosion Control	J & D Maintenance & Services	Melsuela Industrial Solutions  Don Johnson Survey	Landscape Construction	TBD	Via Consulting Services, Inc. \$15M Awarded  Construction & Engineering Services \$5M Awarded


**FY19  
JSEB Outreach**

**Total = \$26M  
JSEB Contracts**

# FY19 New JSEB Vendors



//////

## FY19 NEW JSEB VENDORS

New JSEB	YTD Spend	Date Added
CORE CONSTRUCTION COMPANY OF JACKSONVILLE, INC.	\$101,840	Dec 2018
LUMBEE RESOURCE MANAGEMENT GROUP, LLC	\$35,784	Dec 2018
ONAS CORPORATION	\$42,325	Dec 2018
D.W. ALLEN MARINE SERVICES, INC.	\$13,150	Jan 2019
PQH GROUP DESIGN, INC.	\$42,470	Jan 2019
SOLID ROCK ENGINEERING CONSULTANTS, INC.	\$9,600	May 2019
MELSUELA INDUSTRIAL SOLUTIONS	\$2,046	May 2019
RODRIGUEZ ARCHITECTURE, LLC	\$9,750	Jul 2019
A & E GENERAL CONTRACTORS	\$21,625	Aug 2019
THE HERRON GROUP, LLC	\$89,585	Aug 2019
A & J LAND SURVEYORS, INC.	\$10,600	Sept 2019
CONCRETE ADVANTAGE	\$1,015,766	Sept 2019
ALPHA ENVIROTECH CONSULTING, INC.	Under Contract	Sept 2019
PETERS & YAFFEE, INC.	Under Contract	Sept 2019
THE KENTON GROUP, INC.	Under Contract	Sept 2019

# JSEB Procurement Summit

Featured Prime Vendors Onsite  
to Network with JSEB Vendors:

- Garney Construction
- Clark Construction
- Petticoat-Schmitt
- Ryan Companies
- Sawcross, Inc.
- Stantec

//////  
FY19  
JSEB SUMMIT VIDEO





## INTER-OFFICE MEMORANDUM

October 22, 2019

**SUBJECT:** Renewal of Firm Natural Gas Supply Agreement with Shell Energy North America

**FROM:** Aaron F. Zahn, Managing Director/CEO

**TO:** JEA Board of Directors

### **BACKGROUND:**

The purpose of this item is to request the JEA Board to approve a ten-year renewal of JEA's existing natural gas supply agreement with Shell Energy North America; enabling JEA to continue utilizing this reliable, firm supply of natural gas for JEA generating plants for another 10 years.

- The current agreement is a vital component of JEA's portfolio of firm gas transportation and supply needs.
- This supply of 61,000 MMBtus of natural gas per day represents approximately 50% of JEA's current natural gas requirements.
- The current agreement has a term of 20 years and expires on May 31, 2021.
- The Shell supply is firm to Jacksonville, utilizing Shell's firm gas transportation.
- Continued growth in LNG export facilities, new large gas-fired generation in Palatka and other general industrial and commercial growth in northeast Florida could significantly increase demand for limited gas transportation into the area. Firm gas transportation into northeast Florida is completely committed during peak load periods.

### **DISCUSSION:**

- JEA evaluated ten suppliers that are active in northeast Florida.
- JEA determined that Shell is the most reliable and cost effective option to meet JEA's firm natural gas supply requirement.
- Shell originally proposed extending the current agreement with the same terms but with a price increase, to become effective on June 1, 2021, when the current agreement expires.
- Through modest shaping of the volume and through extended contract negotiations, JEA obtained a final price from Shell that is \$.05/MMBtu lower than the current agreement, saving \$1 million per year compared to the current agreement.
  - Majority of the terms of the agreement are the same as the existing agreement but some performance requirements are tightened up.
  - Feb – Nov volumes are 60,000 MMBtu/day, similar to current.
  - Dec – Jan volumes are 50,000 MMBtu/day, a small reduction benefiting both parties.
- The total cost to JEA of this 10-year agreement is estimated to be \$650 million.
- The commodity price is indexed to market, and is resalable, there is therefore minimal risk.
- The contract is mutually assignable subject to mutual conditions.

**RECOMMENDATION:**

Approve the renewal of the natural gas supply and transportation contract with Shell Energy North America.

AFZ/MHD/CBAWGB/RVA

---

Aaron F. Zahn, Managing Director/CEO

# Natural Gas Fuel Supply





# Natural Gas Fuel Supply

- Requesting approval to renew long term firm natural gas supply agreement with Shell Energy North America
- Agreement is a vital component of JEA's portfolio of firm natural gas transportation and supply needs
- Ten year renewal assures this reliable supply of natural gas
- Total estimated cost of \$650 million (\$65 million/yr X 10 years)

Fuel Supply for JEA generating plants

October, 2019



Fuel Supply for JEA  
generating plants

October, 2019



## Background

- Current agreement is for a term of 20 years and expires on May 31, 2021
- Current agreement has served JEA gas supply needs well, supplying approximately half of JEA's generating plant gas supply requirements (61,000 MMBtu/day)
- There are limited options for obtaining firm gas supplies into northeast Florida
- Continued growth in LNG export facilities and other natural gas demands could strain existing transportation capability

Fuel Supply for JEA  
generating plants

October, 2019



## Evaluation

- JEA requested proposals for firm (delivered to Jacksonville) natural gas from 10 gas marketing companies
- We recommend renewing the Shell agreement based on the transportation assets committed to the agreement, volume of gas offered and competitive pricing
- Estimated cost is based on monthly/daily commodity pricing plus an adder representing firm transportation to Jacksonville

Fuel Supply for JEA  
generating plants

October, 2019



## Benefits

- Continuing a reliable, firm supply of natural gas for 10 years beyond current expiration in May, 2021
- Lock up supply of firm natural gas transportation into Jacksonville
- Reduced rate compared to current agreement saves \$1 million per year

## Fuel Supply for JEA generating plants

October, 2019



## Take and Pay Contract: Shell obligation to deliver. JEA obligation to take and pay for gas

- Risk: not a need for this volume of natural gas
- Mitigation
  - Volume is half of average daily need, no more than minimum daily need
  - JEA gas fired generation is modern and life extends beyond term of contract
  - JEA can remarket surplus gas if any
  - Early termination has a defined cost, if that were to be necessary
- Risk: Contract price
- Mitigation:
  - Commodity price is based on a market index
  - Contract allows JEA to lock in price when market is low
- Risk: Shell fails to perform and deliver natural gas
- Mitigation: JEA does not pay and has termination rights for non performance

Fuel Supply for JEA  
generating plants

October, 2019



## Recommendation

- Recommend approval of the extension of the natural gas supply and transportation agreement with Shell Energy North America for 10 years, from 2021 to 2031

**RESOLUTION 2019-14**

**WHEREAS**, JEA currently contracts with Shell Energy North America (US) L.P. (“Shell”) for 61,000 MMBtu/day of firm natural gas delivered to delivery points in Jacksonville, which agreement expires May 31, 2021;

**WHEREAS**, the Shell supply agreement is a vital component of JEA’s portfolio of supply and transportation needs for its generating operations, representing approximately 50% of expected gas use;

**WHEREAS**, the price under the current contract is NYMEX/Henry Hub (production area market price) plus a transportation charge;

**WHEREAS**, JEA evaluated ten suppliers and determined that Shell is the most reliable and cost-effective option to meet JEA’s firm natural gas delivery requirement;

**WHEREAS**, Shell has agreed to reduce the firm transportation charge contract price by \$0.05/MMBtu for a baseload of 60,000 MMBtu/day during February through November and 50,000 MMBtu/day during December through January for a 10-year term expiring May 31, 2031;

**WHEREAS**, the proposed price and quantities represent a \$1.06 million annual savings over the existing contract price; and

**WHEREAS**, the Board has determined it is in the best interest of JEA to adopt the contract.

**BE IT RESOLVED**, by the Board that:

1. The CEO is hereby authorized and directed to execute the NAESB Base Contract for Sale and Purchase of Natural Gas between JEA and Shell Energy North America (US), L.P., effective June 1, 2021, and related attachments and exhibits.
2. This resolution shall be effective immediately upon passage.

Dated this \_\_ day of October 2019.

JEA

By: \_\_\_\_\_  
April Green, Chair

\_\_\_\_\_  
Camille Lee-Johnson, Secretary

Form Approved:

\_\_\_\_\_  
Office of General Counsel

**Shell Energy North America (US), L.P.**

Contract Number:  
Contract Date: 10/22/2019  
Deal Maker: Matt Fleming

Trade Date: 10/\_/2019  
Deal Number:  
Endur Number:

**TRANSACTION CONFIRMATION**

Attn: JEA  
21 West Church Street, T-10  
Jacksonville, FL 32202

Date: 10/22/2019  
Fax: (904) 665-7263  
Phone: (904) 665-7293

This Transaction Confirmation is subject to that certain NAESB Base Contract for Sale and Purchase of Natural Gas, between Seller and Buyer dated October 22, 2019 (the "Contract"). This Transaction Confirmation shall confirm and effectuate the agreement between Buyer and Seller regarding the purchase and sale of Gas under the following terms. Defined terms used but not defined herein shall have the meaning ascribed to them in the Contract.

**Seller: Shell Energy North America (US), L.P. ("Shell Energy")**      **Buyer: JEA ("JEA")**

<u>Delivery Period (Term)</u>	<u>Delivery Point/Transporter</u>	<u>Level of Service</u>	<u>Contract Quantity (MMBtu Per Day)</u>	<u>Contract Price (Per MMBtu)</u>
See Special Conditions Below	See Special Conditions below.	Firm	50,000 or 60,000 MMBtu/Day per Special Conditions below	See Special Conditions Below

**Background (for informational purposes only):** As of the execution date of this Transaction Confirmation, JEA and Shell Energy (as successor-in-interest to BG Energy Merchants, LLC) are parties to that certain Amended and Restated Natural Gas Sales Agreement dated October 19<sup>th</sup>, 2007, which expires at the end of the Gas Day immediately prior to the commencement of the Delivery Period of this Transaction Confirmation. The parties have agreed under the new Base Contract and this Transaction Confirmation on the terms whereby JEA shall purchase certain quantities of Gas from Shell Energy for use in JEA's Brandy Branch electric power generation plant located in Duval County, Florida (the "Brandy Branch Plant"), and for such other purposes as JEA may desire per the terms and conditions herein.

**Special Conditions:**

**1. Delivery Period**

**Start Date:** Beginning of the Gas Day on June 1, 2021

**End Date:** End of Gas Day on May 31, 2031; provided, however, that this Transaction Confirmation may be extended through May 31, 2041 by the mutual written agreement of JEA and Shell Energy.

**2. Contract Quantities & Nominations Process**

During the Delivery Period of this Transaction Confirmation, Shell Energy and JEA agree that Shell Energy shall supply JEA's daily supply requirements of the Baseload Quantity (as defined below), as further provided or determined in accordance with the Special Conditions below. Seller shall not be required to provide Gas to Buyer as Seller's sole and exclusive activity, and Seller may engage in other Gas sales and purchase transactions with other customers regardless of whether such other customers compete with Buyer.

**Baseload Contract Quantities.** Upon the Start Date, Shell Energy will deliver and JEA will receive each and every Day during the Delivery Period a Firm baseload quantity of Gas, not subject to change, equal to (i) 50,000 MMBtus each Gas Day during the Months of December and January, and (ii) 60,000 MMBtus each Gas Day during the Months of February through November (the "Baseload Quantity"). The Baseload Quantity shall be the sum of the (i) the NYMEX Contract Quantity, plus (ii) the IF FOM Contract Quantity, plus (iii) Day-Ahead Contract Quantity, if any, as hereinafter defined and determined. Delineation of the Baseload Quantity types shall be as timely nominated by JEA (which determines the pricing) as follows:

"**NYMEX Contract Quantity**" means such quantity of Gas per Day each Month as a portion of the Baseload Quantity, to be priced based upon NYMEX as further detailed below, as JEA may nominate to Shell Energy between zero and the Baseload Quantity (which shall be a daily quantity in equal quantities each Day during the Month) for the upcoming Month no later than four Trading Days prior to the last Day of the current Month. "Trading Day" and applicable Gas flow Days shall be day(s)

designated in the Next Day Trading Calendar for Physical Gas published by the Intercontinental Exchange ("ICE") for the applicable calendar year.

**"IF FOM Contract Quantity"** means such quantity of Gas per Day each Month as a portion of the Baseload Quantity, to be priced based upon the monthly Inside FERC First of the Month index as further detailed below, as JEA may nominate to Shell Energy up to Baseload Quantity less the applicable NYMEX Contract Quantity nomination (which shall be a daily quantity in equal quantities each Day during the Month) for the upcoming Month no later than four Trading Days prior to the last Day of the current Month.

**"Day-Ahead Contract Quantity"** means any such additional quantity of Gas per Day in excess of such Day's applicable NYMEX Contract Quantity and any IF FOM Contract Quantity, up to and to reach the Baseload Quantity. For the avoidance of any doubt, the Day-Ahead Contract Quantity and pricing shall be automatically applied to any quantities of Baseload Quantity that remain after nomination of the NYMEX and IF FOM Contract Quantity pricing nominations as specified above.

If JEA fails to make a timely nomination by the four Trading Days prior deadline set forth above, then the Baseload Quantity shall be deemed to be entirely made up of the NYMEX Contract Quantity for the applicable Month.

**"Intra-Day Contract Quantity"** means such quantity of Gas per Day as JEA may nominate to Shell Energy if, during a Trading Day, JEA requires Gas in excess of the Baseload Quantity, and JEA nominates such excess Gas on or before two (2) hours before the Transporter's first intra-day nomination deadline for such Day, then Shell Energy will use commercially reasonable efforts to obtain such Gas at a mutually agreed upon price and terms; provided, however, that nothing herein shall prevent JEA from purchasing such intra-day excess Gas quantity from a third party supplier.

**Additional Quantities.** Shell Energy, at its sole option, may agree to sell and deliver Contract Quantities in excess of the Baseload Quantity, if JEA and Shell Energy agree to terms and conditions for such additional quantities of Gas.

**3. Contract Price & Related Matters.** The following Contract Prices shall apply to the Contract Quantity types provided above, as follows:

**Baseload Pricing:**

**NYMEX.** Gas sold by Shell Energy to JEA as NYMEX Contract Quantities shall be priced per MMBtu at the price specified by the New York Mercantile Exchange (NYMEX Henry Hub) Natural Gas Futures contract final settlement price for the corresponding contract month on the last Trading Day for that contract Month + Daily Demand Charge (defined below); provided, that if the referenced publication is no longer available, then Shell Energy and JEA shall agree upon the alternate reference as provided below. The "Daily Demand Charge" shall be \$0.50 per each MMBtu (inclusive of fuel) bought and sold under this Transaction Confirmation.

Additionally, at any time during the Delivery Period of this Transaction Confirmation, JEA may request a quote from Shell Energy for a monthly fixed price (a "Fixed Price") that is based on the NYMEX natural gas futures contract for a specified quantity of Gas to be delivered at the Delivery Point for a specified portion of the Delivery Period. This request may be made by JEA at any time during normal NYMEX trading hours (except that any request made by JEA on the NYMEX closing day must be received by Shell Energy by 12:00 p.m. Eastern Time). If the parties mutually agree to a Fixed Price for a specified quantity of Gas to be delivered at the Delivery Point for a particular Month or Months, Shell Energy shall forward to JEA a "Fixed Price Confirmation". The parties' agreement shall be deemed conclusive upon JEA's receipt of Shell Energy's written Fixed Price Confirmation unless Buyer objects to any errors contained in the Fixed Price Confirmation immediately following its receipt. Once a Fixed Price has been established for a given period, the Fixed Price shall be irrevocable as to the affected quantities unless mutually agreed by Shell Energy and JEA. In the event JEA and Shell Energy agree to forward month Fixed Price transactions under this paragraph, such quantities will be included in allocation of the NYMEX Contract Quantity for the applicable Months. The total price for this Gas shall be Fixed Price per MMBtu + Daily Demand Charge.

**IF FOM.** Gas sold by Shell Energy to JEA as IF FOM Contract Quantities shall be priced per MMBtu at the price specified in *Platt's Inside FERC's Gas Market Report*, "First of the Month" index price for such month, under the heading "Market Center Spot-Gas Prices" "South Louisiana" "Henry Hub" "Index" as reported for the applicable Month plus the Daily Demand Charge; provided, that if there is no single price published for such location for such Month, but there is published a range of prices, then the price shall be the average of such high and low prices. If the referenced publication is no longer available, then Shell Energy and JEA shall agree upon the alternate reference as provided below.

**Day-Ahead.** Gas sold by Shell Energy to JEA as Day-Ahead Contract Quantities shall be priced per MMBtu as price specified in *Platt's Gas Daily, Daily Price Survey*, under the heading "Market Center Spot-Gas Prices" "South Louisiana" "Henry Hub" "Midpoint" as reported for the applicable Day plus the Daily Demand Charge; provided, that if there is no single price published for such location for such Day, but there is published a range of prices, then the price shall be the average of such high and low prices. If no price or range of prices is published for such Day, or if the referenced publication is no longer available, then Shell Energy and JEA shall agree upon the alternate reference as provided below.

**Intra-Day Pricing.** Gas sold by Shell Energy to JEA, or from JEA to Shell Energy, in Intra-Day Contract Quantity transactions shall be at a Contract Price mutually agreed to by the parties. Any such transaction shall be effectuated in accordance with Section 1.2 of the Base Contract. Notwithstanding anything to the contrary herein and for the avoidance of any doubt, any agreed to Intra-Day Contract Quantities will be delivered and received solely on an interruptible basis unless mutually agreed by Shell Energy and JEA. All Intra-Day Contract Quantities shall be for ratable deliveries over weekends & holidays, meaning an equal quantity of Gas delivered each Day of such weekend or holiday period unless otherwise agreed to in writing.

**Order of Flow.** The priority of Gas purchased and delivered at the Delivery Point(s) under this Transaction Confirmation on any Day will be (i) the first Gas to flow will be the NYMEX Contract Quantity, followed by the IF FOM Contract Quantity, followed by the Day-Ahead Contract Quantity, and lastly the Intra-Day Contract Quantity, if any.

**4. Delivery Point(s).**

Each Day during the Delivery Period, Shell Energy will deliver the Baseload Quantity on a Firm basis to the Delivery Point(s) as determined pursuant to this Special Condition. The Delivery Point (or Delivery Points) for all Gas sold and purchased under this Transaction Confirmation on any Day shall be the point (or points) of delivery identified below on the corresponding pipeline transportation system of the Transporter or Transporters as elected by Shell Energy in its Notice delivered for Gas deliveries to JEA on such Day(s). Additionally, if JEA, pursuant to Special Condition 5, requests delivery of Gas hereunder to a delivery point not identified below and assuming all applicable requirements of Special Condition 5 are met, then for purposes of such delivery such other delivery point shall be deemed a "Delivery Point" for all purposes hereunder.

Transporter	Primary Delivery Point
Florida Gas Transmission Company (" <u>FGT</u> ")	The point of delivery shall be at PGS Brandy Branch CTG, point number 78117, meter number 37691, DRN number 288358.
Southern Natural Gas Company (" <u>SONAT</u> ")	The point of delivery shall be the interconnection between the facilities of Southern Natural Gas Company at the Brandy Branch Plant (#937500)

SONAT Delivery Event. Notwithstanding any provision herein to the contrary, if a Force Majeure event on SONAT at or upstream of JEA's Delivery Point on SONAT occurs which prevents Shell Energy from delivering the Baseload Quantity on any Day at such SONAT Delivery Point, then Shell Energy will use commercially reasonable efforts, including, but not limited to, prioritizing sales to, JEA under this Transaction Confirmation at least as highly as sales to its other FIRM customers on the FGT system, to deliver such quantity to JEA on FGT, and if such FGT transportation service is not available, JEA will be entitled to Cover Standard damages per Section 3.2 of the Base Contract and Special Condition 6 unless a simultaneous Force Majeure event occurs on FGT's system that would affect the delivery of the Baseload Quantity. In the event of such a simultaneous Force Majeure event, Shell Energy would be excused only from delivering the portion of the Baseload Quantity that is not delivered on FGT as a result of such Force Majeure. In such event, JEA is not liable for any charges, including Daily Demand Charges, on such interrupted quantities.

FGT Delivery Event. Notwithstanding any provision herein to the contrary, if a Force Majeure event on FGT at or upstream of JEA's Delivery Point on FGT occurs which prevents Shell Energy from delivering the Baseload Quantity on any Day at such FGT Delivery Point, then Shell Energy will use commercially reasonable efforts, including, but not limited to, prioritizing sales to, JEA under this Transaction Confirmation at least as highly as sales to its other FIRM customers on the SONAT system, to deliver such quantity to JEA on SONAT, and if such SONAT transportation service is not available, JEA will be entitled to Cover Standard damages per Section 3.2 of the Base Contract and Special Condition 6, unless a simultaneous Force Majeure event occurs on SONAT's system that would affect the delivery of the Baseload Quantity. In the event of such a simultaneous Force Majeure event, Shell Energy would be excused only from delivering the portion of the Baseload Quantity that is not delivered on SONAT as a result of such Force Majeure. In such event, JEA is not liable for any charges, including Daily Demand Charges, on such interrupted quantities.

For the avoidance of any doubt, in the event of a simultaneous Force Majeure event on FGT and SONAT, the two provisions immediately above shall be applied collectively and such simultaneous Force Majeure shall excuse the Baseload Quantity delivery obligations as appropriate.

If at any time Gas nominated by Shell Energy were to be allocated by the FGT or SONAT, as applicable, Shell Energy will notify JEA as soon as possible of such pipeline cuts. JEA will provide revised nomination to Shell Energy and Shell Energy shall nominate allocated volume for Delivery on the next cycle.

## **5. Remarketing/Alternate use of Gas by JEA.**

A. The parties recognize that JEA may not require the Baseload Quantity at the Primary Delivery Point on each Day of the Delivery Period hereof, and the parties agree that nothing herein shall prevent JEA from purchasing the Baseload Quantity and either remarketing any such Gas to third parties or using any Gas at other JEA facilities, in either case at delivery points designated by JEA as specified herein; provided, however, that Shell Energy shall not be required to incur any additional costs in connection with such modified delivery point. Any actual out-of-pocket costs incurred in connection therewith shall be the responsibility of JEA. Such alternative delivery points may include all points within the pre-existing transportation path elected by Shell Energy per Special Condition 5.B., or other points on Transporter's pipeline system selected by Shell Energy that are outside of such transportation path (including the interconnection of the Florida Gas Transmission pipeline system with the People's Gas pipeline system (PGS-Jacksonville CTG; point number 16151; meter number 37693; DRN number 3018) when Shell Energy has selected Florida Gas Transmission as the Transporter for the applicable deliveries under Special Condition 5 as permitted by the Transporter. To facilitate such remarketing or other use of Gas by JEA, Shell Energy will, in accordance with Special Condition 5.B., notify JEA of the Transporter for the Baseload Quantity by no later than five (5) Trading Days prior to the beginning of such Month of delivery (or shall be deemed to have elected to use the SONAT pipeline system in accordance with Special Condition 5.B. To the extent JEA wishes to change the Delivery Point for the month to facilitate the remarketing or other use by JEA of certain Baseload Quantities, then JEA will notify Shell Energy of such requested Delivery Point (JEA's receipt point) change by no later than three (3) Trading Days prior to the beginning of such Month of delivery. Shell Energy shall have the right to change receipt points from time to time or as required by Transporter. In no event, other than those described in Special Condition 4 (i.e. SONAT or FGT Delivery Event) shall Shell Energy be required to deliver Gas on any Day to any delivery point on a pipeline transportation system of any transporter where Shell Energy has not elected pursuant to Special Condition 5.B. to deliver Gas to JEA on such Day, or to deliver Gas on such system in excess of the quantity elected by Shell Energy in accordance with Special Condition 5.B. to be delivered to JEA on such Day on such system. Notwithstanding anything to the contrary in the foregoing, Shell Energy will use commercially reasonable efforts to accommodate all timely JEA requests to change the Delivery Point for any Day.

B. Shell Energy shall make arrangements for all transportation services (and, subject to Section 4.3 of the Base Contract, shall bear all costs and expenses thereof) required upstream to effect the delivery of Gas at the Delivery Point(s) hereunder. Shell Energy may elect, in its sole discretion, which Transporter to use for deliveries hereunder in any Month (including the applicable Delivery Point(s) as set forth in Special Condition 4 subject to the terms of Special Condition 5.A. above), and may elect to ship portions of the Baseload Quantities with more than one Transporter in any Month. Shell Energy shall notify JEA of the Transporter or Transporters for the Baseload Quantity that it has elected to use for any Month and the corresponding Delivery Point(s) (and, if more than one Transporter is elected, the corresponding quantities for each Transporter) by no later than five (5) Trading Days prior to the beginning of such Month of delivery. If Shell Energy does not provide notice by the preceding deadline with respect to any Month then Shell Energy will be deemed to have elected to use the SONAT pipeline system for the entire Baseload Quantity for such Month. Shell Energy will not during the course of any Month change Transporter(s) from the Transporter(s) it has elected to use (or been deemed to have elected to use) under this Special Condition without prior permission from JEA unless otherwise permitted or required to do so hereunder.

C. JEA shall make arrangements for all transportation services (and, subject to the provisions of Section 6.3, shall bear all costs and expenses thereof) required downstream to effect the receipt of all Gas purchased hereunder at the Delivery Point(s). The parties shall cooperate to ensure that nominations are made in a timely manner to the respective party's Transporter, if any, and that actual deliveries and receipts comply with such Transporters' FERC Gas Tariff(s) and other applicable operational procedures, if any.

D. Consistent with Section 4.3 of the Base Contract, each party shall as soon as reasonably possible notify the other party of any notice received from its Transporter that indicates the existence of any material imbalance or other circumstances that may give rise to a material penalty or charge in connection with Gas deliveries or receipts hereunder. The parties agree to cooperate in taking such action as may be reasonably necessary to ensure that penalties and charges are avoided or minimized as much as reasonably possible.

## **6. Modification of Cover Standard Damages for this Transaction Confirmation.**

Cover Standard Plus. In the event of a delivery failure or receipt failure of the Baseload Quantity on any Day during the Delivery Period (and not excused by Force Majeure or one's performance is excused due to the breach of such Firm performance obligation of the other party) then the non-performing party will be assessed Cover Standard damages as provided under Section 3.2 of the Base Contract plus additional liquidated damages of \$.02/MMBtu on the portion of the Baseload Quantity that such party failed to receive or deliver, as applicable.

**7. Process for Reduction of Baseload Quantities Due to JEA Muni-Prepay Transactions.** From time to time, a portion of the Baseload Quantity (the "Prepay Quantity") may be reduced in the event that JEA enters into certain Gas supply transactions with a revenue bond seller/long term gas supplier ("Muni-Prepay Seller") under a corporate backed municipal bond-prepaid natural gas deal structure; provided, the parties acknowledge that Shell Energy will sell and the Muni-Prepay Seller will purchase Gas at the same Delivery Points specified under this Transaction Confirmation in an amount equal to the Prepay Quantity pursuant to a separate and existing gas sales agreement and transaction confirmation between Shell Energy and the Muni-Prepay Seller (the "Shell-MPS Agreement"), and that such Muni-Prepay Seller will thereafter sell the Prepay Quantity to JEA or its designee pursuant to a separate arrangement (the "JEA-MPS Agreement"). The Muni-Prepay Seller must (i) be an existing customer currently enabled with Shell Energy to do Gas transactions, (ii) pass Shell Energy's anti-

bribery and corruption screening process, (iii) meet Shell Energy's credit requirements for such Shell MPS Agreement. If JEA wishes to reduce the Baseload Quantity with a potential Muni-Prepay Seller that doesn't meet the criteria of (i)-(iii) immediately above, then Shell Energy shall not be obligated to reduce and re-sell such portion of the Baseload Quantity as described herein.

If at any time after issuance of the bonds relating to the JEA-MPS Agreement and prior to expiration of the Delivery Period (x) such bonds (or any bonds issued to refinance them) cease to be outstanding, or (y) the Shell-MPS Agreement or the JEA-MPS Agreement terminates for any reason, JEA shall provide written notice of the occurrence of such event specified in: (x) or (y) immediately above to Shell Energy within ten (10) Days of its occurrence and the Baseload Quantity shall automatically be increased by the amount of the Prepay Quantity as of the first Day of the Month following the Month in which such event occurs, and continue thereafter for the remainder of the Delivery Period, provided, however, that the resulting Baseload Quantity shall at no time exceed the amounts set forth in Section 2 of this Transaction Confirmation.

JEA and Shell Energy acknowledge, as of the time of execution of this Transaction Confirmation, there is an existing Prepay Quantity transaction which effectuates a reduction of 3,000 MMBtus/Day of the Baseload Quantity per that certain JEA muni-prepay transaction and Shell Energy's corresponding transaction with such Muni-Prepay Seller, Public Gas Partners, Inc., which shall not extend beyond five years at any time during the Delivery Period of this Transaction Confirmation. Any future Pre-Pay Quantity reductions that are effectuated pursuant to this Special Condition 7 shall be further evidenced via a written Notice between Shell Energy and JEA documenting such Prepay Quantity and corresponding Baseload Quantity reduction.

#### **8. Other Matters:**

**Ratable Delivery and Takes.** Seller shall deliver and Buyer shall receive Gas hereunder in accordance with the operating parameters of applicable Transporter(s).

**Replacement Index.** If a Contract Price is based on a published index (the "Index Price") and during the Delivery Period of this Transaction Confirmation (i) the applicable publication is no longer published and no successor is named, or (ii) the applicable publication ceases to publish or update a price report providing the information specified in the definition of the Index Price, or (iii) the applicable publication materially alters the basis upon which the Index Price is determined and reported (the date that the first of such events occurs being herein called the "Redetermination Date"), then the parties shall promptly meet, following the request of either party, to negotiate in good faith in or to agree upon an alternate publication for the purposes of determining the Index Price. If the parties fail to agree on an alternative price or reference publication within thirty (30) days of the Redetermination Date, then the Index Price will be determined with each party obtaining a good faith quote from a leading, investment grade, non-affiliated dealer in the relevant market and averaging the two quotes.

**Change in Law.** If either Shell Energy's or JEA's activities hereunder become subject to law or regulation of any kind which renders the purchase and sale of Gas at the Delivery Point provided under this Transaction Confirmation illegal or unenforceable, then either party shall at such time have the right to deliver a notice of its intent to terminate this Transaction Confirmation to the other party, subject to Section 12 of the Contract and the satisfaction of the obligation to negotiate a new agreement under this Special Condition. Upon delivery of a Notice pursuant to this Special Condition by one party to the other, Shell Energy and JEA shall negotiate in good faith a new agreement resulting in substantially the same economic benefits as this Transaction Confirmation and if such negotiations do not result in a new agreement within thirty (30) Days of the start of such negotiations (or such longer time period to which the parties may agree), either party may terminate this Transaction Confirmation upon ten (10) Days advance written notice to the other party.

**Conflicts.** To the extent there are conflicts between this Transaction Confirmation and the Base Contract, including the Special Provisions to the Base Contract, such conflicts will be resolved in favor of this Transaction Confirmation.

**Force Majeure.** In the event that an Event of Force majeure declared by either party continues for a period of six months or more, either Party shall have the right to terminate this Transaction Confirmation, on ten (10) days written notice to the other Party.

**Dodd-Frank Treatment:** The parties agree that this transaction is a forward contract within the meaning of the Commodity Exchange Act (CEA), as amended, and the Rules of the Commodity Futures Trading Commission ("Forward Contract"), and in reliance upon such agreement, as of the date the transaction is entered into:

- (i) each party represents to the other that it is a commercial market participant with respect to the specified commodity;
- (ii) each party represents to the other that it intends to make or take physical delivery of the specified nonfinancial commodity; and
- (iii) if this transaction includes any volumetric optionality, the holder of such optionality represents to the other party: (a) that such optionality is primarily intended to address physical factors (such as weather, environmental factors, customer demand, available production, transport, shipping, operational constraints, or other physical factors) or regulatory requirements that reasonably influence demand for, or the supply of, the specified nonfinancial commodity; and (b) that such optionality is not primarily intended to address price risk.

To the extent the transaction is deemed to be a commodity option:

- (i) the seller of the option represents to the buyer of the option that in connection with this transaction, the seller of the option is either (a) an eligible contract participant ("ECP") as defined in section 1a(18) of the Commodity Exchange Act ("Act") and the regulations of the Commodity Futures Trading Commission ("CFTC"), or (b) a producer, processor, commercial user of or a merchant handling the commodity that is the subject of this transaction, or the products or byproducts thereof, and is offering or entering into this transaction solely for purposes related to its business as such;

(ii) the buyer of the option represents to the seller of the option that in connection with this transaction the buyer of the option is a producer, processor, commercial user of or a merchant handling the commodity that is the subject of this transaction or the products or byproducts thereof and is offering or entering into this transaction solely for purposes related to its business as such; and  
(iii) each party represents to the other that the option, if exercised, would result in the sale of an exempt commodity for immediate or deferred delivery.

This Transaction Confirmation is being provided pursuant to and in accordance with the above referenced Contract between Shell Energy and JEA and constitutes part of and is subject to all of the provisions of the Contract. With respect to the above stated deal identification number (Deal #) identifying this specific "Transaction", this Transaction Confirmation shall supersede any prior confirmations of this specific Transaction.

**JEA**

**Shell Energy North America (US), L.P.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Please return the signed confirmation to FAX: (713) 265-2171

Questions and comments should be directed to Contract Administration at: Phone: (713) 230-7505 Fax: (713) 265-2171.

**Shell Energy North America (US), L.P. 1000 Main Street, Level 12 Houston, TX 77010**

**Shell Energy North America (US), L.P.**

Contract Number:  
Contract Date: 10/22/2019  
Deal Maker: Matt Fleming

Trade Date: 10/\_/2019  
Deal Number:  
Endur Number:

**TRANSACTION CONFIRMATION**

Attn: JEA  
21 West Church Street, T-10  
Jacksonville, FL 32202

Date: 10/22/2019  
Fax: (904) 665-7263  
Phone: (904) 665-7293

This Transaction Confirmation is subject to that certain NAESB Base Contract for Sale and Purchase of Natural Gas, between Seller and Buyer dated October 22, 2019 (the "Contract"). This Transaction Confirmation shall confirm and effectuate the agreement between Buyer and Seller regarding the purchase and sale of Gas under the following terms. Defined terms used but not defined herein shall have the meaning ascribed to them in the Contract.

**Seller: Shell Energy North America (US), L.P. ("Shell Energy")**      **Buyer: JEA ("JEA")**

<u>Delivery Period (Term)</u>	<u>Delivery Point/Transporter</u>	<u>Level of Service</u>	<u>Contract Quantity (MMBtu Per Day)</u>	<u>Contract Price (Per MMBtu)</u>
See Special Conditions Below	See Special Conditions below.	Firm	50,000 or 60,000 MMBtu/Day per Special Conditions below	See Special Conditions Below

**Background (for informational purposes only):** As of the execution date of this Transaction Confirmation, JEA and Shell Energy (as successor-in-interest to BG Energy Merchants, LLC) are parties to that certain Amended and Restated Natural Gas Sales Agreement dated October 19<sup>th</sup>, 2007, which expires at the end of the Gas Day immediately prior to the commencement of the Delivery Period of this Transaction Confirmation. The parties have agreed under the new Base Contract and this Transaction Confirmation on the terms whereby JEA shall purchase certain quantities of Gas from Shell Energy for use in JEA's Brandy Branch electric power generation plant located in Duval County, Florida (the "Brandy Branch Plant"), and for such other purposes as JEA may desire per the terms and conditions herein.

**Special Conditions:**

**1. Delivery Period**

**Start Date:** Beginning of the Gas Day on June 1, 2021

**End Date:** End of Gas Day on May 31, 2031; provided, however, that this Transaction Confirmation may be extended through May 31, 2041 by the mutual written agreement of JEA and Shell Energy.

**2. Contract Quantities & Nominations Process**

During the Delivery Period of this Transaction Confirmation, Shell Energy and JEA agree that Shell Energy shall supply JEA's daily supply requirements of the Baseload Quantity (as defined below), as further provided or determined in accordance with the Special Conditions below. Seller shall not be required to provide Gas to Buyer as Seller's sole and exclusive activity, and Seller may engage in other Gas sales and purchase transactions with other customers regardless of whether such other customers compete with Buyer.

**Baseload Contract Quantities.** Upon the Start Date, Shell Energy will deliver and JEA will receive each and every Day during the Delivery Period a Firm baseload quantity of Gas, not subject to change, equal to (i) 50,000 MMBtus each Gas Day during the Months of December and January, and (ii) 60,000 MMBtus each Gas Day during the Months of February through November (the "Baseload Quantity"). The Baseload Quantity shall be the sum of the (i) the NYMEX Contract Quantity, plus (ii) the IF FOM Contract Quantity, plus (iii) Day-Ahead Contract Quantity, if any, as hereinafter defined and determined. Delineation of the Baseload Quantity types shall be as timely nominated by JEA (which determines the pricing) as follows:

"**NYMEX Contract Quantity**" means such quantity of Gas per Day each Month as a portion of the Baseload Quantity, to be priced based upon NYMEX as further detailed below, as JEA may nominate to Shell Energy between zero and the Baseload Quantity (which shall be a daily quantity in equal quantities each Day during the Month) for the upcoming Month no later than four Trading Days prior to the last Day of the current Month. "Trading Day" and applicable Gas flow Days shall be day(s)

designated in the Next Day Trading Calendar for Physical Gas published by the Intercontinental Exchange ("ICE") for the applicable calendar year.

**"IF FOM Contract Quantity"** means such quantity of Gas per Day each Month as a portion of the Baseload Quantity, to be priced based upon the monthly Inside FERC First of the Month index as further detailed below, as JEA may nominate to Shell Energy up to Baseload Quantity less the applicable NYMEX Contract Quantity nomination (which shall be a daily quantity in equal quantities each Day during the Month) for the upcoming Month no later than four Trading Days prior to the last Day of the current Month.

**"Day-Ahead Contract Quantity"** means any such additional quantity of Gas per Day in excess of such Day's applicable NYMEX Contract Quantity and any IF FOM Contract Quantity, up to and to reach the Baseload Quantity. For the avoidance of any doubt, the Day-Ahead Contract Quantity and pricing shall be automatically applied to any quantities of Baseload Quantity that remain after nomination of the NYMEX and IF FOM Contract Quantity pricing nominations as specified above.

If JEA fails to make a timely nomination by the four Trading Days prior deadline set forth above, then the Baseload Quantity shall be deemed to be entirely made up of the NYMEX Contract Quantity for the applicable Month.

**"Intra-Day Contract Quantity"** means such quantity of Gas per Day as JEA may nominate to Shell Energy if, during a Trading Day, JEA requires Gas in excess of the Baseload Quantity, and JEA nominates such excess Gas on or before two (2) hours before the Transporter's first intra-day nomination deadline for such Day, then Shell Energy will use commercially reasonable efforts to obtain such Gas at a mutually agreed upon price and terms; provided, however, that nothing herein shall prevent JEA from purchasing such intra-day excess Gas quantity from a third party supplier.

**Additional Quantities.** Shell Energy, at its sole option, may agree to sell and deliver Contract Quantities in excess of the Baseload Quantity, if JEA and Shell Energy agree to terms and conditions for such additional quantities of Gas.

**3. Contract Price & Related Matters.** The following Contract Prices shall apply to the Contract Quantity types provided above, as follows:

**Baseload Pricing:**

**NYMEX.** Gas sold by Shell Energy to JEA as NYMEX Contract Quantities shall be priced per MMBtu at the price specified by the New York Mercantile Exchange (NYMEX Henry Hub) Natural Gas Futures contract final settlement price for the corresponding contract month on the last Trading Day for that contract Month + Daily Demand Charge (defined below); provided, that if the referenced publication is no longer available, then Shell Energy and JEA shall agree upon the alternate reference as provided below. The "Daily Demand Charge" shall be \$0.50 per each MMBtu (inclusive of fuel) bought and sold under this Transaction Confirmation.

Additionally, at any time during the Delivery Period of this Transaction Confirmation, JEA may request a quote from Shell Energy for a monthly fixed price (a "Fixed Price") that is based on the NYMEX natural gas futures contract for a specified quantity of Gas to be delivered at the Delivery Point for a specified portion of the Delivery Period. This request may be made by JEA at any time during normal NYMEX trading hours (except that any request made by JEA on the NYMEX closing day must be received by Shell Energy by 12:00 p.m. Eastern Time). If the parties mutually agree to a Fixed Price for a specified quantity of Gas to be delivered at the Delivery Point for a particular Month or Months, Shell Energy shall forward to JEA a "Fixed Price Confirmation". The parties' agreement shall be deemed conclusive upon JEA's receipt of Shell Energy's written Fixed Price Confirmation unless Buyer objects to any errors contained in the Fixed Price Confirmation immediately following its receipt. Once a Fixed Price has been established for a given period, the Fixed Price shall be irrevocable as to the affected quantities unless mutually agreed by Shell Energy and JEA. In the event JEA and Shell Energy agree to forward month Fixed Price transactions under this paragraph, such quantities will be included in allocation of the NYMEX Contract Quantity for the applicable Months. The total price for this Gas shall be Fixed Price per MMBtu + Daily Demand Charge.

**IF FOM.** Gas sold by Shell Energy to JEA as IF FOM Contract Quantities shall be priced per MMBtu at the price specified in *Platt's Inside FERC's Gas Market Report*, "First of the Month" index price for such month, under the heading "Market Center Spot-Gas Prices" "South Louisiana" "Henry Hub" "Index" as reported for the applicable Month plus the Daily Demand Charge; provided, that if there is no single price published for such location for such Month, but there is published a range of prices, then the price shall be the average of such high and low prices. If the referenced publication is no longer available, then Shell Energy and JEA shall agree upon the alternate reference as provided below.

**Day-Ahead.** Gas sold by Shell Energy to JEA as Day-Ahead Contract Quantities shall be priced per MMBtu as price specified in *Platt's Gas Daily, Daily Price Survey*, under the heading "Market Center Spot-Gas Prices" "South Louisiana" "Henry Hub" "Midpoint" as reported for the applicable Day plus the Daily Demand Charge; provided, that if there is no single price published for such location for such Day, but there is published a range of prices, then the price shall be the average of such high and low prices. If no price or range of prices is published for such Day, or if the referenced publication is no longer available, then Shell Energy and JEA shall agree upon the alternate reference as provided below.

**Intra-Day Pricing.** Gas sold by Shell Energy to JEA, or from JEA to Shell Energy, in Intra-Day Contract Quantity transactions shall be at a Contract Price mutually agreed to by the parties. Any such transaction shall be effectuated in accordance with Section 1.2 of the Base Contract. Notwithstanding anything to the contrary herein and for the avoidance of any doubt, any agreed to Intra-Day Contract Quantities will be delivered and received solely on an interruptible basis unless mutually agreed by Shell Energy and JEA. All Intra-Day Contract Quantities shall be for ratable deliveries over weekends & holidays, meaning an equal quantity of Gas delivered each Day of such weekend or holiday period unless otherwise agreed to in writing.

**Order of Flow.** The priority of Gas purchased and delivered at the Delivery Point(s) under this Transaction Confirmation on any Day will be (i) the first Gas to flow will be the NYMEX Contract Quantity, followed by the IF FOM Contract Quantity, followed by the Day-Ahead Contract Quantity, and lastly the Intra-Day Contract Quantity, if any.

**4. Delivery Point(s).**

Each Day during the Delivery Period, Shell Energy will deliver the Baseload Quantity on a Firm basis to the Delivery Point(s) as determined pursuant to this Special Condition. The Delivery Point (or Delivery Points) for all Gas sold and purchased under this Transaction Confirmation on any Day shall be the point (or points) of delivery identified below on the corresponding pipeline transportation system of the Transporter or Transporters as elected by Shell Energy in its Notice delivered for Gas deliveries to JEA on such Day(s). Additionally, if JEA, pursuant to Special Condition 5, requests delivery of Gas hereunder to a delivery point not identified below and assuming all applicable requirements of Special Condition 5 are met, then for purposes of such delivery such other delivery point shall be deemed a "Delivery Point" for all purposes hereunder.

Transporter	Primary Delivery Point
Florida Gas Transmission Company (" <u>FGT</u> ")	The point of delivery shall be at PGS Brandy Branch CTG, point number 78117, meter number 37691, DRN number 288358.
Southern Natural Gas Company (" <u>SONAT</u> ")	The point of delivery shall be the interconnection between the facilities of Southern Natural Gas Company at the Brandy Branch Plant (#937500)

SONAT Delivery Event. Notwithstanding any provision herein to the contrary, if a Force Majeure event on SONAT at or upstream of JEA's Delivery Point on SONAT occurs which prevents Shell Energy from delivering the Baseload Quantity on any Day at such SONAT Delivery Point, then Shell Energy will use commercially reasonable efforts, including, but not limited to, prioritizing sales to, JEA under this Transaction Confirmation at least as highly as sales to its other FIRM customers on the FGT system, to deliver such quantity to JEA on FGT, and if such FGT transportation service is not available, JEA will be entitled to Cover Standard damages per Section 3.2 of the Base Contract and Special Condition 6 unless a simultaneous Force Majeure event occurs on FGT's system that would affect the delivery of the Baseload Quantity. In the event of such a simultaneous Force Majeure event, Shell Energy would be excused only from delivering the portion of the Baseload Quantity that is not delivered on FGT as a result of such Force Majeure. In such event, JEA is not liable for any charges, including Daily Demand Charges, on such interrupted quantities.

FGT Delivery Event. Notwithstanding any provision herein to the contrary, if a Force Majeure event on FGT at or upstream of JEA's Delivery Point on FGT occurs which prevents Shell Energy from delivering the Baseload Quantity on any Day at such FGT Delivery Point, then Shell Energy will use commercially reasonable efforts, including, but not limited to, prioritizing sales to, JEA under this Transaction Confirmation at least as highly as sales to its other FIRM customers on the SONAT system, to deliver such quantity to JEA on SONAT, and if such SONAT transportation service is not available, JEA will be entitled to Cover Standard damages per Section 3.2 of the Base Contract and Special Condition 6, unless a simultaneous Force Majeure event occurs on SONAT's system that would affect the delivery of the Baseload Quantity. In the event of such a simultaneous Force Majeure event, Shell Energy would be excused only from delivering the portion of the Baseload Quantity that is not delivered on SONAT as a result of such Force Majeure. In such event, JEA is not liable for any charges, including Daily Demand Charges, on such interrupted quantities.

For the avoidance of any doubt, in the event of a simultaneous Force Majeure event on FGT and SONAT, the two provisions immediately above shall be applied collectively and such simultaneous Force Majeure shall excuse the Baseload Quantity delivery obligations as appropriate.

If at any time Gas nominated by Shell Energy were to be allocated by the FGT or SONAT, as applicable, Shell Energy will notify JEA as soon as possible of such pipeline cuts. JEA will provide revised nomination to Shell Energy and Shell Energy shall nominate allocated volume for Delivery on the next cycle.

## **5. Remarketing/Alternate use of Gas by JEA.**

A. The parties recognize that JEA may not require the Baseload Quantity at the Primary Delivery Point on each Day of the Delivery Period hereof, and the parties agree that nothing herein shall prevent JEA from purchasing the Baseload Quantity and either remarketing any such Gas to third parties or using any Gas at other JEA facilities, in either case at delivery points designated by JEA as specified herein; provided, however, that Shell Energy shall not be required to incur any additional costs in connection with such modified delivery point. Any actual out-of-pocket costs incurred in connection therewith shall be the responsibility of JEA. Such alternative delivery points may include all points within the pre-existing transportation path elected by Shell Energy per Special Condition 5.B., or other points on Transporter's pipeline system selected by Shell Energy that are outside of such transportation path (including the interconnection of the Florida Gas Transmission pipeline system with the People's Gas pipeline system (PGS-Jacksonville CTG; point number 16151; meter number 37693; DRN number 3018) when Shell Energy has selected Florida Gas Transmission as the Transporter for the applicable deliveries under Special Condition 5 as permitted by the Transporter. To facilitate such remarketing or other use of Gas by JEA, Shell Energy will, in accordance with Special Condition 5.B., notify JEA of the Transporter for the Baseload Quantity by no later than five (5) Trading Days prior to the beginning of such Month of delivery (or shall be deemed to have elected to use the SONAT pipeline system in accordance with Special Condition 5.B. To the extent JEA wishes to change the Delivery Point for the month to facilitate the remarketing or other use by JEA of certain Baseload Quantities, then JEA will notify Shell Energy of such requested Delivery Point (JEA's receipt point) change by no later than three (3) Trading Days prior to the beginning of such Month of delivery. Shell Energy shall have the right to change receipt points from time to time or as required by Transporter. In no event, other than those described in Special Condition 4 (i.e. SONAT or FGT Delivery Event) shall Shell Energy be required to deliver Gas on any Day to any delivery point on a pipeline transportation system of any transporter where Shell Energy has not elected pursuant to Special Condition 5.B. to deliver Gas to JEA on such Day, or to deliver Gas on such system in excess of the quantity elected by Shell Energy in accordance with Special Condition 5.B. to be delivered to JEA on such Day on such system. Notwithstanding anything to the contrary in the foregoing, Shell Energy will use commercially reasonable efforts to accommodate all timely JEA requests to change the Delivery Point for any Day.

B. Shell Energy shall make arrangements for all transportation services (and, subject to Section 4.3 of the Base Contract, shall bear all costs and expenses thereof) required upstream to effect the delivery of Gas at the Delivery Point(s) hereunder. Shell Energy may elect, in its sole discretion, which Transporter to use for deliveries hereunder in any Month (including the applicable Delivery Point(s) as set forth in Special Condition 4 subject to the terms of Special Condition 5.A. above), and may elect to ship portions of the Baseload Quantities with more than one Transporter in any Month. Shell Energy shall notify JEA of the Transporter or Transporters for the Baseload Quantity that it has elected to use for any Month and the corresponding Delivery Point(s) (and, if more than one Transporter is elected, the corresponding quantities for each Transporter) by no later than five (5) Trading Days prior to the beginning of such Month of delivery. If Shell Energy does not provide notice by the preceding deadline with respect to any Month then Shell Energy will be deemed to have elected to use the SONAT pipeline system for the entire Baseload Quantity for such Month. Shell Energy will not during the course of any Month change Transporter(s) from the Transporter(s) it has elected to use (or been deemed to have elected to use) under this Special Condition without prior permission from JEA unless otherwise permitted or required to do so hereunder.

C. JEA shall make arrangements for all transportation services (and, subject to the provisions of Section 6.3, shall bear all costs and expenses thereof) required downstream to effect the receipt of all Gas purchased hereunder at the Delivery Point(s). The parties shall cooperate to ensure that nominations are made in a timely manner to the respective party's Transporter, if any, and that actual deliveries and receipts comply with such Transporters' FERC Gas Tariff(s) and other applicable operational procedures, if any.

D. Consistent with Section 4.3 of the Base Contract, each party shall as soon as reasonably possible notify the other party of any notice received from its Transporter that indicates the existence of any material imbalance or other circumstances that may give rise to a material penalty or charge in connection with Gas deliveries or receipts hereunder. The parties agree to cooperate in taking such action as may be reasonably necessary to ensure that penalties and charges are avoided or minimized as much as reasonably possible.

## **6. Modification of Cover Standard Damages for this Transaction Confirmation.**

Cover Standard Plus. In the event of a delivery failure or receipt failure of the Baseload Quantity on any Day during the Delivery Period (and not excused by Force Majeure or one's performance is excused due to the breach of such Firm performance obligation of the other party) then the non-performing party will be assessed Cover Standard damages as provided under Section 3.2 of the Base Contract plus additional liquidated damages of \$.02/MMBtu on the portion of the Baseload Quantity that such party failed to receive or deliver, as applicable.

**7. Process for Reduction of Baseload Quantities Due to JEA Muni-Prepay Transactions.** From time to time, a portion of the Baseload Quantity (the "Prepay Quantity") may be reduced in the event that JEA enters into certain Gas supply transactions with a revenue bond seller/long term gas supplier ("Muni-Prepay Seller") under a corporate backed municipal bond-prepaid natural gas deal structure; provided, the parties acknowledge that Shell Energy will sell and the Muni-Prepay Seller will purchase Gas at the same Delivery Points specified under this Transaction Confirmation in an amount equal to the Prepay Quantity pursuant to a separate and existing gas sales agreement and transaction confirmation between Shell Energy and the Muni-Prepay Seller (the "Shell-MPS Agreement"), and that such Muni-Prepay Seller will thereafter sell the Prepay Quantity to JEA or its designee pursuant to a separate arrangement (the "JEA-MPS Agreement"). The Muni-Prepay Seller must (i) be an existing customer currently enabled with Shell Energy to do Gas transactions, (ii) pass Shell Energy's anti-

bribery and corruption screening process, (iii) meet Shell Energy's credit requirements for such Shell MPS Agreement. If JEA wishes to reduce the Baseload Quantity with a potential Muni-Prepay Seller that doesn't meet the criteria of (i)-(iii) immediately above, then Shell Energy shall not be obligated to reduce and re-sell such portion of the Baseload Quantity as described herein.

If at any time after issuance of the bonds relating to the JEA-MPS Agreement and prior to expiration of the Delivery Period (x) such bonds (or any bonds issued to refinance them) cease to be outstanding, or (y) the Shell-MPS Agreement or the JEA-MPS Agreement terminates for any reason, JEA shall provide written notice of the occurrence of such event specified in: (x) or (y) immediately above to Shell Energy within ten (10) Days of its occurrence and the Baseload Quantity shall automatically be increased by the amount of the Prepay Quantity as of the first Day of the Month following the Month in which such event occurs, and continue thereafter for the remainder of the Delivery Period, provided, however, that the resulting Baseload Quantity shall at no time exceed the amounts set forth in Section 2 of this Transaction Confirmation.

JEA and Shell Energy acknowledge, as of the time of execution of this Transaction Confirmation, there is an existing Prepay Quantity transaction which effectuates a reduction of 3,000 MMBtus/Day of the Baseload Quantity per that certain JEA muni-prepay transaction and Shell Energy's corresponding transaction with such Muni-Prepay Seller, Public Gas Partners, Inc., which shall not extend beyond five years at any time during the Delivery Period of this Transaction Confirmation. Any future Pre-Pay Quantity reductions that are effectuated pursuant to this Special Condition 7 shall be further evidenced via a written Notice between Shell Energy and JEA documenting such Prepay Quantity and corresponding Baseload Quantity reduction.

#### **8. Other Matters:**

**Ratable Delivery and Takes.** Seller shall deliver and Buyer shall receive Gas hereunder in accordance with the operating parameters of applicable Transporter(s).

**Replacement Index.** If a Contract Price is based on a published index (the "Index Price") and during the Delivery Period of this Transaction Confirmation (i) the applicable publication is no longer published and no successor is named, or (ii) the applicable publication ceases to publish or update a price report providing the information specified in the definition of the Index Price, or (iii) the applicable publication materially alters the basis upon which the Index Price is determined and reported (the date that the first of such events occurs being herein called the "Redetermination Date"), then the parties shall promptly meet, following the request of either party, to negotiate in good faith in or to agree upon an alternate publication for the purposes of determining the Index Price. If the parties fail to agree on an alternative price or reference publication within thirty (30) days of the Redetermination Date, then the Index Price will be determined with each party obtaining a good faith quote from a leading, investment grade, non-affiliated dealer in the relevant market and averaging the two quotes.

**Change in Law.** If either Shell Energy's or JEA's activities hereunder become subject to law or regulation of any kind which renders the purchase and sale of Gas at the Delivery Point provided under this Transaction Confirmation illegal or unenforceable, then either party shall at such time have the right to deliver a notice of its intent to terminate this Transaction Confirmation to the other party, subject to Section 12 of the Contract and the satisfaction of the obligation to negotiate a new agreement under this Special Condition. Upon delivery of a Notice pursuant to this Special Condition by one party to the other, Shell Energy and JEA shall negotiate in good faith a new agreement resulting in substantially the same economic benefits as this Transaction Confirmation and if such negotiations do not result in a new agreement within thirty (30) Days of the start of such negotiations (or such longer time period to which the parties may agree), either party may terminate this Transaction Confirmation upon ten (10) Days advance written notice to the other party.

**Conflicts.** To the extent there are conflicts between this Transaction Confirmation and the Base Contract, including the Special Provisions to the Base Contract, such conflicts will be resolved in favor of this Transaction Confirmation.

**Force Majeure.** In the event that an Event of Force majeure declared by either party continues for a period of six months or more, either Party shall have the right to terminate this Transaction Confirmation, on ten (10) days written notice to the other Party.

**Dodd-Frank Treatment:** The parties agree that this transaction is a forward contract within the meaning of the Commodity Exchange Act (CEA), as amended, and the Rules of the Commodity Futures Trading Commission ("Forward Contract"), and in reliance upon such agreement, as of the date the transaction is entered into:

- (i) each party represents to the other that it is a commercial market participant with respect to the specified commodity;
- (ii) each party represents to the other that it intends to make or take physical delivery of the specified nonfinancial commodity; and
- (iii) if this transaction includes any volumetric optionality, the holder of such optionality represents to the other party: (a) that such optionality is primarily intended to address physical factors (such as weather, environmental factors, customer demand, available production, transport, shipping, operational constraints, or other physical factors) or regulatory requirements that reasonably influence demand for, or the supply of, the specified nonfinancial commodity; and (b) that such optionality is not primarily intended to address price risk.

To the extent the transaction is deemed to be a commodity option:

- (i) the seller of the option represents to the buyer of the option that in connection with this transaction, the seller of the option is either (a) an eligible contract participant ("ECP") as defined in section 1a(18) of the Commodity Exchange Act ("Act") and the regulations of the Commodity Futures Trading Commission ("CFTC"), or (b) a producer, processor, commercial user of or a merchant handling the commodity that is the subject of this transaction, or the products or byproducts thereof, and is offering or entering into this transaction solely for purposes related to its business as such;

(ii) the buyer of the option represents to the seller of the option that in connection with this transaction the buyer of the option is a producer, processor, commercial user of or a merchant handling the commodity that is the subject of this transaction or the products or byproducts thereof and is offering or entering into this transaction solely for purposes related to its business as such; and  
(iii) each party represents to the other that the option, if exercised, would result in the sale of an exempt commodity for immediate or deferred delivery.

This Transaction Confirmation is being provided pursuant to and in accordance with the above referenced Contract between Shell Energy and JEA and constitutes part of and is subject to all of the provisions of the Contract. With respect to the above stated deal identification number (Deal #) identifying this specific "Transaction", this Transaction Confirmation shall supersede any prior confirmations of this specific Transaction.

**JEA**

**Shell Energy North America (US), L.P.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Please return the signed confirmation to FAX: (713) 265-2171

Questions and comments should be directed to Contract Administration at: Phone: (713) 230-7505 Fax: (713) 265-2171.

**Shell Energy North America (US), L.P. 1000 Main Street, Level 12 Houston, TX 77010**

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# Presentation to Board of Directors of JEA

October 22, 2019

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J.P.Morgan Morgan Stanley

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## Presenters

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### J.P. Morgan Team

**Jennifer Dooly**  
Managing Director  
*Global Power & Utilities*

**Isaac Sine**  
Executive Director  
*Head of Public Power*

### Morgan Stanley Team

**Todd Giardinelli**  
Managing Director  
*Global Head of Power & Utility M&A*

**Edward Manheimer**  
Managing Director  
*Global Power & Utility M&A*

## Role of the Investment Banks

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- JEA engaged J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC to act as financial advisors in connection with JEA's Invitation to Negotiate Various Strategic Alternatives
  
- Scope of engagement includes the following:
  - Support administration of the process
  
  - Industry and market analysis
  
  - Supporting JEA as subject matter experts
  
  - Advising negotiation team on a potential transaction
  
  - At your request and to the extent applicable, render an opinion as to fairness of the consideration received from a financial point of view

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## Competitive Process Aligned with JEA's Goals

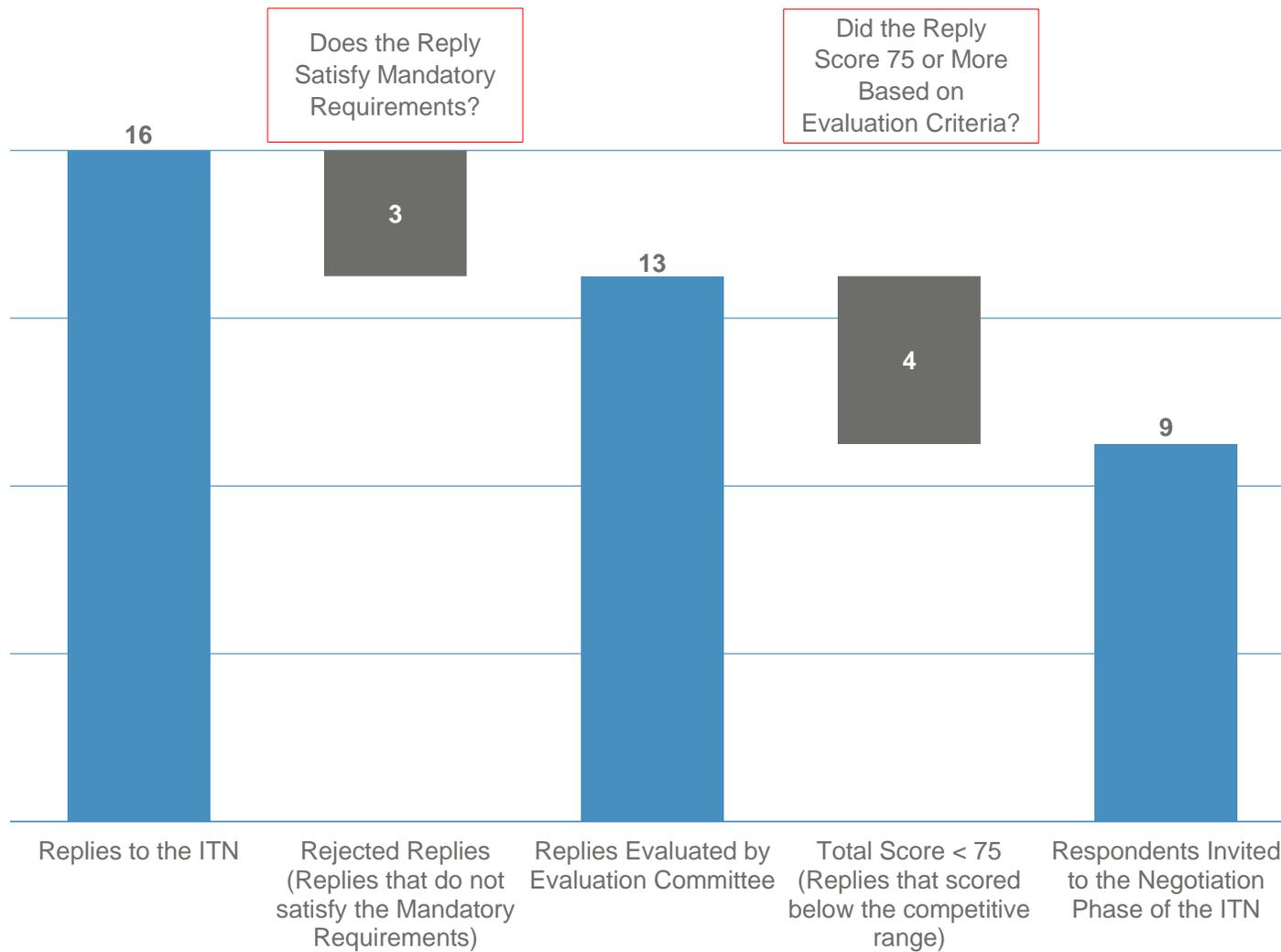
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- Process launched on August 2, 2019 with issuance of press release and Invitation to Negotiate (the “ITN”) posted to JEA’s website at [www.jea.com/strategicalternatives](http://www.jea.com/strategicalternatives)
- The process was widely covered in the press as well as industry publications, creating broad awareness among potentially interested parties
- Process designed to meet, or exceed, the minimum requirements outlined in the ITN, that are aligned with JEA’s goal of maximizing customer, community, environmental, and financial value over the long-term
- Potential strategic alternatives listed in the ITN include but are not limited to:
  - Operational changes
  - Structural changes
  - Joint Ventures
  - Development Partnerships
  - Community Ownership
  - Initial Public Offering
  - Corporate Ownership
  - Private Placement
  - Technology Conversion
  - Oil & Gas Conversion
  - Utility Ownership
  - Another recapitalization of the business
- On October 7, 2019, JEA received 16 Replies to the ITN <sup>(1)</sup>

**Note**

1. A 17<sup>th</sup> Reply was received; however, JEA determined the Reply was not submitted in accordance with the submittal requirements of the ITN. Accordingly, JEA did not open the contents of this submittal and returned it back to the Respondent.

# Evaluation Phase Overview



- Respondents Invited to the Negotiation Phase**
- American Public Infrastructure, LLC
  - American Water Works Company, Inc.
  - Duke Energy
  - Emera Inc.
  - JEA Public Power Partners: A Consortium of Bernhard Capital Partners, Emera Inc., and Suez
  - IFM Investors PTY LTD
  - Macquarie Infrastructure and Real Assets Inc. (MIRA Inc.)
  - NextEra Energy
  - Respondent A <sup>(1)</sup>

**Note**

1. Respondent denied consent to JEA to disclose its name

## All Respondents Invited to Negotiation Phase Indicated They Can Meet Minimum Requirements

	Minimum Requirements	Requirement Validated
<b>Financial</b>	<ul style="list-style-type: none"> <li>■ &gt;\$3 billion of value to the City of Jacksonville</li> </ul>	✓
<b>Customers</b>	<ul style="list-style-type: none"> <li>■ &gt;\$400 million of value distributed to customers (\$350+ rebate to each JEA account; \$1,400+ rebate for customers with electric, water, sewer and irrigation accounts)</li> <li>■ At least 3 years of contractually guaranteed base rate stability for customers</li> </ul>	✓
<b>Environmental</b>	<ul style="list-style-type: none"> <li>■ Commitment to develop and provide the City of Jacksonville and the Duval County Public Schools system with 100% renewable electricity by the year 2030</li> <li>■ Commitment to develop and provide 40 million gallons per day (“MGD”) of alternative water capacity for Northeast Florida by the year 2035</li> </ul>	✓
<b>Community Impact</b>	<ul style="list-style-type: none"> <li>■ Protection of certain employee retirement benefits</li> <li>■ Maintenance of substantially comparable employee compensation and benefits three years</li> <li>■ Retention payments to all full-time employees of 100% current base compensation</li> <li>■ Commitment to new headquarters and employees in downtown Jacksonville contributing to the economic development of the community</li> </ul>	✓

## Initial Public Offering Process

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- Develop Corporate Structure
- Establish Governance and Financial Controls and Obtain Regulatory Approvals
- Prepare Financial Statements
- Draft and File Registration Statement on Form S-1 and Prospectus
- Launch Marketing Process

## Next Steps in the Process

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### Anticipated Timeline

<b>October 15</b>	Beginning of Negotiation Phase
<b>End of October</b>	Data room opened and Respondent due diligence begins
<b>October / November</b>	Respondents will be invited to submit further refined Replies demonstrating ability to meet Minimum Requirements; exploration of strategic alternatives
<b>End of November</b>	Revised Replies Due
<b>December – January</b>	Further discussions with respondents and further exploration of strategic alternatives
<b>January – March</b>	<p>Receipt of “Best and Final” Offers from respondents; Negotiation Team recommendation to Board regarding options and strategic optimization</p> <p>JEA Board review of recommendation / Final Selection and Notice of Intent to Award</p> <p>JEA’s Board selects one of five potential scenarios as path forward for JEA</p> <ul style="list-style-type: none"><li>- Scenario #1: Status Quo Plan;</li><li>- Scenario #2: Traditional Utility Response Plan;</li><li>- Scenario #3: Community Ownership Plan;</li><li>- Scenario #4: Initial Public Offering (IPO) Plan; or,</li><li>- Scenario #5: Strategic Alternative from ITN #127-19</li></ul>

# Agenda

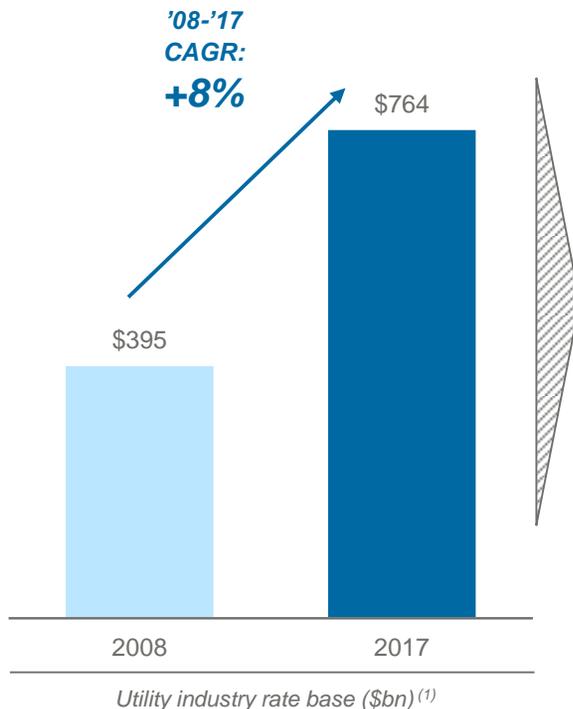
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	Page
1 Introduction	5
2 Process Update & Next Steps	8
<b>3 Strategic Environment Update</b>	<b>14</b>

# Over the last 10 years, U.S. utilities have made critical infrastructure improvements while maintaining low customer rates

- The rates impact of robust rate base growth over the last 10 years has been largely offset by three principal factors: (i) lower fuel costs; (ii) lower cost-of-capital; and (iii) tax reform – **these will largely not be rate mitigants going forward**

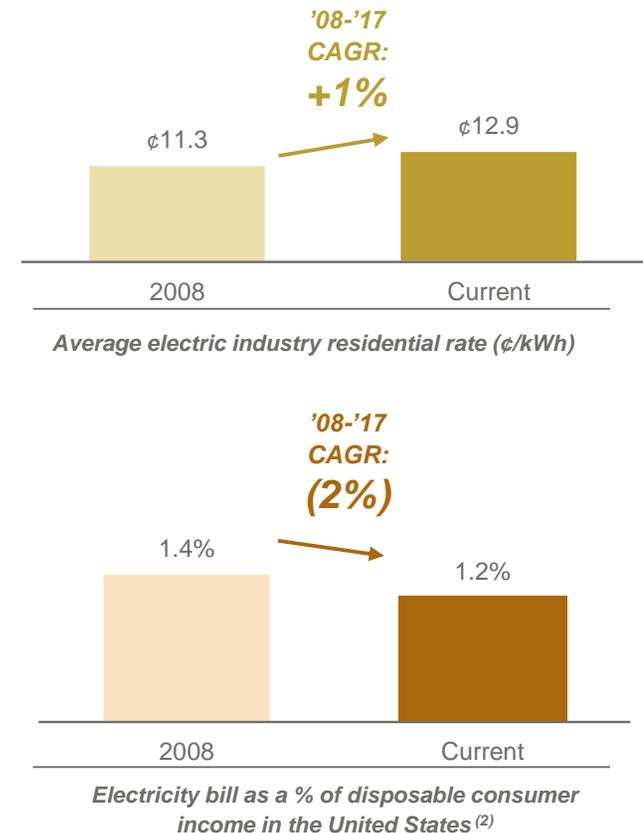
## Critical infrastructure investment...



## ...was offset by...

- Decreased fuel costs
- Low cost of debt
- Tax reform

## ...resulting in marginal customer rate increases

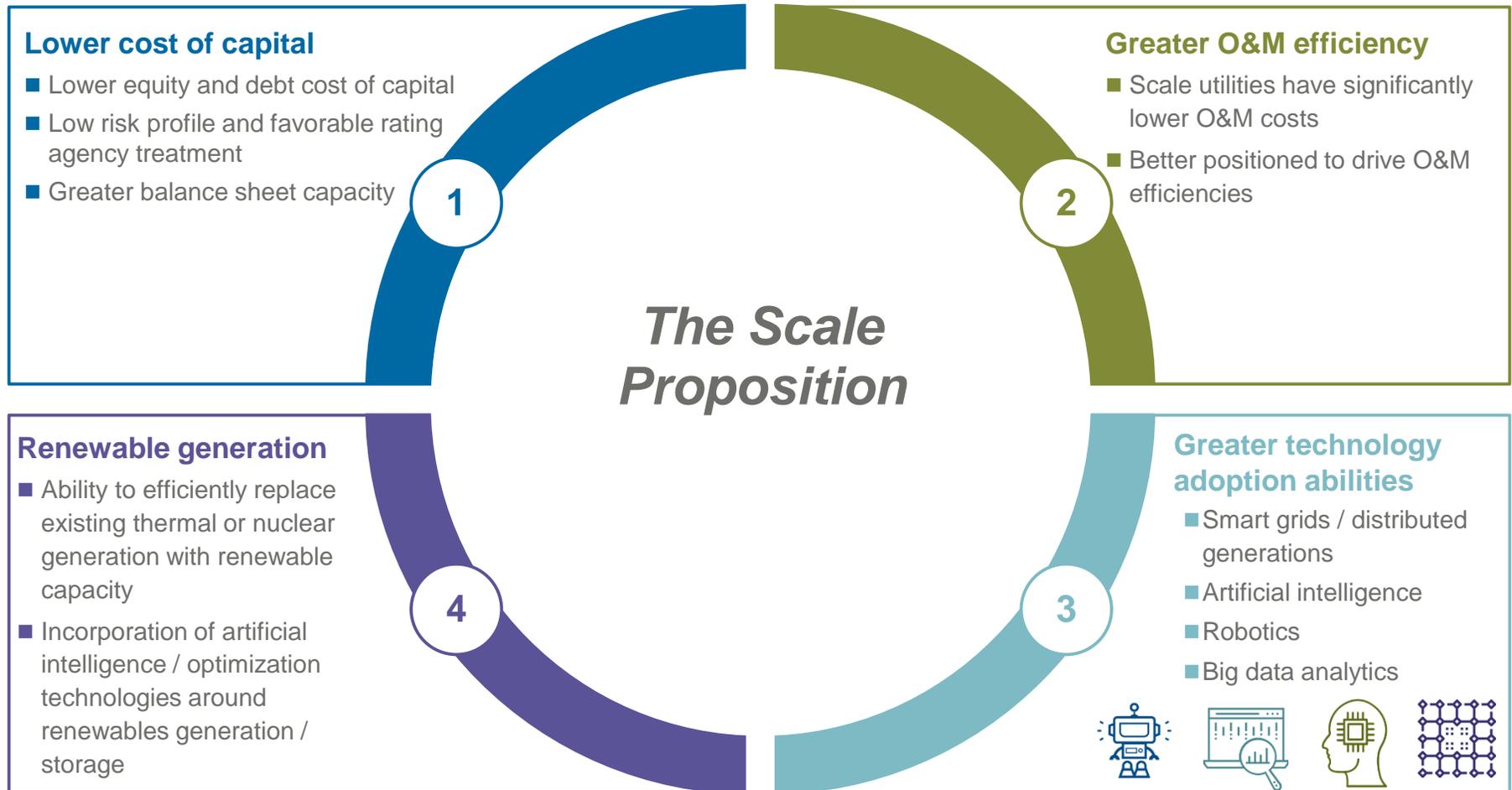


### Notes

- Based on net utility plant, used as a proxy for rate base
- Sourced from Bureau of Economic Analysis

# Rate Sustainability Going Forward: The Scale Proposition

- Scale and scope are increasingly important for U.S. Utilities, with capital and operational efficiencies essential to create the customer rate offsets necessary to continue critical infrastructure improvements



# Disruption Facing the Utility Sector

## Increasing Need to Balance Customer Rates, Growth and Stability with Longer Term Disruptive Trends

- 1 Declining costs for renewables
  - Wind, solar and storage economics will continue to improve, displacing old “brown plants” and impacting utilities’ decision making processes
- 2 Increased penetration of Distributed Energy Resources
  - Innovation and the internet of things
  - New customer facing distributed energy technology
  - Intensity / frequency of natural disasters
  - Corporate sustainability goals
  - Attracting competition from new entrants (industrial equipment, mechanical engineering, cable, technology)
- 3 Increased Customer Focus (Commercial, Residential)
  - Companies responding to customers’ demand for energy efficiency, smart home and connected home offerings
  - Corporate ESG policies are driving increased demand for renewable energy development through corporate PPAs

Implications for Utilities Business Model	Impact
<b>1 Load Defection</b> – Revenue may erode if no decoupling policies or exit fees	
<b>2 Risk of Stranded Assets</b> – As utilities are unable to recover their invested capital	
<b>3 Customer Engagement</b> – Two-way communication between utilities and end customers	



## Concluding Remarks

---

- Consolidation continues to remain a theme in the utility sector
- Macro conditions provide supportive backdrop for utility sector (i.e. low interest rate environment)
- Scale allows for greater operating leverage and efficiency of costs
- Disruption in the sector applying pressure on utility returns – customers want a say in power and efficiency
- Push for decarbonization is impacting all aspects of the utility model
- Utilities are responding accordingly



**INTER-OFFICE MEMORANDUM**

October 21, 2019

**SUBJECT: CEO PERFORMANCE EVALUATION**

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**FROM:** Lynne C. Rhode, Chief Legal Officer

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**TO:** JEA Board of Directors

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**BACKGROUND:**

The CEO performance review process and appraisal tool are in accordance with satisfying certain terms and conditions required of the Board of Directors in the CEO's Employment Agreement dated July 23, 2019. Accordingly, JEA's Board of Directors shall:

"Once every twelve (12) months (Measured from, and contemporaneous with, the completion of JEA's annual audit), JEA shall conduct a performance review of Employee, including a review of market pricing peer group assessment of Employee's Annual Base Salary by a nationally recognized compensation consultant and shall discuss the results of such a review with Employee. The Board shall make modifications to Employee's Annual Base Salary as deemed to be appropriate based upon this annual review of Employee's performance."

The performance appraisal process for the CEO is conducted in the same manner and at the same time as performance appraisals of each JEA employee.

**DISCUSSION:**

Attached is the composite CEO performance review based upon the result of the Compensation Committee members' review and input from the CEO.

**RECOMMENDATION:**

That the board find that the CEO has met the standards of the performance review for 2019 and no adjustment to the CEO employment agreement be made.

---

Lynne C. Rhode, Chief Legal Officer

LCR

**Resolution No. 2019-15**

**A RESOLUTION ADOPTING 2019 CEO  
PERFORMANCE REVIEW AND CONFIRMING  
NO ADJUSTMENT TO CEO EMPLOYMENT AGREEMENT**

**WHEREAS**, The CEO performance review process and appraisal tool are in accordance with satisfying certain terms and conditions required of the Board of Directors in the CEO's Employment Agreement dated July 23, 2019; and

**WHEREAS**, the CEO has met or exceeded the metrics of the performance review process as confirmed by the composite report of the Compensation Committee.

**BE IT RESOLVED** by the JEA Board of Directors that:

1. That the CEO has met the standards of the performance review for 2019 and no adjustment to the CEO employment agreement be made.
2. This Resolution shall be effective immediately upon passage.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

JEA

By: \_\_\_\_\_  
Chair

Form Approved:

\_\_\_\_\_  
Lynne C. Rhode  
Chief Legal Officer

## **Performance Appraisal Process for the CEO**

This process and appraisal tool are in accordance with satisfying certain terms and conditions required of the Board of Directors in the CEO's Employment Agreement dated July 23, 2019. Accordingly, JEA's Board of Directors shall:

“Once every twelve (12) months (Measured from, and contemporaneous with, the completion of JEA's annual audit), JEA shall conduct a performance review of Employee, including a review of market pricing peer group assessment of Employee's Annual Base Salary by a nationally recognized compensation consultant and shall discuss the results of such a review with Employee. The Board shall make modifications to Employee's Annual Base Salary as deemed to be appropriate based upon this annual review of Employee's performance.”

The performance appraisal process for the CEO is conducted in the same manner and at the same time as performance appraisals of each JEA employee.

## **Importance of Performance Appraisal**

Performance appraisal / evaluation is the regular process of both formally and informally providing feedback about an individual's implementation of his / her responsibilities. All employees deserve and expect ongoing feedback, whether formal or informal. And all employees should expect a formal appraisal, conducted annually by the supervisor. 100% of JEA's employees are subject to annual performance reviews and the process outlined below mirrors the standard evaluation process for the balance of JEA employees.

The CEO assures proper and timely appraisal for all organization employees. The CEO is responsible for an effective process that retains and supports the best employees, and provides appropriate intervention with those requiring improvement.

## **CEO Performance Appraisal Process**

The Chair of the Compensation Committee for of the Board of Directors manages the performance appraisal process of the CEO and conducts the performance appraisal interview.

To assure continuity, at least two additional members, beyond the Chair of Compensation Committee, will participate in the review of the CEO.

### **Compensation Committee Responsibilities**

- Draft and secure Board approval for the CEO job description<sup>1</sup>.
- Design and manage the CEO Performance Appraisal Process, then recommend to the Board for discussion and action. The Board formally approves the process and tools.<sup>2</sup>

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<sup>1</sup> Based on the JEA Board of Director approved CEO Position Specification dated July 30, 2018.

<sup>2</sup> The process and tools are as provided for in this memorandum.

- Complete the formal Performance Appraisal Process by the October JEA Board of Directors meeting, which is the meeting immediately following the end of the fiscal year for JEA (September 30).
- Recommend changes, if any, to the CEO's Employment Agreement for Board consideration and action.
- Finalize with CEO input a set of goals and objectives for the next fiscal year which will be utilized by for the CEO Performance Appraisal Process the following year.

### **Performance Appraisal Ratings**<sup>3</sup>

**Exceeds expectations (EE)** – The individual is making an exceptional, significant contribution to the organization. This person constantly accepts responsibilities beyond those of the job held and continuously exceeds expectations regarding completion of work assignments. There are few areas regarding performance of job responsibilities in which he/she could improve.

**Meets expectations (ME)** – The individual is a steady, consistent, dependable performer and carries out duties in a fully responsible and effective manner. Meets and occasionally exceeds expectations regarding job responsibilities and completion of work assignments. Even though present performance is acceptable, there may be areas regarding performance of job responsibilities in which the person should improve.

**Needs improvement (NI)** – The individual falls below standards or expectations. It is expected that with the appropriate improvement plan, performance will reach a fully satisfactory level within a specified time period.

### **Steps in the CEO Performance Appraisal Process**

- 1) Chair of Compensation Committee reviews Performance Appraisal Process, informs the Compensation Committee members of the process start, and invites Compensation Committee members to provide any comments to the process.
- 2) CEO completes self-performance review utilizing the same tool and submits to task force.
- 3) Each member of the Compensation Committee meets and conducts appraisal process while comparing results to CEO.
- 4) Chair of Compensation Committee prepares final forms and then drafts a cover memo for Board review and action. The memo summarizes strengths and weaknesses, goals, improvement and development plans, and recommends the overall performance status.
- 5) The Chair presents the results of the CEO Performance Appraisal Process to the Board to discuss the results and recommendations.
- 6) The Board discusses the appraisal memo and merit recommendation – and makes changes, if any, as it desires.
- 7) The Board then acts and minutes reflect action and are filed in the permanent record.

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<sup>3</sup> Performance appraisal ratings are based on standardized ratings utilized to evaluate all JEA employees in yearend Performance Review

- 8) The Chair then meets with the CEO to discuss the results of the appraisal process, and the resulting Board decision.

### **Position Summary**<sup>4</sup>

JEA seeks to hire a forward-thinking, innovative leader capable of conducting a strategic review of JEA and the industry landscape to establish the long-term plans and objectives ensuring JEA will be relevant and agile to adapt and thrive for decades to come. The Managing Director & Chief Executive Officer (“CEO” henceforth) will be responsible for establishing the overall direction of JEA, leading the business and overall activities of the organization, and ensuring near and long-term financial success and sustainability. The CEO will be tasked with identifying new lines of business and revenue sources for JEA as well as establishing a culture of continuous improvement and commercial success, always seeking ways to improve efficiency and profitability.

The CEO will design the appropriate organizational structure to support this strategy and is responsible for ensuring that the organization attracts and retains a diverse mix of talent with the leadership, operational, and commercial skills to drive a culture of internal and external innovation, process excellence, and risk management.

In addition to working closely with the Board and his/her Executive Management Team, this position will also work with public officials, customers, industry leaders, suppliers, the financial community, and environmental groups to ensure JEA continues to meet or exceed its objectives in the safest, most reliable and cost effective manner.

### **Responsibilities**<sup>5</sup>

- Provide strategic leadership for the organization by developing and implementing the strategic vision that outlines the long-term role of JEA in the Jacksonville metro, the state of Florida, and the utility industry as a whole. Working across the stakeholder community, the CEO will conduct a detailed assessment of business including its current objectives, market opportunities for business line expansion and revenue growth, operational delivery capabilities, and customer service to develop the near and long-term goals of JEA. Pivotal to the strategic plan developed will be the identification of potential additional revenue streams including competitive and retail offerings such as retail solar, energy efficiency services and equipment sales and / or leasing, leveraging JEA’s Dark Fiber and other infrastructure assets, electrification of Jacksonville’s transportation fleet, gas to electric energy conversions, etc.
- In support of the business strategy developed, design and implement the appropriate organizational structure to support a nimble, collaborative, and innovative culture and enhanced delivery capabilities. Utilize new-to-JEA collaboration and workflow initiatives (idea generation forums, customer feedback reviews, internal / external think tanks, etc.) to create a consistent internal engine idea generation for growth and improvement.

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<sup>4</sup> Based on the JEA Board of Director approved CEO Position Specification dated July 30, 2018.

<sup>5</sup> Ibid.

- Establish the appropriate policies to support the business strategy that enable creativity, diversity, and commercial growth while also protecting the assets, people, and information of JEA and those it serves.
- Facilitate stakeholder communication of strategy to gain buy-in; clearly and continuously articulate the business strategy/direction to the Board of Directors, regulators, senior management team and all employees.
- Effectively communicate risk and opportunity to facilitate decision making, prioritization and measurement of operating performance against plan.
- Represents JEA with its major customers, the financial community, the public, and other stakeholders including local, state, and national forums.
- Manage company operations to ensure operational efficiency, safety, quality service and cost-effective use of resources. Identify and implement ongoing financial and operational improvements.
- Define and execute a workforce development plan to attract and engage a high performing team with the skills and competencies necessary to accomplish the goals of JEA today and in the future. Identify and mentor future leaders for the organization, creating a workplace of safe, reliable, cost-effective service with excellent customer experience.
- Enhance and maintain relationships with key constituents across the region and the industry including elected officials, industry leaders, suppliers, environmental groups and customers. Communicate effectively to stakeholder groups with messaging appropriate for the audience.
- Define and oversee JEA's Disaster Preparedness Plan and ensure the appropriate training, logistics plan, and communication equipment are in place to respond to emergency / disaster situations.
- Lead public policy and public affairs activity, serving as the primary spokesperson for the agency locally, regionally and nationally.
- Increase understanding of the role of JEA in economic development efforts across the region. Participate actively in legislative and regulatory initiatives regionally and nationally.
- Promote strong fiscal accountability and responsibility.
- Develop a culture of productivity, diversity, efficiency, flexibility, and accountability to customers. Help JEA continue to evolve its internal development capabilities and be a top employer of choice with a diverse employment base with varying backgrounds.

**Performance Review from Camille Lee-Johnson**

**Performance on key responsibilities of the job description:**

Use Performance Appraisal Ratings (described above): Exceeds Expectations (EE), Meets Expectations (ME), Needs Improvement (NI). When using NI, please give specific example(s) below the goal statement:

<b>Responsibility</b>	<b>CEO Self - Rating</b>	<b>BOD Rating</b>
<b><u>Mission, policy and planning</u></b>		
1. Helps Board determine vision, mission, and values <sup>6</sup>	EE	EE
<p>Note: Proactively worked with JEA’s Board, employees, City Council and civic leaders to finalize: i) the JEA Strategic Framework on August 21, 2018; and ii) the JEA Guiding Principles on January 24, 2019.</p>		
2. Helps Board monitor and evaluate organization’s relevancy, effectiveness and results	ME	EE
<p>Note: Established rhythm of JEA’s Corporate Dashboard and metrics management to provide clear and concise overview and review of JEA’s performance and operational health.</p>		
3. Keeps Board fully informed regarding organization’s condition and important factors influencing performance and resources	ME	EE
<p>Note: Worked with Chair of the Board to established specific Board agenda sections: i) Operations; ii) Strategy; iii) Subject Matter Exploration. This sectional approach provided transparency and framed dialog with Board and public to better inform on the ‘condition and important factors influencing performance and resources.’ Additionally, established significant information channels around major issues such as Vogtle, cybersecurity, enterprise risk management, etc.</p>		
4. Keeps Board fully informed of developments in the organization’s mission, measures of value, general business management and operational performance	ME	ME
<p>Note: September 24, 2019 JEA Corporate Metrics Dashboard and Performance Presentation for FY19.</p>		
5. Assures appropriate policies are in place to guide the organization’s work in all functional areas	ME	ME

<sup>6</sup> See Board of Director approved Guiding Principles

Note:		
<b>Operational and Financial Results</b>		
1. Deliver operational and financial results in line with Board approved metrics set in October 2018 (See JEA Metrics Dashboard)	EE	EE
Note: See FY19 JEA Corporate Dashboard for results.		
2. Drives corporate culture and work environment to ensure safe and high-quality performance of employees	ME	ME
Note: See JEA OHI Presentation from February 26, 2019.		
3. Actively recruits, trains, and retains talent at a Senior Leadership level to drive the organizations Vision, Mission and Corporate Measures of Value	EE	ME
Note: Quickly recruited, established, and organized a high-performing Senior Leadership Team to both execute on the business and plan for future aspects of JEA.		
4. Sets clear annual Goals and Metrics for organization to drive value	ME	ME
Note: Restructured JEA's performance and goal cascade to tie all 2,000 employees goals and metrics to the CEO's goals and metrics.		
<b>Governance</b>		
1. Works effectively with Board, its officers and committees to define roles and responsibilities while elevating performance of the entire group	ME	ME
Note:		
2. Works with Board Chair to enable Board to fulfill its governance, oversight and regulatory function to assure timely attention to core issues	ME	ME
Note:		

3. Works with Board Chair to focus Board attention on long-range strategic issues	ME	ME																																																																																																																																																																																																																																			
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4. Frames significant questions and complex issues in ways to facilitate Board discussion, deliberation and action	ME	ME																																																																																																																																																																																																																																			
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<b>Finance</b>																																																																																																																																																																																																																																					
1. Oversees financial performance of organization to maintain appropriate ratings metrics and risk management (ERM)	ME	EE																																																																																																																																																																																																																																			
Note: See September 30, 2019 JEA Enterprise Risk Management Registry (attached)																																																																																																																																																																																																																																					
2. Promotes culture, programs and services that are cost effective while maintaining high-level of customer service (reliability / affordability) and satisfaction (JD Powers)	ME	ME																																																																																																																																																																																																																																			
Note: Performed Organizational Health Index measurements as first step of Strategic Planning in January 2019. This was completed in order to understand a baseline of JEA's organizational health and to develop a cultural development roadmap. See JEA OHI Presentation from February 26, 2019.																																																																																																																																																																																																																																					
JEA delivered highest ever residential customer satisfaction score for JD Powers in 2019.																																																																																																																																																																																																																																					
<p><b>Corporate Metrics Dashboard</b></p> <p>As of August 31, 2019</p> <table border="1"> <thead> <tr> <th>Metrics for FY19 Goals</th> <th>2016 Actual</th> <th>2017 Actual</th> <th>2018 Actual</th> <th>2019 YTD</th> <th>2019 Goal</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td><b>Customer Value</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>JEP Customer Satisfaction Index - Residential</td> <td>2nd Quartile</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>JEP Customer Satisfaction Index - Business</td> <td>1st Quartile</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Customer Response Time (min.) W/W System</td> <td>67</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Overall First Contact Resolution</td> <td>70.4%</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Estimated Time of Restoration Accuracy</td> <td>89%</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Grid Performance: Frequency (outages/year)</td> <td>1.4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Grid Performance: Outage Duration (minutes/year)</td> <td>71</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Grid Performance: CEMIS (% cust. &gt; 5 outages/year)</td> <td>1.40</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Water Unplanned Outages (% cust.)</td> <td>4%</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Water Distribution System Pressure (avg min &lt; 90 psi)</td> <td>2.1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>Financial Value</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Net Write-Offs</td> <td>0.14%</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Generation Fleet Reliability (forced outage rate)</td> <td>2.0%</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Percent of Net O&amp;M Budget</td> <td>93%</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Cost Reduction Metric (\$000)</td> <td>525,154</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>Community Impact Value</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Capital Invested (\$000)</td> <td>229,045</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Safety (BRI)</td> <td>1.62</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>JEA Volunteers</td> <td>985 Acquaintances</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>JEP Spend (\$000)</td> <td>29,500</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>Environmental Value</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Electric System Environmental Compliance (permit exceedances)</td> <td>0</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Consumptive Use Permit Compliance</td> <td>Yes</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Nitrogen to the River (tons)</td> <td>5.27</td> <td>5.58</td> <td>5.50</td> <td>3.67</td> <td>6.15</td> <td>-2.49</td> </tr> <tr> <td>Sanitary Sewer Overflows (SSOs) (per 100 miles of pipe)</td> <td>0.66</td> <td>1.16</td> <td>0.68</td> <td>0.67</td> <td>0.68</td> <td>78D</td> </tr> </tbody> </table> <p><b>HIGHEST EVER RESIDENTIAL CUSTOMER SATISFACTION</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Score</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>647</td> </tr> <tr> <td>2017</td> <td>692</td> </tr> <tr> <td>2018</td> <td>703</td> </tr> <tr> <td>2019 YTD</td> <td>747</td> </tr> <tr> <td>2019 Goal</td> <td>737</td> </tr> <tr> <td>2019 Actual</td> <td>756</td> </tr> </tbody> </table> <p>Notes: 2017 Rank: Residential Value: 747</p> <table border="1"> <thead> <tr> <th>Category</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019 YTD</th> <th>2019 Goal</th> </tr> </thead> <tbody> <tr> <td>JEA Quartile Industry</td> <td>3</td> <td>1</td> <td>2</td> <td>1</td> <td>2</td> </tr> <tr> <td>JEA Rank Industry</td> <td>75/138</td> <td>30/140</td> <td>37/137</td> <td>21/138</td> <td>44/138</td> </tr> <tr> <td>JEA Rank Florida</td> <td>7/11</td> <td>5/11</td> <td>6/11</td> <td>5/11</td> <td>6/11</td> </tr> </tbody> </table> <p>Residential</p>			Metrics for FY19 Goals	2016 Actual	2017 Actual	2018 Actual	2019 YTD	2019 Goal	Variance	<b>Customer Value</b>							JEP Customer Satisfaction Index - Residential	2nd Quartile						JEP Customer Satisfaction Index - Business	1st Quartile						Customer Response Time (min.) 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Note: See JEA strategic planning process in 2019.		
2. Effectively manages continuity, change and transition	ME	ME
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3. Sets and achieves clear and measurable goals and reasonable deadlines	ME	ME
Note: See JEA strategic planning process in 2019.		
4. Deals effectively with demanding situations and designs / implements effective interventions to manage risk and ensure organizational performance	ME	ME
Note: See September 30, 2019 JEA Enterprise Risk Management Registry (attached)		
5. Consistently displays all of the Company's Cultural Values – Safety, Service, Integrity, Growth <sup>2</sup> , Accountability and ideas <sup>7</sup>	ME	ME
Note:		

**See next page for overall rating and recommendation.**

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<sup>7</sup> See Board of Directors approved Guiding Principles

Overall Rating & Recommendation	CEO Self - Rating	BOD Rating
2018/2019 CEO Performance Rating	ME	ME

**Market Analysis of CEO Compensation:**

JEA's CEO compensation is between the 25<sup>th</sup> and 30<sup>th</sup> percentile of the market. Below is a summary of the market analysis conducted by Willis Towers Watson in 2019.

**CEO Competitive Market Pricing**  
**Market Pricing Details**

Chief Executive Officer		Competitive Market Data <sup>(1)</sup>		
Pay Component	Data Perspective	25th %ile	50th %ile	75th %ile
Base (\$000s)	Combined Peer Group	\$605.0	\$800.0	\$980.0
	Investor Owned Utility Peers	\$730.0	\$835.0	\$995.0
	Public Power Peers	\$475.0	\$580.0	\$920.0
Target Bonus % <sup>(2)</sup>	Combined Peer Group	48%	100%	108%
	Investor Owned Utility Peers	100%	100%	110%
	Public Power Peers <sup>(3)</sup>	---	---	---
Target TCC (\$000s)	Combined Peer Group	\$760.0	\$1,275.0	\$1,790.0
	Investor Owned Utility Peers	\$1,380.0	\$1,725.0	\$2,065.0
	Public Power Peers	\$515.0	\$720.0	\$985.0
LTI % <sup>(2)</sup>	Combined Peer Group	107%	125%	166%
	Investor Owned Utility Peers	213%	249%	331%
	Public Power Peers	---	---	---
Target TDC (\$000s)	Combined Peer Group <sup>(4)</sup>	\$1,515.0	\$2,270.0	\$3,010.0
	Investor Owned Utility Peers	\$2,845.0	\$3,970.0	\$5,110.0
	Public Power Peers	\$515.0	\$720.0	\$985.0

\*...\*= Data not available.

- (1) Target bonus percentages are represented as a percentage of base salary.
- (2) Long-term incentive (LTI) percentages are represented as a percentage of base salary. LTI figures are based on ASC 718 (FAS 123R) "accounting values". Given public utilities do not typically provide LTI, market data is not shown for the public power peers; therefore, the Combined Peer Group perspective reflects 1/2 of the reported market data because the data are comprised of responses from both public power and IOUs (average of public power and IOUs).
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- (4) Target TDC for the Combined Peer Group perspective is built up by using Base Salary, Target TCC, and LTI % data.
- (5) Market data greater than \$100,000 rounded to the nearest \$5,000.

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**Recommendation to Board:**

In consultation with the Chair of the Compensation Committee, the CEO believes no adjustment is necessary to the terms and conditions of his Employment Agreement.

**Performance Review from Andy Allen**

**Performance on key responsibilities of the job description:**

Use Performance Appraisal Ratings (described above): Exceeds Expectations (EE), Meets Expectations (ME), Needs Improvement (NI). When using NI, please give specific example(s) below the goal statement: Andy Allen Review

Responsibility	CEO Self - Rating	BOD Rating
<b><u>Mission, policy and planning</u></b>		
6. Helps Board determine vision, mission, and values <sup>8</sup>	EE	EE
<p>Note: Proactively worked with JEA’s Board, employees, City Council and civic leaders to finalize: i) the JEA Strategic Framework on August 21, 2018; and ii) the JEA Guiding Principles on January 24, 2019.</p>		
7. Helps Board monitor and evaluate organization’s relevancy, effectiveness and results	ME	ME
<p>Note: Established rhythm of JEA’s Corporate Dashboard and metrics management to provide clear and concise overview and review of JEA’s performance and operational health.</p>		
8. Keeps Board fully informed regarding organization’s condition and important factors influencing performance and resources	ME	ME
<p>Note: Worked with Chair of the Board to established specific Board agenda sections: i) Operations; ii) Strategy; iii) Subject Matter Exploration. This sectional approach provided transparency and framed dialog with Board and public to better inform on the ‘condition and important factors influencing performance and resources.’ Additionally, established significant information channels around major issues such as Vogtle, cybersecurity, enterprise risk management, etc.</p>		
9. Keeps Board fully informed of developments in the organization’s mission, measures of value, general business management and operational performance	ME	ME
<p>Note: September 24, 2019 JEA Corporate Metrics Dashboard and Performance Presentation for FY19.</p>		
10. Assures appropriate policies are in place to guide the organization’s work in all functional areas	ME	ME

<sup>8</sup> See Board of Director approved Guiding Principles

Note:		
<b>Operational and Financial Results</b>		
5. Deliver operational and financial results in line with Board approved metrics set in October 2018 (See JEA Metrics Dashboard)	EE	ME
Note: See FY19 JEA Corporate Dashboard for results.		
6. Drives corporate culture and work environment to ensure safe and high-quality performance of employees	ME	ME
Note: See JEA OHI Presentation from February 26, 2019.		
7. Actively recruits, trains, and retains talent at a Senior Leadership level to drive the organizations Vision, Mission and Corporate Measures of Value	EE	EE
Note: Quickly recruited, established, and organized a high-performing Senior Leadership Team to both execute on the business and plan for future aspects of JEA.		
8. Sets clear annual Goals and Metrics for organization to drive value	ME	ME
Note: Restructured JEA's performance and goal cascade to tie all 2,000 employees goals and metrics to the CEO's goals and metrics.		
<b>Governance</b>		
5. Works effectively with Board, its officers and committees to define roles and responsibilities while elevating performance of the entire group	ME	ME
Note:		
6. Works with Board Chair to enable Board to fulfill its governance, oversight and regulatory function to assure timely attention to core issues	ME	ME
Note:		

7. Works with Board Chair to focus Board attention on long-range strategic issues	ME	ME																																			
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8. Frames significant questions and complex issues in ways to facilitate Board discussion, deliberation and action	ME	ME																																			
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<b>Finance</b>																																					
3. Oversees financial performance of organization to maintain appropriate ratings metrics and risk management (ERM)	ME	ME																																			
Note: See September 30, 2019 JEA Enterprise Risk Management Registry (attached)																																					
4. Promotes culture, programs and services that are cost effective while maintaining high-level of customer service (reliability / affordability) and satisfaction (JD Powers)	ME	ME																																			
Note: Performed Organizational Health Index measurements as first step of Strategic Planning in January 2019. This was completed in order to understand a baseline of JEA's organizational health and to develop a cultural development roadmap. See JEA OHI Presentation from February 26, 2019.																																					
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<p>The screenshot shows a 'Corporate Metrics Dashboard' with a table of metrics for FY19 Goals (2016 Actual, 2017 Actual, 2018 Actual, 2019 YTD, 2019 Goal, Variance) and a bar chart titled 'HIGHEST EVER RESIDENTIAL CUSTOMER SATISFACTION'. The bar chart shows scores for JEA, Industry, and Florida from 2016 to 2019. JEA's score in 2019 is 756, which is the highest ever. The chart also shows JEA's rank relative to the industry and Florida.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>JEA</th> <th>Industry</th> <th>JEA Rank Industry</th> <th>JEA Rank Florida</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>647</td> <td>3</td> <td>75/138</td> <td>7/11</td> </tr> <tr> <td>2017</td> <td>692</td> <td>1</td> <td>30/140</td> <td>5/11</td> </tr> <tr> <td>2018</td> <td>703</td> <td>2</td> <td>37/137</td> <td>6/11</td> </tr> <tr> <td>2019 YTD</td> <td>747</td> <td>1</td> <td>21/138</td> <td>5/11</td> </tr> <tr> <td>2019 Goal</td> <td>737</td> <td>2</td> <td>44/138</td> <td>6/11</td> </tr> <tr> <td>2019 Variance</td> <td>756</td> <td>1</td> <td>28/142</td> <td>5/12</td> </tr> </tbody> </table>			Year	JEA	Industry	JEA Rank Industry	JEA Rank Florida	2016	647	3	75/138	7/11	2017	692	1	30/140	5/11	2018	703	2	37/137	6/11	2019 YTD	747	1	21/138	5/11	2019 Goal	737	2	44/138	6/11	2019 Variance	756	1	28/142	5/12
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Note:		

**See next page for overall rating and recommendation.**

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Overall Rating & Recommendation	CEO Self - Rating	BOD Rating
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- (5) Market data greater than \$100,000 rounded to the nearest \$5,000.

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**Recommendation to Board:**

In consultation with the Chair of the Compensation Committee, the CEO believes no adjustment is necessary to the terms and conditions of his Employment Agreement.

**Performance Review from April Green**

**Performance on key responsibilities of the job description:**

Use Performance Appraisal Ratings (described above): Exceeds Expectations (EE), Meets Expectations (ME), Needs Improvement (NI). When using NI, please give specific example(s) below the goal statement:

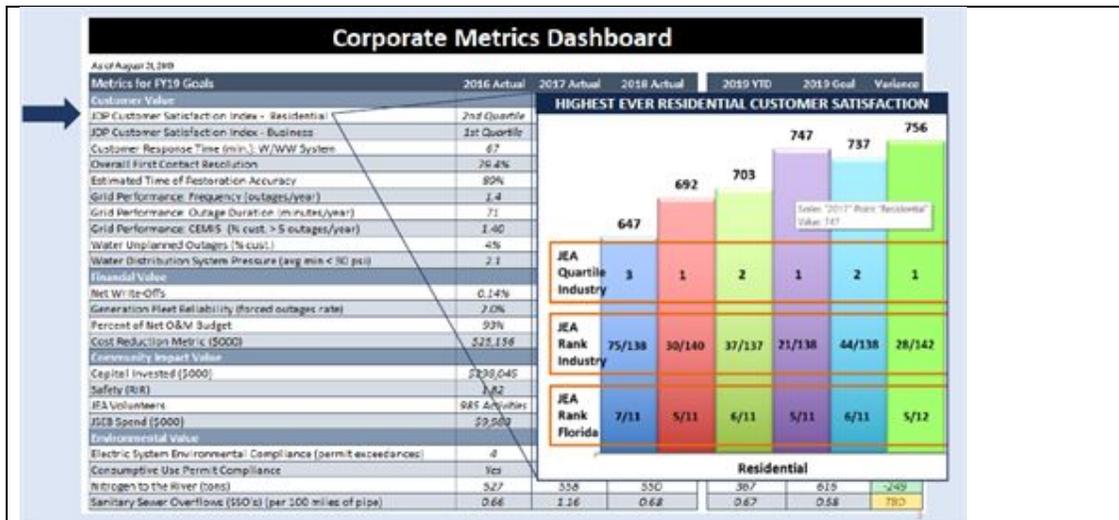
Responsibility	CEO Self - Rating	BOD Rating
<b><u>Mission, policy and planning</u></b>		
1. Helps Board determine vision, mission, and values <sup>10</sup>	EE	ME
<p>Note:</p> <p>Proactively worked with JEA’s Board, employees, City Council and civic leaders to finalize: i) the JEA Strategic Framework on August 21, 2018; and ii) the JEA Guiding Principles on January 24, 2019.</p>		
2. Helps Board monitor and evaluate organization’s relevancy, effectiveness and results	ME	EE
<p>Note:</p> <p>Established rhythm of JEA’s Corporate Dashboard and metrics management to provide clear and concise overview and review of JEA’s performance and operational health.</p>		
3. Keeps Board fully informed regarding organization’s condition and important factors influencing performance and resources	ME	ME
<p>Note:</p> <p>Worked with Chair of the Board to established specific Board agenda sections: i) Operations; ii) Strategy; iii) Subject Matter Exploration. This sectional approach provided transparency and framed dialog with Board and public to better inform on the ‘condition and important factors influencing performance and resources.’ Additionally, established significant information channels around major issues such as Vogtle, cybersecurity, enterprise risk management, etc.</p>		

<sup>10</sup> See Board of Director approved Guiding Principles

4. Keeps Board fully informed of developments in the organization's mission, measures of value, general business management and operational performance	ME	ME
<p>Note:</p> <p>September 24, 2019 JEA Corporate Metrics Dashboard and Performance Presentation for FY19.</p>		
5. Assures appropriate policies are in place to guide the organization's work in all functional areas	ME	ME
<p>Note:</p>		
<b><u>Operational and Financial Results</u></b>		
1. Deliver operational and financial results in line with Board approved metrics set in October 2018 (See JEA Metrics Dashboard)	EE	ME
<p>Note:</p> <p>See FY19 JEA Corporate Dashboard for results.</p>		
2. Drives corporate culture and work environment to ensure safe and high-quality performance of employees	ME	ME
<p>Note:</p> <p>See JEA OHI Presentation from February 26, 2019.</p>		

3. Actively recruits, trains, and retains talent at a Senior Leadership level to drive the organizations Vision, Mission and Corporate Measures of Value	EE	EE
<p>Note:</p> <p>Quickly recruited, established, and organized a high-performing Senior Leadership Team to both execute on the business and plan for future aspects of JEA.</p> <p>BOD Note: Mr. Zahn has established a high-performing SLT with a wealth of industry and proving innovative experience.</p>		
4. Sets clear annual Goals and Metrics for organization to drive value	ME	ME
<p>Note:</p> <p>Restructured JEA's performance and goal cascade to tie all 2,000 employees goals and metrics to the CEO's goals and metrics.</p>		
<b><u>Governance</u></b>		
1. Works effectively with Board, its officers and committees to define roles and responsibilities while elevating performance of the entire group	ME	ME
<p>Note:</p>		
2. Works with Board Chair to enable Board to fulfill its governance, oversight and regulatory function to assure timely attention to core issues	ME	ME
<p>BOD Note: Mr. Zahn is prompt and efficient informing the Board of Directors of arising issues of concern.</p>		

3. Works with Board Chair to focus Board attention on long-range strategic issues	ME	ME
Note:		
4. Frames significant questions and complex issues in ways to facilitate Board discussion, deliberation and action	ME	ME
Note:		
<b><u>Finance</u></b>		
1. Oversees financial performance of organization to maintain appropriate ratings metrics and risk management (ERM)	ME	ME
Note: See September 30, 2019 JEA Enterprise Risk Management Registry (attached)		
2. Promotes culture, programs and services that are cost effective while maintaining high-level of customer service (reliability / affordability) and satisfaction (JD Powers)	ME	ME
Note: Performed Organizational Health Index measurements as first step of Strategic Planning in January 2019. This was completed in order to understand a baseline of JEA's organizational health and to develop a cultural development roadmap. See JEA OHI Presentation from February 26, 2019.  JEA delivered highest ever residential customer satisfaction score for JD Powers in 2019.		



**Leadership**

1. Demonstrates initiative and creativity in identifying strategic issues facing the organization then communicates effectively to the Board for consideration and action	EE	ME
---	----	----

Note:

See JEA strategic planning process in 2019.

2. Effectively manages continuity, change and transition	ME	EE
--	----	----

Note:

See JEA strategic planning process in 2019.

BOD Note: Mr. Zahn embraced the challenges of being a new leader of JEA by ensuring a level of open communication with employees and community stakeholders. ie. Employee listening tour

3. Sets and achieves clear and measurable goals and reasonable deadlines	ME	ME
--	----	----

<p>Note:</p> <p>See JEA strategic planning process in 2019.</p>		
<p>4. Deals effectively with demanding situations and designs / implements effective interventions to manage risk and ensure organizational performance</p>	<p>ME</p>	<p>ME</p>
<p>Note:</p> <p>See September 30, 2019 JEA Enterprise Risk Management Registry (attached)</p>		
<p>5. Consistently displays all of the Company's Cultural Values – Safety, Service, Integrity, Growth<sup>2</sup>, Accountability and ideas<sup>11</sup></p>	<p>ME</p>	<p>ME</p>
<p>Note:</p>		

**See next page for overall rating and recommendation.**

---

<sup>11</sup> See Board of Directors approved Guiding Principles

<p>Note:</p> <p>See JEA strategic planning process in 2019.</p>		
<p>4. Deals effectively with demanding situations and designs / implements effective interventions to manage risk and ensure organizational performance</p>	<p>ME</p>	<p>ME</p>
<p>Note:</p> <p>See September 30, 2019 JEA Enterprise Risk Management Registry (attached)</p>		
<p>5. Consistently displays all of the Company's Cultural Values – Safety, Service, Integrity, Growth<sup>2</sup>, Accountability and ideas<sup>11</sup></p>	<p>ME</p>	<p>ME</p>
<p>Note:</p>		

**See next page for overall rating and recommendation.**

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<sup>11</sup> See Board of Directors approved Guiding Principles

Overall Rating & Recommendation	CEO Self - Rating	BOD Rating
2018/2019 CEO Performance Rating	ME	ME

Market Analysis of CEO Compensation:

JEA's CEO compensation is between the 25<sup>th</sup> and 30<sup>th</sup> percentile of the market. Below is a summary of the market analysis conducted by Willis Towers Watson in 2019.

**CEO Competitive Market Pricing**  
**Market Pricing Details**

Chief Executive Officer		Competitive Market Data <sup>(1)</sup>		
Pay Component	Data Perspective	25th %ile	50th %ile	75th %ile
Base (\$000s)	Combined Peer Group	\$605.0	\$800.0	\$980.0
	Investor Owned Utility Peers	\$730.0	\$835.0	\$995.0
	Public Power Peers	\$475.0	\$580.0	\$920.0
Target Bonus % <sup>(2)</sup>	Combined Peer Group	48%	100%	108%
	Investor Owned Utility Peers	100%	100%	110%
	Public Power Peers <sup>(3)</sup>	---	---	---
Target TCC (\$000s)	Combined Peer Group	\$760.0	\$1,275.0	\$1,790.0
	Investor Owned Utility Peers	\$1,380.0	\$1,725.0	\$2,065.0
	Public Power Peers	\$515.0	\$720.0	\$985.0
LTI % <sup>(2)</sup>	Combined Peer Group	107%	125%	166%
	Investor Owned Utility Peers	213%	249%	331%
	Public Power Peers	---	---	---
Target TDC (\$000s)	Combined Peer Group <sup>(4)</sup>	\$1,515.0	\$2,270.0	\$3,010.0
	Investor Owned Utility Peers	\$2,845.0	\$3,970.0	\$5,110.0
	Public Power Peers	\$515.0	\$720.0	\$985.0

\*---\*= Data not available.

- (1) Target bonus percentages are represented as a percentage of base salary.
- (2) Long-term incentive (LTI) percentages are represented as a percentage of base salary. LTI figures are based on ASC 718 (FAS 123R) "accounting values". Given public utilities do not typically provide LTI, market data is not shown for the public power peers; therefore, the Combined Peer Group perspective reflects 1/2 of the reported market data because the data are comprised of responses from both public power and IOUs (average of public power and IOUs).
- (3) Only 4 public power peers report a target bonus opportunity (sample size less than 5 is too small to report data). Responses range from 8-35% with an average of 22%.
- (4) Target TDC for the Combined Peer Group perspective is built up by using Base Salary, Target TCC, and LTI % data.
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Willis Towers Watson 

Recommendation to Board:

In consultation with the Chair of the Compensation Committee, the CEO believes no adjustment is necessary to the terms and conditions of his Employment Agreement.

Overall Rating & Recommendation	CEO Self - Rating	BOD Rating
2018/2019 CEO Performance Rating	ME	ME

Market Analysis of CEO Compensation:

JEA's CEO compensation is between the 25<sup>th</sup> and 30<sup>th</sup> percentile of the market. Below is a summary of the market analysis conducted by Willis Towers Watson in 2019.

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Recommendation to Board:

In consultation with the Chair of the Compensation Committee, the CEO believes no adjustment is necessary to the terms and conditions of his Employment Agreement.

## **Reference Documents**

1. Appendix A - December 28, 2018 Board Approved Guiding Principles
2. Appendix B - September 24, 2019 JEA Corporate Metrics Dashboard and Performance Presentation for FY19
3. Appendix C - September 24, 2019 JEA Corporate Metrics Dashboard for FY20
4. Appendix D - July 30, 2018 Board Approved CEO Positions Specification
5. Appendix E - September 30, 2019 JEA Enterprise Risk Management Registry
6. Appendix F - February 26, 2019 JEA OHI Presentation

## **Fiscal Year 2020 JEA Corporate / CEO Goals**

**Goal #1:** Finalizes Board of Director direction regarding 10-year strategic plan in line with our guiding principles (growth or traditional response).

**Detail:** Board direction received on strategic plan developed in line with guiding principles.

**Success Criteria:**

Exceeds: Board authorizes, via majority vote of approval by 9/30/2020, a Strategic Plan for JEA through 2030 that sets forth a path, the resources, specific initiatives and capital plan to add greater than \$1 billion in value to JEA, JEA's customers and the City of Jacksonville relative to the May 28, 2019 Status Quo forecast.

Meets: Board authorizes, via majority vote of approval by 9/30/2020, a Strategic Plan for JEA through 2030 that sets forth a path, the resources, specific initiatives and capital plan to add at least \$250 million in value to JEA, JEA's customers and the City of Jacksonville relative to the May 28, 2019 Status Quo forecast.

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**Goal #2:** De-risk and capitalize the business appropriately to execute on strategic plan.

**Detail:** Risk reduction and capitalization.

**Success Criteria:**

Exceeds: Exceed on Goal #1 with all necessary authorizations per JEA charter and reduce Enterprise Risk Management's "most likely financial exposure" by 10%.

Meets: Meet or exceed on Goal #1, obtain all necessary COJ approvals and maintain Enterprise Risk Management's "most likely financial exposure".

---

**Goal #3:** Expand trusted partner relationship with customers and stakeholders.

**Detail:** Develop and implement customer/stakeholder outreach strategy that increases engagement (Expand trusted partner relationship).

**Success Criteria:**

Exceeds: Customer engagement in JEA eBill increases by 25% by 9/30/2020; achieve JD Powers metrics on JEA Corporate Dashboard; and passage of all key JEA state and local legislation.

Meets: Customer engagement in JEA eBill increases by 10% by 9/30/2020; achieve JD Powers metrics on JEA Corporate Dashboard; and passage of all key JEA state and local legislation.

---

**Goal #4:** Maintain pervasive commitment to CCEF by delivering results.

**Detail:** Dashboard measurement of CCEF (see FY20 JEA Corporate Dashboard).

**Success Criteria:**

Exceeds: By 9/30/2020, deliver a weighted average measurement of dashboard metrics at or above "Exceeds" (see FY20 JEA Corporate Dashboard).

Meets: By 9/30/2020, deliver a weighted average measurement of dashboard metrics at or above "Meets" (see FY20 JEA Corporate Dashboard).

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**Goal #5:** Corporate development around JEA's Cultural Values (see Guiding Principles) and around employee capabilities in Change Management.

**Detail:** Develop and implement change leadership and appropriate culture change plan for FY20.

**Success Criteria:**

**Exceeds:** By 9/30/2020: (i) deliver an "Exceeds" on JEA Corporate Safety Metrics; (ii) accelerate innovation by obtaining ## of new ideas from employees to drive CCEF; (iii) establish a baseline of corporate sentiment measure and improve the employee average measure by 10% (negative = 0, neutral = 1 and positive = 2); and (iv) achieve 60,000 hours of training.

**Meets:** By 9/30/2020: (i) deliver an "Exceeds" on JEA Corporate Safety Metrics; (ii) accelerate innovation by obtaining ## of new ideas from employees to drive CCEF; (iii) plan, develop, roll out and implement innovation & corporate sentiment measures by 3/31/2020, and (iv) achieve 50,000 hours of training.



# GUIDING PRINCIPLES

## ACCELERATING UTILITY INNOVATION

1 2 . 2 8 . 1 8

### Vision

*Why we exist and who we want to be in the future*

**Improve lives by accelerating innovation**

### Mission

*How we are going to pursue our vision and what we need to do today to get there*

**Provide the best service by becoming the center  
of our customers' energy and water experience**

### Corporate Measures

*Our Mission will be guided by and evaluated against how we as employees, drive these four basic Corporate Measures of JEA's value:*

The fundamental goal is to maximize each value both now and in the future:

#### 1) Customer value

What a customer expects to get in exchange for the price they pay

#### 2) Financial value

The monetary value and risk profile, both today and tomorrow, of JEA as it relates to the City

#### 3) Community impact value

Improving the quality of life through innovative and cost-effective service offerings, employee volunteerism and ambassadorship, relevant and timely communications, and support of economic development and job growth throughout JEA's service territory; foster a collaborative and respectful corporate culture that provides exceptional employee value to equip the JEA team to deliver outstanding service and value to its community

#### 4) Environmental value

Ensuring a sustainable environment for future generations

## Core Competencies

*The things we need to be exceptionally and uniquely good at in order to yield better and better results of our Corporate Measures which drive our Mission to demonstrate our Vision*

- Deliver an unparalleled positive customer experience
- Work together to elevate the entire team
- Innovate and evolve to match our customers' needs with market trends

## Cultural Values

*In every action, system and communication, JEA and its employees strive to abide by our Cultural Values; how we act when no one is looking*

### Safety

The health and well-being of our employees and community is paramount to the success of JEA. The work we do at JEA is dangerous and we are committed to habitually protecting our employees and community. Beyond the moral obligation, JEA's value is increased by delivering safety excellence. Measures and strategies designed to prevent, control, reduce or eliminate hazards and risks should be developed and applied continuously to keep pace with technological and economic changes.

### Service

Obsessively believe that JEA and our employees' service to our customer and each other is critical to JEA's success. Commit to fostering a service-first culture. Serving with excellence is a choice. Establish a crystal clear plan to ensure customers feel JEA is committed to the best possible service. Foster a collaborative "How can I help?" culture internally. Value and measure the service we provide customers and each other. We volunteer with a spirit of service to build community because it's the one we live in.

### Integrity

Trust in truth and transparency. Realize that you have nothing to fear from telling or knowing the truth. Have integrity and demand it from others. Never say anything about someone that you wouldn't say to them directly and give people the benefit of the doubt. Don't let loyalty to people stand in the way of truth and the well-being of the organization. Be open, honest, fair, respectful and ethical at all times.

### Growth<sup>2</sup>

Be committed to elevating yourself and JEA. In order to continue to serve our customers and community with excellence our business must grow. Now more than ever we need to be flexible and adapt to the changing utility industry and our customers' changing needs and expectations to improve service to our customers and community while growing as our industry evolves. We also expect our employees to be life-long learners so we provide the training and individual development programs to aid in this accomplishment. Growth means an increase in knowledge, value, wellbeing, or sustainability. Growth is continuous and not always linear. Growth only occurs at JEA when knowledge, value, wellbeing, or sustainability are committed to writing, a process or an institutional system.

## **Accountability**

Each and every employee should operate as an owner of JEA who is responsible for delivering outcomes and results. Hold yourself and others accountable and appreciate them for holding you accountable. If you've agreed with someone that something is supposed to go a certain way, make sure it goes that way—unless you get in sync about doing it differently. Create a culture in which it is “okay” to make mistakes and unacceptable not to learn from them. Be loyal to the common mission and not to anyone who is not operating consistently with it. Get over “blame” and “credit” and get on with “accurate” and “inaccurate.” Create an environment in which everyone has the right to understand what makes sense and no one has the right to hold a critical opinion without speaking up.

## **Ideas**

Every one of us has a voice. JEA should have a culture of an “Idea Meritocracy.” Recognize that having an effective idea meritocracy requires that ideas be encouraged and brought forward constructively. We understand content and merit of each person's ideas before agreeing or disagreeing. Disagreeing must be done efficiently and respectfully. Recognize and learn how to get beyond disagreements. Once a decision is made for the benefit of the organization; everyone should get behind it even though individuals may still disagree.

# Corporate Metrics Dashboard

As of August 31, 2019

Metrics for FY19 Goals	2016 Actual	2017 Actual	2018 Actual	2019 YTD	2019 Goal	Variance
<b>Customer Value</b>						
JDP Customer Satisfaction Index - Residential	2nd Quartile	1st Quartile	2nd Quartile	1st Quartile	1st Quartile	-
JDP Customer Satisfaction Index - Business	1st Quartile	1st Quartile	1st Decile	2nd Quartile	Top Decile	-
Customer Response Time (min.): W/WW System	67	68	76	65	65	0%
Overall First Contact Resolution	79.4%	79.4%	79.0%	79.3%	80.0%	-1%
Estimated Time of Restoration Accuracy	89%	82%	80%	91%	80%	14%
Grid Performance: Frequency (outages/year)	1.4	1.6	1.4	1.28	1.6	20%
Grid Performance: Outage Duration (minutes/year)	71	99.5	67	60	75	20%
Grid Performance: CEM15 (% cust. > 5 outages/year)	1.40	1.07	0.40	0.09	0.80	89%
Water Unplanned Outages (% cust.)	4%	1%	5%	2.53%	2%	-27%
Water Distribution System Pressure (avg min < 30 psi)	2.1	3.7	1.8	9.0	2.0	-350%
<b>Financial Value</b>						
Net Write-Offs	0.14%	0.14%	0.13%	0.13%	0.18%	28%
Generation Fleet Reliability (forced outages rate)	2.0%	2.2%	2.1%	4.9%	2.0%	-145%
Percent of Net O&M Budget	93%	93%	93%	95%	95%	0%
Cost Reduction Metric (\$000)	\$25,156	\$10,087	\$10,495	\$10,364	\$9,100	14%
<b>Community Impact Value</b>						
Capital Invested (\$000)	\$298,045	\$307,918	\$374,456	\$408,267	<del>\$437,774</del> - \$574,578	TBD
Safety (RIR)	1.82	2.10	1.48	1.44	1.40	-3%
JEA Volunteers	985 Activities	913 Activities	1,050 Activities	6,102	4,800 Hours	9.6%
JSEB Spend (\$000)	\$9,983	\$13,365	\$15,760	\$15,919	\$15,000	\$919
<b>Environmental Value</b>						
Electric System Environmental Compliance (permit exceedances)	4	6	2	0	4	-400%
Consumptive Use Permit Compliance	Yes	Yes	Yes	Yes	Yes	Yes
Nitrogen to the River (tons)	527	558	550	367	616	-249
Sanitary Sewer Overflows (SSO's) (per 100 miles of pipe)	0.66	1.16	0.68	0.67	0.58	TBD

# Summary

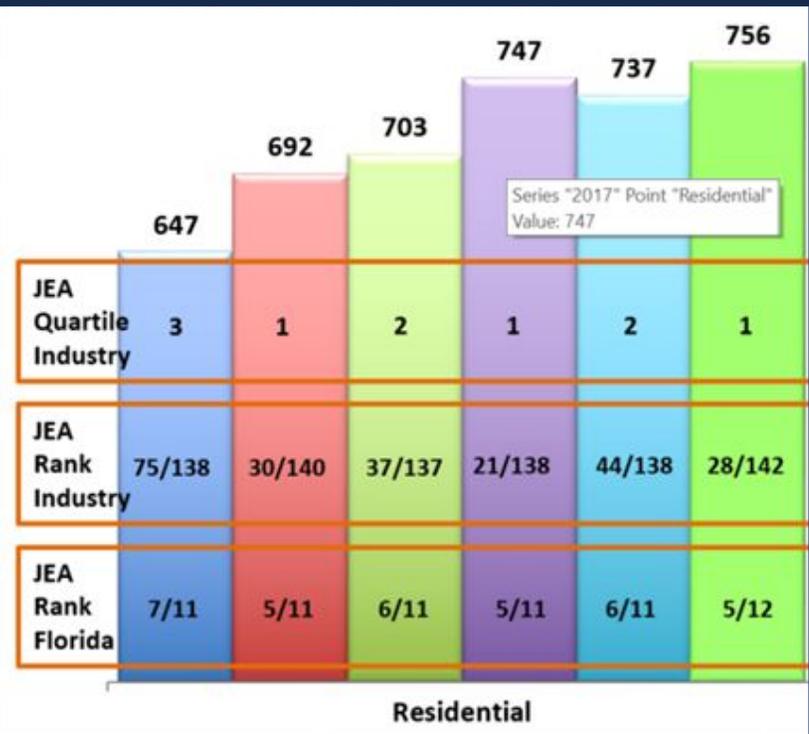
- ▶ JEA has had a strong year operationally & financially
  - ▶ Our electric debt is the lowest it has been in 34 years
  - ▶ Our water debt is the lowest it has been in 16 years
- ▶ Operational and customer service levels are best in class
- ▶ The actions we have taken to pay down debt and de-risk the business provide the luxury to be able to have strategic planning discussions in a thoughtful and deliberate manner

# Corporate Metrics Dashboard

As of August 31, 2019

Metrics for FY19 Goals	2016 Actual	2017 Actual	2018 Actual	2019 YTD	2019 Goal	Variance
<b>Customer Value</b>						
JDP Customer Satisfaction Index - Residential	2nd Quartile					
JDP Customer Satisfaction Index - Business	1st Quartile					
Customer Response Time (min.): W/WW System	67					
Overall First Contact Resolution	79.4%					
Estimated Time of Restoration Accuracy	89%					
Grid Performance: Frequency (outages/year)	1.4					
Grid Performance: Outage Duration (minutes/year)	71					
Grid Performance: CEM15 (% cust. > 5 outages/year)	1.40					
Water Unplanned Outages (% cust.)	4%					
Water Distribution System Pressure (avg min < 30 psi)	2.1					
<b>Financial Value</b>						
Net Write-Offs	0.14%					
Generation Fleet Reliability (forced outages rate)	2.0%					
Percent of Net O&M Budget	93%					
Cost Reduction Metric (\$000)	\$25,156					
<b>Community Impact Value</b>						
Capital Invested (\$000)	\$298,045					
Safety (RIR)	1.82					
JEA Volunteers	985 Activities					
JSEB Spend (\$000)	\$9,983					
<b>Environmental Value</b>						
Electric System Environmental Compliance (permit exceedances)	4					
Consumptive Use Permit Compliance	Yes					
Nitrogen to the River (tons)	527	558	550	367	616	-249
Sanitary Sewer Overflows (SSO's) (per 100 miles of pipe)	0.66	1.16	0.68	0.67	0.58	TBD

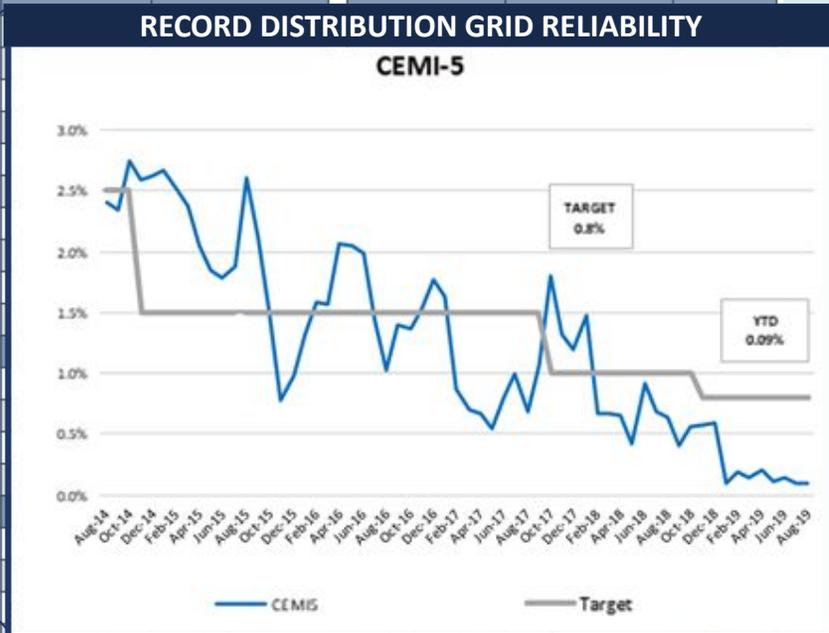
## HIGHEST EVER RESIDENTIAL CUSTOMER SATISFACTION



# Corporate Metrics Dashboard

As of August 31, 2019

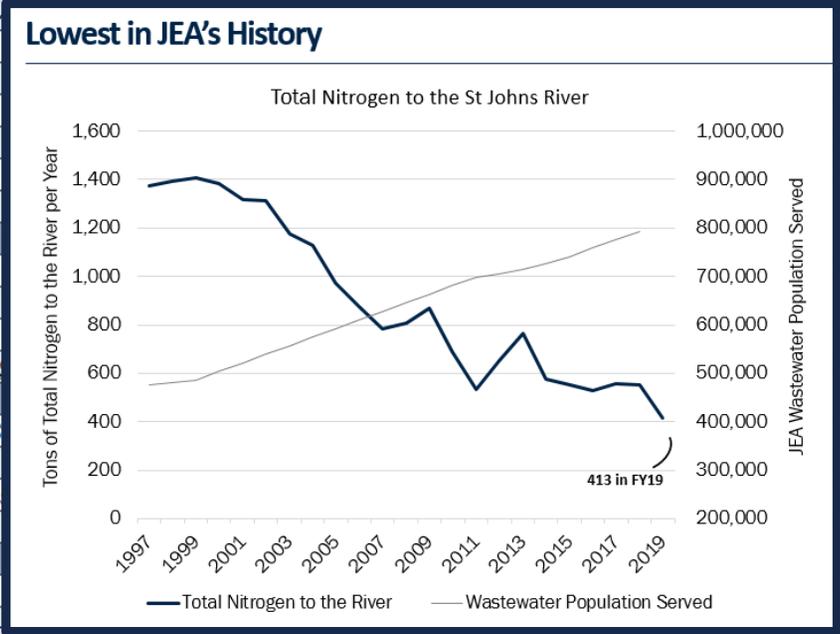
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Customer Response Time (min.): W/WW System	67					
Overall First Contact Resolution	79.4%					
Estimated Time of Restoration Accuracy	89%					
Grid Performance: Frequency (outages/year)	1.4					
Grid Performance: Outage Duration (minutes/year)	71					
Grid Performance: CEMI5 (% cust. > 5 outages/year)	1.40					
Water Unplanned Outages (% cust.)	4%					
Water Distribution System Pressure (avg min < 30 psi)	2.1					
<b>Financial Value</b>						
Net Write-Offs	0.14%					
Generation Fleet Reliability (forced outages rate)	2.0%					
Percent of Net O&M Budget	93%					
Cost Reduction Metric (\$000)	\$25,156					
<b>Community Impact Value</b>						
Capital Invested (\$000)	\$298,045					
Safety (RIR)	1.82					
JEA Volunteers	985 Activities					
JSEB Spend (\$000)	\$9,983	\$15,365	\$15,760	\$15,919	\$15,000	\$919
<b>Environmental Value</b>						
Electric System Environmental Compliance (permit exceedances)	4	6	2	0	4	-400%
Consumptive Use Permit Compliance	Yes	Yes	Yes	Yes	Yes	Yes
Nitrogen to the River (tons)	527	558	550	367	616	-249
Sanitary Sewer Overflows (SSO's) (per 100 miles of pipe)	0.66	1.16	0.68	0.67	0.58	TBD



# Corporate Metrics Dashboard

As of August 31, 2019

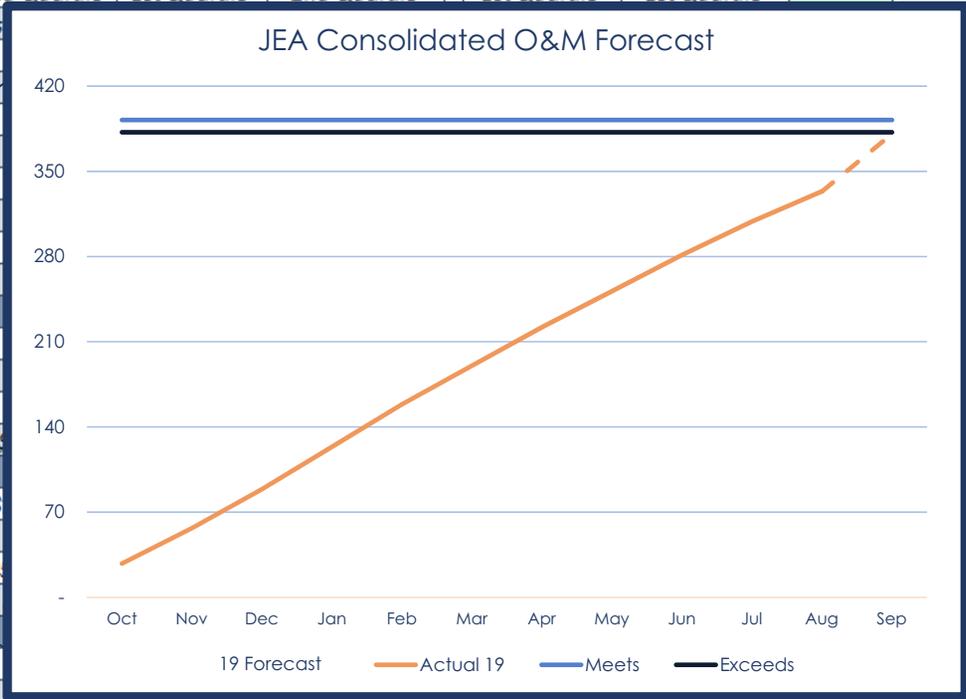
Metrics for FY19 Goals	2016 Actual	2017 Actual	2018 Actual	2019 YTD	2019 Goal	Variance
<b>Customer Value</b>						
JDP Customer Satisfaction Index - Residential	2nd Quartile	1st Quartile	2nd Quartile	1st Quartile	1st Quartile	-
JDP Customer Satisfaction Index - Business	1st Quartile	1st Quartile	1st Decile	2nd Quartile	Top Decile	-
Customer Response Time (min.): W/WW System	67	68	76	65	65	0%
Overall First Contact Resolution						%
Estimated Time of Restoration Accuracy						%
Grid Performance: Frequency (outages/year)						%
Grid Performance: Outage Duration (minutes/year)						%
Grid Performance: CEM15 (% cust. > 5 outages/year)						%
Water Unplanned Outages (% cust.)						7%
Water Distribution System Pressure (avg min < 30 psi)						0%
<b>Financial Value</b>						
Net Write-Offs						%
Generation Fleet Reliability (forced outages rate)						5%
Percent of Net O&M Budget						%
Cost Reduction Metric (\$000)						%
<b>Community Impact Value</b>						
Capital Invested (\$000)						0
Safety (RIR)						%
JEA Volunteers	98					5%
JSEB Spend (\$000)						19
<b>Environmental Value</b>						
Electric System Environmental Compliance (permit exceedances)						0%
Consumptive Use Permit Compliance						5
Nitrogen to the River (tons)	527	558	550	367	616	-249
Sanitary Sewer Overflows (SSO's) (per 100 miles of pipe)	0.66	1.16	0.68	0.67	0.58	TBD



# Corporate Metrics Dashboard

As of August 31, 2019

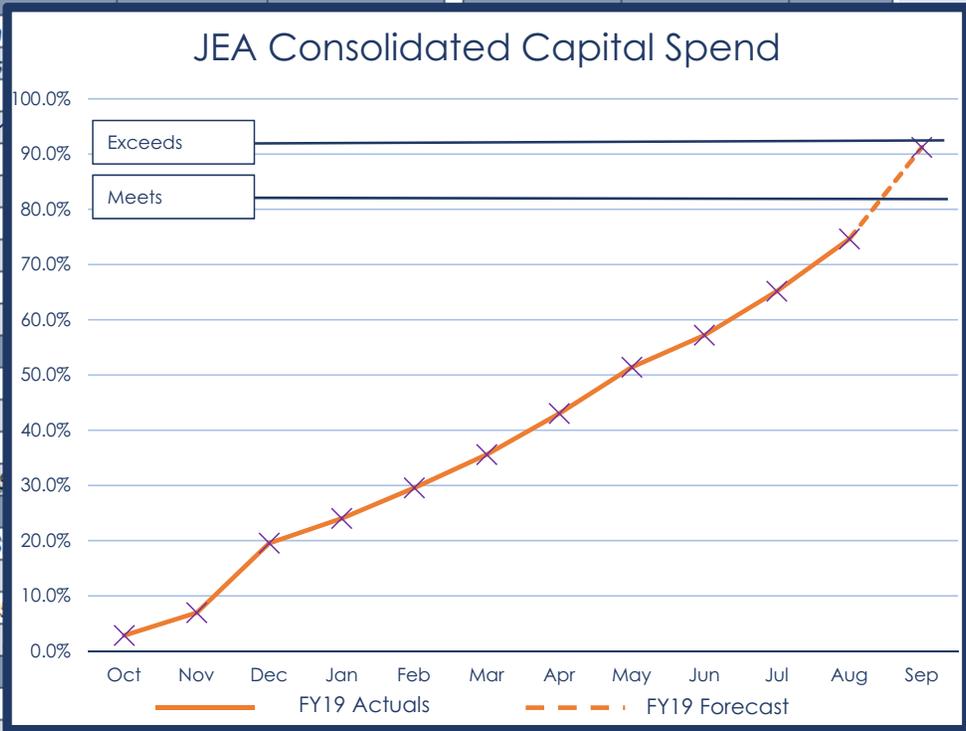
Metrics for FY19 Goals	2016 Actual	2017 Actual	2018 Actual	2019 YTD	2019 Goal	Variance
<b>Customer Value</b>						
JDP Customer Satisfaction Index - Residential	2nd Quartile	1st Quartile	2nd Quartile	1st Quartile	1st Quartile	-
JDP Customer Satisfaction Index - Business	1st					
Customer Response Time (min.): W/WW System						
Overall First Contact Resolution						
Estimated Time of Restoration Accuracy						
Grid Performance: Frequency (outages/year)						
Grid Performance: Outage Duration (minutes/year)						
Grid Performance: CEM15 (% cust. > 5 outages/year)						
Water Unplanned Outages (% cust.)						
Water Distribution System Pressure (avg min < 50 psi)						
<b>Financial Value</b>						
Net Write-Offs						
Generation Fleet Reliability (forced outages rate)						
Percent of Net O&M Budget						
Cost Reduction Metric (\$000)						
<b>Community Impact Value</b>						
Capital Invested (\$000)						
Safety (RIR)						
JEA Volunteers	98					
JSEB Spend (\$000)						
<b>Environmental Value</b>						
Electric System Environmental Compliance (permit exceedances)						
Consumptive Use Permit Compliance	Yes	Yes	Yes	Yes	Yes	Yes
Nitrogen to the River (tons)	527	558	550	367	616	-249
Sanitary Sewer Overflows (SSO's) (per 100 miles of pipe)	0.66	1.16	0.68	0.67	0.58	TBD



# Corporate Metrics Dashboard

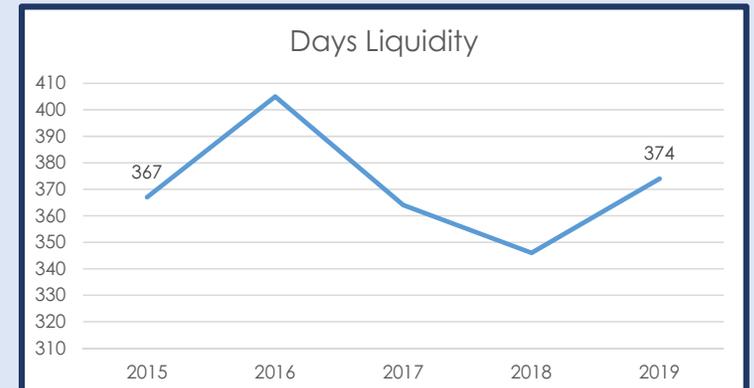
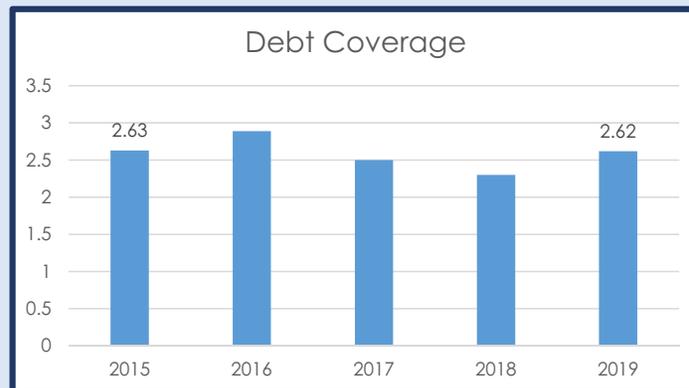
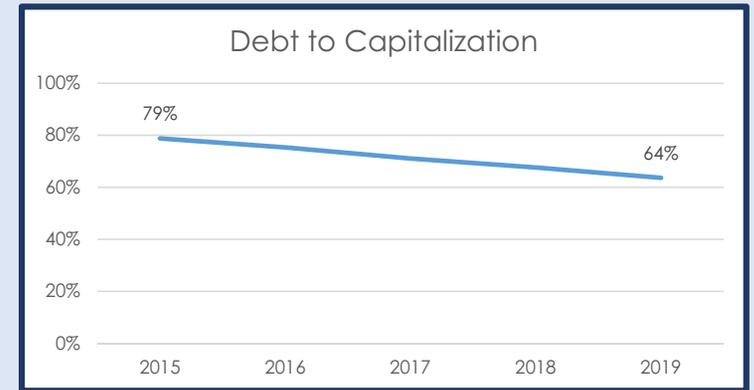
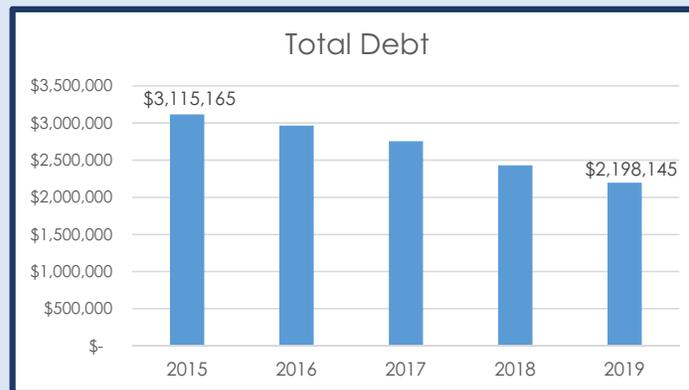
As of August 31, 2019

Metrics for FY19 Goals	2016 Actual	2017 Actual	2018 Actual	2019 YTD	2019 Goal	Variance
<b>Customer Value</b>						
JDP Customer Satisfaction Index - Residential	2n					
JDP Customer Satisfaction Index - Business	1s					
Customer Response Time (min.): W/WW System						
Overall First Contact Resolution						
Estimated Time of Restoration Accuracy						
Grid Performance: Frequency (outages/year)						
Grid Performance: Outage Duration (minutes/year)						
Grid Performance: CEM15 (% cust. > 5 outages/year)						
Water Unplanned Outages (% cust.)						
Water Distribution System Pressure (avg min < 30 psi)						
<b>Financial Value</b>						
Net Write-Offs						
Generation Fleet Reliability (forced outages rate)						
Percent of Net O&M Budget						
Cost Reduction Metric (\$000)						
<b>Community Impact Value</b>						
Capital Invested (\$000)						
Safety (RIR)						
JEA Volunteers	98					
JSEB Spend (\$000)						
<b>Environmental Value</b>						
Electric System Environmental Compliance (permit exceedances)	Yes	Yes	Yes	Yes	Yes	Yes
Consumptive Use Permit Compliance	Yes	Yes	Yes	Yes	Yes	Yes
Nitrogen to the River (tons)	527	558	550	367	616	-249
Sanitary Sewer Overflows (SSO's) (per 100 miles of pipe)	0.66	1.16	0.68	0.67	0.58	TBD



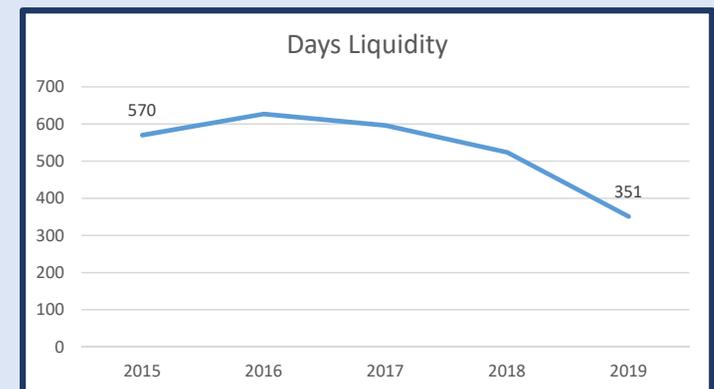
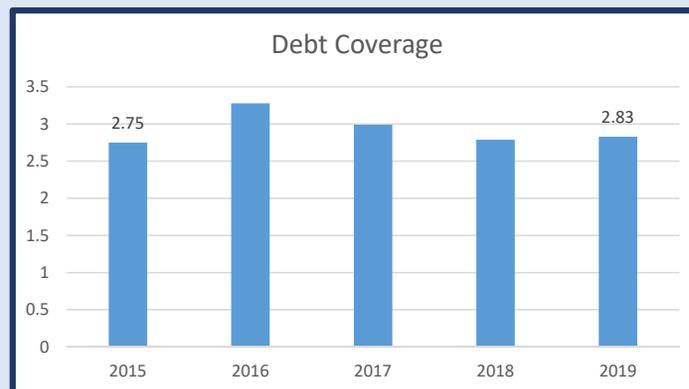
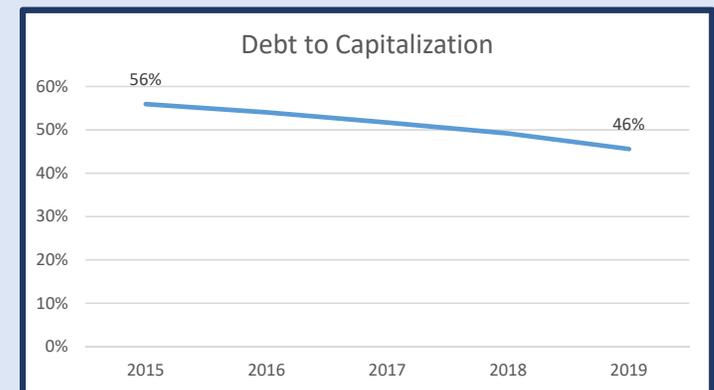
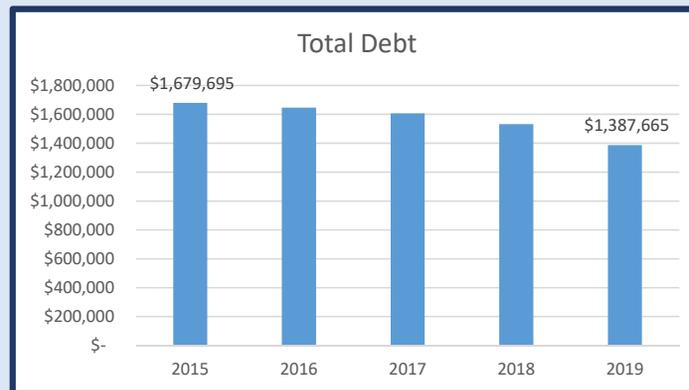
# Financial Performance Energy

- ▶ The debt and liquidity metrics continue to support AA category ratings for the Energy System



# Financial Performance Water

- ▶ Water debt and liquidity metrics support AAA ratings from all 3 agencies



# STAR Plan Phase 2

- ▶ Phase 1 & 2 STAR Plan debt defeasances will reduce total debt by \$298 million this year
- ▶ Along with regularly scheduled payments JEA will have reduced debt by a total of \$664.9 million in 13 months
- ▶ This is a \$3.05 Billion reduction from the peak debt balance in FY2010

	 ENERGY	 WATER	 JEA
Early Debt Defeasance	\$48	\$45	\$93
Debt Service Savings	\$60	\$49	\$109

# STAR Plan Phase 2

- ▶ Requires additional board action:
  - ▶ Pricing policy changes
  - ▶ Debt management policy changes
  - ▶ Environmental Stabilization Fund transfers for solar projects

# Conclusion

- ▶ JEA's management has delivered "best in class" operational and financial results
- ▶ JEA's management, with its STAR plan, has been able to defer potential rate increases caused by falling sale and increases expenses
- ▶ JEA's management is planning for the future in parallel while maintaining focus on delivering current results
- ▶ JEA's strategic planning process is critical for long-term growth of CCEF

## The Company

<b>Company</b>	JEA (name changed from Jacksonville Electric Authority in 1998)
<b>Ownership</b>	City of Jacksonville (Not-For-Profit)
<b>Year Founded</b>	1895
<b>Headquarters</b>	Jacksonville, Florida
<b>Revenues</b>	\$1.87 billion (FY 2017)
<b>Employees</b>	Approximately 2,100 (FY 2017)
<b>Website</b>	<a href="https://www.jea.com/">https://www.jea.com/</a>
<b>Company Mission</b>	<p>At JEA, our mission is to energize our community through high-value energy and water solutions. With our services, you can touch a button and your home gets warmer or cooler. You can turn a faucet handle and clean water comes out for you to drink. And if you flick a handle, waste is gone from your home, never to be seen again. JEA powers community businesses, military, hospitals, churches and schools. We provide essential services to our community that literally make life possible for everyone who lives, works and even visits Jacksonville.</p>
<b>Company Background</b>	<p>JEA is the largest community-owned utility in Florida and the eighth largest in the United States. JEA is committed to our purpose – to improve the quality of life in the communities we serve, with a spirit that has united our business for more than 100 years. JEA is located in Jacksonville, Florida, where we proudly serve an estimated 458,000 electric, 341,000 water and 264,000 sewer customers.</p> <p>JEA is not owned by investors. It was created by the City of Jacksonville to serve those who live here and in the surrounding communities. The sole purpose of our business is to ensure the electric, water and sewer demands of our customers are met, both today and for generations to come. Our goal is to provide reliable services at the best value to our customers while <b>ensuring our areas' precious natural</b> resources are protected.</p> <p>JEA's budget is divided into two distinct areas: the electric business and the water/wastewater business. The budget to operate these critical community services in 2017 is listed below.</p> <p style="padding-left: 40px;">Electric System Revenue Uses: \$1,383,122,000</p> <p style="padding-left: 40px;">Water/Wastewater Revenue Uses: \$462,674,000</p> <p>Residential customers generate approximately half of <b>the company's</b> electric revenue; the other half is generated through service to 50,000 commercial and industrial customers across the service territory. The commercial and industrial market segments also account for about one-third of the water and wastewater revenue.</p>

JEA's five core values set the bar for how we conduct ourselves at work every day:

- **Safety:** Since many of our employees work out in the field in dangerous jobs using dangerous machinery, safety tops our list of core values. Our safety plan is a "Plan for Zero" incidents at JEA – no matter the department. Every employee is expected to adhere to all safety regulations and to be sure their co-workers do, too. No job is so important that it's worth anyone getting hurt. We want everyone to go home the way they came to work.
- **Service:** Providing excellent service to our customers is a constant expectation. But we also value service to our community. We all live and work in this area and most of us are JEA customers. We volunteer with a spirit of service to build community because it's our community, too.
- **Growth:** We expect our business to grow. Now more than ever we need to be flexible and adapt to the changing utility industry. We need new lines of business and we need our business to grow as our industry evolves. We also expect our employees to be life-long learners and we provide the training and individual growth and development here at JEA for them to accomplish this.
- **Accountability:** This is not to be confused with responsibility. We are all responsible for an activity or process, but accountability is more than that. With accountability, we are each responsible for the activity and the outcome.
- **Integrity:** Open, honest, fair, and ethical - integrity ties all the other four values together. It's how we act toward our colleagues, our stakeholders and above all our customers.

## The Position

<b>Position Title</b>	Managing Director & Chief Executive Officer (CEO)
<b>Location</b>	Jacksonville, Florida
<b>Reports To</b>	This position is selected by and reports directly to the JEA Board of Directors, comprised of seven members appointed by the Jacksonville Mayor, confirmed by City Council, who serve staggered terms.
<b>Reporting Structure</b>	<p><b>Current Reporting Structure under the Interim CEO:</b></p> <ul style="list-style-type: none"> <li>• President &amp; Chief Operating Officer (COO)</li> <li>• Chief Financial Officer</li> <li>• Chief Public &amp; Shareholders Affairs Officer</li> </ul> <p><i>The President &amp; COO role is a newly created position in conjunction with the interim CEO structure. The Current Direct Reports to the President &amp; COO:</i></p> <ul style="list-style-type: none"> <li>• VP/GM Electric Systems</li> <li>• VP/GM Water/Waste Water Systems</li> <li>• Chief Legal Officer – <i>solid line reporting to the City of Jacksonville Office of General Counsel and a dotted line to the JEA President &amp; COO</i></li> </ul>

- VP & Chief Information Officer
- VP & Chief Human Resources Officer
- VP & Chief Compliance Officer
- VP & Chief Customer Officer
- VP & Chief Environmental Services Officer – *newly created position in conjunction with the interim CEO structure*
- VP & Chief Supply Chain Officer – *newly created position in conjunction with the interim CEO structure*

## Position Summary

JEA seeks to hire a forward-thinking, innovative leader capable of conducting a strategic review of JEA and the industry landscape to establish the long-term plans and objectives ensuring JEA will be relevant and agile to adapt and thrive for decades to come. The Managing Director & Chief Executive Officer (“CEO” henceforth) will be responsible for establishing the overall direction of JEA, leading the business and overall activities of the organization, and ensuring near and long-term financial success and sustainability. The CEO will be tasked with identifying new lines of business and revenue sources for JEA as well as establishing a culture of continuous improvement and commercial success, always seeking ways to improve efficiency and profitability.

The CEO will design the appropriate organizational structure to support this strategy and is responsible for ensuring that the organization attracts and retains a diverse mix of talent with the leadership, operational, and commercial skills to drive a culture of internal and external innovation, process excellence, and risk management.

In addition to working closely with the Board and his/her Executive Management Team, this position will also work with public officials, customers, industry leaders, suppliers, the financial community, and environmental groups to ensure JEA continues to meet or exceed its objectives in the safest, most reliable and cost effective manner.

## Responsibilities

- Provide strategic leadership for the organization by developing and implementing the strategic vision that outlines the long-term role of JEA in the Jacksonville metro, the state of Florida, and the utility industry as a whole. Working across the stakeholder community, the CEO will conduct a detailed assessment of business including its current objectives, market opportunities for business line expansion and revenue growth, operational delivery capabilities, and customer service to develop the near and long-term goals of JEA.

Pivotal to the strategic plan developed will be the identification of potential additional revenue streams including competitive and retail offerings such as retail solar, energy efficiency services and equipment sales and / or leasing, **leveraging JEA’s Dark Fiber** and other infrastructure assets, **electrification of Jacksonville’s transportation fleet**, gas to electric energy conversions, etc.

- In support of the business strategy developed, design and implement the appropriate organizational structure to support a nimble, collaborative, and innovative culture and enhanced delivery capabilities. Utilize new-to-JEA collaboration and workflow initiatives (idea generation forums, customer feedback reviews, internal / external think tanks, etc.) to create a consistent internal engine idea generation for growth and improvement.

- Establish the appropriate policies to support the business strategy that enable creativity, diversity, and commercial growth while also protecting the assets, people, and information of JEA and those it serves.
- Facilitate stakeholder communication of strategy to gain buy-in; clearly and continuously articulate the business strategy/direction to the Board of Directors, regulators, senior management team and all employees.
- Effectively communicate risk and opportunity to facilitate decision-making, prioritization and measurement of operating performance against plan.
- Represents JEA with its major customers, the financial community, the public, and other stakeholders including local, state, and national forums.
- Manage company operations to ensure operational efficiency, safety, quality service and cost-effective use of resources. Identify and implement ongoing financial and operational improvements.
- Define and execute a workforce development plan to attract and engage a high performing team with the skills and competencies necessary to accomplish the goals of JEA today and in the future. Identify and mentor future leaders for the organization, creating a workplace of safe, reliable, cost-effective service with excellent customer experience.
- Enhance and maintain relationships with key constituents across the region and the industry including elected officials, industry leaders, suppliers, environmental groups and customers. Communicate effectively to stakeholder groups with messaging appropriate for the audience.
- **Define and oversee JEA's Disaster Preparedness Plan and ensure the appropriate training, logistics plan, and communication equipment are in place to respond to emergency / disaster situations.**
- Lead public policy and public affairs activity, serving as the primary spokesperson for the agency locally, regionally and nationally.
- Increase understanding of the role of JEA in economic development efforts across the region. Participate actively in legislative and regulatory initiatives regionally and nationally.
- Promote strong fiscal accountability and responsibility.
- Develop a culture of productivity, diversity, efficiency, flexibility, and accountability to customers. Help JEA continue to evolve its internal development capabilities and be a top employer of choice with a diverse employment base with varying backgrounds.



## Corporate Metrics Dashboard

UPDATED as of 9/17/19

Metrics for FY19 Goals	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2019 Goal	2019 Goal—Meets	2019 Goal—Exceeds	2020 Goal	2020 Goal—Meets	2020 Goal—Exceeds
<b>Customer Value</b>														
JDP Customer Satisfaction Index - Residential	4th Quartile	3rd Quartile	3rd Quartile	1st Quartile	2nd Quartile	1st Quartile	2nd Quartile		1st Quartile	1st Quartile	Top Decile	Top 1/2 of 2nd - 1st Quartile	Top 1/2 of 2nd Quartile	1st Quartile
JDP Customer Satisfaction Index - Business	4th Quartile	4th Quartile	1st Decile		Top Decile	Top Decile	Top five overall	Top 1/2 of 2nd - 1st Quartile	Top 1/2 of 2nd Quartile	1st Quartile				
Overall First Contact Resolution	N/A	N/A	78.5%	81.5%	79.4%	79.4%	79.0%		80.0%	80%	>80%	>80%	80%	>80%
Grid Performance: Average Outage Length (CAIDI)	35	40	52	51	54	64	45		46-50	46-50	<46	48	46-50	<46
Grid Performance: CEM4	N/A	N/A	4.8%	5.1%	3.6%	3.2%	1.0%		1.5%-2.0%	1.5%-2.0%	<1.5%	1.5%-2.0%	1.5%-2.0%	<1.5%
Water Unplanned Outages (% cust.)	2%	1%	1%	2%	4%	1%	5%		2%	1.9-2.1%	<1.9%	2%	1.9-2.1%	<1.9%
Water Distribution System Pressure (avg min < 30 psi)	34.9	20.0	2.1	2.8	2.1	3.7	1.8		2.0	2-3	<2	2.0	2-3	<2
Information Technology Mean Time to Recover	N/A		N/A	N/A	N/A	<90 min	<90 min	<60 min						
Innovation (# of Ideas Submitted)*	N/A	N/A	1500											
Innovation (# of hours improved)*	N/A	N/A	100000											
<b>Financial Impact Value</b>														
Capital Invested (\$000)	\$273,774	\$234,718	\$158,392	\$204,708	\$298,045	\$307,918	\$374,456		\$437,774 - \$574,578	\$437,774 - \$574,578	\$437,774 - \$574,578	\$400,000 - \$500,000	\$400,000 - \$450,000	\$450,000 - \$500,000
Safety: % of safety checks closed												93%	93%	>93%
Safety: % of work orders closed in a timely manner												80% w/in 1-2 weeks	80% w/in 1-2 weeks	90% w/in 1-2 weeks
Safety: Recordable Incident Rate*	1.48	1.84	2.38	1.65	1.82	2.10	1.48							
EA Volunteers	237 Activities	465 Activities	670 Activities	753 Activities	985 Activities	913 Activities	1,050 Activities		4,800 Hours	4500-4800 Hours	>4800 Hours	4500-4800 hours	4500-4800 hours	>4800 hours
ISEB Spend (\$000)	\$9,168	\$10,121	\$7,302	\$9,318	\$9,983	\$13,365	\$15,760		\$15,000	\$13-15M	>\$15M	\$15M	\$15M-\$17M	>\$17M
Employee Sentiment*									2.5					
Employee Training Hours												50,000	50,000	60000
<b>Environmental Value</b>														
Electric System Environmental Compliance (permit exceedances)	5	4	3	2	4	6	2		4	4.00	<4	<4	4-6	<4
Consumptive Use Permit Compliance	Yes		Yes	Yes	Yes	Yes	Yes	Yes						
Nitrogen to the River (tons)	650	767	579	553	527	558	550		616	566-616	<566	600	531-600	<531
Sanitary Sewer Overflows (SSO's) (per 100 miles of pipe)	0.62	0.60	0.74	0.56	0.66	1.16	0.68		0.58	0.58-0.68	0.58	0.68	0.58-0.68	<0.58
Generation Fleet Reliability (forced outages rate)	0.7%	1.6%	3.0%	1.8%	2.0%	2.2%	2.1%		2.0%	2-2.2%	<2%	2.5%	2.25%-2.5%	<2.25%
Percent of Net O&M Budget	92%	90%	88%	93%	93%	93%	93%		95%	95-97.5%	<95%	97.5%	95-97.5%	<95%
Cost Reduction Metric (\$000)	n/a	n/a	n/a	n/a	\$25,156	\$10,087	\$10,495		\$9,100	\$9,000 - \$11,000	>\$11,000	\$3.85M	\$3.85M-\$5.3M	>\$5.35M

\* Excluded from calculation of overall corporate performance

Metrics We Watch	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Forecast
<b>Financial Value</b>									
Change in Net Position (\$000)	\$182,642	\$79,975	\$156,269	\$323,008	\$210,016	\$254,620	\$126,488		
Debt to Capitalization	75%	73%	70%	69%	66%	63%	59%		
City Contribution (\$000)	\$104,188	\$106,687	\$109,188	\$111,688	\$129,187	\$115,823	\$116,620		
Electric sales (000's MWh)	13,855	11,930	12,172	12,434	12,561	12,050	12,364		
Water Sales (000's kgal)	35,345	33,088	32,468	34,558	36,358	37,245	36,187		
Sewer Sales (000's kgal)	24,480	23,624	23,527	24,922	25,818	26,713	26,340		
Reclaim Sales (000's kgal)	1,330	1,110	1,301	1,784	2,644	3,290	3,120		
<b>Community Impact Value</b>									
Renewable Energy Production (000's MWh)	122	122	121	131	128	131	173	174	181
New Partnerships and Student Programs	N/A								
Voluntary Attrition	46	36	44	32	33	35	35		
Diverse Slate of Candidates (% of recruitments)	N/A	N/A	N/A	97.6%	98.6%	100%	100%		
Economic Development Program Participants	N/A	0	0	1	0	0	4		
Organizational Sentiment	N/A	2.5							
<b>Strategic Metrics - Long Term Influence</b>									
<b>Customer Value</b>									
Residential Electric Bill in FL (% of State Median)	101%	101%	99%	99.5%	101%	100%	98%		
Residential Water/Sewer Bill in FL (% of State Median)	110%	104%	102%	100%	96%	94%	92%		
<b>Financial Value</b>									
Consolidated Return on Equity	13%	8%	10%	12%	13%	13%	9%		
Return on Net Assets	4%	2%	3%	4%	5%	5%	4%		
Unlevered Free Cash Flow: EBITDA less CAPEX (\$000)	\$606,131	\$532,872	\$632,212	\$591,925	\$547,897	\$573,259	\$367,007		
Net Position (Book Value of Equity) (\$000)	\$1,991,311	\$2,071,286	\$2,196,006	\$2,166,909	\$2,376,928	\$2,631,545	\$2,755,310		
City Contribution NPV	-	-	-	-	-	-	\$1,998,311		
Electric Credit Ratings	Aa2/AA-/AA-								
W/WW Credit Ratings	Aa2/AA/AA								
<b>Continuously Improved Value</b>									
Employee engagement (survey)	-	71%	-	74%	72%	79%	81%		
<b>Environmental Value</b>									
CO <sub>2</sub> Emissions (lbs/MWh), net basis, w/ Scherer	1,631	1,828	1,851	1,731	1,799	1,593	1,516	1,611	1,611
CO <sub>2</sub> Emissions Mass(10 <sup>3</sup> Short Tons), w/ Scherer	8,881	10,414	11,194	10,425	10,609	8,916	7,731	7,663	8,500
Aquifer Withdrawal Limit	104	100	103	107	112	114	112	119	121
Residential Water Use Efficiency (gal. per capita per day)	88	80	75	79	81	82	75	77%	<80%

\*We report required customer response to support our service goals

### MANAGEMENT DISCUSSION

- Financial
- Electric Enterprise:
- Water and Sewer:
- DES:
- Operations
- Electric Enterprise:
- Water and Sewer:
- DES:

### Risk Registry Summary - September, 2019

Risk Registry Summary - September, 2019																					
Ownership			Risks Impact				Probability Factors					Summaries						Status			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20		
Risk #	Risk Title	Risk Owner(s)	Initial Financial Impact	Modified Financial Impact (Insurance)	Reputation Impact	Total Impact Average	Likelihood	Velocity	Preparedness	Influence	Total Probability Average	Total Risk Score	Current Criticality Average Score	Optimal Criticality Average Score	Non-Adjusted Financial Impact (in millions) / Spend Rate	Most Likely Financial Exposure (in millions)	Cost of Mitigation (in millions)	Status	Last Updated		
<b>Financial</b>																					
F01	Revenues and Expenses Management	Ryan Wannemacher / SLT	Minor (\$1-\$5M)	None	Moderate	1.5	Almost Certain (81 - 100%)	3 - 5 years away	Medium prep/controls	Medium	2.8	4.2	20.0	10.0	\$3.0	Annual/Variable	\$1.5	\$0.0	Completed	6/21/2019	
E10	Nuclear Power Portfolio	Steve McInall / Ryan Wannemacher	Severe/Catastrophic (>\$100M)	None	Severe	5.0	Almost Certain (81 - 100%)	5 - 10 years away	Medium prep/controls	Very Low	3.0	15.0	333.3	166.7	\$165.0	Once	\$165.0	\$165.0	Completed	6/21/2019	
F03	Credit Availability/Cost	Ryan Wannemacher / Joe Orfano	Significant (\$21-\$50M)	None	Moderate	2.5	Almost Certain (81 - 100%)	1 - 3 years away	Medium prep/controls	Low	3.2	8.0	120.0	60.0	\$42.0	Annual	\$42.0	\$42.0	Completed	6/21/2019	
E05	Cooling Water Intake Structures 316(b)	Caren Anders / Paul Steinbrecher	Severe/Catastrophic (>\$100M)	None	Moderate	3.5	Possible (41 - 60%)	1 - 3 years away	Medium prep/controls	Very Low	3.0	10.5	160.0	80.0	\$130.0	Once	\$65.0	\$65.0	Completed	6/21/2019	
E03	Coal Combustion Residual Rule (CCR)	Caren Anders / Paul Steinbrecher	Significant (\$21-\$50M)	None	Moderate	2.5	Almost Certain (81 - 100%)	5 - 10 years away	Medium prep/controls	Very Low	3.0	7.5	80.0	40.0	\$33.0	Once	\$33.0	\$33.0	Completed	6/21/2019	
H01	Pension Costs	Ryan Wannemacher	Significant (\$21-\$50M)	None	Moderate	2.5	Possible (41 - 60%)	> 10 years away	Medium prep/controls	Medium	2.0	5.0	12.0	6.0	\$35.0	Annual/Variable	\$10.5	\$0.0	Completed	6/21/2019	
C10	Project Risk Assessment and Capital Allocation	Caren Anders / Steve McInall / Deryle Calhoun / Ryan Wannemacher	Minor (\$1-\$5M)	None	Moderate	1.5	Unlikely (21 - 40%)	1 - 3 years away	Medium prep/controls	High	2.2	3.3	5.3	2.7	\$0.0	Annual	\$0.0	\$0.0	Completed	6/21/2019	
<b>Totals</b>												<b>9.2</b>	<b>141.1</b>			<b>\$405.0</b>		<b>\$315.5</b>	<b>\$305.0</b>		
<b>Total Risks</b>												<b>5</b>									
<b>Planning</b>																					
E01	Carbon Emission Mitigation/Renewable Energy Standards	Paul Steinbrecher / Steve McInall	Severe/Catastrophic (>\$100M)	None	Severe	5.0	Likely (61 - 80%)	3 - 5 years away	Medium prep/controls	None	3.2	16.0	500.0	250.0	\$75.0	Annual	\$75.0	\$0.0	Completed	6/21/2019	
C03	Disruptive Technologies/Long-term Planning	Julio Romero / Steve McInall	Severe/Catastrophic (>\$100M)	None	Significant	4.0	Likely (61 - 80%)	5 - 10 years away	Basic prep/controls	None	3.4	13.6	300.0	100.0	\$100.0	Variable	\$50.0	\$0.0	Completed	7/8/2019	
C04	External Influence on Policy	SLT	Minor (\$1-\$5M)	None	Severe	3.0	Possible (41 - 60%)	3 - 5 years away	Medium prep/controls	Medium	2.4	7.2	30.0	15.0	\$3.0	Variable	\$0.9	\$0.0	In-Progress		
<b>Totals</b>												<b>12.3</b>	<b>276.7</b>			<b>\$178.0</b>		<b>\$125.9</b>	<b>\$0.0</b>		
<b>Total Risks</b>												<b>3</b>									
<b>Cyber Security</b>																					
E07	Critical Infrastructure Protection (CIP) Compliance	Caren Anders / Ted Hobson / Shawn Eads / Daniel Mishra	Moderate (\$6-\$20M)	None	Major	3.0	Possible (41 - 60%)	1 - 3 years away	Basic prep/controls	Medium	3.0	9.0	96.0	32.0	\$13.0	Variable	\$6.5	\$0.0	Completed	4/10/2019	
T02	Cyber Security Information Protection	Shawn Eads / Stephen Datz / Bill Kearson	Significant (\$21-\$50M)	Limited Impact (\$0-\$300K)	Major	2.3	Possible (41 - 60%)	1 - 3 years away	Basic prep/controls	Low	3.2	7.4	36.0	12.0	\$0.3	Variable	\$0.2	\$0.0	In-Progress		
T03	Cyber Security Business Disruption	Shawn Eads / Stephen Datz / Bill Kearson	Significant (\$21-\$50M)	Limited Impact (\$0-\$300K)	Major	2.3	Possible (41 - 60%)	1 - 3 years away	Basic prep/controls	Low	3.2	7.4	36.0	12.0	\$0.3	Variable	\$0.2	\$0.0	In-Progress		
W02	Operations Technology Management - Water/Wastewater Systems	Deryle Calhoun / Shawn Eads	Moderate (\$6-\$20M)	Limited Impact (\$0-\$300K)	Major	2.3	Unlikely (21 - 40%)	1 - 3 years away	Basic prep/controls	Low	3.0	6.9	24.0	8.0	\$0.0	Variable	\$0.0	\$0.0	In-Progress		
E20	Operations Technology Management - Electric	Caren Anders / Shawn Eads	Moderate (\$6-\$20M)	Limited Impact (\$0-\$300K)	Major	2.3	Unlikely (21 - 40%)	1 - 3 years away	Basic prep/controls	Low	3.0	6.9	24.0	8.0	\$0.0	Variable	\$0.0	\$0.0	In-Progress		
<b>Totals</b>												<b>7.5</b>	<b>43.2</b>			<b>\$13.6</b>		<b>\$6.8</b>	<b>\$0.0</b>		
<b>Total Risks</b>												<b>5</b>									
<b>Physical Security</b>																					
C17	Physical Security/Terrorism	Ted Hobson / Brandon Edwards	Severe/Catastrophic (>\$100M)	Moderate (\$6-\$20M)	Severe	3.5	Unlikely (21 - 40%)	1 - 3 years away	Basic prep/controls	Low	3.0	10.5	120.0	40.0	\$13.0	Variable	\$6.5	\$0.0	Completed	4/15/2019	
C02	Physical Security - Criminal Activity	Ted Hobson / Brandon Edwards	Minor (\$1-\$5M)	Limited Impact (\$0-\$300K)	Significant	1.8	Almost Certain (81 - 100%)	1 - 3 years away	Basic prep/controls	Low	3.6	6.5	45.0	15.0	\$0.3	Variable	\$0.2	\$0.0	Completed	4/17/2019	
C07	Physical Security - Active Shooter Event	Ted Hobson / Brandon Edwards	Moderate (\$6-\$20M)	Limited Impact (\$0-\$300K)	Significant	1.8	Possible (41 - 60%)	1 - 3 years away	Basic prep/controls	Low	3.2	5.8	27.0	9.0	\$0.3	Variable	\$0.2	\$0.0	Completed	4/17/2019	
<b>Totals</b>												<b>7.6</b>	<b>64.0</b>			<b>\$13.6</b>		<b>\$6.9</b>	<b>\$0.0</b>		
<b>Total Risks</b>												<b>3</b>									
<b>Compliance</b>																					
E09	FERC/NERC (Section 693) O&P Reliability & Compliance	Ted Hobson / Caren Anders / John Babik	Significant (\$21-\$50M)	None	Major	3.5	Possible (41 - 60%)	1 - 3 years away	Medium prep/controls	Medium	2.6	9.1	96.0	48.0	\$35.0	Variable	\$17.5	\$0.0	Completed	4/5/2019	
C09	Other Regulatory Compliance	Jon Kendrick / Kerri Stewart / Ted Hobson	Moderate (\$6-\$20M)	Minor (\$1-\$5M)	Significant	2.0	Possible (41 - 60%)	1 - 3 years away	Medium prep/controls	Medium	2.6	5.2	24.0	12.0	\$3.0	Variable	\$1.5	\$0.0	Completed	4/5/2019	
C11	Physical Security - Regulatory Compliance	Ted Hobson / Brandon Edwards	Moderate (\$6-\$20M)	Minor (\$1-\$5M)	Significant	2.0	Possible (41 - 60%)	1 - 3 years away	Medium prep/controls	Medium	2.6	5.2	24.0	12.0	\$0.0	Variable	\$0.0	\$0.0	Completed	4/15/2019	

### Risk Registry Summary - September, 2019

Risk Registry Summary - September, 2019																					
Ownership			Risks Impact				Probability Factors					Summaries						Status			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16		17	18	19	20	
Risk #	Risk Title	Risk Owner(s)	Initial Financial Impact	Modified Financial Impact (Insurance)	Reputation Impact	Total Impact Average	Likelihood	Velocity	Preparedness	Influence	Total Probability Average	Total Risk Score	Current Criticality Average Score	Optimal Criticality Average Score	Non-Adjusted Financial Impact (in millions) / Spend Rate		Most Likely Financial Exposure (in millions)	Cost of Mitigation (in millions)	Status	Last Updated	
C05	Records Management	Ted Hobson / Jaseen Hutchinson	Moderate (\$6-\$20M)	Limited Impact (\$0-\$300K)	Significant	1.8	Possible (41 - 60%)	1 - 3 years away	Medium prep/controls	Medium	2.6	4.7	12.0	6.0	\$0.3	Variable	\$0.2	\$0.0	Completed	4/5/2019	
C14	Environmental Compliance Management	Paul Steinbrecher / Caren Anders / Deryle Calhoun	Significant (\$21-\$50M)	Limited Impact (\$0-\$300K)	Major	2.3	Unlikely (21 - 40%)	1 - 3 years away	Medium prep/controls	Medium	2.4	5.5	10.7	5.3	\$0.3	Variable	\$0.1	\$0.0	Completed	3/5/2019	
WXX	American Water Infrastructure ACT of 2018	Paul Steinbrecher / Deryle Calhoun																	In-Progress		
<b>Totals</b>												<b>5.9</b>	<b>33.3</b>			<b>\$38.6</b>		<b>\$19.2</b>	<b>\$0.0</b>		
<b>Total Risks</b>												<b>5</b>									
<b>Technology</b>																					
T04	Technology Services Disaster Recovery/Business Continuity	Shawn Eads / Stephen Datz	Major (\$51-\$100M)	Minor (\$1-\$5M)	Significant	2.0	Possible (41 - 60%)	1 - 3 years away	Medium prep/controls	Medium	2.6	5.2	24.0	12.0	\$3.0	Variable	\$1.5	\$0.0	Completed	4/15/219	
T01	Technology Infrastructure Reliability	Shawn Eads / Stephen Datz	Moderate (\$6-\$20M)	Minor (\$1-\$5M)	Significant	2.0	Unlikely (21 - 40%)	1 - 3 years away	Medium prep/controls	Medium	2.4	4.8	16.0	8.0	\$3.0	Variable	\$0.9	\$0.0	Completed	4/15/2019	
T05	Technology Services Resource Optimization	Shawn Eads	Minor (\$1-\$5M)	None	Minor	1.0	Unlikely (21 - 40%)	1 - 3 years away	Medium prep/controls	Medium	2.4	2.4	5.3	2.7	\$3.0	Variable	\$0.9	\$0.0	In-Progress		
<b>Totals</b>												<b>4.1</b>	<b>15.1</b>			<b>\$9.0</b>		<b>\$3.3</b>	<b>\$0.0</b>		
<b>Total Risks</b>												<b>3</b>									
<b>WorkForce</b>																					
H04	Work Environment	Jon Kendrick / Kerri Stewart	Significant (\$21-\$50M)	None	Significant	3.0	Likely (61 - 80%)	1 - 3 years away	Basic prep/controls	Medium	3.2	9.6	144.0	48.0	\$35.0	Annual/Variable	\$17.5	\$0.0	Completed	7/8/2019	
H02	Staffing	Jon Kendrick / Robb Mack	Significant (\$21-\$50M)	None	Moderate	2.5	Possible (41 - 60%)	3 - 5 years away	Medium prep/controls	Medium	2.4	6.0	36.0	18.0	\$35.0	Annual/Variable	\$10.5	\$0.0	Completed	4/17/2019	
<b>Totals</b>												<b>7.8</b>	<b>90.0</b>			<b>\$70.0</b>		<b>\$28.0</b>	<b>\$0.0</b>		
<b>Total Risks</b>												<b>2</b>									
<b>Operations</b>																					
C08	Black Swan (High Impact - Low probability event)	Caren Anders / Steve McInnall	Major (\$51-\$100M)	Moderate (\$6-\$20M)	Severe	3.5	Possible (41 - 60%)	1 - 3 years away	Basic prep/controls	Low	3.2	11.2	180.0	60.0	\$13.0	Variable	\$6.5	\$0.0	Completed	4/15/2019	
E13	Emergency Preparedness / Business Continuity	John McCarthy / John Sposato	Major (\$51-\$100M)	Moderate (\$6-\$20M)	Major	3.0	Possible (41 - 60%)	1 - 3 years away	Basic prep/controls	Medium	3.0	9.0	96.0	32.0	\$13.0	Variable	\$6.5	\$0.0	Completed	4/15/2019	
W01	Water Supply Management/Long Term Planning	Steve McInnall / Paul Steinbrecher	Major (\$51-\$100M)	None	Severe	4.5	Possible (41 - 60%)	5 - 10 years away	Medium prep/controls	Medium	2.2	9.9	80.0	40.0	\$75.0	Variable	\$22.5	\$0.0	Completed	4/15/2019	
C06	Fraud Risk Management	Ted Hobson / Steve Tuten	Moderate (\$6-\$20M)	Minor (\$1-\$5M)	Significant	2.0	Possible (41 - 60%)	1 - 3 years away	Basic prep/controls	Low	3.2	6.4	54.0	18.0	\$3.0	Once	\$1.5	\$0.0	Completed	4/15/2019	
C16	Weather & Climate Change Impact Resiliency Efforts	Caren Anders / Deryle Calhoun / Steve McInnall	Major (\$51-\$100M)	None	Major	4.0	Possible (41 - 60%)	> 10 years away	Basic prep/controls	Low	2.6	10.4	72.0	24.0	\$75.0	Variable	\$37.5	\$0.0	Completed	4/15/2019	
E04	Adverse Electric Commodity Supply and Pricing	Steve McInnall	Moderate (\$6-\$20M)	None	Major	3.0	Unlikely (21 - 40%)	1 - 3 years away	Medium prep/controls	Medium	2.4	7.2	42.7	21.3	\$13.0	Annual/Variable	\$3.9	\$0.0	Completed	4/15/2019	
W04	Infrastructure Maintenance - Water/Waste Water Systems	Deryle Calhoun	Significant (\$21-\$50M)	Moderate (\$6-\$20M)	Major	3.0	Unlikely (21 - 40%)	1 - 3 years away	Medium prep/controls	Medium	2.4	7.2	42.7	21.3	\$13.0	Annual/Variable	\$3.9	\$0.0	Completed	4/15/2019	
E11	Generation Equipment and Infrastructure Maintenance - Generation Assets	Caren Anders / Steve McInnall	Significant (\$21-\$50M)	Moderate (\$6-\$20M)	Significant	2.5	Unlikely (21 - 40%)	1 - 3 years away	Medium prep/controls	Medium	2.4	6.0	32.0	16.0	\$13.0	Annual/Variable	\$3.9	\$0.0	Completed	4/15/2019	
C01	Customer Relationship Management	Kerri Stewart	Minor (\$1-\$5M)	None	Major	2.5	Possible (41 - 60%)	1 - 3 years away	Medium prep/controls	Medium	2.6	6.5	32.0	16.0	\$3.0	Annual/Variable	\$1.5	\$0.0	Completed	4/15/2019	
W06	Drinking Water Quality Management	Deryle Calhoun / Paul Steinbrecher	Major (\$51-\$100M)	Minor (\$1-\$5M)	Severe	3.0	Unlikely (21 - 40%)	1 - 3 years away	Medium prep/controls	Medium	2.4	7.2	26.7	13.3	\$3.0	Annual/Variable	\$0.9	\$0.0	Completed	3/5/2019	
W03	Sanitary Sewer Overflow Management	Deryle Calhoun	Moderate (\$6-\$20M)	Minor (\$1-\$5M)	Significant	2.0	Possible (41 - 60%)	1 - 3 years away	Medium prep/controls	Medium	2.6	5.2	24.0	12.0	\$3.0	Annual/Variable	\$1.5	\$0.0	Completed	3/5/2019	
H03	Employee Safety	Jon Kendrick / Paul Thomas	Moderate (\$6-\$20M)	Limited Impact (\$0-\$300K)	Significant	1.8	Possible (41 - 60%)	1 - 3 years away	Medium prep/controls	Medium	2.6	4.7	12.0	6.0	\$0.3	Annual/Variable	\$0.2	\$0.0	Completed	3/10/2019	
E12	By Product Management	Caren Anders	Moderate (\$6-\$20M)	Limited Impact (\$0-\$300K)	Moderate	1.3	Unlikely (21 - 40%)	1 - 3 years away	Medium prep/controls	Medium	2.4	3.1	5.3	2.7	\$0.3	Annual/Variable	\$0.1	\$0.0	Completed	4/15/2019	
XXX	Supply Chain Management																				
<b>Totals</b>												<b>7.8</b>	<b>58.3</b>			<b>\$228</b>		<b>\$90</b>	<b>\$0</b>		
<b>Total Risks</b>												<b>12</b>									
<b>Grand Totals</b>												<b>7.0</b>	<b>74.7</b>			<b>\$958.4</b>		<b>\$597.4</b>	<b>\$305.0</b>		
<b>Total Risks</b>												<b>41</b>									

## Risk Registry Summary - September, 2019

Risk Registry Summary - September, 2019																			
Ownership			Risks Impact				Probability Factors					Summaries					Status		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Risk #	Risk Title	Risk Owner(s)	Initial Financial Impact	Modified Financial Impact (Insurance)	Reputation Impact	Total Impact Average	Likelihood	Velocity	Preparedness	Influence	Total Probability Average	Total Risk Score	Current Criticality Average Score	Optimal Criticality Average Score	Non-Adjusted Financial Impact (in millions) / Spend Rate	Most Likely Financial Exposure (in millions)	Cost of Mitigation (in millions)	Status	Last Updated

Financial Impact Criteria	Risk Value
Severe/Catastrophic (>\$100 M)	5
Major (\$51-\$100M)	4
Significant (\$21-\$50M)	3
Moderate (\$6-\$20M)	2
Minor (\$1M-\$5M)	1
Limited Impact (\$0-\$300K)	0.5

Reputation Criteria (B)	Risk Value
Severe	5
Major	4
Significant	3
Moderate	2
Minor	1

Likelihood Criteria (C)	Risk Value
Almost Certain (81 - 100%)	5
Likely (61 - 80%)	4
Possible (41 - 60%)	3
Unlikely (21 - 40%)	2
Rare (< 20%)	1

Velocity Criteria (D)	Risk Value
<1 year	5
1 - 3 years away	4
3 - 5 years away	3
5 - 10 years away	2
>10 years away	1

Preparedness Criteria (E)	Risk Value
No prep/controls	5
Prep/controls are in development	4
Basic prep/controls	3
Medium prep/controls	2
Very well prepared/good controls	1

Influence Criteria (F)	Risk Value
None	5
Very Low	4
Low	3
Medium	2
High	1

Criticality Ranges	
Total Risk Score	Current Criticality Average Score
15 - 25	> 500
11 - 14	100 - 499
7 - 10	51 - 99
4 - 6	26 - 50
1 - 3	0 - 25

### OWNERSHIP SECTION

- 1 Risk # - Unique Risk Identifier. Identifies the Business Function and the risk associated with that function. E=Electric Systems, W= Water/Wastewater systems, H=Human Resources, T= Technology Services, F= Financial Services, C= All other Corporate Risks.
- 2 Risk Title - Short Risk Name.
- 3 Primary Risk Owners - Executives responsible for managing the risk. Always includes an SLT member, and may include other SLT members and/or Directors who are also managing the risk.

### RISK IMPACT SECTION

- 4 Initial Financial Impact - Identifies the Worst Credible Financial Impact if the risk event occurs, as defined by a specific scenario identified by the risk owner(s). Score criteria are noted on the graph labeled Financial Impact Criteria (A)
- 5 Modified Financial Impact (Insurance) - Identifies the out of pocket /deductible financial impact after insurance coverage payment. Where applicable, this will be used in determining the true financial impact of a risk. i.e., Worst Credible Risk-Insurance Recovery= Risk Financial Impact
- 6 Reputational Impact - Identifies the severity of the reputational impact as identified by the risk owner(s). Score criteria are noted on the graph labeled Reputational Impact Criteria (B)
- 7 Total Impact Average- Identifies the average of the Financial Impact and the Reputational Impact. i.e., Column 4 or 5 + Column 6 divided by 2. The purpose of this calculation is to assess the over risk impact of a risk and put focus on high financial impact and/or low financial risks but high reputational impact.

### PROBABILITY FACTORS SECTION

- 8 Likelihood - Identifies the likelihood of the risk event occurring, as determined by the risk owners. Score criteria are noted on the graph labeled Likelihood Criteria (C)
- 9 Velocity - Identifies the timeframe in which a risk event can occur, as determined by the risk owners. Score criteria are noted on the graph labeled Velocity Criteria (D). Where the risk timeframe can happen at anytime, the risk is given a score of 5.
- 10 Preparedness - Identifies the effectiveness of current mitigations that reduce the impact/and or likelihood if the risk event occurs, as determined by the risk owners. Score criteria are noted on the graph labeled Preparedness Criteria (E).
- 11 Influence - Identifies our ability to influence the risk from occurring. e.g., We have no influence in preventing a new regulatory requirement, some influence in managing fuel prices through hedging, and a high influence of reliability through an effective maintenance program. Score criteria are noted on the graph labeled Influence Criteria (F).
- 12 Total Probability Average - Identifies the average score of all the Probability Factors (The sum of columns 8-11 divided by 4)

### SUMMARY ANALYSIS SECTION

- 13 Total Risk Score - Identifies the criticality of the risk by taking into account the impact and probability of the risk event. The score is based on the financial impact (column 4 or 5) times the probability score (column 12).
- 14 Current Criticality Average Score - Identifies the risks which have the highest criticality impact by multiplying the value of all criteria. Column 4 or 5, column 6, and columns 8-11 dividing by 6. The purpose of this risk is to identify a more detailed scoring range to better assess the risk criticality between separate risks. i.e., Its easier to assess the criticality of the risk by comparing the total score (750 vs 250) than the average score (5.0 vs 3.6).
- 15 Optimal Criticality Average Score - Identifies the risks with the highest criticality impact, if all mitigations are implemented and functioning effectively.
- 16 Most likely financial exposure - Identifies the Most Likely financial exposure based on the midpoint of the Financial Impact (column 4 or 5, and the midpoint of the total Probability Average column 12).
- 17 Non adjusted financial impact - Identifies the mid point of the Financial impact before probability adjustment.
- 18 Cost of Mitigation - Identifies the cost of mitigations to reduce the risk impact and/or probability to the desired risk tolerance. The data provides a cost benefit analysis of whether to implement the mitigations.
- 19 Status - Identifies the status of the risk review with the risk owners.
- 20 Last Updated - Identifies the date the risk scoring and risk profile was reviewed and updated.

# The big idea: leaders need to measure and manage organizational health with the same rigor as performance

Performance



Health



Deliver Results



Run the Place

FEBRUARY 2019

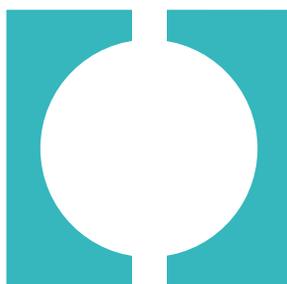


Organizational Health Update

SOURCE: Organization Practice, McKinsey & Co.

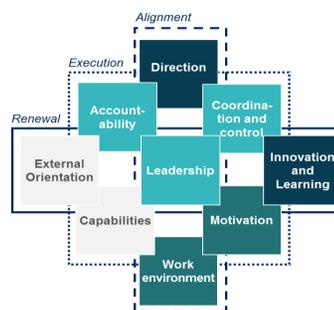
# Along with overall health, the outcomes and practices create a common language to discuss “culture” and organizational health

## Overall Health



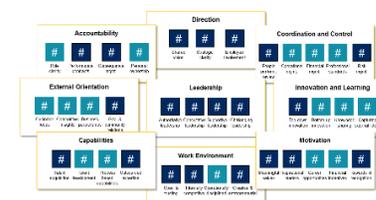
- An assessment of the overall health of the organization
- Color indicates health relative to other organizations in the OHI database

## Outcomes



- “What you see” in an organization
- Based on questions asking whether respondents agree with certain statements about the organization
- Example: “Employees here are highly motivated”

## Practices



- “What people do” – behaviors that drive each outcome
- Different questions from the outcomes, asking how often respondents see certain healthy behaviors done at the organization
- Example: “Managers in my company provide praise, thanks, or other forms of recognition to high performers”

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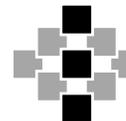
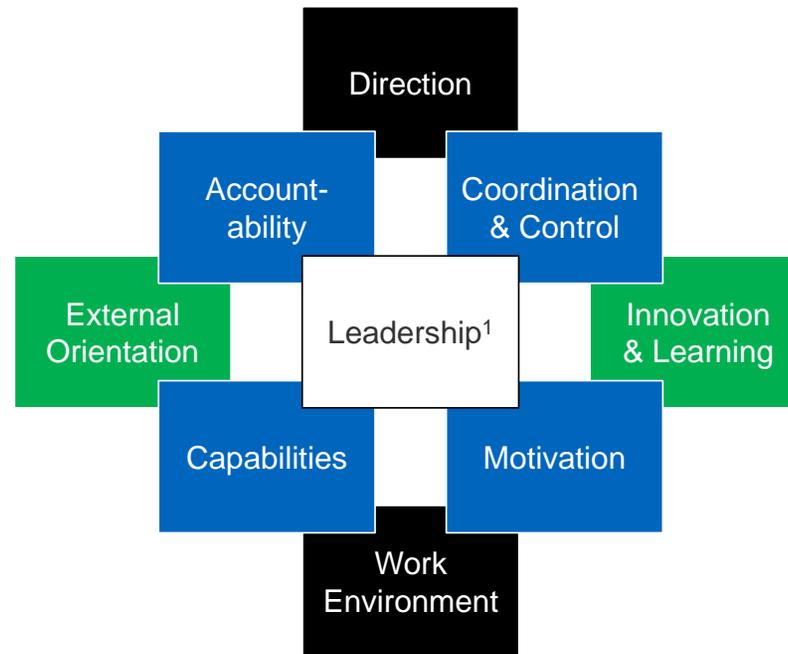


# Organizational Health Update

SOURCE: Organization Practice, McKinsey & Co.

# The nine outcomes measure the “soft” and “hard” building blocks of the organizational ecosystem across three dimensions

Measure agreement, from “strongly agree” to “strongly disagree”



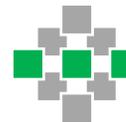
## Alignment

Are people aligned around the organization’s vision, strategy, culture and values?



## Execution

Can employees deliver on their roles with the current capabilities, processes and motivation level?



## Renewal

How does the organization understand, interact, respond, and adapt to its situation and external environment?

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<sup>1</sup> Leadership, as a central component to organizational health, is part of all 3 dimensions of health

SOURCE: Organizational Health Index, Organization Practice, McKinsey & Co.

# Definitions of the 9 OHI outcomes

	Outcomes	How effective and in what ways does the organization ...
Alignment	<b>Direction</b>	... communicate a clear and compelling vision of where the organization is headed, how to get there, and what it means for people
	<b>Leadership</b>	...use effective leadership styles to shape the actions of people in the organization to drive high performance
	<b>Work Environment</b>	...cultivate a clear, consistent set of values and working norms that foster effective workplace behavior
Execution	<b>Accountability</b>	...ensure individuals understand what is expected of them, have sufficient authority and feel accountable for delivering results
	<b>Coordination &amp; Control</b>	...consistently measure and manage business and risk, and act to address problems when they arise
	<b>Capability</b>	...ensure the institutional skills and talent are in place to execute the strategy and create competitive advantage
	<b>Motivation</b>	...develop employee loyalty and enthusiasm, and inspire people to exert extraordinary effort to perform at their very best
Renewal	<b>Innovation &amp; Learning</b>	...encourage and harness new ideas, including everything from radical innovation to incremental improvement, so the organization can effectively evolve and grow over time
	<b>External Orientation</b>	...engage with important external stakeholders (customers, suppliers, partners, and others) to more effectively create and deliver value – both now and in the future

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NOTE: Leadership is shaded as part of the "alignment" dimension of health but technically is part of all three dimensions (alignment, execution, renewal)

SOURCE: Organizational Health Index, Organization Practice, McKinsey & Co.

# The 37 practices offer tactical insights by looking at the behaviors, actions, and processes that create these healthy building blocks

Practices (Measure frequency, from “often” to “rarely”)

<p><b>Direction</b></p> <ol style="list-style-type: none"> <li>1. Shared Vision</li> <li>2. Strategic Clarity</li> <li>3. Employee Involvement</li> </ol>	<p><b>Accountability</b></p> <ol style="list-style-type: none"> <li>4. Role Clarity</li> <li>5. Performance Contracts</li> <li>6. Consequence Management</li> <li>7. Personal Ownership</li> </ol>	<p><b>Coordination &amp; Control</b></p> <ol style="list-style-type: none"> <li>8. People Performance Review</li> <li>9. Operational Management</li> <li>10. Financial Management</li> <li>11. Professional standards</li> <li>12. Risk Management</li> </ol>
<p><b>External Orientation</b></p> <ol style="list-style-type: none"> <li>13. Customer Focus</li> <li>14. Competitor Insights</li> <li>15. External Partnerships</li> <li>16. Gov’t &amp; Community Relations</li> </ol>	<p><b>Leadership</b></p> <ol style="list-style-type: none"> <li>17. Authoritative Leadership</li> <li>18. Consultative Leadership</li> <li>19. Supportive Leadership</li> <li>20. Challenging Leadership</li> </ol>	<p><b>Innovation &amp; Learning</b></p> <ol style="list-style-type: none"> <li>21. Top-Down Innovation</li> <li>22. Bottom-Up Innovation</li> <li>23. Knowledge Sharing</li> <li>24. Capturing External Ideas</li> </ol>
<p><b>Capabilities</b></p> <ol style="list-style-type: none"> <li>25. Talent Acquisition</li> <li>26. Talent Development</li> <li>27. Process Based Capabilities</li> <li>28. Outsourced Expertise</li> </ol>	<p><b>Work Environment</b></p> <ol style="list-style-type: none"> <li>29. Open and Trusting</li> <li>30. Performance Transparency</li> <li>31. Operationally Disciplined</li> <li>32. Creative &amp; Entrepreneurial</li> </ol>	<p><b>Motivation</b></p> <ol style="list-style-type: none"> <li>33. Meaningful Values</li> <li>34. Inspirational Leaders</li> <li>35. Career Opportunities</li> <li>36. Financial Incentives</li> <li>37. Rewards &amp; Recognition</li> </ol>

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SOURCE: Organizational Health Index, Organization Practice, McKinsey & Co.

## Definitions of the 37 OHI outcomes (1/3)

Outcome	Practice	Description
Direction	1. Shared Vision	1. Setting the direction by creating and communicating a compelling, vivid image of what the future will look like
	2. Strategic Clarity	2. Articulating a clear direction and strategy for winning, and translating it into specific goals and targets
	3. Employee Involvement	3. Engaging employees in dialogue on the direction of the organization and discussing their part in making it happen
Leadership	4. Authoritative Leadership	4. Leaders emphasize hierarchy and managerial pressure to get things done
	5. Consultative Leadership	5. Leaders involve and empower employees through communication, consultation and delegation
	6. Supportive Leadership	6. Leaders build a positive environment characterized by team harmony, support, and caring for employees' welfare
	7. Challenging Leadership	7. Leaders encourage employees to take on tough challenges and do more than they thought was possible
Work Environment	8. Open & Trusting	8. Encouraging honesty, transparency and candid, open dialogue
	9. Performance Transparency	9. Emphasizing results and achievement, with a healthy sense of internal competition to drive performance
	10. Operationally Disciplined	10. Fostering clear behavioral and performance standards, with close monitoring of adherence to those standards
	11. Creative & Entrepreneurial	11. Supporting innovation, creativity, and initiative-taking

NOTE: Leadership is shaded as part of the "alignment" dimension of health but technically is part of all three dimensions (alignment, execution, renewal)

SOURCE: Organizational Health Index, Organization Practice, McKinsey & Co.

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## Definitions of the 37 OHI outcomes (2/3)

Outcome	Practice	Description
Accountability	12. Role Clarity	12. Driving accountability by creating a clear structure, roles and responsibilities
	13. Performance Contracts	13. Driving accountability by creating clear objectives and formal, explicit performance targets
	14. Personal Ownership	14. Driving accountability by linking rewards and consequences to individual performance
	15. Consequence Management	15. Driving accountability by creating a sense of individual ownership and personal responsibility
Coordination & Control	16. People Performance Review	16. Using formal performance assessments, feedback, and tracking to coordinate and control flows of talent
	17. Operational Management	17. Focusing on operational KPIs, metrics and targets to monitor and manage business performance
	18. Financial Management	18. Focusing on financial KPIs and the effective allocation and control of financial resources to monitor and manage performance
	19. Professional Standards	19. Using clear standards, policies and rules to set behavioral expectations and enforce compliance
Capabilities	20. Risk Management	20. Identifying and mitigating anticipated risks, and responding rapidly to unexpected problems as they arise
	21. Talent Acquisition	21. Hiring the right talent
	22. Talent Development	22. Developing employees' knowledge and skills
	23. Process Based Capabilities	23. Embedding capabilities and 'know-how' through codified methods and procedures (e.g., training manuals, SOPs)
	24. Outsourced Expertise	24. Using external resources to fill capability gaps (e.g., consultants, vendors, business partners)

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SOURCE: Organizational Health Index, Organization Practice, McKinsey & Co.

## Definitions of the 37 OHI outcomes (3/3)

Outcome	Practice	Description
<b>Motivation</b>	25. Meaningful Values	25. Appealing to compelling and personally meaningful values to motivate employees
	26. Inspirational Leaders	26. Inspiring employees through encouragement, guidance and recognition
	27. Career Opportunities	27. Providing career and development opportunities to motivate employees
	28. Financial Incentives	28. Using performance-related financial rewards to motivate employees
	29. Rewards & Recognition	29. Providing non-financial rewards and recognition to encourage high performance
<b>Innovation &amp; Learning</b>	30. Top-down Innovation	30. Driving innovation and learning through high-priority initiatives sponsored by senior leaders
	31. Bottom-up Innovation	31. Encouraging and rewarding employee participation in the development of new ideas and improvement initiatives
	32. Knowledge Sharing	32. Enabling collaboration and knowledge sharing across the organization
	33. Capturing External Ideas	33. Importing ideas and best practices from outside the organization
<b>External Orientation</b>	34. Customer Focus	34. Understanding customers and responding to their needs
	35. Competitive Insights	35. Acquiring and using information about competitors to inform business decisions
	36. External Partnerships	36. Building and maintaining a network of external business partners
	37. Business & Community Relations	37. Developing strong relationships with the public, local communities, government and regulatory agencies

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SOURCE: Organizational Health Index, Organization Practice, McKinsey & Co.

# JEA employees were also asked to assess practices that drive performance and organizational health in public institutions

## What is the Public & Social Sector OHI Module?

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- Core OHI practices apply to all organizations – however governments, inter-governmental organizations, non-profits, and other public institutions often face complex and unique challenges requiring different solutions
- A set of additional sector-specific practices are tailored to the behaviors and actions most linked to performance in non-commercial entities<sup>1</sup>
- Complementing the core OHI with these practices can allow public & social sector entities to identify tailored insights relevant to them, and the right path to their own health aspirations
- The Public & social Sector module questions are not benchmarked and “quartiled” like the core OHI questions – their results are shown as numbers and are incorporated into the themes

## Additional practices in the OHI Public & Social Sector module

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### Direction

1. Clear Mission

### Motivation

2. Compelling Mission
3. Intrinsic Motivation

### Coordination & Control

4. Efficiency
5. Evaluation

6. Budgeting

### Accountability

7. Decision Making

### Capabilities

8. Sustainable Funding
9. Subject-matter Expertise

### Work Environment

10. Multiple Viewpoints
11. Organizational Connectivity

### External Orientation

12. Stakeholder Management

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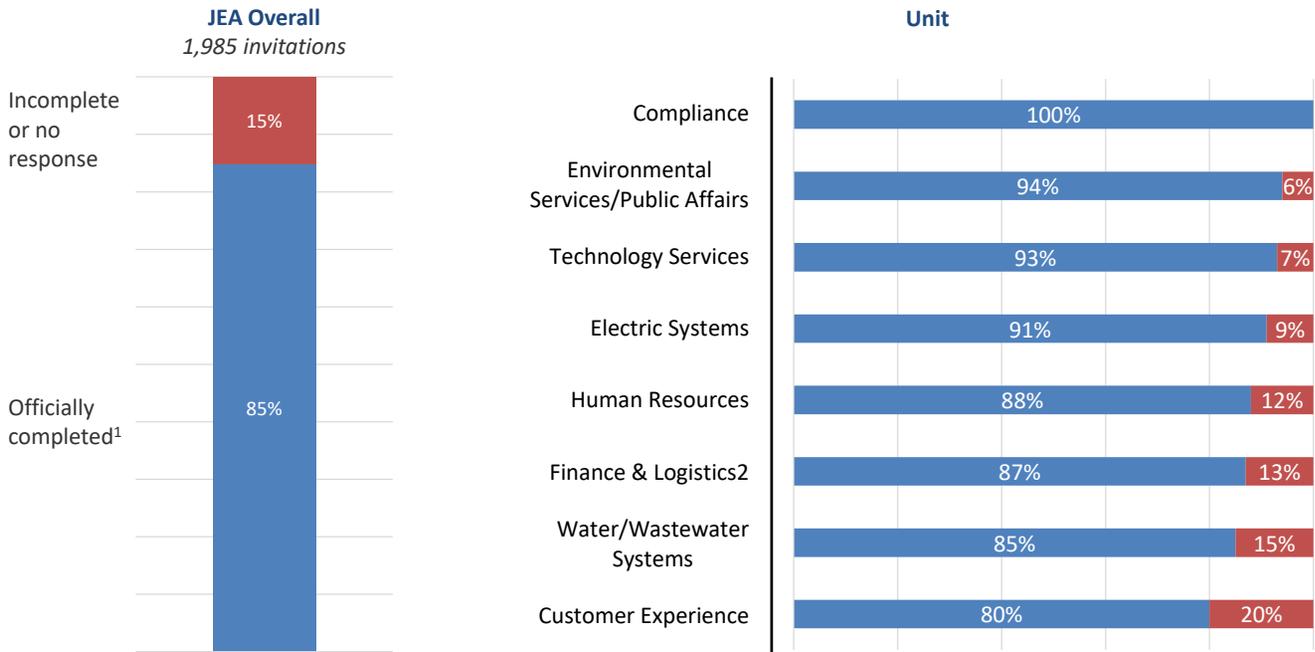
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<sup>1</sup> New PSS practices were designed based on extensive SME interviews, literature reviews, and feedback from multiple pilots

SOURCE: Organizational Health Index, Organization Practice, McKinsey & Co.

# JEA's response rates – overall and by unit – were well above average, indicating strong engagement and successful deployment by the JEA team

Breakdown of completed responses



<sup>1</sup> "Finance" and "Logistics Services" were merged for the purposes of reporting, as these two units were recently separated and respondents may have identified themselves as part of the other unit incorrectly in the survey. <sup>2</sup> In total 87% of recipients completed the survey but 2% were removed for responses that were flagged as potentially inaccurate (e.g., completing the survey in less than 2 minutes)

SOURCE: JEA (n=1685)

# JEA has an overall health in the bottom quartile compared to the OHI global database

## Overall health



- JEA is in the bottom quartile of organizational health relative to the 2019 OHI global database
- The global database includes nearly 900 organizations across industries and geographies that have completed the OHI in the last 5 years

Benchmark: ■ Top Decile ■ Top Quartile ■ Second Quartile ■ Third Quartile ■ Bottom Quartile

SOURCE: JEA (n=1685); Organizational Health Index Global Database, McKinsey & Company

# All of JEA’s health outcomes are below the global database’s median, with three in the third quartile and six in the bottom quartile

Percentage of respondents who selected 'agree' or 'strongly agree'



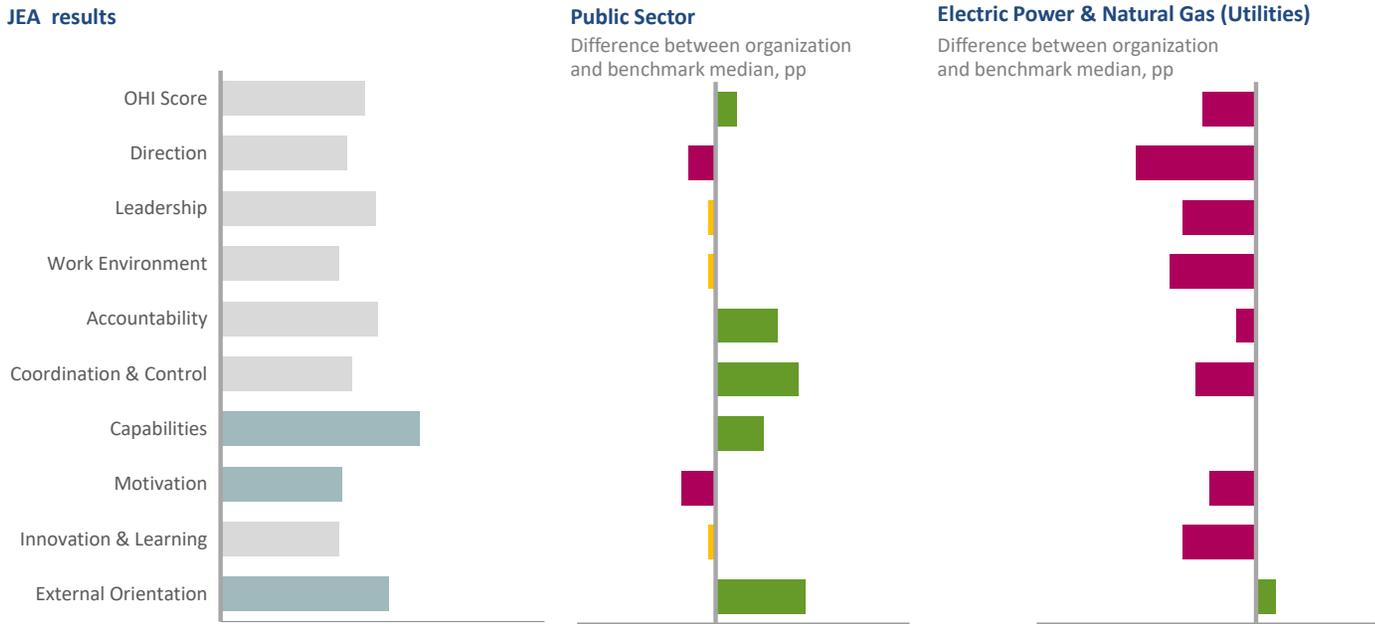
- All three outcomes in the **alignment axis are in the bottom quartile** (Direction, Leadership and Work Environment) for JEA
  - That axis might be the first and most critical place for JEA to focus to improve its health
- Two of JEA’s healthier outcomes are Capabilities and Motivation – indicating employees believe they have the **right “raw people materials” to work with**
- **External Orientation is strong for JEA** relatively, not surprising given its relationship with the community it serves

Benchmark: ■ Top Decile ■ Top Quartile ■ Second Quartile ■ Third Quartile ■ Bottom Quartile

SOURCE: JEA (n=1685); Organizational Health Index Global Database, McKinsey & Company

# When compared with peers groups who also tend to have weaker health, JEA's health is still low – especially relative to other utilities

Percentage of respondents who selected 'agree' or 'strongly agree'



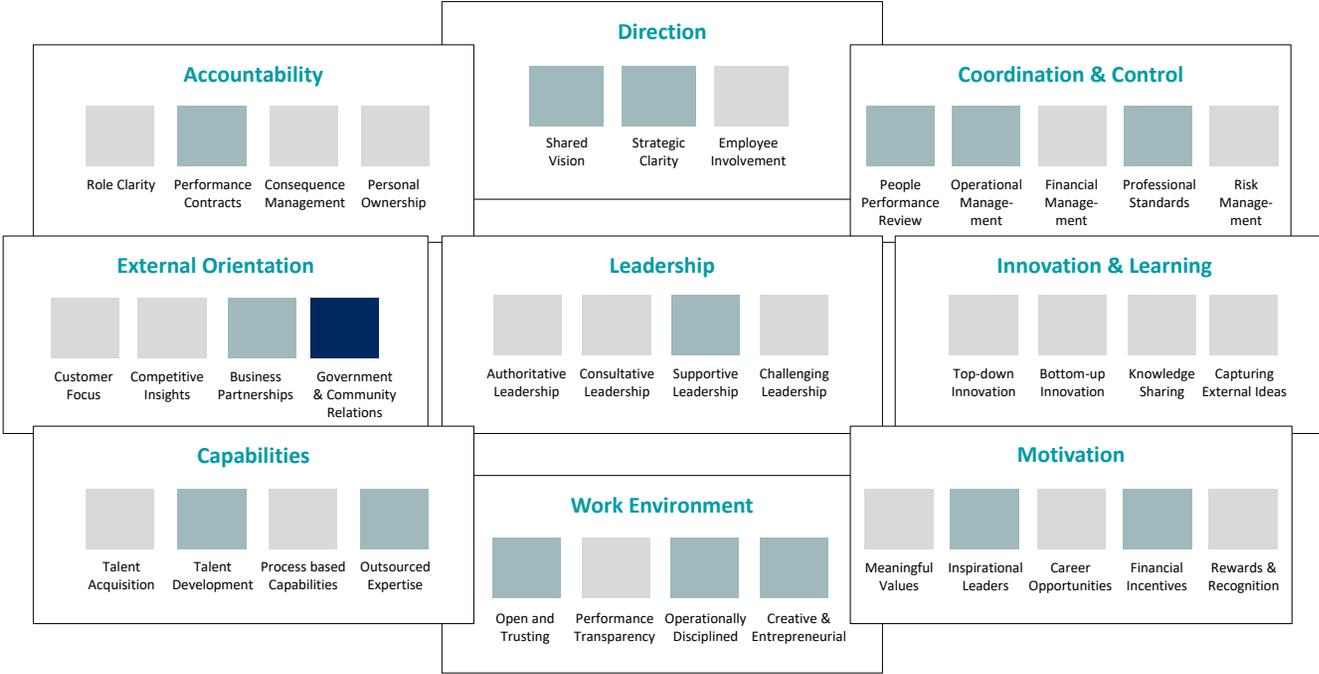
**Benchmark:** ■ Top Decile ■ Top Quartile ■ Second Quartile ■ Third Quartile ■ Bottom Quartile  
**Peer Group Difference:** ■ Significantly Stronger<sup>1</sup> ■ Comparable ■ Significantly Weaker<sup>1</sup>

1 - The significance level is at p = .05. Statistical significance is calculated based on practice distribution, size of population and size of point difference

SOURCE: JEA (n=1685); Organizational Health Index Global Database, McKinsey & Company

# JEA's practices are primarily in the 3rd and bottom quartile, with one – Government & Community Relations – in the top quartile

Percentage of respondents who selected 'often' or 'almost always'



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Benchmark: ■ Top Decile ■ Top Quartile ■ Second Quartile ■ Third Quartile ■ Bottom Quartile

SOURCE: JEA (n=1685); Organizational Health Index Global Database, McKinsey & Company

## Themes that emerge from JEA's practices

- 1** Employees perceive JEA prioritizes actively engaging its partners and other players in the market in order to serve the community
- 2** Employees say JEA has a relatively open and supportive culture, but say a sense of belonging and healthy work environment aren't there yet
- 3** JEA maintains clear performance standards and trainings to achieve them, however employees want coaching and personal development
- 4** Employees don't see a clear strategy at JEA – they want leaders to set the direction, and decisively push themselves & the organization to get there
- 5** There's an opportunity to bring in new ideas from outside JEA, and establish processes to share those ideas across the organization
- 6** Employees currently lack clarity around how JEA is structured, what is expected of them, and what authority they have to make decisions
- 7** OHI results suggest a need to better motivate people, especially high performers, using multiple methods to drive sustained performance

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SOURCE: JEA (n=1685); Organizational Health Index Global Database, McKinsey & Company

# A summary of JEA's organizational health today

## Overall Health



- JEA has an **overall health is in the bottom quartile** compared to the current OHI global database of nearly 900 organizations
- All of JEA's health outcome **are below the global database's median**, with three in the 3rd quartile and six in the bottom quartile
- JEA's **practices are primarily in the 3rd and bottom quartiles**, with 15 in the former and 21 in the latter, with just one – Government & Community Relations – in the top quartile

## Outcomes & Practices

Direction	Shared Vision	Accountability	Role Clarity	Motivation	Meaningful Values
	Strategic Clarity		Performance Contracts		Inspirational Leaders
	Employee Involvement		Consequence Management		Career Opportunities
Leadership	Authoritative Leadership	Coordination & Control	Personal Ownership	Innovation & Learning	Financial Incentives
	Consultative Leadership		People Performance Review		Rewards & Recognition
	Supportive Leadership		Operational Management		Top-down Innovation
	Challenging Leadership		Financial Management		Bottom-up Innovation
Work Environment	Open and Trusting	Capabilities	Professional Standards	External Orientation	Knowledge Sharing
	Performance Transparency		Risk Management		Capturing External Ideas
	Operationally Disciplined		Talent Acquisition		Customer Focus
	Creative & Entrepreneurial		Talent Development		Competitive Insights
			Process Based Capabilities		External Partnerships
			Outsourced Expertise		Business & Community Relations

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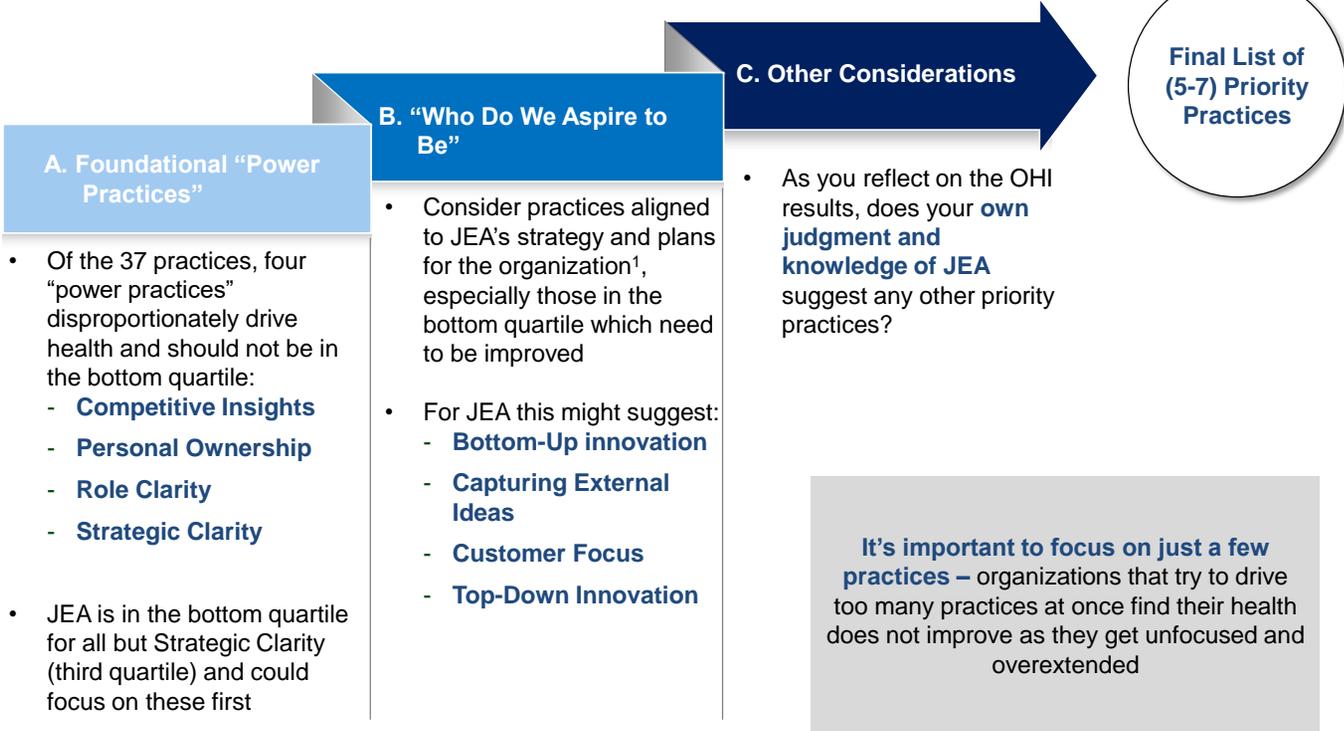


# Organizational Health Update

Benchmark: ■ Top Decile ■ Top Quartile ■ Second Quartile ■ Third Quartile ■ Bottom Quartile

SOURCE: JEA (n=1685); Organizational Health Index Global Database, McKinsey & Company

# Organizations should pick a set of priority practices to work on to improve their health – the OHI provides principles to determine your short list



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<sup>1</sup> OHI research identifies four “recipes” that health organizations typically follow – selecting a recipe aligned to the organization’s strategy is one way to select priority practices that should help fast-track health improvements

SOURCE: Organizational Health Index, Organization Practice, McKinsey & Co.