

JEA BOARD MEETING AGENDA

June 23, 2020 • 9:00 a.m.

WebEx **No physical location will be provided for this meeting.**



I.	WELCOME			
	A.	Call to Order		
	B.	Time of Reflection		
	C.	Introductions		
	D.	Adoption of the Agenda – Action		
	E.	Safety Briefing – Paul McElroy, Interim Managing Director/CEO		
	F.	Sunshine Law/Public Records Statement – Jody Brooks, Office of General Counsel		
II.	COMMENTS / PRESENTATIONS			
	Item(s)		Speaker/Title	
	A.	Council Liaison’s Comments	Council Member Danny Becton	
	B.	Comments from the Public	Public	
III.	CONSENT AGENDA			
	Definition: 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.			
	Item(s)		Discussion Action/Information	
	Appendix A:	Board Meeting Minutes May 26, 2020	Action	
	Appendix B:	Special Board Meeting Minutes May 21, 2020	Action	
	Appendix C:	Monthly FY20 Communications & Engagement Calendar and Plan Update	Information	
	Appendix D:	Simplified Earnings Report - Monthly Financial Statements	Information	
IV.	FOR BOARD CONSIDERATION			
	Item(s)		Speaker/Title	
			Discussion Action/Information	
	A.	Introduction of Senior Leaders	Paul McElroy, Interim Managing Director/CEO	Information
	B.	Monthly Operation and Financial Dashboard	Joe Orfano, Interim Chief Financial Officer	Information
	C.	Proposed FY2021 Operating and Capital Budgets with COVID-19 Impacts	Joe Orfano, Interim Chief Financial Officer	Action
	D.	Update on Refunding Bond Opportunities	Joe Orfano, Interim Chief Financial Officer	Information
	E.	Fuels and Generation Planning Update	Ricky Erixton, Interim GM Energy Systems	Information
F.	JEA/FPL Cooperation Agreement – Plant Scherer	Joe Orfano, Interim Chief Financial Officer	Action	

	G.	Pay for Performance Review	Angie Hiers, Interim Chief Human Resource Officer	Action
	H.	Hurricane Preparedness	Alan McElroy, Interim Chief Supply Chain Officer	Information
	I.	History of Water/Wastewater Expansion: Septic Phase-Out	Hai Vu, Interim GM Water/Wastewater Systems	Information
	J.	Board Policy Review		
	1.	Pricing Policy	Joe Orfano, Interim Chief Financial Officer	Information

V.	BOARD AND COMMITTEE REPORTS			
	Item(s)		Speaker/Title	Discussion/Action/Information
	A.	CEO Search Committee	Bobby Stein, Committee Chair	
	1.	Mycoff Fry LLC – Discussion with Carl Mycoff	Bobby Stein, Committee Chair	Discussion
	B.	Corporate Headquarters and HQ2	Bobby Stein, Committee Chair	
	1.	Resolution 2020-05 A1: Amendment to Resolution 2020-05	Jody Brooks, Chief Legal Officer	Action
	C.	Governance and Transparency Committee	Joseph DiSalvo, Committee Chair	
1.	Adoption of Governance and Transparency Committee Charter	Joseph DiSalvo, Committee Chair	Action	

VI.	OTHER BUSINESS			
	Item(s)		Speaker/Title	
	A.	Old Business		
	B.	Other New Business		
	C.	Open Discussion		
	D.	Managing Director/CEO’s Report	Paul McElroy, Interim Managing Director/CEO	
E.	Chair’s Report	John Baker, Chair		

VII.	CLOSING CONSIDERATIONS			
	Item(s)			
	A.	Announcements – Next Board Meeting July 28, 2020		
B.	Adjournment			

IX.	UPCOMING BOARD AGENDA ITEMS			
	Item(s)			
	A.	Utility Rate Making		
	B.	Board Policy Review		
	1.	Investment Policy		
	2.	Debt Management Policy		

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.

Board Calendar

Board Meetings: 9:00 a.m. – Fourth Tuesday of Every Month (exception(s): November 17, 2020 and December 15, 2020
(Subject to Change Based on Board Action)

Committees: Finance & Audit Committee: August 17, 2020 (Subject to Change)

Other Committee Meetings TBD

A. If you have a disability that requires reasonable accommodations to participate in the above meeting, please call **665-7550** by **8:30 AM** the day before the meeting and we will provide reasonable assistance for you.

B. If a person decides to appeal any decision made by the JEA Board with respect to any matter considered at this meeting, that person will need a record of the proceedings, and, for such purpose, needs to ensure that verbatim record of the proceedings is made, which record includes the evidence and testimony upon which the appeal is to be based.

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.

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.

**JEA BOARD MINUTES
May 26, 2020**

The JEA Board met in regular session on Tuesday May 26, 2020, via WebEx. Pursuant to State of Florida Executive Order 20-69 (Emergency Management-COVID-19-Local Government Public Meetings), this meeting is permitted to be conducted by communications media technology. In attendance were John Baker, Joe DiSalvo, Dr. Leon Haley, Marty Lanahan, Bobby Stein, and Tom VanOsdol. Also in attendance was Jody Brook, Office of General Counsel.

Agenda Item I – Welcome

- A. Chair John Baker **called the meeting to order** at 9:00 am.
- B. **Time of Reflection** was observed by all.
- C. **Introductions** – All board members were in attendance excluding Dr. Zachary Faison.
- D. **Adoption of Agenda** – On *motion* Marty Lanahan and seconded by Bobby Stein the agenda was approved.
- E. The **Safety Briefing** – was given by Paul McElroy.
- F. **Sunshine Law/Public Records Statement** – Jody Brooks, Office of General Counsel (OGC), stated this Board Meeting is being held in compliance with Florida’s Government in the Sunshine Law §286.011. The complete statement can be found in Section I.F. of the board package. Shawn Eads, Chief Information Officer, provided WebEx instructions.

Agenda Item II – Comments / Presentations

- A. **Comments from the Public** – N/A
- B. **Comments from Council Liaison** – Council Member Becton thanked the board and had no additional comments.
- C. **Florida Water Resources Conference Awards Recognition** – Deryle Calhoun, V.P. Water/Wastewater, opened the presentation with highlights of two of the Florida Water Environment Association (FWEA) awards received by JEA this year. The Earle B. Phelps Award was presented to JEA’s Southwest and Cedar Bay wastewater treatment facilities each honored as runners-up in their categories, and the Buckman and Arlington East facilities received honorable mention in their categories. Paul Steinbrecher, V.P. Environmental Services, highlighted the FWEA David W. York Water Reuse Project of the Year Award. This honor is FWEA’s highest award given for reclaimed water providers. He also highlighted the OneWater Professional of the Year Award which is the highest award for a professional advancing the concept of “OneWater” in Florida. This year’s recipient of the OneWater Award is Ryan Popko, JEA Engineer. Congratulations were given and board member Marty Lanahan suggested when appropriate all award recipients come before the Board to be thanked in person. Chair John Baker was in agreement with this recommendation.

Agenda Item III. Consent Agenda

- A. **Consent Agenda** – used for items that require no explanation, discussion or presentation and are approved by one motion and vote. On *motion* by Marty Lanahan and seconded by Dr. Leon Haley the consent agenda was approved.

Appendix A: Board Meeting Minutes April 28, 2020 – approved

Appendix B: Special Board Meeting Minutes May 5, 2020 – approved

Appendix C: Monthly FY20 Communications & Engagement Calendar and Plan Update – information only

Appendix D: Sole Source & Emergency Procurement/Procurement Appeals Board Report – information only

Agenda Item IV. For Board Consideration

- A. **Monthly Operation and Financial Dashboard** – Kerri Stewart, Chief Customer Officer, led the presentation highlighting the JD Power customer measurements for Overall First Contact Resolution which is performing very well during Covid-19 and JEA Volunteers which the company expects to meet its goal by the end of the fiscal year. Next, Caren Anders, VP Energy Systems, provided an overview of the company’s liability metrics which include outages, safety, environmental and financial. Ms. Anders highlighted one exception in environmental, a permit exceedance, resulting in a violation. This noted this exception has been corrected. Next, Deryle Calhoun, VP Water/Wastewater, reviewed the company’s water metrics which are tracking very well year-to-date. Lastly, Mr. Calhoun reviewed the Information Technology metrics which are tracking very well year-to-date and meeting all targets. He also provided highlights of the FY20 Scoreboard noting despite a few challenges the company is doing very well.
- B. **Simplified Earnings Report - Monthly Financial Statements** – Joe Orfano, Chief Financial Officer, gave an April 2020 Financial Review for Energy Systems and Water/Wastewater. He reviewed year-to-date results including operating expenses, operating income, actuals, forecast and budget metrics. Lastly, he informed the board that he will be working with his staff to coordinate a webinar for JEA employees to better understand the financial statements.
- C. **JEA Training Facility** – Steve McInall, VP Energy and Water Planning, citing materials contained in the board’s package, presented on the company’s real estate purchase of two adjacent parcels of approximately six acres to be used as a technical training facility. The financial impact is \$3,000,000 and JEA is seeking approval from the Board as outlined in Resolution 2020-03.

RESOLUTION 2020-03

A RESOLUTION TO DELEGATE AUTHORITY TO NEGOTIATE AND EXECUTE A PURCHASE AGREEMENT TO THE INTERIM CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR IN ACCORDANCE WITH JEA CHARTER SECTION 21.10.

Jody Brooks, OGC, noted a minor technical revision to Paragraph 2 of Resolution 2020-03 to be corrected to read: “*The Board hereby delegates to the Interim Chief Executive Officer and Managing Director or his designee to execute the Agreement in its substantial form and any and all documents in connection with the Agreement and all other documentation as may be reasonably required to consummate the real estate transaction for the new JEA Training Facility.*” Also, a technical revision to Page 7, Paragraph 14 (Notice Provision) of the Purchase Agreement amend to read Jody Brooks with email address.

Questions were asked and answered and on ***motion*** by Marty Lanahan and seconded by Tom VanOsdol, Resolution 2020-03 was unanimously approved with noted revisions.

- D. JEA/FPL Electric Territory Swap** – Steve McInall, VP Energy and Water Planning, citing materials contained in the board package, presented on the JEA / Florida Water & Light (FPL) territory swap located in Nocataee, FL. JEA will gain approximately 13.43 acres of service territory from FPL in exchange for ceding approximately 8.87 acres of service territory. This Board action is to approve the Third Amendment JEA/FPL Territory Agreement. Should the Board approve the territorial swap, the proposed territorial boundary amendment will be submitted to the Florida Public Service Commission for its approval.

On ***motion*** by Bobby Stein and seconded by Dr. Leon Haley the amendment was unanimously approved.

- E. Sale of 9201 Atlantic Boulevard** – Steve McInall, VP Energy and Water Planning, citing materials contained in the board package, presented on the company’s real estate sale of 9201 Atlantic Boulevard. The company has reached an agreement to sell the real property for \$3,150,000 subject to Board approval as outlined in Resolution 2020-04.

RESOLUTION 2020-04

A RESOLUTION TO DELEGATE AUTHORITY TO NEGOTIATE AND EXECUTE A PURCHASE AND SALE AGREEMENT TO THE INTERIM CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR IN ACCORDANCE WITH JEA CHARTER SECTION 21.10.

Jody Brooks, OGC, noted a revision to Paragraph 1 of Resolution 2020-04 to be corrected to read:.. “*Circle K Stores Inc. (the “Buyer”)*).

Hearing no further discussion and on ***motion*** by Bobby Stein and seconded by Marty Lanahan, Resolution 2020-04 was unanimously approved with noted revision.

- F. Jacksonville Small and Emerging Business (JSEB) Report** – John McCarthy, VP and Chief Supply Chain Officer, joined by Rita Scott, JEA JSEB Program Manager, provided the FY20 Q2 JSEB Program Report.

Agenda Item V – Board and Committee Reports

- A. Finance and Audit** – Committee Chair Marty Lanahan presented the committee report to the Board. The Committee met on May 18, 2020 and Chair Baker and Vice Chair Stein were in attendance at the meeting. Chair Lanahan, noting that all of the committee materials are included in the board package, summarized her report for the Board. Highlights included the Committee’s decision to delay the Market Risk Policy

Report in favor of a board workshop to include all things fuel related. Also, all action items were approved. Other Committee follow-up items included approval of the budget; the Pay for Performance Workshop to be held on May 29, 2019 and company policy reviews to be conducted during regular board meetings.

On *motion* by Bobby Stein and seconded by Dr. Leon Haley, the report was unanimously approved.

1. **Adoption of Agenda** – received for information
 2. **Approval of Minutes – December 9, 2019** – received for information
 3. **FY2021 Budget Presentation** – received for information
 4. **Quarterly Audit Services Update** – received for information
 5. **Ethics Officer Quarterly Report** – received for information
 6. **Electric System and Water and Sewer System Reserve Fund Quarterly Report** – received for information
 7. **Municipal Capital Market Update** – received for information
 8. **JEA Energy Market Risk Policy Report** – received for information
 9. **Next Meeting, August 17, 2020, 8:00 AM – 10:00 AM** – received for information
 10. **Committee Discussion Sessions** – received for information
 - a. **Ernst & Young**
 - b. **Director, Audit Services**
 - c. **Council Auditor’s Office**
- B. CEO Search Committee Report** – Chair Baker, acting as proxy for Committee Chair Stein, met with Angie Hiers, Special Assistant – Human Resources, and John McCarthy, VP and Chief Supply Officer, to interview seven search firms. The Committee scored each from high to low according to JEA’s criteria. Mycoff Fry, scoring a total of 186 points, was the chosen firm. Chair Baker recommended to the Board to approve Mycoff Fry as the firm to represent JEA in their CEO search. A brief discussion ensued to which the Board agreed to move forward with the option to meet with Owner Carl Mycoff at a later date.

Hearing no additional comments and on *motion* by Bobby Stein and seconded by Dr. Leon Haley, the recommendation to award the CEO search proposal to Mycoff Fry was unanimously approved.

Agenda Item VI– Other Business

- A. **Old Business** – N/A
- B. **Other New Business** – The Board established the committee members for the Governance and Transparency Committee: Joe DiSalvo (Chair), Tom VanOsdol and Dr. Leon Haley.
- C. **Open Discussion** – Tom VanOsdol asked the Board to consider a public way to recognize the FWEA award recipients. Paul McElroy will work with Staff to draft a letter to the Times Union recognizing JEA and each award recipient’s accomplishments.

- D. Interim Managing Director/CEO’s Report** – Paul McElroy provided board members key highlights. He reviewed the company’s Return To Work Plan; comprehensive hurricane preparedness exercises; the challenges facing the company’s wastewater system; capital budget projects; the Pay For Performance Workshop; the Fuel and Purchased Power Workshop; the Ethics rebranding and we continue to cooperate with the Council and Justice Department Investigation.
- E. Chair’s Report** – Chair Baker and Paul McElroy had a very good meeting with Moody’s. Discussion centered on resolving Plant Vogtle which Chair Baker suggests the Board have a follow-up meeting on this matter.

Agenda Item VII – Closing Considerations

- A. Announcements** – Next Board Meeting – June 23, 2020
- B. Adjournment**

With no further business claiming the attention of the Board, Chair John Baker adjourned the meeting at 10:45 a.m.

APPROVED BY:

SECRETARY
DATE: _____

Board Meeting recorded by:

DeLisa Johnigarn, Executive Assistant

**JEA BOARD MINUTES
May 21, 2020**

The JEA Board met in special session on Thursday, May 21, 2020, via WebEx. Pursuant to State of Florida Executive Order 20-69 (Emergency Management-COVID-19-Local Government Public Meetings), this meeting is permitted to be conducted by communications media technology, Jacksonville, Florida. In attendance were John Baker, Joe DiSalvo, Dr. Zachary Faison, Dr. Leon Haley, Marty Lanahan, Bobby Stein, and Tom VanOsdol. Also in attendance was Jody Brook, Office of General Counsel.

Agenda Item I – Welcome

- A. Chair John Baker called the meeting to order at 3:30 pm.
- B. A moment of reflection was acknowledged by all.
- C. **Adoption of Agenda** – On *motion* by Marty Lanahan and seconded by Joe DiSalvo, the agenda was unanimously approved.
- D. **Sunshine Law/Public Records Statement** – Jody Brooks, Office of General Counsel (OGC), stated this Board Meeting is being held in compliance with Florida’s Government in the Sunshine Law, §286.011. The complete statement can be found in section I. D. of the Board package. The purpose of the meeting is to take action on changes in the corporate headquarters program. Public comments are welcome and the board does have a quorum for the meeting. Next, Shawn Eads, Chief Information Officer, provided WebEx instructions.

Agenda Item II – Comments/Presentations

- A. **Public Comments** – N/A
- B. **Council Liaison Comments** – N/A

Agenda Item III – For Board Consideration

- A. **Adoption of Corporate Headquarters Committee Charter** – Jody Brooks, OGC, citing materials previously provided in the board package, gave a brief overview of the board action, which is to finalize the Corporate Headquarters Committee and to approve its Charter. On *motion* by Joe DiSalvo and seconded by Marty Lanahan the committee charter was approved.
- B. **Corporate Campus Project Review** – Bobby Stein, as Chair of the Corporate Headquarters Committee, led the discussion starting with a brief overview of the committee’s previous discussions on this project. He then turned the discussion over to Stewart Green, LEED®AP – CBRE. Mr. Green opened with a summary of the presentation materials provided in the board package. He reviewed the primary program aspects centering on square footage reduction, parking garage dimensions and resiliency and engineering impacts which the board has been asked to consider for the program.
- C. **Direction** – Chair Bobby Stein then asked Mr. Green to provide feedback on where we are today and where we need to get to in order for staff to complete this process. Mr. Green explained CBRE’s recommendation to the board for the program shift toward the new direction, as outlined in Option III of the materials in the board presentation. On request from Chair Bobby Stein, Mr. Green reviewed all aspects of the project focus and outlined the program’s Option III recommendation including building visuals, range of financial impacts and direction. Next, Paul McElroy, JEA Interim CEO, summarized his previous discussions with the City centering on parking garage options available to the company. He reviewed

parking components and possible solutions such as lease options and construction costs and savings that could provide the best value-added options available to the company.

There were questions asked and answered and a general discussion ensued to which Nancy Kilgo, JEA Director of Special Projects asked the board to make a decision on the Option III recommendation and then separately briefly discuss the hardening facility.

- D. Adoption of Resolution 2020-05: Authorization of Second Amendment to the Lease Agreement** – Board Chair John Baker, citing Resolution 2020-05, in the board package, authorizing the Second Amendment to the Lease Agreement between Ryan Companies US, Inc. and JEA, asked for a motion to accept the resolution. On *motion* by Dr. Zachary Faison and seconded by Tom VanOsdol the resolution was unanimously adopted. Upon recommendation of Jody Brooks, OGC, the motion to adopt the resolution was amended to include the rent escalation reduction, construction service bating’s and TI allowance language provided by Mr. McElroy in the exhibit summary. On *motion* by Dr. Zachary Faison and seconded by Tom VanOsdol the amendment to the motion was approved.

Lastly, Mr. Stein suggested Chair John Baker and Mr. McElroy work with Nancy Kilgo, JEA Director of Special Project; Jordan Pope, JEA Director of Real Estate and CBRE to find a hardening facility site and put forth criteria to move forward with this facility as quickly as possible. Chair John Baker was in agreement with this suggestion.

- E. New Business** – Chair John Baker informed the board that he, John McCarthy, JEA VP Supply Chain and Angie Hiers, JEA Special Assistant to the Interim CEO, had met with four CEO search firms and believe they had narrowed the search down to one pick. Further details regarding the chosen firm would be presented at the board meeting on May 26, 2020.

Agenda Item IV – Other Business

- A. Announcements** – Next Board Meeting – May 26, 2020
- B. Adjournment**

With no further business claiming the attention of the Board, Chair John Baker adjourned the meeting at 4:18 p.m.

APPROVED BY:

SECRETARY
DATE: _____

Board Meeting recorded by:

DeLisa Johnigarn, Executive Assistant

JEA Community Engagement Calendar April - June 2020

Date	Event/Activity	Location	Time	Type
Apr-20				
DUE TO COVID-19 JEA EMPLOYEE COMMUNITY PARTICIPATION EXCEPT VIRTUAL ACTIVITIES TITLED IN GREEN ARE SUSPENDED UNTIL FURTHER NOTICE				
4/1/2020	JAX Poetry Fest with Hope at Hand	Hemming Plaza	2pm	Volunteer Activity
4/2/2020	Jacksonville Arboretum & Gardens	Millcoe Rd.	8am	Volunteer Activity
4/3/2020	HabiJax Builds	Hubbard St.	7:30am	Volunteer Activity
4/3/2020	American Patriot School	Spring Park Rd.	8am	Volunteer Activity
4/8/2020	DLC Nurse & Learn Easter	Edgewood Ave.	10am	Volunteer Activity
4/9/2020	City Rescue Mission Annual Easter Luncheon	New Life Inn	10:30am	Volunteer Activity
4/9/2020	Virtual Speaker - Communities in Schools	Communities in Schools	10am	Ambassador Speaker
4/10/2020	Virtual Speaker - Junior Achievement	Junior Achievement	11am	Ambassador Speaker
4/10/2020	Jacksonville Zoo & Gardens	Zoo Parkway	8:30am	Volunteer Activity
4/13/2020	Virtual Speaker - Communities in Schools	Communities in Schools	10am	Ambassador Speaker
4/13/2020	Virtual Speaker - Junior Achievement	Junior Achievement	11am	Ambassador Speaker
4/13/2020	USO No Dough Dinner	Mayport Blvd.	10am	Volunteer Activity
4/15/2020	Waverly Academy Career Fair	5710 Wesconnett Ave.	8:15am	Ambassador Event - Cancelled
4/16/2020	Animal Control & Protective Services	Forrest St.	8:30am	Volunteer Activity
4/16/2020	Virtual Speaker - Communities in Schools	Communities in Schools	10am	Ambassador Speaker
4/16/2020	Virtual Volunteer - Communities in Schools	Communities in Schools	10am	Volunteer Activity
4/16/2020	Virtual Speaker - Junior Achievement	Junior Achievement	11am	Ambassador Speaker
4/17/2020	Virtual Speaker - Communities in Schools	Communities in Schools	9am	Ambassador Speaker

JEA Community Engagement Calendar April - June 2020

Date	Event/Activity	Location	Time	Type
4/17/2020	Virtual Speaker - Junior Achievement	Junior Achievement	12pm	Ambassador Speaker
4/17/2020	Catty Shack	Starratt Rd.	10am	Volunteer Activity
4/17/2020	Venetia Elem. Career Fair	4300 Timuquana Blvd.	9am	Ambassador Event - Cancelled
4/17/2020	The ARC Jax	UNF	10am	Ambassador Speaker - Cancelled
4/17/2020	Virtual Speaker - Communities in Schools	Communities in Schools	9am	Ambassador Speaker
4/17/2020	Virtual Speaker - Junior Achievement	Junior Achievement	10am	Ambassador Speaker
4/20/2020	Virtual Volunteer - Communities in Schools	Communities in Schools	10am	Volunteer Activity
4/23/2020	Eden Gardens	Garden St.	8:30am	Volunteer Activity
4/23/2020	Barkin' Biscuits	Berry Good Farms	9am	Volunteer Activity
4/24/2020	Salvation Army Food Pantry	Adam St.	8:30	Volunteer Activity
4/24/2020	Feeding NE FL Food Bank	Edgewood Ave.	8:30am	Volunteer Activity
4/25/2020	Jacksonville Zoo Art & Garden Fest	Zoo Parkway	9am	Volunteer Activity
4/25/2020	Sweetwater Church of Christ Community Day	7009 Wilson Blvd.	10am	Ambassador Event - Cancelled
4/25/2020	Disaster Response & Emergency Prep Fair	Church of Jesus Christ of Latter-Day Saints - 461 Blanding Blvd.	12pm	Ambassador Event - Cancelled
4/27/2020	USO No Dough Dinner	Mayport Blvd.	10am	Volunteer Activity
4/27/2020	Virtual Volunteer - Communities in Schools	Communities in Schools	10am	Volunteer Activity
May-20				
5/5 - 5/8/2020	Virtual Volunteer - Communities in Schools	Communities in Schools	10am	Volunteer Activity
5/12/2020	Virtual Speaker - Tiger Academy Virtual Career Fair	Tiger Academy	12pm	Ambassador Speaker

JEA Community Engagement Calendar April - June 2020

Date	Event/Activity	Location	Time	Type
5/18/2020	Virtual Speaker - Tiger Academy Virtual Career Fair	Tiger Academy	9am	Ambassador Speaker
5/18/2020	Virtual Speaker - Tiger Academy Virtual Career Fair	Tiger Academy	1pm	Ambassador Speaker
5/21/2020	Virtual Speaker - Tiger Academy Virtual Career Fair	Tiger Academy	10am	Ambassador Speaker
5/26/2020	Virtual Speaker - Tiger Academy Virtual Career Fair	Tiger Academy	11am	Ambassador Speaker
5/26/2020	Virtual Speaker - Tiger Academy Virtual Career Fair	Tiger Academy	4pm	Ambassador Speaker
5/28/2020	DESC Customer Contact	DESC App	9am	Ambassador Instructor
Jun-20				
6/4/2020	DESC Customer Contact	DESC App	9am	Ambassador Instructor
6/5/2020	DESC Customer Contact	DESC App	9am	Ambassador Instructor



Improving Lives. Building Community.

JUNE
2020

CUSTOMER & COMMUNITY ENGAGEMENT DEPARTMENT OVERVIEW AND UPDATE

The Customer & Community Engagement Team is responsible for developing employee communications, paid advertising campaigns, customer communications, digital/web communications, social media, videography, and community outreach/sponsorship opportunities.

To follow are this month's highlights of JEA messaging, communications campaigns and community outreach efforts.

CUSTOMER MESSAGING

'Stay Connected to What Matters Most' Campaign

JEA continued a campaign focused on our commitment to helping customers stay connected to what matters most. The campaign emphasizes JEA's promise to provide reliable energy, and safe water and financial relief to customers, even amid COVID-19.

Along with a 30-second TV commercial, we continued to share corresponding radio, 15-second paid social media pre-roll segments and video posts, and digital out-of-home billboards promoting the campaign.



We also released a variant of the TV spot and other assets with a focus on the needs of small businesses in June, along with messaging about providing payment options and support to customers as we transition from COVID-19 to more traditional business operations.

COVID-19 Updates and Messaging

- We have continued to communicate operational changes, our commitment to safe practices, and COVID-19 savings tips through social media, email, and bill inserts.
- The **jea.com** homepage continues to serve as a helpful link to additional information about our response to the pandemic. In June, we highlighted the different options available to JEA customers who are faced with unexpected expenses and need more time or assistance to pay their bill. This link provided information about bill pay solutions and utility payment assistance for struggling families.
- June 1 marked the official start of hurricane season. Through social media outreach, we encouraged those still sheltering at home, to review their storm preparation kit, test batteries and restock needed items during Florida's Disaster Preparedness Sales Tax Holiday, which ran May 29 through June 4.



- We used our social media channels to warn customers about scammers claiming to be from JEA who continue to target customers by phone. They threaten to disconnect services without an instant payment from a prepaid card or through an app. We assured customers that JEA will never demand an instant payment, and advised that if they received a call, to get the caller ID and callback number if given, hang up and report it to us at 665-6000.
- The topic of the June bill insert was providing certainty in uncertain times. The insert underscored the importance of being prepared for any type of storm, whether it be a hurricane or a pandemic. We also shared the three-phase approach to Restoration 1-2-3 to acclimate the public to the upcoming hurricane season.
- We communicated through email and standard mail that disconnections for non-payment will resume on July 7. The reprieve in payment requirements due to COVID-19 will be lifted as we return to regular business. The communication urged customers to take action by paying their bill or contacting us to make payment arrangements before disconnections resume.
- We communicated, by email and standard mail, with members of the year-long Flex Pricing Pilot that the pilot is being extended through September. The additional time will allow us to further study the rate while many customers are at home more and may be using additional energy during the pandemic. Pre-pilot residential rates will resume with the October bill.
- We expanded fundraising promotions, begun in May to assist customers adversely affected by the pandemic, with a renewed focus on helping them retain their utility services once disconnections resume July 7. The campaign directs dollars to Florida's First Coast Relief Fund from a JEA web page on the United Way of Northeast Florida website.



Community Engagement

- While continuing to follow social distancing guidelines, JEA's Volunteer Services team operates exclusively through virtual learning opportunities. We participated in events in June for Communities in Schools, Junior Achievement and Tiger Academy's Virtual Career Day through career video presentations.
- To date this fiscal year, 177 JEA Ambassadors have participated in 403 events. Volunteer hours total 3,035.

Employee Messaging

- Daily email updates sharing COVID-19 impacts and cases
- Other COVID-related topics include:
 - > Families First Coronavirus Response Act (FFCRA)
 - > Return of Essential Personnel
- General topics communicated to employees include:
 - > How to keep our customers connected
 - > Staying safe in these uncharted times
 - > Health reminders





INTER-OFFICE MEMORANDUM

June 15, 2020

SUBJECT: SIMPLIFIED EARNINGS REPORT – MONTHLY FINANCIAL STATEMENTS

FROM: Paul McElroy, Interim Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

Each month, staff prepares a Simplified Earnings Report based on the monthly financial statements and financial forecasts. The purpose of this report is to update the Senior Leadership Team and the Board of Directors on the financial status of the current fiscal year.

DISCUSSION:

This presentation is submitted for the eight months ending May 31, 2020.

Items discussed are:

1. Year to date base revenues, operating expenses and operating income in comparison to last fiscal year
2. Year to date sales in comparison to last fiscal year
3. Year to date operating and maintenance budget performance and year end forecast
4. Year to date capital outlays and year end forecast

FINANCIAL IMPACT:

None

RECOMMENDATION:

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

Paul McElroy, Interim Managing Director/CEO


PEM/JEO/JEC



MAY 2020

FINANCIAL REVIEW


ELECTRIC SYSTEM OPERATING RESULTS

BASE REVENUES 

AS DISPLAYED ON PAGE 12 OF THE MONTHLY FINANCIAL STATEMENTS

FY20: \$546,751,000


When compared to FY2019 MayYTD this is a **6.3% INCREASE**

OPERATING EXPENSES 

AS DISPLAYED ON PAGE 12 OF THE MONTHLY FINANCIAL STATEMENTS

FY20: \$585,524,000

When compared to FY2019 MayYTD this is a **11.2% DECREASE**

OPERATING INCOME 


AS DISPLAYED ON PAGE 12 OF THE MONTHLY FINANCIAL STATEMENTS

FY20: \$187,445,000

When compared to FY2019 MayYTD this is a **20.9% INCREASE**




Our base revenues increase year over year, as displayed on our net income statement on page 12 of our monthly financial statements, is a little misleading. Currently, stabilization activity is acting as a significant base revenue boost. \$29,884,152 of our total increase is due to a withdrawal from the rate stabilization – debt management fund to facilitate phase 2 of the STAR plan. This is not a typical withdrawal and when this withdrawal is not considered our results look different (as shown below).

BASE REVENUES* 

*ADJUSTED TO EXCLUDE THE DEBT MGMT- RATE STABILIZATION ACTIVITY

FY20: \$516,866,848


When compared to FY2019 MayYTD this is a **0.5% INCREASE**

OPERATING EXPENSES* 

*ADJUSTED TO EXCLUDE THE DEBT MGMT- RATE STABILIZATION ACTIVITY

FY20: \$585,224,000

When compared to FY2019 MayYTD this is a **11.2% DECREASE**

OPERATING INCOME* 

*ADJUSTED TO EXCLUDE THE DEBT MGMT- RATE STABILIZATION ACTIVITY

FY20: \$157,560,848

When compared to FY2019 MayYTD this is a **1.6% INCREASE**

LET'S DIG A LITTLE DEEPER: BASE REVENUES

Base revenues, as shown on page 12 of the monthly financial statements, include more than the name suggests. This line item includes: customer sales, recognition of revenue due to stabilization fund(s) transfers, bad debt, and monies received from public service taxes and franchise fees collected.

If you are looking just for our sales collected from customer charges and usage fees, you want to review the base rate revenues line item on page 26 of our monthly financial statements. This is our budget page and under nonfuel related revenues you can review base rate revenues, conservation charge revenues, environmental charge revenues, natural gas revenue pass through and other revenues collected from customers to get a clearer picture of our sales. Page 26 also identifies KWH sold both territorial and off system.

Generally, for the Electric System, the prominent driver of sales is degree days. Usually, a higher number of degree days results in increased energy usage. May MTD was cooler in FY20 than in FY19. Overall, FY2020 has still been warmer than FY19 but no longer by enough to offset the decrease in heating degree days year over year. It is because of this that we are experiencing an overall decrease in total degree days year over year. MayYTD we are experiencing a decrease in MWh sales across residential, commercial, industrial, and public street lighting sales. This decrease can be contributed to lower total degree days and continuing COVID-19 impacts. We will continue to monitor sales for COVID-19 related impacts moving forward.



**FOR THE 8 MONTHS ENDING MAY 31, 2020
TERRITORIAL KWH SALES DECREASED**

1.95%

WHEN COMPARED TO FY2019 MayYTD
(as displayed on page 26 of the monthly financial statements)

DEGREE DAYS COMPARISON

	FY2020 MayYTD	FY2019 MayYTD	Variance
Heating Degree Days	822	972	▼ (150)
Cooling Degree Days	1,249	1,178	▲ 71
Total Degree Days	2,071	2,150	▼ (79)

As displayed on page 17 of the monthly financial statements

LET'S DIG A LITTLE DEEPER: OPERATING EXPENSES

Operating Expenses refer to the ongoing costs necessary to run a business. As displayed on page 12 of the monthly financial statements, JEA's electric system's operating expenses include: fuel expenses, purchased power expenses, O&M expenses, depreciation expenses, utility and franchise tax expenses, and the net recognition of deferred costs and revenues.

When comparing our May year-to-date operating expenses for FY20 to FY19, we see a significant decrease in fuel expenses and purchased power expenses. Additional fuel cost information, to include fuel costs, consumption statistics, and cost per MWh can be found on page 23 of our monthly financial statements. Additional purchase power cost information can be found on page 24 of our monthly financial statements. Natural gas, coal, and petcoke prices continue to be lower year over year.

O&M Expenses are the Operating Expenses within our control. Across both systems, all other operating expenses are sales dependent. For example, a decrease in sales does result in a decrease in tax expenses. Our O&M expenditures are within our control and we can adjust our spend rate to align with our operating revenue trends. We will take a closer look at our O&M budget on the next slide.



**FOR THE 8 MONTHS ENDING MAY 31, 2020
FUEL & PURCHASED POWER EXPENSES DECLINED**

24.8%

WHEN COMPARED TO FY2019 MayYTD
(as displayed on page 12 of the monthly financial statements)

TAKING A CLOSER LOOK AT THE ELECTRIC SYSTEM O&M BUDGET

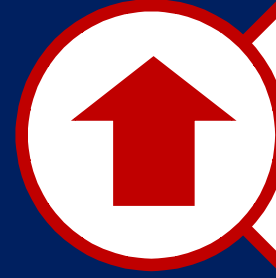
Our maintenance and operating expenses, as displayed on page 12 of the monthly financial statements, does not just include the O&M line items the business submits during budget season. This line item includes both Scherer unit 4 expenses and Plant Vogtle related expenses. These expenses are excluded from our internal O&M budget and are instead tracked as non-fuel purchase power expenses. The numbers on this slide represent **O&M budget actuals, forecasts, and metrics.**

CURRENT ELECTRIC O&M DRIVERS

▲	Salaries (Net of Capitalization) up \$2,243,518
▼	Overtime (Net of Capitalization) down \$368,359 – All attributable to BU Increased expense in FY19 due to Hurricane Michael
▲	Employee Benefits & Other Comp up \$4,991,571 – COVID-19 Stipends and Business Expenses (Appointed)
▲	Pension up \$2,357,058
▼	Health Insurance down \$1,045,815 (Dec FY19 \$1.2m extra payment to Self-Insurance)
▼	Direct Purchases down \$4,599,652 due to lower outage costs and doing work in house vs. contractors
▼	Industrial Services down \$5,219,485 due to lower outage costs and doing work in house vs. contractors
▼	Environmental Services down \$1,442,141 (consulting services in FY19)
▲	Miscellaneous Supplies & Tools up \$879,553 due to COVID-19 cleaning and supplies
▼	Licenses, Fees & Dues down \$371,874
▲	Shared Services Credit up \$3,399,159 (increase in credit received)



FOR THE 8 MONTHS ENDING MAY 31, 2020
O&M EXPENSES TOTAL
\$139,585,649
WHEN COMPARED TO FY2019 MayYTD THIS IS A
5.0% DECREASE



OUR CURRENT FORECASTED O&M EXPENSES
FOR FY2020 TOTAL
\$235,670,810
WHEN COMPARED TO FY2019 THIS IS A
8.2% INCREASE



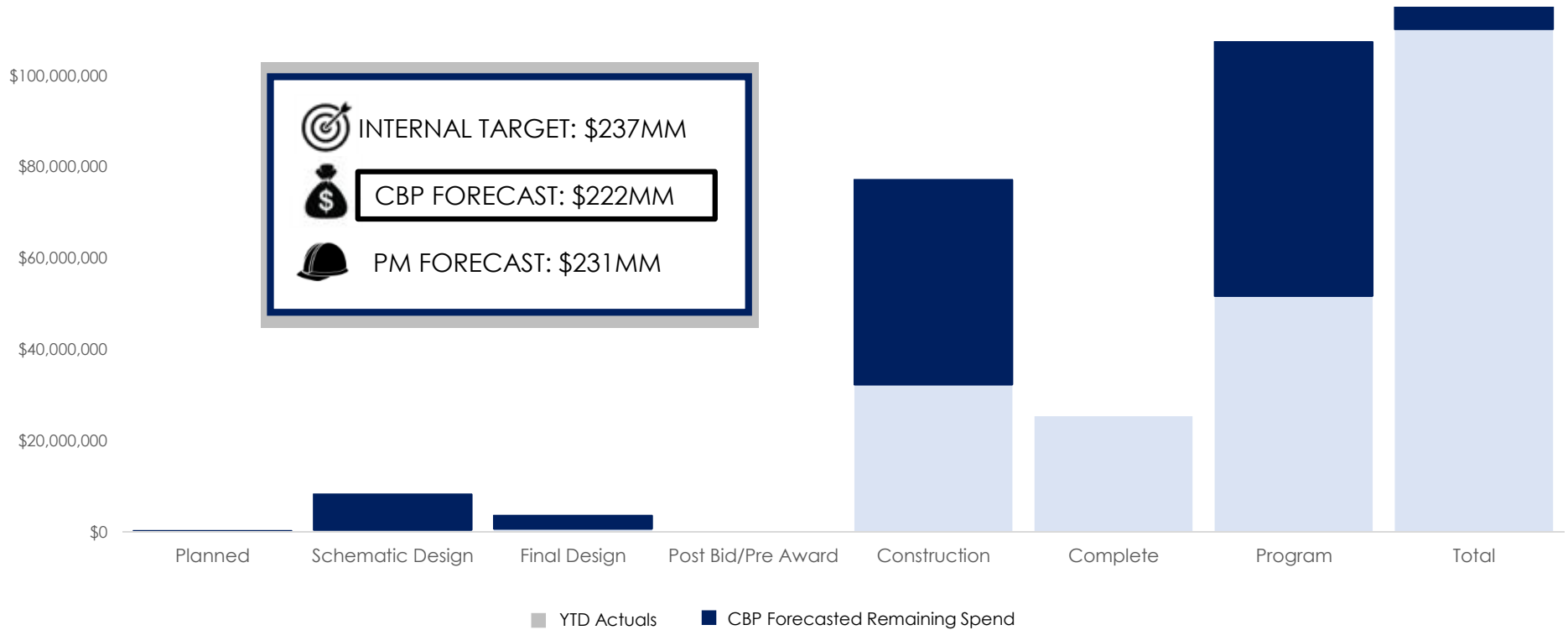
OUR TOTAL ELECTRIC SYSTEM O&M BUDGET
FOR FY2020 TOTALS
\$278,712,169
OUR TOTAL ELECTRIC SYSTEM O&M TARGET
SPEND FOR FY2020 IS
\$264,776,561




IF CURRENT TRENDS CONTINUE, WE ARE
EXPECTED TO HAVE A
84.6% SPEND RATE

TAKING A CLOSER LOOK AT THE ELECTRIC SYSTEM CAPITAL BUDGET

	Planned	Schematic Design	Final Design	Post Bid/ Pre Award	Construction	Complete	Program
COUNT	64	34	16	0	95	9	68
ACTUALS YTD	(\$21K)	\$381K	\$651K	\$0	\$32.2MM	\$25.3MM	\$51.7MM
FORECASTED REMAINING SPEND	\$230K	\$7.9MM	\$2.9MM	\$0	\$44.9MM	\$0	\$55.7MM




WWW SYSTEM OPERATING RESULTS

BASE REVENUES 

AS DISPLAYED ON PAGE 12 OF THE MONTHLY FINANCIAL STATEMENTS

FY20: \$316,459,000


When compared to FY2019 MayYTD this is a **9.2% INCREASE**

OPERATING EXPENSES 

AS DISPLAYED ON PAGE 12 OF THE MONTHLY FINANCIAL STATEMENTS

FY20: \$226,751,000

When compared to FY2019 MayYTD this is a **5.0% INCREASE**

OPERATING INCOME 


AS DISPLAYED ON PAGE 12 OF THE MONTHLY FINANCIAL STATEMENTS

FY20: \$100,005,000

When compared to FY2019 MayYTD this is a **21.0% INCREASE**




Our base revenues increase year over year, as displayed on our net income statement on page 12 of our monthly financial statements, is a little misleading. Currently, stabilization activity is acting as a significant base revenue boost. \$14,206,250 of our total increase is due to a withdrawal from the rate stabilization – debt management fund to facilitate phase 2 of the STAR plan. This is not a typical withdrawal and when this withdrawal is not considered our results look different (as shown below).

BASE REVENUES* 

*ADJUSTED TO EXCLUDE THE DEBT MGMT- RATE STABILIZATION ACTIVITY

FY20: \$302,252,750


When compared to FY2019 MayYTD this is a **4.3% INCREASE**

OPERATING EXPENSES* 

*ADJUSTED TO EXCLUDE THE DEBT MGMT- RATE STABILIZATION ACTIVITY

FY20: \$226,751,000

When compared to FY2019 MayYTD this is a **5.0% INCREASE**

OPERATING INCOME* 

*ADJUSTED TO EXCLUDE THE DEBT MGMT- RATE STABILIZATION ACTIVITY

FY20: \$85,798,750

When compared to FY2019 MayYTD this is a **3.9% INCREASE**

LET'S DIG A LITTLE DEEPER: BASE REVENUES

Base revenues, as shown on page 12 of the monthly financial statements, include more than the name suggests. This line item includes: customer sales, recognition of revenue due to stabilization fund(s) transfers, bad debt, and monies received from public service taxes and franchise fees collected.

If you are looking just for our sales collected from customer charges and usage fees, you want to review the base rate revenues line item on page 27 of our monthly financial statements. This is our budget page and under revenues you can review water & sewer revenues, capacity & extension fees, and other revenues collected from customers to get a clearer picture of our sales. Page 27 also identifies KGALs sold for both water and sewer.

Generally, for the Water System, the prominent driver of sales is rainfall and rain days. Usually, less rainfall and fewer rain days results in more water usage. Our increase in sales year over year is driven by an decrease in rain days and an increase in customer accounts. A rainfall comparison and number of customer accounts can be found on page 18 of our monthly financial statements. Despite an uptick in overall sales year over year, we did see a slight decrease in commercial & industrial demand likely due to COVID-19 related closures resulting in a slight decline in our improvement in sales year over year overall. We will continue to monitor sales for COVID-19 related impacts moving forward.



**FOR THE 8 MONTHS ENDING MAY 31, 2020
WATER & SEWER KGAL SALES INCREASED**

6.1%

WHEN COMPARED TO FY2019 MayYTD
(as displayed on page 27 of the monthly financial statements)

RAINFALL COMPARISON (IN INCHES)

	FY2020 MayYTD	FY2019 MayYTD	Variance
Normal	24.40	24.40	-
Actual	25.58	24.03	▲ 1.55
Rain Days	61	70	▼ (9)

As displayed on page 18 of the monthly financial statements

LET'S DIG A LITTLE DEEPER: OPERATING EXPENSES

Operating Expenses refer to the ongoing costs necessary to run a business. As displayed on page 12 of the monthly financial statements, JEA's water/wastewater system's operating expenses include: O&M expenses, depreciation expenses, utility and franchise tax expenses, and the net recognition of deferred costs and revenues.

When comparing our May year-to-date operating expenses for FY20 to FY19, we see increases in depreciation expenses, state utility and franchise taxes (driven by higher sales), and maintenance and other operating expenses.

O&M Expenses are the Operating Expenses within our control. Across both systems, all other operating expenses are sales dependent. For example, a decrease in sales does result in a decrease in tax expenses. Our O&M expenditures are within our control and we can adjust our spend rate to align with our operating revenue trends. We will take a closer look at our O&M budget on the next slide.



**FOR THE 8 MONTHS ENDING MAY 31, 2020
TOTAL OPERATING EXPENSES INCREASED**

5.0%

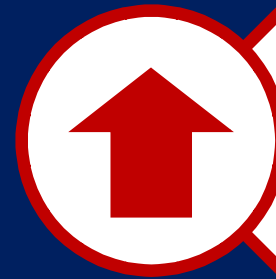
WHEN COMPARED TO FY2019 MayYTD
(as displayed on page 12 of the monthly financial statements)

TAKING A CLOSER LOOK AT THE W/WW SYSTEM O&M BUDGET

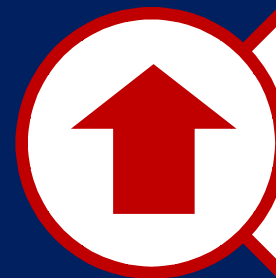
Our maintenance and operating expenses, as displayed on page 12 of the monthly financial statements, does not just include the O&M line items the business submits during budget season. Some differences between the two for the water system include: write-offs, terminal leave, amortization of prepaid sales fees for United Water and Nassau County, and interlocal payments. The numbers below represent **O&M budget actuals, forecasts, and metrics.**

CURRENT W/WW O&M DRIVERS

	Salaries (Net of Capitalization) up \$476,138
	Overtime (Net of Capitalization) down \$565,875 – All attributable to BU- Increased expense in FY19 due to Hurricane Michael
	Employee Benefits & Other Comp up \$3,281,807 – COVID-19 Stipends and Business Expenses (Appointed)
	Pension up \$1,078,554
	Health Insurance down \$597,965 (Dec FY19 \$600,000 extra payment to Self-Insurance)
	Chemicals & Gases down \$485,434 due to fixed pricing and lower glycerin usage
	Direct Purchases down \$478,344 due to reduction of staff during COVID-19 and only doing corrective work
	Industrial Services down \$1,632,599 due to team being conservative and spending on only necessary items. Savings seen in tank cleaning and painting
	Capitalized Benefits up \$882,855 (increase in expense credit)
	Shared Services Credit up \$3,399,159 (increase in expense)



FOR THE 8 MONTHS ENDING MAY 31, 2020
O&M EXPENSES TOTAL
\$105,397,349
WHEN COMPARED TO FY2019 MayYTD THIS IS A
3.5% INCREASE



OUR CURRENT FORECASTED O&M EXPENSES
FOR FY2020 TOTAL
\$168,801,273
WHEN COMPARED TO FY2019 THIS IS A
6.8% INCREASE



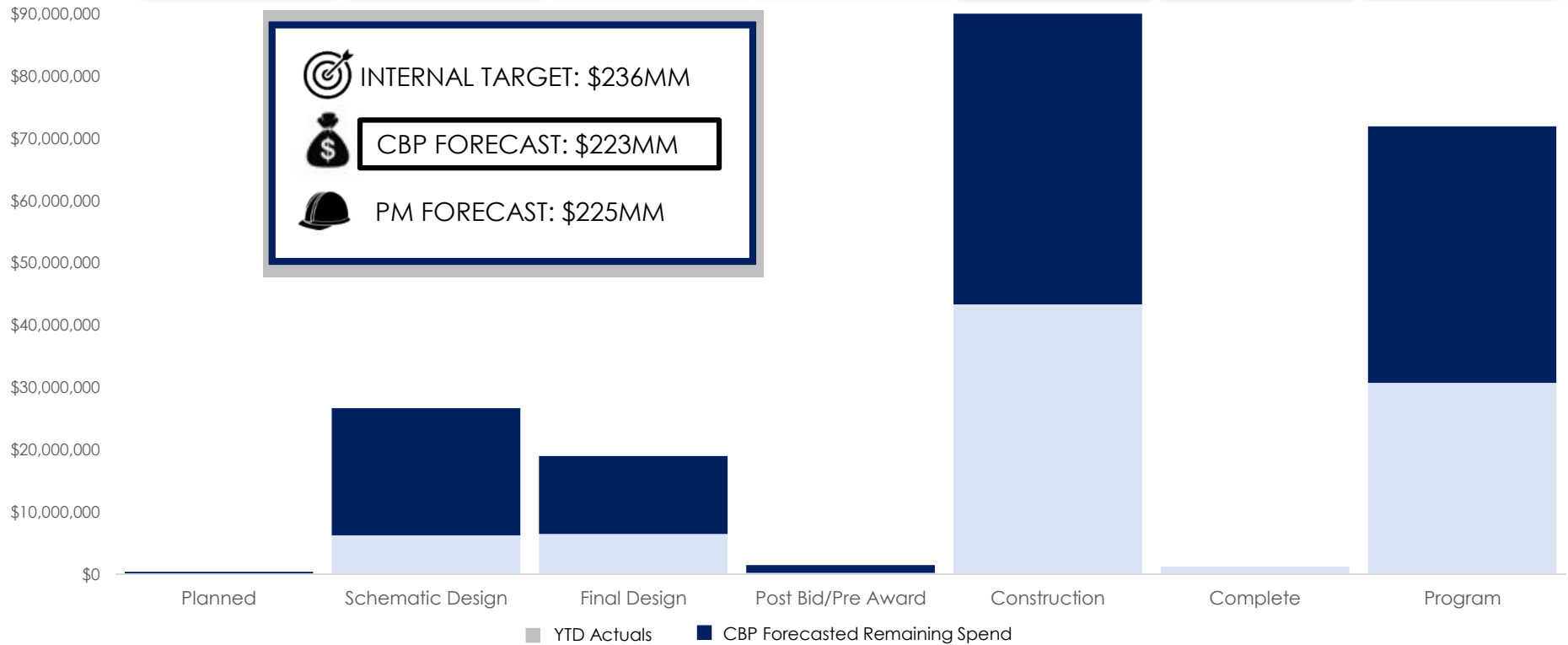
OUR TOTAL W/WW SYSTEM O&M BUDGET
FOR FY2020 TOTALS
\$185,838,461
OUR TOTAL W/WW SYSTEM O&M TARGET
SPEND FOR FY2020 IS
\$176,546,538



IF CURRENT TRENDS CONTINUE, WE ARE
EXPECTED TO HAVE A
90.8% SPEND RATE

TAKING A CLOSER LOOK AT THE WWW SYSTEM CAPITAL BUDGET

	Planned	Schematic Design	Final Design	Post Bid/ Pre Award	Construction	Complete	Program
COUNT	54	52	23	3	161	24	64
ACTUALS YTD	\$0	\$6.2MM	\$6.5MM	\$230K	\$43.3MM	\$1.2MM	\$30.7MM
FORECASTED REMAINING SPEND	\$408K	\$20.4MM	\$12.5MM	\$1.3MM	\$59.0MM	\$0	\$41.2MM



THANK
YOU

Stephen Datz

Interim Chief Information Officer



Stephen has worked in the Information Technology field for more than 30 years. His career at JEA includes positions as Director, IT Infrastructure and Compliance Assurance; Director, Technology Infrastructure; Manager, Technical Services; as well as system project leader for data architect. His previous roles, working for the St. Johns River Power Park, included responsibilities for supporting a global network infrastructure in addition to leading the planning, analysis, design, construction, testing and implementation of several IT enterprise system upgrades.

Stephen received his Bachelor of Science in Information Systems from the University of North Florida.

Bruce Dugan

Interim Chief Customer Officer



Bruce has more than 30 years of electric, water and wastewater utility experience in Texas and Florida. At JEA Bruce led JEA's Customer Satisfaction Improvement Initiative; Organizational Performance Improvement; Customer Care & Billing (CC&B) Project and Special Assignments; and Customer Sales and Service. As JEA's spokesperson, he created the innovative news segment called *Power for Pennies*, designed to educate customers on ways to lower their energy and water bills, which aired on WTLV-12 for more than a decade.

Bruce holds a Bachelor of Arts Business Administration from Columbia College.

Ricky Erixton

Interim General Manager, Electric
Systems



Ricky began his career as a co-op at JEA in 1989 in the Substation Maintenance Department and joined JEA in a permanent role in 1991 as an engineer in the System Operations Department. During his 30-year career at JEA, Ricky has worked in the System Operations Department, managed Bulk Power Operations, had leadership positions in Transmission and Distribution Maintenance, Substation and Transmission Maintenance, and most recently was Senior Director of Transmission and Distribution where he was responsible for the maintenance of the entire JEA electric system from the generation resources to the customer.

He holds a Bachelor of Science in Electrical Engineering from the University of Florida and holds a NERC System Operator Certification.

Angelia “Angie” Hiers

Interim Chief
Human Resources Officer



Angie served as JEA’s Chief Human Resources Officer from January 2013 to April 2019. She is a career human resource professional, with industry knowledge and experience at strategic and tactical levels, in all aspects of human resources and organizational development. During her career, she has been responsible for employee and labor relations, compensation, benefits, recruiting, training and development, safety and wellness, diversity and inclusion, executive coaching and career transition.

She served as Vice President, Human Resources for Baker Distributing Company, a subsidiary of the publicly traded company, Watsco, Inc. She also worked as a senior human resources leader for CSX Technology and Senior Vice President/Managing Director, Right Management Consultants. In addition, Angie held leadership positions in operations and human resources for Barnett Bank.

She received her Bachelor of Arts degree in Organizational Management from Edward Waters College, and Master of Business Administration from Jacksonville University.

Alan McElroy

Interim Chief Supply Chain Officer



Alan (no relation to Paul McElroy) joined JEA six years ago as the Director of Fleet Services. Most recently, he served as the Director of Operations Support Services, which includes fleet services, facilities, supply chain (warehousing, investment recovery operations), utility locates and emergency preparedness.

Alan joined JEA after a 32-year career at Duke Energy, where he served as Vice President of Fleet Services and Meter Operations. After the 2006 merger of Duke Energy and Cinergy in the Midwest, Alan led the combined Fleet Services and Meter Operations team.

He earned a Bachelor of Science in Civil Engineering from the University of Alabama, where he also received the Distinguished Fellow of Civil, Construction and Environmental Engineering recognition. He received a Master of Business Administration from Queens University.

Brian Roche

Interim Chief Financial Officer



Brian began his career with JEA in 1983, a Co-op student, and went on to serve in the roles of Director, Financial Planning Budgets & Rates; Director, Meter, Billing and Collections; System Planning Coordinator, Account Executive, Project engineer. He served as JEA's VP/GM of Water/Wastewater from December 2012 to June 2018.

He has led teams and worked across both electric, water, and wastewater utility systems and functions including Finance, Engineering and Construction, System Planning and Development, Customer Service, and Operations. In addition to his 26 years of service at JEA, Brian most recently worked at Orlando Utilities Commission and has seven years of experience in private business including engineering positions at CH2M Hill and Amoco Oil Company.

He received a Bachelor of Mechanical Engineering degree from Georgia Institute of Technology, Bachelor of Science in Accounting from University of Florida, a Master of Accountancy and Master of Business Administration degrees from University of North Florida. Brian is a Certified Public Accountant and a registered Professional Engineer.

Wayne Young

Interim Chief Environmental Officer



Wayne is a Jacksonville native. His 13 years at JEA was preceded by a highly decorated military career. During his career at JEA, Wayne has served as Director, Meter Reading, Billing and Revenue Collections; Director, Advanced Network Metering; Director, Industrial, Commercial and Business Client Relations; Director, Government Affairs and Economic Development; and Director, Environmental Programs. He has authored nationally published articles on applying leadership and technology to enhance performance in the utility industry.

His military career is highlighted by service in the Pentagon as Political Affairs Officer to numerous foreign countries and wartime Command of two Naval Warships – AEGIS Cruiser and Guided Missile Frigate. He also served as Director of the Navy’s Surface Warfare Engineering School and has earned certifications in operating mechanical, electrical, and water generation and distribution systems.

He holds a Bachelor of Science degree from the U.S. Naval Academy, and a Master of Science in Telecommunications Systems and Master of Arts in Strategic Policy and Decision Making.

Hai Vu

Interim General Manager,
Water/Wastewater Systems



Hai has nearly 22 years of experience in the water and wastewater industry. Prior to joining JEA in 2004, Hai worked as a design engineer and project manager for a consulting firm. At JEA, he has served as the professional engineer for the Water and Sewer Expansion Authority, professional engineer for the development review group, project manager overseeing engineering and construction of various water and wastewater facilities, Manager of Water Plants Engineering and Construction, and Director of Water/Wastewater & Reuse Treatment and District Energy System.

Hai has a Bachelor of Science degree in Engineering Science and a Bachelor of Science degree in Environmental Engineering from the University of Florida. He received a Master of Business Administration from the University of North Florida and a Master of Science in Environmental Engineering from the University of Central Florida. He is a licensed Professional Engineer in Florida.

JEA Performance Metrics Dashboard

As of May 31, 2020

Metrics for FY20 Goals	2018 Actual	2019 Actual	2020 YTD	2020 Goal	Variance	Benchmark Data
Customer Value						
JDP Customer Satisfaction Index - Residential	2nd Quartile	1st Quartile	2nd Quartile	Top 1/2 of 2nd Quartile	<i>Below</i>	
JDP Customer Satisfaction Index - Business	1st Decile	2nd Quartile	1st Quartile	Top 1/2 of 2nd Quartile	<i>Meets</i>	
Overall First Contact Resolution	79.0%	79.3%	80.7%	>=80%	<i>0.9%</i>	76.2%
Grid Performance: Average Outage Length (CAIDI)	45	47	59	50-54	<i>-9%</i>	60
Grid Performance: CEM14	1.0%	0.4%	0.3%	1.5%-2.0%	<i>86%</i>	CEM15: 0.6%
Water Unplanned Outages (% cust.)	5%	3%	2.4%	2%	<i>-20%</i>	
Water Distribution System Pressure (avg min < 30 psi)	1.8	8.8	3.4	2.0	<i>-71%</i>	
Information Technology Mean Time to Recover	N/A	N/A	103	<=90 min	<i>-14%</i>	
Community Impact Value						
Capital Invested (\$000)	\$374,456	\$497,341	\$228,604	\$381,695 - \$500,974	<i>TBD</i>	
Safety: % of safety checks closed on time	N/A	N/A	94%	93%	<i>TBD</i>	N/A
Safety: % of work orders closed in a timely manner (*Energy Production, W/WW and Reuse Treatment, and Facilities)	N/A	N/A	96%	TBD	<i>TBD</i>	N/A
JEA Volunteers	1,050 Activities	7,183	2,815	4,500-4,800 hours	<i>TBD</i>	
JSEB Spend (\$000)	\$15,760	\$18,772	\$11,776	\$17,000	<i>TBD</i>	
Employee Training Hours	N/A	N/A	42,766	50,000	<i>TBD</i>	N/A
Environmental Value						
Electric System Environmental Compliance (permit exceedances)	2	0	1	<4	<i>75%</i>	N/A
Consumptive Use Permit Compliance	Yes	Yes	Yes	Yes	<i>Yes</i>	
Nitrogen to the River (tons)	550	396	206	466	<i>56%</i>	
Sanitary Sewer Overflows (SSO's) (per 100 miles of pipe)	0.7	0.7	0.42	0.6	<i>27%</i>	
Financial Value						
Generation Fleet Reliability (forced outages rate)	2%	5%	2.14%	2.25-2.50%	<i>4.9%</i>	N/A
Percent of Net O&M Budget	93%	94%	90%	97.5%	<i>7.7%</i>	
Cost Reduction Metric (\$000)	\$10,495	\$15,131	\$7,157	\$5,300	<i>35%</i>	

JEA Financial Management Discussion

As of May 31, 2020

FY2020 May YTD vs. FY2019 May YTD

Electric Enterprise

Sales down **2.0%** ↓

Sales per customer down **3.8%** ↓

Degree days down **3.7%** ↓

Total customers up **1.9%** ↑

Operating revenue decreased **\$41 million** due to contributions to the fuel stabilization fund, partially offset by withdrawals from the debt management stabilization fund to defease debt. Lower sales were partially offset by increase in number of accounts. ↓

Operating expense decreased **\$73 million** driven by lower fuel and purchased power costs. ↓

Water and Sewer

Water sales up **5.2%** ↑

Sewer sales up **4.4%** ↑

Reclaimed sales up **30.5%** ↑

Sales per customer up **3.3%** ↑

Rain Days down **12.9%** (9 days) ↓

Irrigation up **14.0%** ↑

Total customers up **2.7%** ↑

Operating revenue increased by **\$26 million** due to withdrawals from the debt management stabilization fund to defease debt, higher sales, and new accounts. ↑

Operating expense increased **\$11 million** due to higher depreciation and higher compensation and benefits. ↑

JEA Operations Management Discussion

As of May 31, 2020

FY2020 May YTD vs. FY2019 May YTD

Electric Enterprise

- **CAIDI:** All of our reliability metrics including CAIDI were effected by a severe but localized storm on February 6th and 7th, resulting in a degradation in our reliability.
- **CEMI4:** Continues strong reliability with only 1,415 of our 512,551 customers served experienced more than 4 outages in the last 12 months.
- **Environmental Permit Exceedances:** Energy has experienced 1 permit exceedances in FY20.
- **EFOR:** The Generation EFOR remains below target but increased for the month of April due to multiple forced outages; Brandy Branch Combined Cycle facility attributed to a circulating water pump failure, as well as two separate forced outages at Northside Generating Station, the first due to a failure of a boiler "buckstay" support beam and the second from a super heat boiler tube failure.

Water and Sewer

- **Unplanned Water Main Outages:** 152 customers experienced an unplanned outage in the month of May. We are slightly over our goal due to a 24" pipe break on Race Track Road in the month of April caused by improper installation of a contractor.
- **Water Distribution System Pressure** (avg min per monitor station < 30 psi): 3.4 YTD is the average minutes pressure dropped lower than <30 psi. We have seen a spike in the average mins water pressure was <30psi this month due to dry weather conditions during the month of May, which led to aggressively managing grid pressures at lower than normal levels so demand would not exceed reservoir supply. Highest flow during peak hours was 247 MGD and our Max daily flow was 167 MGD. Measures have been put in place to continue to monitor the water levels.
- **CUP:** Average daily flow of 119 MGD is 15% below CY20 limit of 140 MGD; reclaimed usage at 20 MGD
- **Nitrogen to River:** FY20 Forecast is 353 tons. JEA has a limit of 683 tons per year and provides the COJ with 37 tons.
- **SSO's Impacting Waters of the US:** 22 YTD, with 27% caused by pipe-failures within the gravity sewer system; root cause analysis is performed on each SSO.



INTER-OFFICE MEMORANDUM

June 17, 2020

SUBJECT: PROPOSED FY2021 OPERATING AND CAPITAL BUDGETS

FROM: Paul E. McElroy, Interim Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

Annually, after the JEA Board's review and action, JEA staff recommends transmitting the Energy System, Water and Wastewater System, and District Energy System operating and capital budgets to the Jacksonville City Council for final action. By charter, JEA must submit its proposed budget to the City Council by July 1, 2020.

DISCUSSION:

At the May 2020 Finance and Audit Committee meeting, staff presented key strategic initiatives and budget assumptions from the FY2021 operating and capital budgets. Since the May presentation, staff has adjusted the Operating and Maintenance and Capital portions of the budget to reduce each by \$19.3 million and \$65 million respectively. Budget assumptions include: no rate adjustments for Energy or Water and Wastewater systems and financial metrics that are within Pricing Policy targets. The proposed budgets include considerable internal funding for the capital programs with revolving credit facility advances on an interim basis, to be refinanced with new bonds for the Water Wastewater System. The Energy System capital programs will continue to support the "pay-go" philosophy for all capital expenditures. The proposed budgets address key strategic initiatives that support the quality of service delivery, regulatory compliance, workforce readiness, communications, conservation, sewer resiliency, septic tank phase-out, and customer satisfaction initiatives. In addition, the budget includes a record high contribution to the City of Jacksonville General Fund in the amount of \$120.0 million. The operating and capital budget schedules that will be transmitted to the City Council upon JEA Board approval are attached as Schedules A and B. As required by the City of Jacksonville, JEA transmits its Five-Year Capital Improvement Program during the annual budget process and is attached as Schedule C.

The proposed budgets include the following:

1. Consolidated Operating Budget and Capital Budget Schedules
The proposed budgets include considerable internal funding for the capital program. The Energy System decreased \$37.2 million from FY2020 and will continue to support the "pay-go" philosophy for all capital expenditures. The Water and Wastewater System will increase by \$100.0 million from FY2020 and will utilize revolving credit facility advances on an interim basis, to be refinanced with new bonds if needed.

2. Energy System
There are no planned rate increases in FY2021. The FY2021 operating budget includes a \$2.4 million decrease from FY2020. Budget assumptions include a \$29.6 million decrease in Operating and Maintenance along with stable Non-Fuel Purchased Power. Debt service will decrease by \$6.9 million due to the execution of an early debt retirement plan.

3. Water and Wastewater System

There are no planned rate increases in FY2021. The FY2021 operating budget includes a \$17.9 million increase from FY2020 due to an estimated higher volume of sales for the Water, Wastewater, and Reclaimed Water Systems. Budget assumptions include a \$6.2 million decrease in Operating and Maintenance. Debt service will decrease by \$13.1 million due to the execution of an early debt retirement plan.

4. Government Transfers

The budget includes a record high contribution to the City of Jacksonville General Fund in the amount of \$120.0 million.

5. Regulatory Accounting

In connection with the Pricing Policy, the budget was prepared using the Utility Basis, resulting in the inclusion of regulatory accounting items such as Pension, Demand-side Management (DSM)/ Conservation, Environmental, Fuel, Purchased Power and Self-Funded Health Plan.

On January 5, 2018 the St. Johns River Power Park (SJRPP) was decommissioned. The JEA Board will continue to approve the annual operating budget for JEA's ownership interest in SJRPP. The SJRPP budget is not approved by the City Council. Schedule D, attached, summarizes JEA's share of the proposed FY2021 operating budget for SJRPP, which includes debt service costs.

JEA owns a 23.64 percent interest in Unit 4 of the Robert W. Scherer Electric Generating Plant (Scherer Unit 4). As with SJRPP, JEA's share of the operating and capital budgets for this unit is a component of the JEA Energy System fuel and purchased power expense. Decisions regarding the operation of Unit 4 are made by majority vote of the co-owners. The JEA Board approves JEA's share of the annual budget for Scherer Unit 4, but the City Council does not review or approve the Plant Scherer budget. Schedule D, attached, summarizes JEA's share of the FY2021 operating and capital budgets for Plant Scherer. Note that this budget is subject to approval by the other co-owners.

RECOMMENDATION:

Staff recommends the Board:

- (1) approve the proposed operating and capital budgets as shown on Schedules A, B, and C (attached), authorize staff to transmit the recommended budgets to the Jacksonville City Council for final action, and transmit the Five-Year Capital Improvement Program (Schedule C) as required by the Jacksonville City Planning Department, and
- (2) approve JEA's share of the SJRPP and Plant Scherer operating and capital budgets as shown on Schedule D (attached), and
- (3) authorize the Interim Managing Director/CEO to adjust the budget approved by the Board of Directors and submitted to Council, if necessary, within the total approved budget amounts for each system.

Paul E. McElroy, Interim Managing Director/CEO

PEM/JEO/JEC/KMQ



Proposed FY2021 Budget
June 23, 2020
Board of Directors Meeting

FY2021 Budget Snapshot

Energy System					
Revenue	FY2021B	FY2020B	Δ	FY20F	
(in millions)	\$1,247	\$1,250	-\$3	\$1,166 [^]	
Unit Sales Growth					
<ul style="list-style-type: none"> ▶ Flat system sales from FY2020B to keep sales aligned with growth assumptions and trends ▶ 5.0% weather contingency 					
COJ Transfer	FY08	FY18	FY19	FY20F	FY21P
Total (\$ in millions)	\$121	\$195	\$198	\$197	\$196
O&M Expenses					
Decreases by \$29.3m or 10% versus prior year's budget					
<ul style="list-style-type: none"> ▶ Includes bargaining unit step increases per contractual agreements and estimated general increases. ▶ Includes funding for DSM/Environmental 					
Capital (millions)	FY20F	FY21*	FY22	FY23	
Depreciation	\$198	\$198	\$205	\$212	
Expenditures	\$237	\$224	\$178	\$156	
Funding	FY20F	FY21*			
R&R	\$66	\$64			
OCO	\$165	\$218			
Environmental OCO	\$13	\$12			
Prior	-\$7	-\$70			
Debt	<u>\$0</u>	<u>\$0</u>			
	\$237	\$224			
*FY21 Budget Includes 10% budget reserve					
Metrics	FY21B	Pricing Policy			
Coverage	4.4x	≥ 2.2x			
Debt to Asset	55.4%	≤ 60%			
Days of Liquidity	318	150-250 days			
Total Debt**	\$1.83bn	--			
Change in Debt**	(\$232m)	--			

[^]Does not include \$25m net bond buyback revenue adjustment
^{**}Total debt and change in debt assumes \$100m defeasance of SJRPP Issue 3 debt

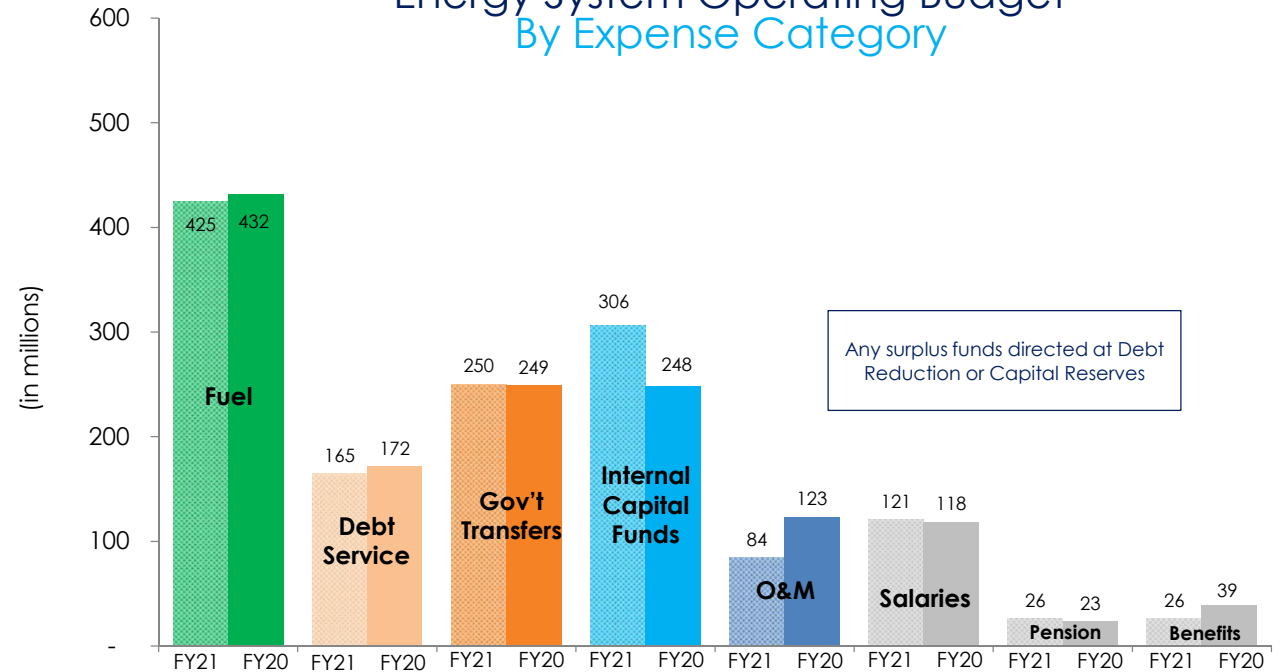
Water/Wastewater System					
Revenue	FY2021B	FY2020B	Δ	FY20F	
(in millions)	\$499	\$494	\$5	\$497 [^]	
Unit Sales Growth					
<ul style="list-style-type: none"> ▶ 2.7% unit sales increase to properly align sales with growth assumptions and trends ▶ 5.0% weather contingency 					
COJ Transfer	FY07	FY18	FY19	FY20F	FY21P
Total (\$ in millions)	\$27	\$50	\$50	\$51	\$53
O&M Expenses					
Decreases by \$7.9m or 4.2% versus prior year's budget					
<ul style="list-style-type: none"> ▶ Includes bargaining unit step increases per contractual agreements and estimated general increases. ▶ Includes funding for DSM/Environmental 					
Capital (millions)	FY20F	FY21*	FY22	FY23	
Depreciation	\$155	\$156	\$162	\$170	
Expenditures	\$236	\$360	\$377	\$294	
Funding	FY20F	FY21*			
R&R	\$25	\$27			
OCO/Capacity	\$185	\$198			
Environmental	\$11	\$16			
Prior	\$15	\$0			
Debt**	<u>\$0</u>	<u>\$119</u>			
	\$236	\$360			
*FY21 Budget Includes 10% budget reserve					
Metrics	FY21B	Pricing Policy			
Coverage	5.2x	≥ 1.8 x			
Debt to Asset	42.6%	≤ 50%			
Days of Liquidity	272	--			
Total Debt	\$1.39bn	--			
Change in Debt	\$55m	--			

[^]Does not include \$34m net bond buyback revenue adjustment
^{**}New debt money requirement from either revolving credit facility advance or new bond proceeds

FY2021 Budget: Energy System Operating Budget

- ▶ Fuel includes Scherer transmission and capacity expenses
- ▶ SJRPP and Scherer non-fuel purchased power expenses included in Debt Service and Internal Capital. Scherer also included in O&M
- ▶ O&M Salaries, Benefits, and Pension are net of capital
- ▶ FY2021 O&M includes \$1M Natural Gas retail sale operations
- ▶ Internal Capital Funds include JEA Energy System R&R and OCO, SJRPP R&R, and Scherer R&R, no new debt is required
- ▶ Internal capital funds for FY2021 are greater than annual depreciation and greater than the estimated capital budget for FY21 of \$224m
- ▶ Any surplus funds directed at debt reduction or capital reserves

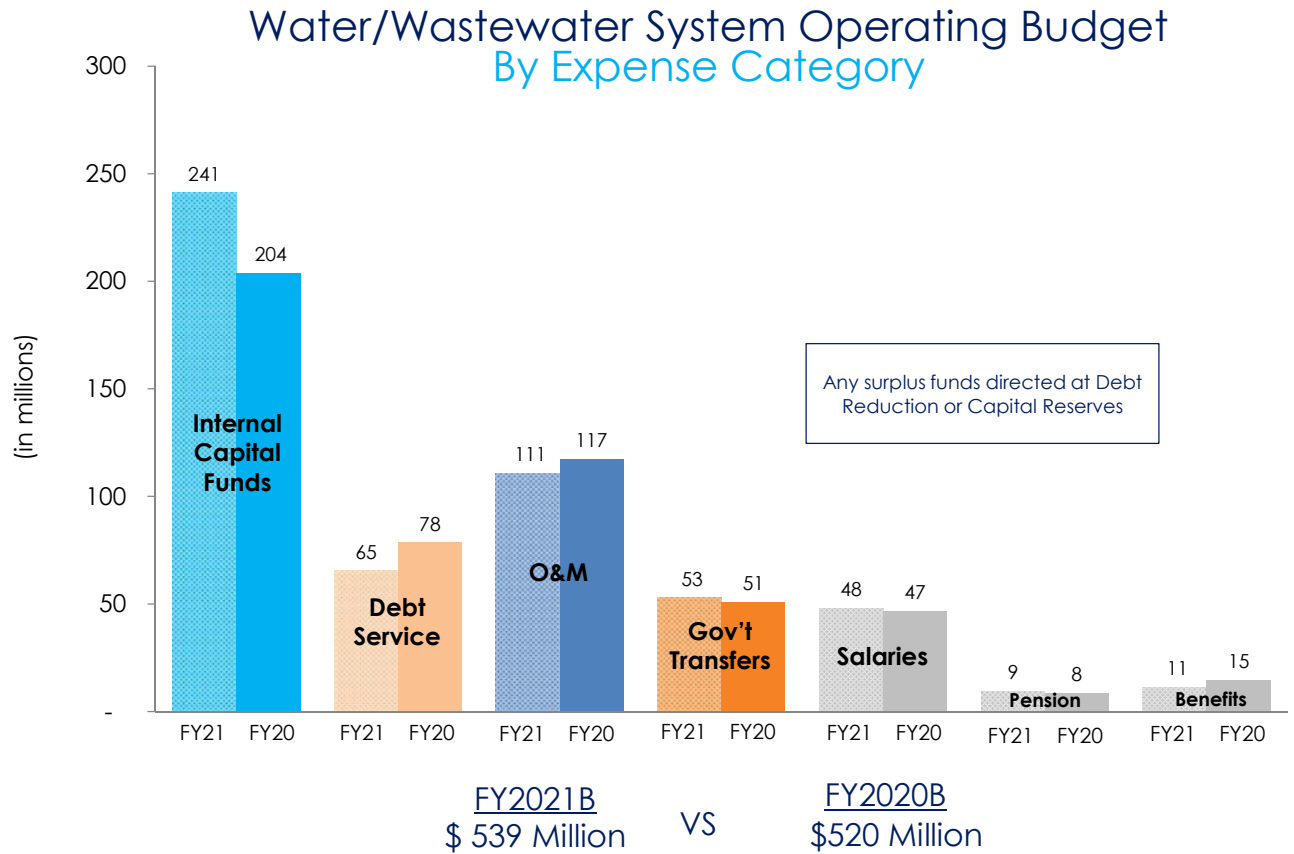
Energy System Operating Budget By Expense Category



FY2021B VS FY2020B
\$1.4 Billion VS \$1.4 Billion

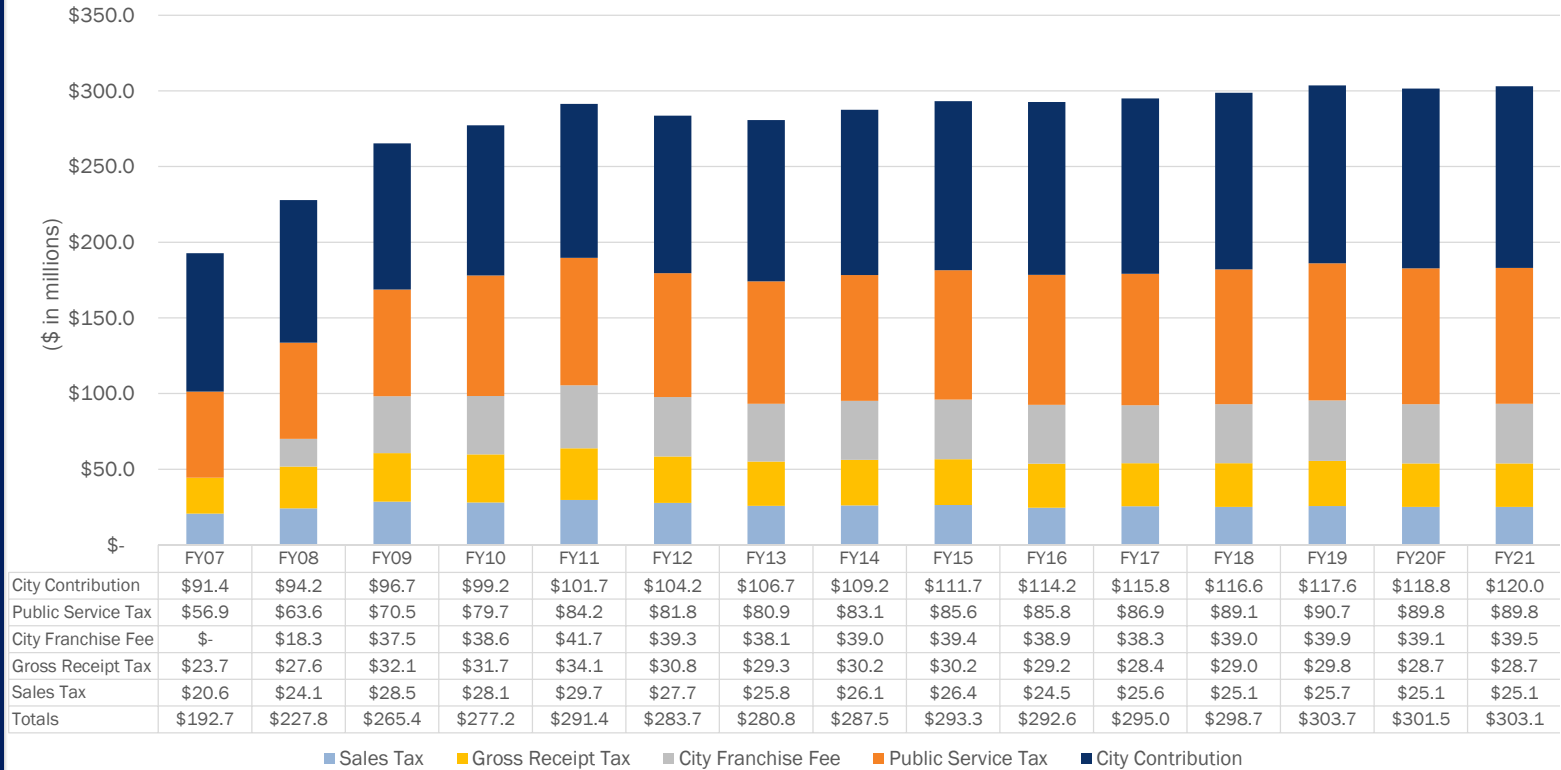
FY2021 Budget: Water/Wastewater System Operating Budget

- ▶ Government Transfers include City Contribution, COJ Public Service Tax, and COJ Franchise Fee
- ▶ O&M Salaries, Benefits, and Pension are net of capital
- ▶ The FY2021 capital program is partially funded by \$241m in internal capital funds
- ▶ Internal capital funds for FY2021 are greater than annual depreciation but less than the estimated capital budget for FY2021 of \$360m
- ▶ Any surplus funds directed at debt reduction or capital reserves



FY2021 Budget Government Transfers Via the JEA Bill

- ▶ Paid to COJ:
 - City Contribution
 - Public Service Tax
 - City Franchise Fee
- ▶ Paid to State of Florida:
 - Gross Receipt Tax
- ▶ Paid to COJ & State:
 - Sales Tax
- ▶ JEA transfers to the City of Jacksonville have increased to \$249 million
- ▶ FY2021 shows a 57% increase in total contributions as compared to FY2007
- ▶ The City Contribution Agreement has been extended through FY2023



FY2021 Budget Timeline

Next Step Action Items

JEA Staff recommends the Board:

- ▶ Approve the proposed operating and capital budgets for FY2021, authorize staff to transmit the recommended budgets to the Jacksonville City Council for final action by July 1, 2020 and transmit the Five-Year Capital Improvement Program as required by the Jacksonville City Planning Department
- ▶ Approve JEA's share of the SJRPP and Plant Scherer operating and capital budgets
- ▶ Authorize the Interim Managing Director/CEO to adjust the budget approved by the Board of Directors and submitted to Council, if necessary, within the total approved budget amounts for each system

**JEA
CONSOLIDATED OPERATING BUDGET
FISCAL YEAR 2021**

	Energy System	Water & Wastewater System	District Energy System	Total
FUEL RELATED REVENUES & EXPENSES:				
FUEL REVENUES:	\$ 410,912,768	\$ -	\$ -	\$ 410,912,768
Total Net Revenues	<u>\$ 410,912,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 410,912,768</u>
FUEL EXPENSES:				
Fuel & Purchased Power	<u>\$ 410,912,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 410,912,768</u>
FUEL SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BASE RELATED REVENUES & EXPENSES				
BASE OPERATING REVENUES:				
Base Rate Revenues	\$ 793,579,491	\$ 437,545,588	\$ 9,328,327	\$ 1,240,453,406
Environmental Charge Revenue	7,814,100	27,777,750	-	35,591,850
Conservation Charge & Demand Side Revenue	768,600	-	-	768,600
Other Revenues	25,141,212	14,600,000	-	39,741,212
Natural Gas Pass Through Revenue	967,784	-	-	967,784
Total Base Related Revenues	<u>\$ 828,271,187</u>	<u>\$ 479,923,338</u>	<u>\$ 9,328,327</u>	<u>\$ 1,317,522,852</u>
BASE OPERATING EXPENSES:				
Operating and Maintenance	\$ 240,292,155	\$ 174,584,733	\$ 5,267,217	\$ 420,144,105
Environmental	1,891,598	3,167,638	-	5,059,236
Conservation & Demand-side Management	8,445,045	-	-	8,445,045
Natural Gas Pass Through Expense	915,183	-	-	915,183
Non-Fuel Purchased Power	72,642,571	-	-	72,642,571
Non-Fuel Uncollectibles & PSC Tax	1,242,354	558,388	-	1,800,742
Emergency Reserve	5,000,000	1,000,000	-	6,000,000
Total Base Related Expenses	<u>\$ 330,428,906</u>	<u>\$ 179,310,759</u>	<u>\$ 5,267,217</u>	<u>\$ 515,006,882</u>
BASE OPERATING INCOME:	\$ 497,842,281	\$ 300,612,579	\$ 4,061,110	\$ 802,515,970
NON-OPERATING REVENUE:				
Investment Income	7,962,574	2,975,171	-	10,937,745
Transfer To/From Fuel Recovery	-	-	-	-
Capacity Fees	-	29,388,151	-	29,388,151
Total Non Operating Revenues	<u>\$ 7,962,574</u>	<u>\$ 32,363,322</u>	<u>\$ -</u>	<u>\$ 40,325,896</u>
NON-OPERATING EXPENSES:				
Debt Service	131,173,417	65,436,531	3,023,891	199,633,839
Demand-side Management - Rate Stabilization	-1,271,445	-	-	-1,271,445
Environmental - Rate Stabilization	-11,579,967	-	-	-11,579,967
Total Non Operating Expenses	<u>\$ 118,322,005</u>	<u>\$ 65,436,531</u>	<u>\$ 3,023,891</u>	<u>\$ 186,782,427</u>
BASE INCOME BEFORE TRANSFERS	\$ 387,482,850	\$ 267,539,370	\$ 1,037,219	\$ 656,059,439
City Contribution Expense	93,609,555	26,402,695	-	120,012,250
Interlocal Payments	-	-	-	-
Renewal and Replacement Fund	64,012,472	26,551,286	437,313	91,001,071
Operating Capital Outlay	218,063,823	169,187,126	599,906	387,850,855
Environmental Capital Outlay	11,797,000	16,010,112	-	27,807,112
Capacity Fees	-	29,388,151	-	29,388,151
Operating Contingency	-	-	-	-
Total Non-Fuel Expenses	<u>\$ 387,482,850</u>	<u>\$ 267,539,370</u>	<u>\$ 1,037,219</u>	<u>\$ 656,059,439</u>
SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL REVENUES	\$ 1,247,146,529	\$ 512,286,660	\$ 9,328,327	\$ 1,768,761,516
TOTAL APPROPRIATIONS	\$ 1,247,146,529	\$ 512,286,660	\$ 9,328,327	\$ 1,768,761,516
BUDGETED EMPLOYEE POSITIONS	1,527	625	6	2,158
BUDGETED TEMPORARY HOURS	104,000	20,800	0	124,800

**JEA
CONSOLIDATED CAPITAL BUDGET
FISCAL YEAR 2021**

	Energy System	Water & Wastewater System	District Energy System	Total
CAPITAL FUNDS:				
Renewal & Replacement Deposits	\$ 64,012,472	\$ 26,551,286	\$ 437,313	\$ 91,001,071
Operating Capital Outlay	218,063,823	169,187,126	599,906	387,850,855
Environmental Capital Outlay	11,797,000	16,010,112	-	27,807,112
Capacity Fees	-	29,388,151	-	29,388,151
Debt Proceeds	-	118,863,325	-	118,863,325
Other Proceeds	-70,068,295	-	1,538,925	-68,529,370
Total Capital Funds	<u>\$ 223,805,000</u>	<u>\$ 360,000,000</u>	<u>\$ 2,576,144</u>	<u>\$ 586,381,144</u>
CAPITAL PROJECTS:				
Generation Projects	\$ 32,357,000	\$ -	\$ -	\$ 32,357,000
Transmission & Distribution Projects	135,858,000	-	-	135,858,000
District Energy Projects	-	-	2,576,144	2,576,144
Water Projects	-	104,871,000	-	104,871,000
Sewer Projects	-	230,384,000	-	230,384,000
Other Projects	55,590,000	24,745,000	-	80,335,000
Total Capital Projects	<u>\$ 223,805,000</u>	<u>\$ 360,000,000</u>	<u>\$ 2,576,144</u>	<u>\$ 586,381,144</u>

JEA
Five Year Capital Improvement Program
Fiscal Years 2021-2025
 (\$000'S Omitted)

<u>Project Title</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>	<u>Project Total</u>
Energy System Generation	32,357	47,320	36,797	32,101	36,312	184,887
Energy System Transmission and Distribution	135,858	81,127	83,291	93,878	96,988	491,142
Energy System Other	55,590	49,526	35,592	35,742	35,543	211,993
Total	<u>\$223,805</u>	<u>\$177,973</u>	<u>\$155,680</u>	<u>\$161,721</u>	<u>\$168,843</u>	<u>\$888,022</u>
Water Treatment and Distribution	104,871	88,347	108,498	83,901	69,351	454,968
Sewer, Wastewater, and Reclaimed	230,384	260,373	156,161	86,684	98,958	832,560
Water Other Capital	24,745	27,789	29,705	35,393	28,592	146,224
Total	<u>\$360,000</u>	<u>\$376,509</u>	<u>\$294,364</u>	<u>\$205,978</u>	<u>\$196,901</u>	<u>\$1,433,752</u>
District Energy System	<u>\$2,576</u>	<u>\$3,350</u>	<u>\$525</u>	<u>\$2,680</u>	<u>\$2,930</u>	<u>\$12,061</u>

**JEA
ST. JOHNS RIVER POWER PARK (SJRPP)
AND PLANT SCHERER (SCHERER)
OPERATING AND CAPITAL BUDGET
FISCAL YEAR 2021**

	SJRPP	SCHERER
OPERATING BUDGET:		
Revenue:		
Operating Revenue from JEA	\$ 26,753,547	\$ 61,156,420
Expenses:		
Fuel and O & M	\$ -	\$ 35,576,396
Transmission	-	6,100,000
Debt Service	23,780,931	10,029,775
Renewal & Replacement	2,972,616	9,450,249
Total Expenses	\$ 26,753,547	\$ 61,156,420
CAPITAL BUDGET :		
	\$ -	\$ 9,450,249

MWHs Purchased by JEA Electric System	991,361
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Notes: all Plant Scherer employees are Georgia Power Co. employees.
SJRPP was decommissioned as of January 5, 2018.



INTER-OFFICE MEMORANDUM

June 15, 2020

SUBJECT: UPDATE ON REFUNDING BOND OPPORTUNITIES

FROM: Paul McElroy, Interim Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

JEA Treasury Staff has historically been active in executing current refunding bond transactions in each of its Electric, Water and Sewer, St. Johns River Power Park, Bulk Power and District Energy Systems. Refunding bond offerings have totaled approximately \$4.26 billion since FY2012, generating approximately \$429 million in Net Present Value savings and \$33 million in annual debt service savings. The purpose of this report is to update the Board of Directors and the Senior Leadership Team on upcoming bond offerings for the Electric and Water and Sewer Systems.

DISCUSSION:

The attached PDF contains the current estimated economics of current refunding bond offerings for the Electric and Water and Sewer Systems.

FINANCIAL IMPACT:

The upcoming bond offerings are anticipated to generate approximately \$62 million in Net Present Value savings and \$3.7 million in average annual debt service savings.

RECOMMENDATION:

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

Paul McElroy, Interim Managing Director/CEO

PEM/JEO

Current Refunding Bond Opportunities

June 23, 2020





CURRENT REFUNDING BOND OPPORTUNITIES

Subject to prevailing market conditions, we expect to launch current refunding bond offerings for the Electric and Water and Sewer Systems during the week of July 6th

Based upon analyses provided by our lead underwriters, the refunding transactions would generate approximately \$3.7 million in annual debt service savings

Bond refunding delegation resolutions are in place to allow a launch as early as the week of July 6th

	 ELECTRIC	 WATER	J
Refunding Par Amount	\$240	\$130	\$370
Net PV Savings	\$36	\$26	\$62

In millions of dollars



INTER-OFFICE MEMORANDUM

June 12, 2020

SUBJECT: FUELS AND GENERATION PLANNING UPDATE

FROM: Paul McElroy, Interim Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

The JEA Board expressed interest in gaining a deeper understanding of everything related to fuels at JEA. To continue providing customers with low cost reliable power, attention is focused on opportunities and risks associated with a volatile fuel market and a constantly changing generation mix. In addition, fuel expenses constitute a large portion of electric generating costs. JEA's budget for fuel expenses in fiscal year 2020 is \$373M.

DISCUSSION:

The attached presentation provides an overview of the many important fuel related topics:

- Customer demand and energy forecast
- Electric system overview
 - Generating capacity and energy
 - Reserve margin and capacity factor
 - Renewable generation mix
 - Economic dispatch
- Fuel volume and fuel expense forecasting
- Fuel revenue and expense forecast
- Fuel and regional supply diversity
- Energy fuel mix
- Energy market risk management policy
 - Energy market risk management report
- Natural gas hedging program
 - Hedging strategy
 - Position summary
- JEA's coordination and collaboration with TEA
- TEA market analysis and support activities

FINANCIAL IMPACT:

No financial impact at this time. This presentation is provided as information.

RECOMMENDATION:

None required. This presentation is provided as information.

Paul E. McElroy, Interim Managing Director/CEO

PEM/RDE/RER

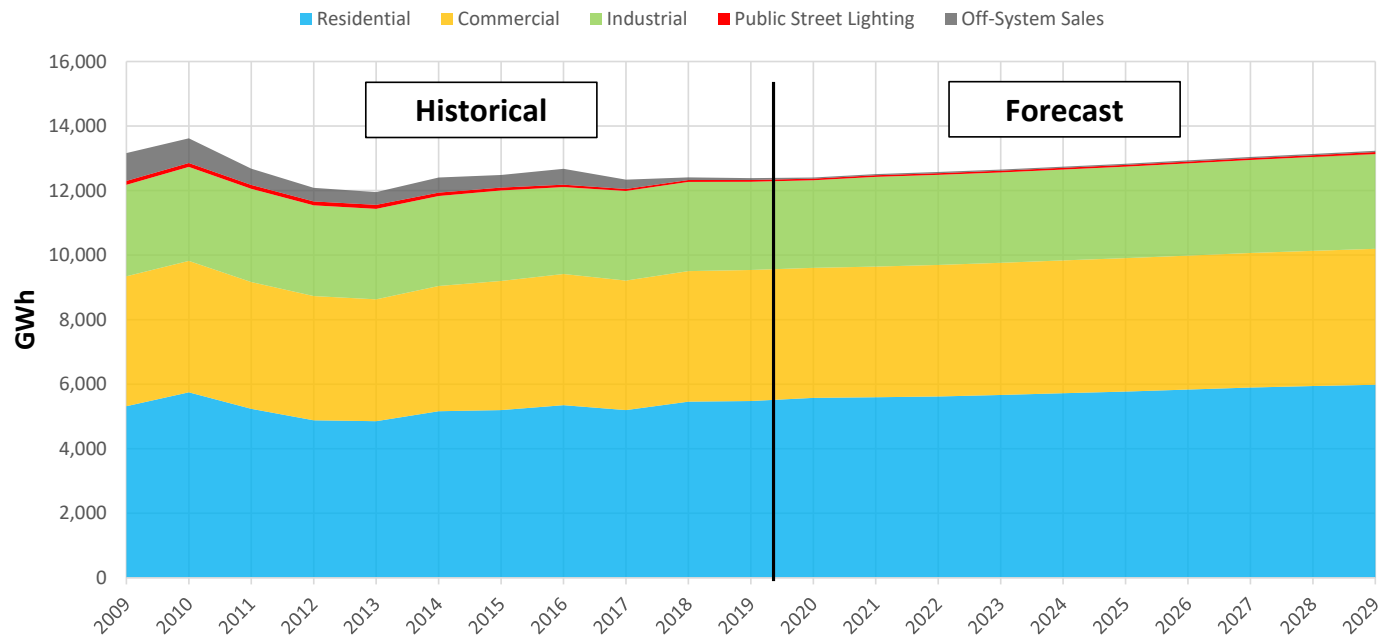
Fuels and Generation Planning Update To Board

June 23, 2020



Customer Demand Forecast

Energy Sales by Customer Class



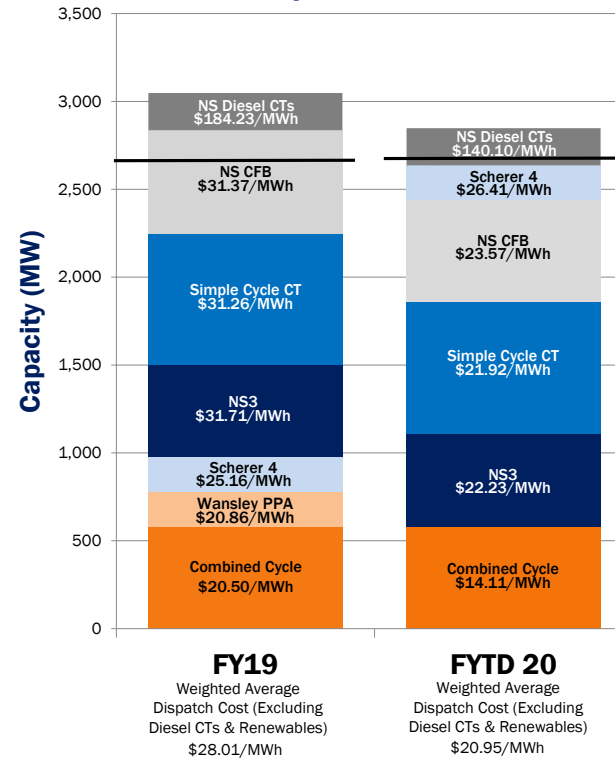
Energy System Overview

Existing Generation Capacity = 2,868 ¹ MW

Facility	Primary Fuel Type	Generating Capacity (in MW)	Year in Service
Gas Fuel: 1,884 MW (70%)			
Brandy Branch	Natural Gas	745	2001 - 2019 ²
Northside Gen Unit 3	Natural Gas/Oil	524	1977
Kennedy	Natural Gas	300	2000 - 2009 ²
Greenland Energy Center	Natural Gas	300	2011
Landfill Energy Systems	Landfill Gas	15	1997 - 2015 ²
Solid Fuel: 784 MW (30%)			
Northside Gen Units 1 & 2	Pet Coke/Coal	586	2003
Scherer 4	Coal	198	1989
Total: 2,668 MW			
Planning & Operating Reserves: 200 MW			
Northside CTs	Diesel Fuel Oil	200	1975
Grand Total: 2,868 MW³			

¹ Based on summer net ratings and entitled capacity. Winter net ratings and entitled capacity is 3,160 MW as of 3/1/2020
² Multiple units, multiple in service dates

Dispatch Stack¹



Fuel Volume and Fuel Expense Forecasting



Fuel Forecasting

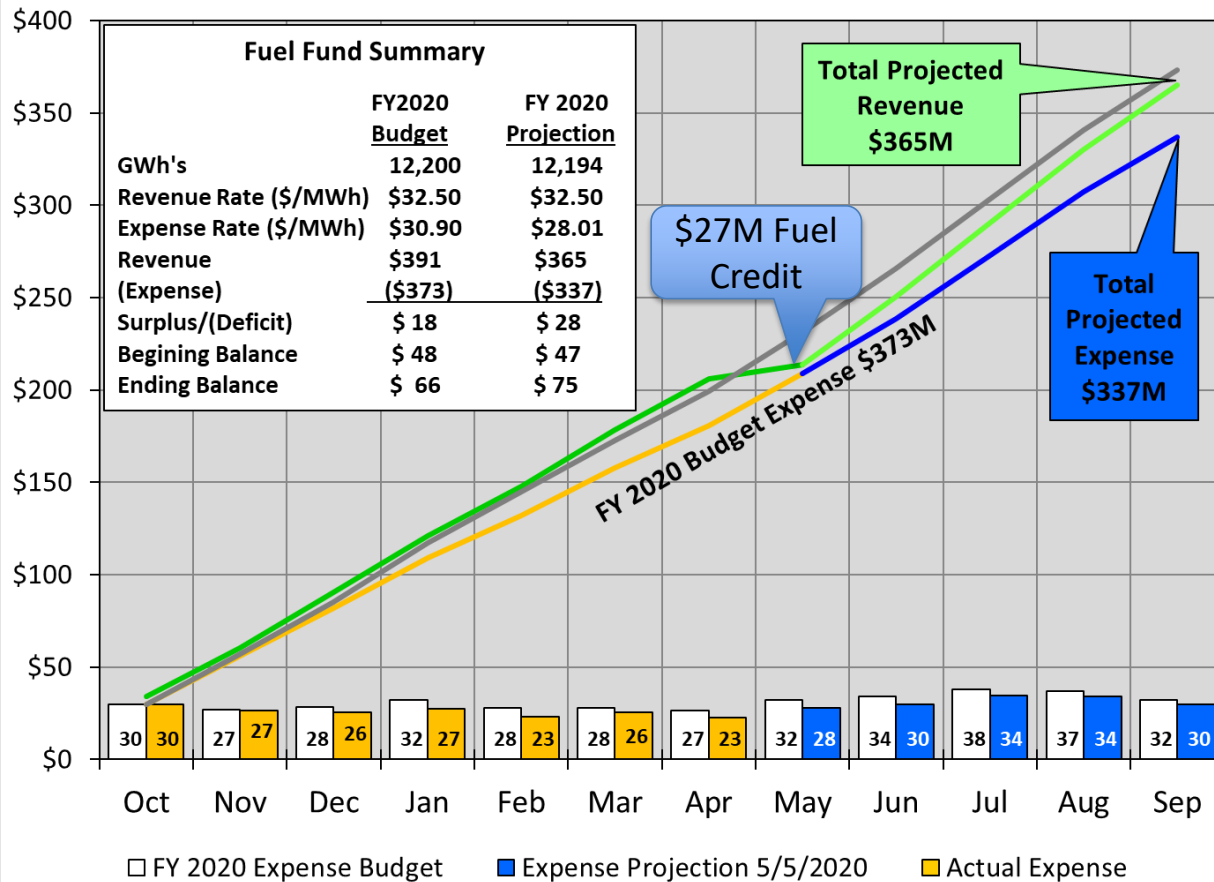


- Tools:
 - Units modeled to economically dispatch using ABB model
 - Forecast a five year forecast horizon with strong focus on current fiscal year and upcoming budget year
- Assumptions
 - Power and gas market assumptions provided by TEA
 - Unit characteristics provided by generating plants
 - Fuels develops solid fuel pricing
- Oversight
 - Forecast used in procurement decisions & fuel budget
 - Update presented monthly to senior leadership

Fuel Revenue and Expense Forecast

**Fuel Balance
(as of 4/30/20)
\$72.3M**

FY 2020 Fuel Revenue and Expense



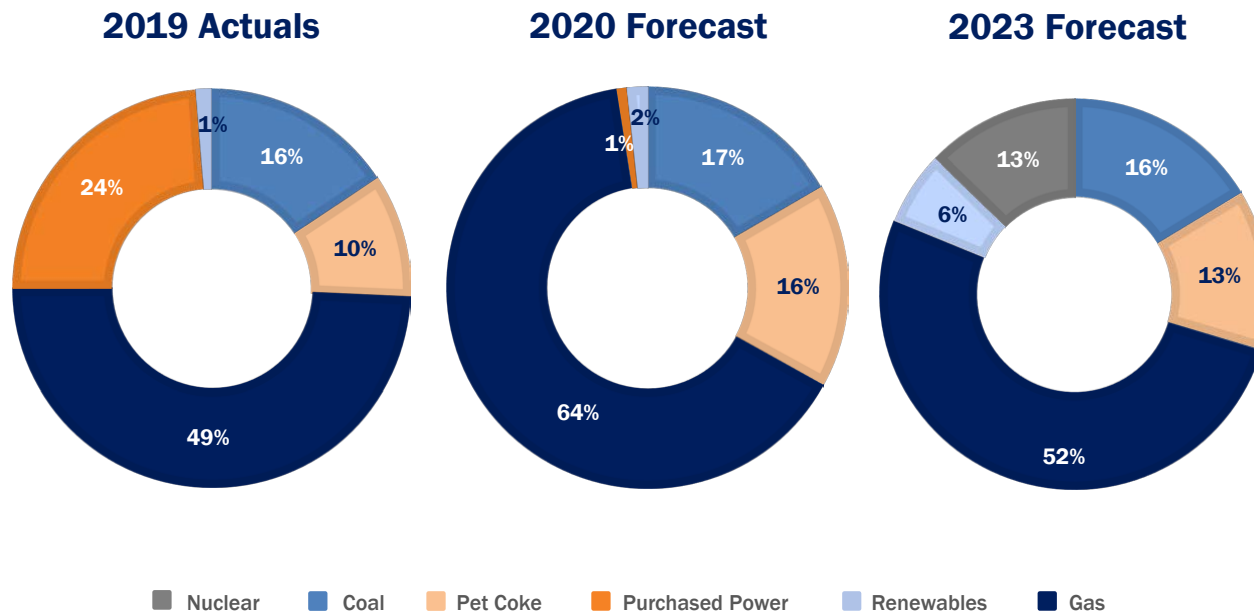
Fuel and Regional Supply Diversity

- Fuel Diversity is important to JEA
- Diversity includes fuel type, but also supply location, transportation, term and pricing method



- Scherer 4 Coal: Source: 100% Powder River Basin in Wyoming
 - 700K – 900K tons/year but decreasing
- Northside 1&2: – Pet Coke: 100% U.S. gulf
 - Coal: 90%+ from Colombia; Russia: 2 cargoes
 - 700K – 1,400K tons/year; 60/40 blend pet coke/coal
- Brandy Branch Combined Cycle, Northside 3, Combustion Turbines: Natural gas, 50 million MMBtu
- Multiple interstate natural gas pipelines and supplies
 - Long term firm delivered Shell 60K MMBtu/day
 - Long term firm “pre-pay” gas with Municipal Gas Authority of Georgia: 15K MMBtu/day, various delivery points
 - 55K MMBtu firm transport on Southern Natural Gas (SNG)/Cypress lateral
 - 19K MMBtu firm transport on SNG South Georgia
 - 54K MMBtu firm transport on Florida Gas Transmission
 - Balance of commodity in monthly and daily market
- Oil: Backup during extreme events and major price spikes – Brandy Branch, GEC, Kennedy, Northside 3

Energy Fuel Mix



Energy Market Risk Management Policy

- Energy Market Risk Management (EMRM) Policy was developed to identify risks associated with energy markets and to comply with Dodd-Frank Wall Street Reform and Protection Act.
- JEA risk management objectives
 - Reduce fuel rate increases
 - Reduce energy price volatility
 - Minimize system cost
 - Use an integrated approach to risk management for all JEA fuels and power transactions
- JEA fuel price hedging is done in accordance with the EMRM policy
- EMRM policy originally approved by the board on 3/18/14 and updated on 2/11/20



Hedge Strategy

Natural Gas Hedging Methods

- Use of OTC or exchange traded financial derivatives (e.g. swaps, futures, options)
- Set prices at first of month and daily indices
- Option to fix future monthly price in Shell LT



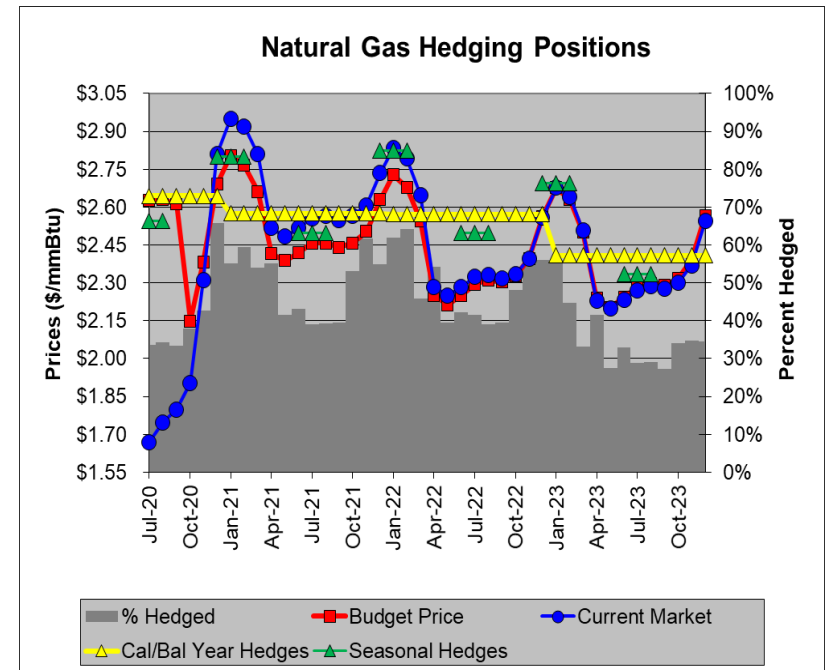
Natural Gas Price Hedging Strategy

- Target set based on gas cost in fuel cost rate
- Adjusted for historical price trends, projected prices, and supply and demand growth trends
- JEA consults with TEA on pricing strategy and market trends
- JEA targets 50% of projected annual use
 - Approximately equivalent to base load gas use
- Hedge up to 3 years out from current year

Natural Gas Hedging Summary

Year	VOLUME (mmBtu)			Dec, Jan, Feb	Jun, Jul, Aug	Natural Gas Price for Fuel Rate Breakeven
	Annual			Winter	Summer	
	20K	20K	20K	10K	10K	
2020	\$2.655 8/16/2018 WFB	\$2.655 8/23/2018 RBC	\$2.622 8/30/2018 WFB	\$2.909 8/27/2018 WFB	\$2.544 8/16/2018 WFB	\$3.54
2021	\$2.596 8/23/2018 RBC	\$2.554 8/30/2018 RBC	\$2.573 9/7/2018 RBC	\$2.800 8/23/2018 WFB	\$2.498 8/24/2018 RBC	\$3.29
2022	\$2.640 6/19/2019 RBC	\$2.602 7/23/2019 RBC	\$2.471 8/20/2019 WFB	\$2.823 7/9/2019 WFB	\$2.498 7/26/2019 WFB	\$3.33
2023	\$2.420 4/9/2020 WFB	\$2.396 6/18/2020 WFB	\$2.360 Current Target	\$2.695 5/27/2020 RBC	\$2.335 4/24/2020 RBC	\$3.39

All quantities in mmBtu, prices in \$/mmBtu



Energy Market Risk Management Report

- Presented quarterly to Finance & Audit Committee
- Status of fuel budget, physical contracts, hedges
- Confirm compliance with EMRM policy

Finance and Audit Committee Report

5/18/2020

Energy Market Risk Management: Physical and Financial Positions

Summary as of 5/1/2020		
Projected FY20 Fuel Expense (Budget = \$373M)	\$337M	😊
Projected FY20 Fuel Fund Ending Balance (Target = \$68M)	\$75M	😊
Projected FY21 Fuel Expense (Proposed Budget = \$357M)	\$364M	😞
Proposed FY21 Fuel Fund Ending Balance (Target = \$68M)	\$103M	😊
EMRM Compliance	Yes	😊
Counterparty Credit Limit Exceptions	No	😊
Any Issues of Concern	No	😊

Table 1: Physical Counterparties (Contracts One Year or Greater) as of 5/1/2020

Generating Unit	Fuel Type	Supplier/Counterparty	Contract Type	Remaining Contract Value	Remaining Contract Term
Scherer 4	Coal	CY20 Blackjewel - Eagle Butte - 001	Fixed Price	\$2,324,142	18 months
* Scherer 4	Coal	CY20 Peabody Caballo - 019	Fixed Price	\$587,310	18 months
Scherer 4	Coal	CY20 Buckskin - 008	Fixed Price	\$239,323	14 months
Scherer 4	Coal	CY20 Cloud Peak Cordero Rojo - 013	Fixed Price	\$325,087	8 months
* Scherer 4	Coal	CY20 Peabody NARM North - 014	Fixed Price	\$301,464	12 months
Scherer 4	Coal	CY21 Blackjewel - Eagle Butte - 002	Fixed Price	\$691,264	12 months
Scherer 4	Coal	CY21 Peabody Caballo - 003	Fixed Price	\$616,200	12 months
Scherer 4	Coal	CY21 Peabody Caballo - 004	Fixed Price	\$387,785	12 months
Scherer 4	Coal	CY21 Blackjewel - Eagle Butte - 005	Fixed Price	\$276,500	12 months
Scherer 4	Coal	CY22 Blackjewel - Eagle Butte - 001	Fixed Price	\$426,657	12 months
Scherer 4	Coal	CY22 Peabody Caballo - 002	Fixed Price	\$315,968	12 months
Scherer 4	Coal	CY22 Peabody Caballo - 004	Fixed Price	\$471,630	12 months
Scherer 4	Coal	CY22 Blackjewel - Eagle Butte - 005	Fixed Price	\$568,800	12 months
* Scherer 4	Coal	CY22 Peabody Caballo - 007	Fixed Price	\$314,420	12 months
NS CFB	Limestone	CY17-CY21 Vulcan	Fixed Price	\$15,249,816	1.67 years
NG Fleet	Natural Gas	Shell Energy	Index w/Fixed Price Option	\$592,990,323	11.08 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$109,746,435	28.91 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$101,952,644	29.08 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$65,534,347	18.91 years
NG Fleet	Natural Gas	Main Street/MGAG	Index w/Discount	\$98,814,134	29.16 years



Energy Market Risk Management Report

- Bottom of page 1 of Finance & Audit report

Table 2: Financial Positions as of 5/1/2020

report

Year	Commodity	Physical Volume (mmBtu)	Hedged Volume (mmBtu)	Percent Hedged	Unhedged Cost	Hedge Type	Hedge Price	Mark-to-Market Value	Counter Party
FY20	Natural Gas	22,288,951	8,240,000	37.0%	\$ 2.18	Swap	\$ 2.63	\$ 3,760,210	Wells Fargo & RBC
FY21	Natural Gas	53,268,920	23,720,000	44.5%	\$ 2.75	Swap	\$ 2.60	\$ (3,774,850)	Wells Fargo & RBC
FY22	Natural Gas	50,171,074	23,720,000	47.3%	\$ 2.59	Swap	\$ 2.58	\$ (283,500)	Wells Fargo & RBC
FY23	Natural Gas	48,143,298	11,900,000	24.7%	\$ 2.45	Swap	\$ 2.48	\$ 279,540	Wells Fargo & RBC
FY24	Natural Gas	48,668,450	1,840,000	3.8%	\$ 2.46	Swap	\$ 2.42	\$ (68,740)	Wells Fargo & RBC

Table 3: Fuel & Purchase Power Procurement as of 5/1/2020

Fuel Type	Natural Gas	Coal	Petcoke	Limestone	Purchased Power	Oil/Diesel	Renewables	Vogtle
FY20 Remaining / Energy Mix	58%	15%	17%	N/A	9%	0%	1%	-
Expected Spend (\$)	66.3M	21.9M	15.7M	3.9M	14.8M	1.1M	6.9M	-
% Procured	41%	54%	9%	100%	0%	100%	100%	-
% Hedged	40%	54%	0%	100%	0%	100%	100%	-
FY21 Budget / Energy Mix	54%	18%	19%	N/A	7%	0%	2%	-
Expected Spend (\$)	146.9M	61.1M	45.1M	9.3M	29.0M	1.6M	16.4M	-
% Procured	53%	42%	0%	100%	0%	100%	100%	-
% Hedged	42%	42%	0%	100%	0%	100%	100%	-
FY22 Projection / Energy Mix	52%	15%	17%	N/A	6%	0%	5%	6%
Expected Spend (\$)	132.9M	53.3M	43.4M	8.4M	20.4M	1.7M	27.2M	13.9M
% Procured	56%	35%	0%	24%	0%	100%	100%	100%
% Hedged	46%	35%	0%	24%	0%	100%	100%	100%



Energy Market Risk Management Report

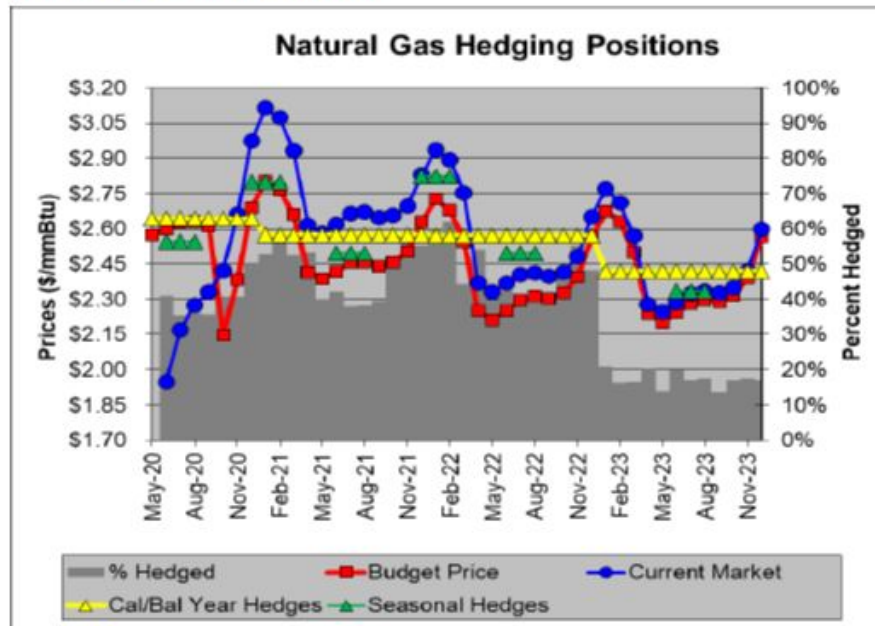
- Page two of Report

Finance and Audit Committee Report

5/18/2020

Supporting Notes:

- Renewable purchase power agreements are not included in Table 1
- Solid fuel procurement - annually at Soherer CY2019-2022 and quarterly at Northside
- Table 3: FY Energy Mix based on MWH; the procured percent relates to inventory on hand, or contracted and the percent hedged is inventory on hand or contracted with fixed pricing or financial hedges
- Renewables in Table 3 represent signed agreements and an estimated cost for pending contracts
- Table 1: Natural Gas discount; Municipal Gas Authority of Georgia (MGAG) issues municipal bonds to prepay for gas, allowing them to offer discounts to JEA for qualified use



as of 5/1/2020





JEA Board of Directors Meeting

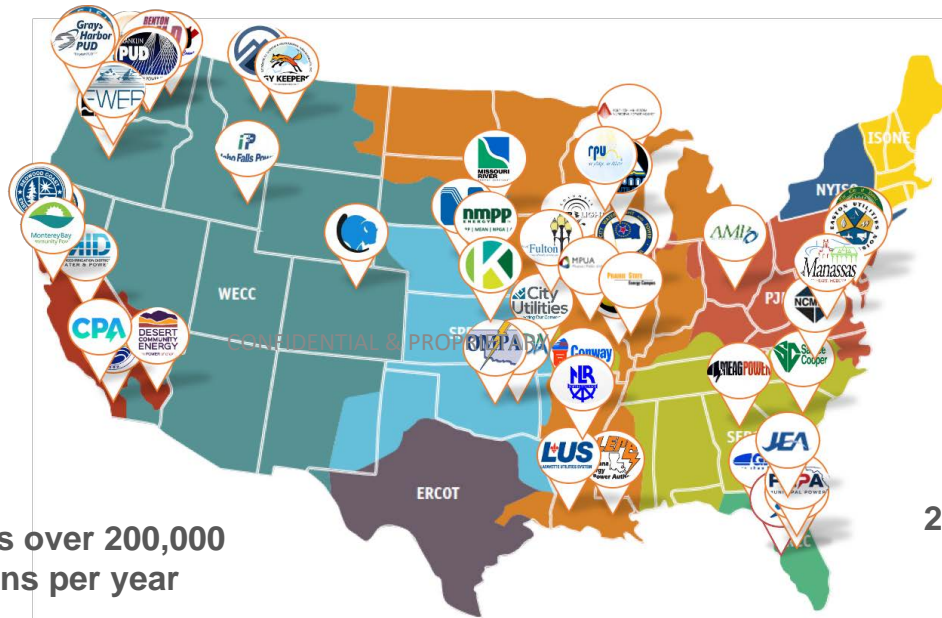
June 23, 2020

CONFIDENTIAL & PROPRIETARY

THE ENERGY AUTHORITY

TEA serves over 60 public power entities across the US

Formed in 1997 as a nonprofit corporation, TEA now has seven public power owners



TEA performs over 200,000 transactions per year

#1 in volume among community-owned entities

Trades across 40 states

TEA Represents over:

25,000 MW of Generation

24,000 MW of Peak Demand

300 Bcf of NG/year

75 Million MWh/year

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SERVICES PROVIDED TO JEA



PORTFOLIO
MANAGEMENT

- Understand JEA's goals
- Develop market strategies
- Measure success
- Reduce risk and increase value



CONNECTED
ANALYTICS

- Advanced analytics
- Asset management
- Use JEA's advanced metering infrastructure



NATURAL GAS
MANAGEMENT

- Procurement
- Scheduling
- Balancing
- Storage and transportation
- Co-optimization with power markets



ADVISORY
SERVICES

- Counterparty credit risk
- Risk policy development
- Stochastic modeling
- Training



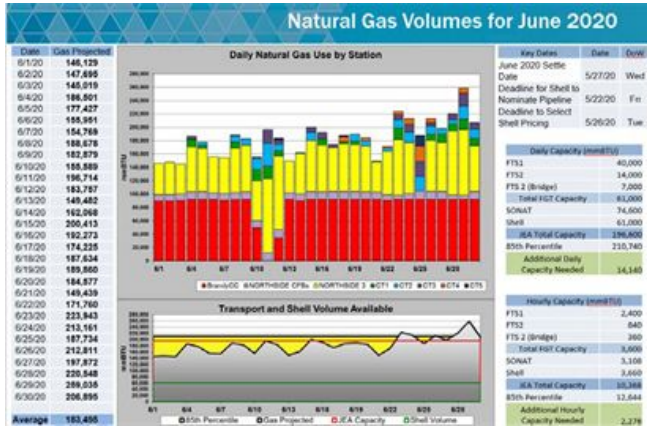
BILATERAL
ENERGY TRADING

- State-of-the-art systems and processes
- Best practice in risk and credit control
- 24 hour transaction support
- Deep market knowledge
- Transact in power markets

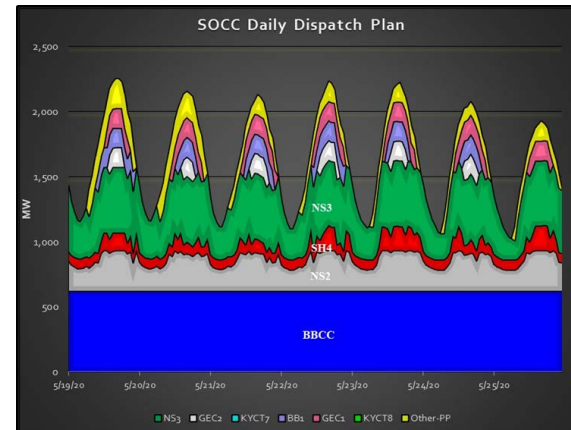
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Coordination and Collaboration

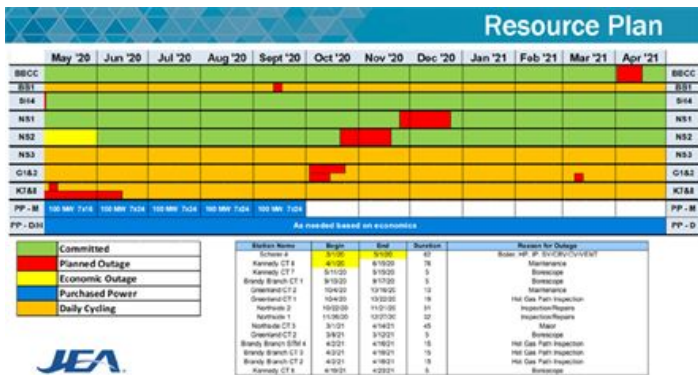
Monthly natural gas planning with TEA and SOCC



Daily resource planning with SOCC

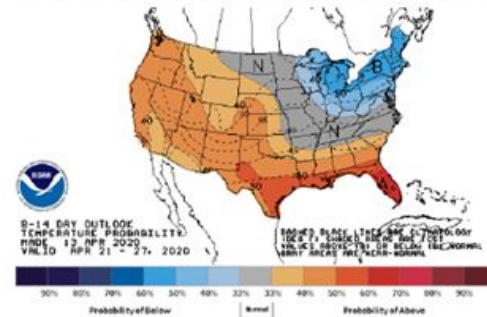


Monthly optimization meetings with SOCC

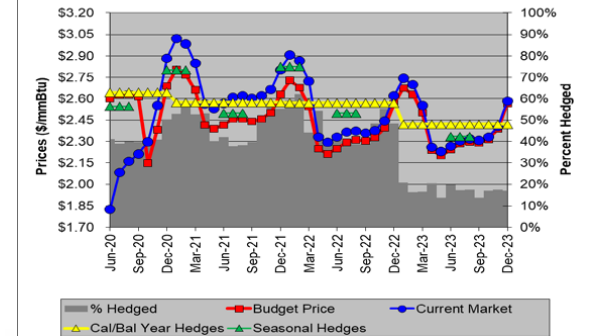


TEA's daily market update and hedging target opportunity alerts

NWS Climate Prediction Center: 8-14 Day Outlook



Natural Gas Hedging Positions

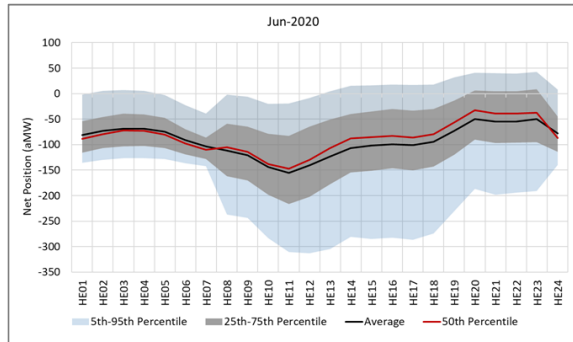


TEA Market Analysis and Support Activities

Market Analytics



Power Planning and Trading



Compliance Monitoring

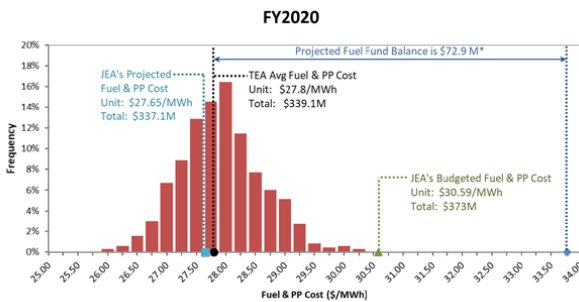
JEA Risk Policy Compliance Report

for close of business as of 5/19/2020

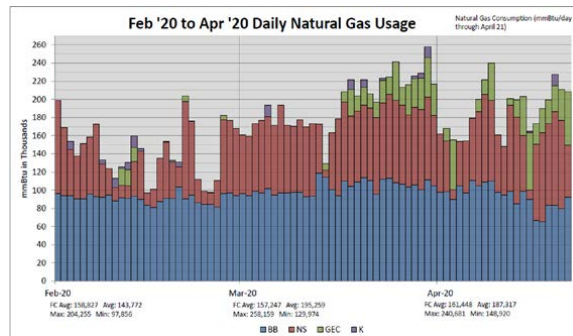


Limit Classification	Limit Compliance
Market Risk Limits	
Volume Limit	Yes
Location Limit	Yes
Swap Threshold Limits	Yes
Credit Risk Limits	
Within Counterparty Thresholds	Yes

Risk Assessment



Natural Gas Planning and Trading



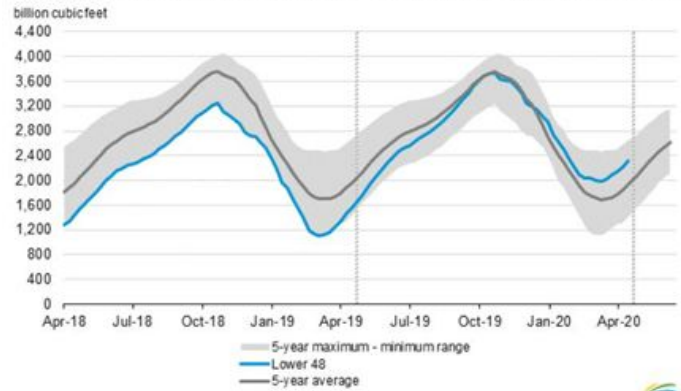
Counterparty Credit Reporting

Credit Exposure Report: JEA as of May 19, 2020

Counterparty	Unsettled Credit	Collateral	Net Credit	Credit Available	% Available	Initial	Unsettled	MTM Exposure	Total Exposure
City of Orlando Florida - Section Dept Subcontract Co	1,000,000	0	1,000,000	1,000,000	100%	0	0	0	0
Florida Gas Utility	1,000,000	0	1,000,000	1,000,000	100%	0	0	0	0
Florida Gas Service	1,000,000	0	1,000,000	1,000,000	100%	0	0	0	0
Florida Gas System, a Division of Tampa Electric Co	100,000	0	100,000	100,000	100%	0	0	0	0
Florida Gas System	100,000	0	100,000	100,000	100%	0	0	0	0
Florida Gas System, a Division of Tampa Electric Co	100,000	0	100,000	100,000	100%	0	0	0	0
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Florida Gas System									

Typical Market Summary JEA and TEA Discussions

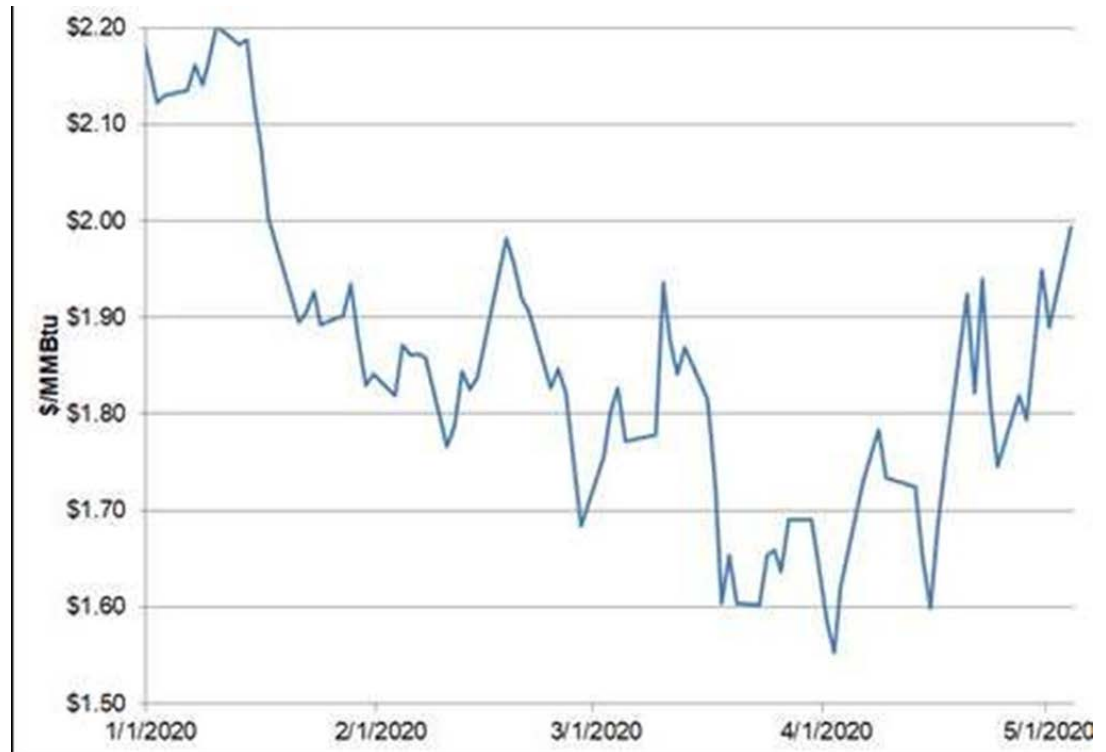
Working gas in underground storage compared with the 5-year maximum and minimum



Source: U.S. Energy Information Administration



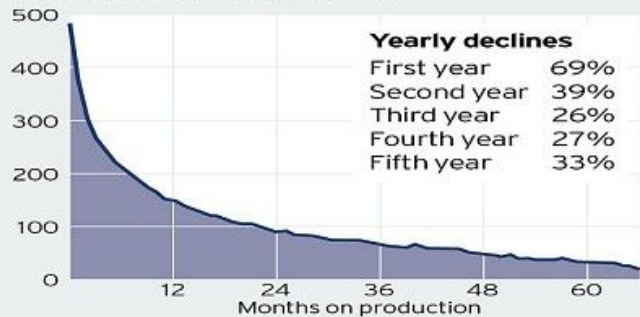
Natural Gas Cash Prices



* Commodity prices without transportation costs 19

Drill decline rate on biggest US shale field

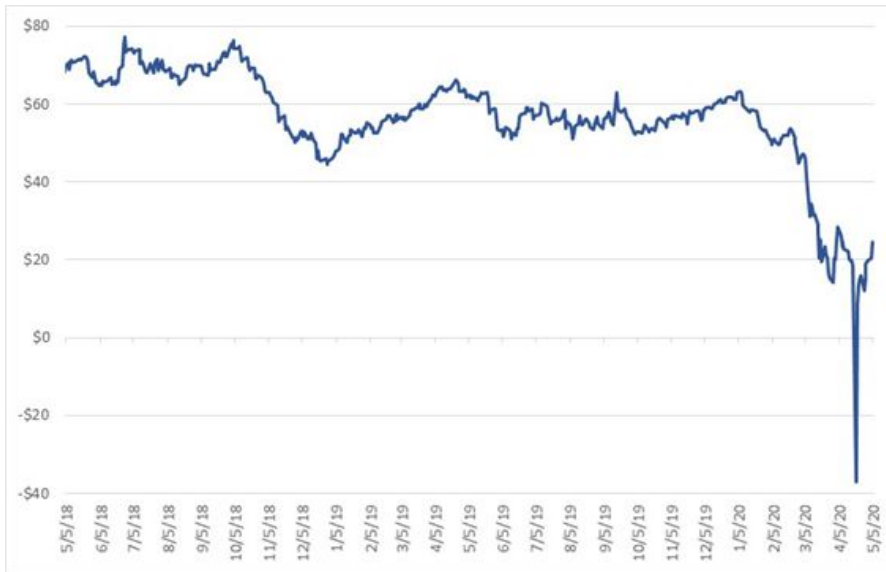
Oil production, Barrels per day



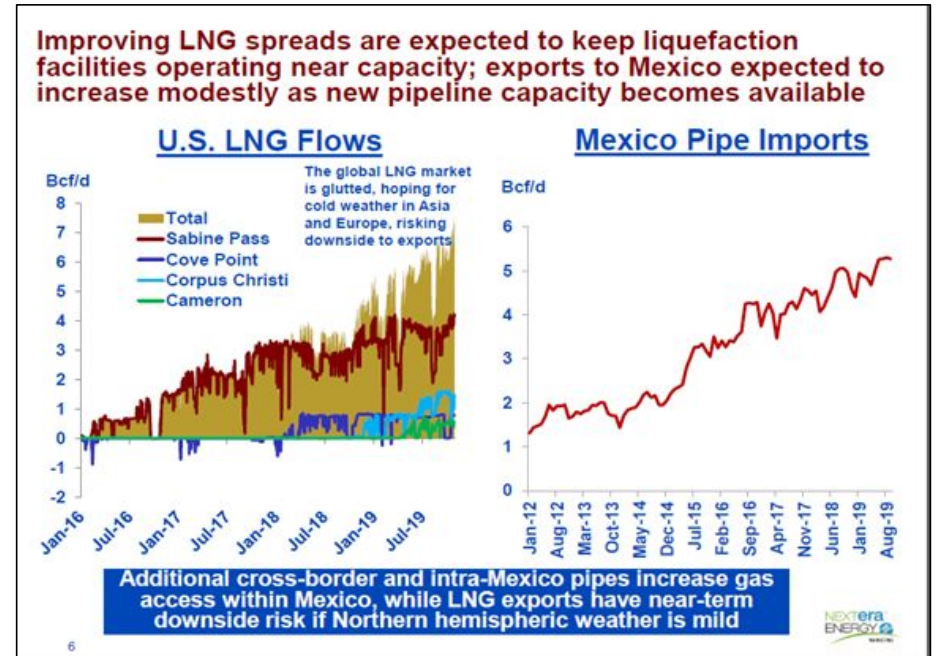
June 22, 2020

Typical Market Summary JEA and TEA Discussions

Crude Oil Prices – Prompt Month WTI



EXPORTS



June 22, 2020

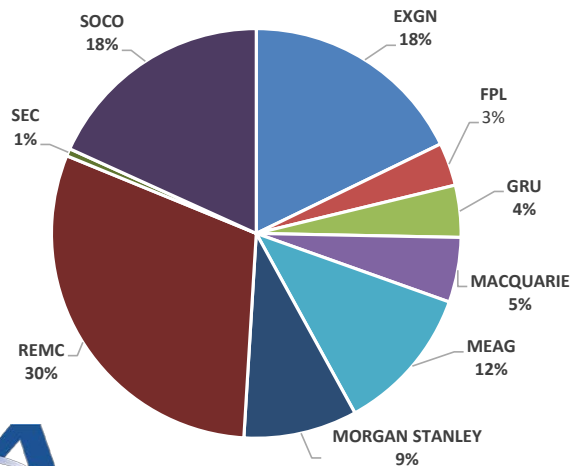
Typical Market Summary JEA and TEA Discussions

- Purchase and Sales FYTD
 - Sales: Volume: 15,222 MWH
 - Margin: \$106,479
 - Purchases: Volume: 823,890 MWH
 - Margin \$2,025,601

Summary

- Low oil prices continue to impact natural gas supply
- Neutral to supportive near-term and long-term natural gas prices
- Neutral to bearish power prices in the near-term and long-term
- Power demand is down across the country but highly localized

April - Power Counterparty By Volume

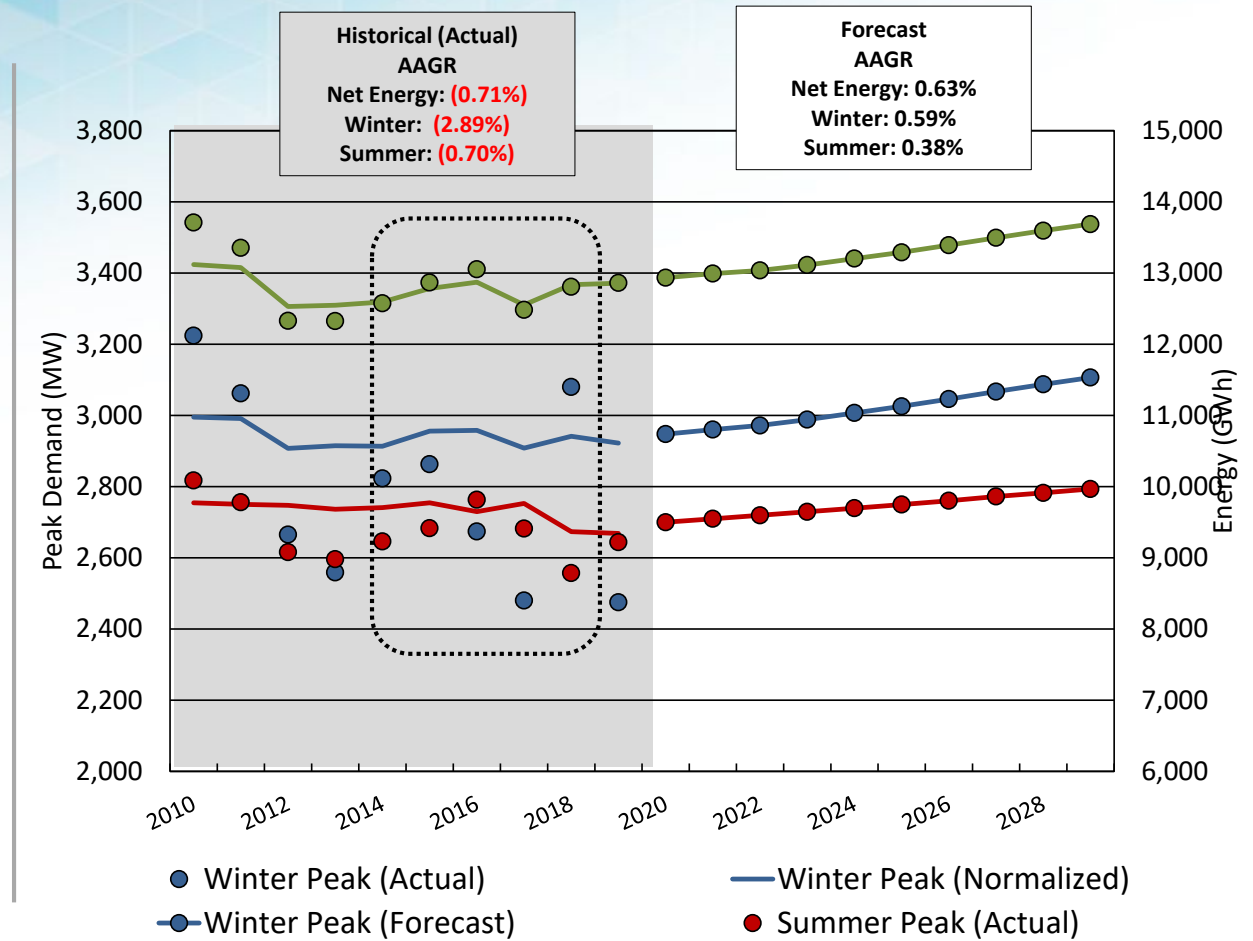




Energy System Ten Year Site Plan

Minimum 15 percent reserve margin, per FRCC guidance, met throughout 10 year planning horizon with:
Short term purchases and capacity additions

June 2020



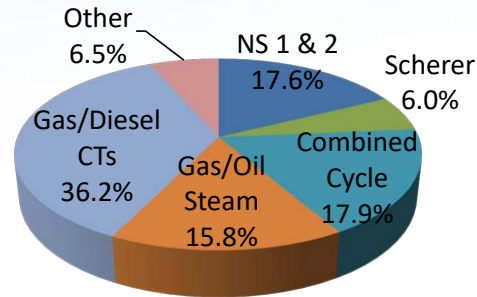
Other includes all power purchased by JEA through firm purchased power agreements (PPAs) or on an economic, non-firm basis. Currently, all renewable energy, landfill gas and solar, have been acquired through PPAs.

Capacity – the total amount of power capable of being produced (Megawatts - MW)

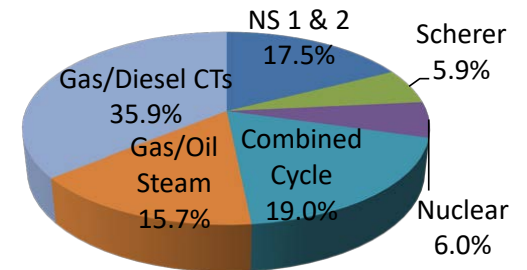
Energy – Delivered power (Megawatt-hours (MWh))

Actual and Projected

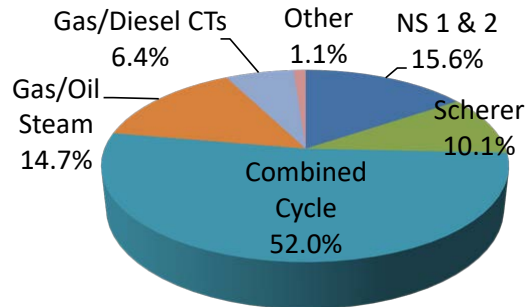
2019



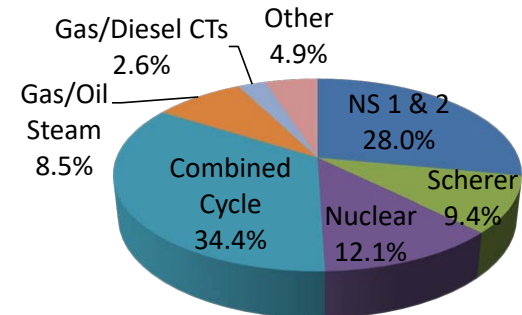
2029



2019



2029



June 2020



Reserve Margin – Capacity available above established need.

Minimum 15 percent reserve margin maintained throughout 10 year planning horizon with annual and seasonal purchases.

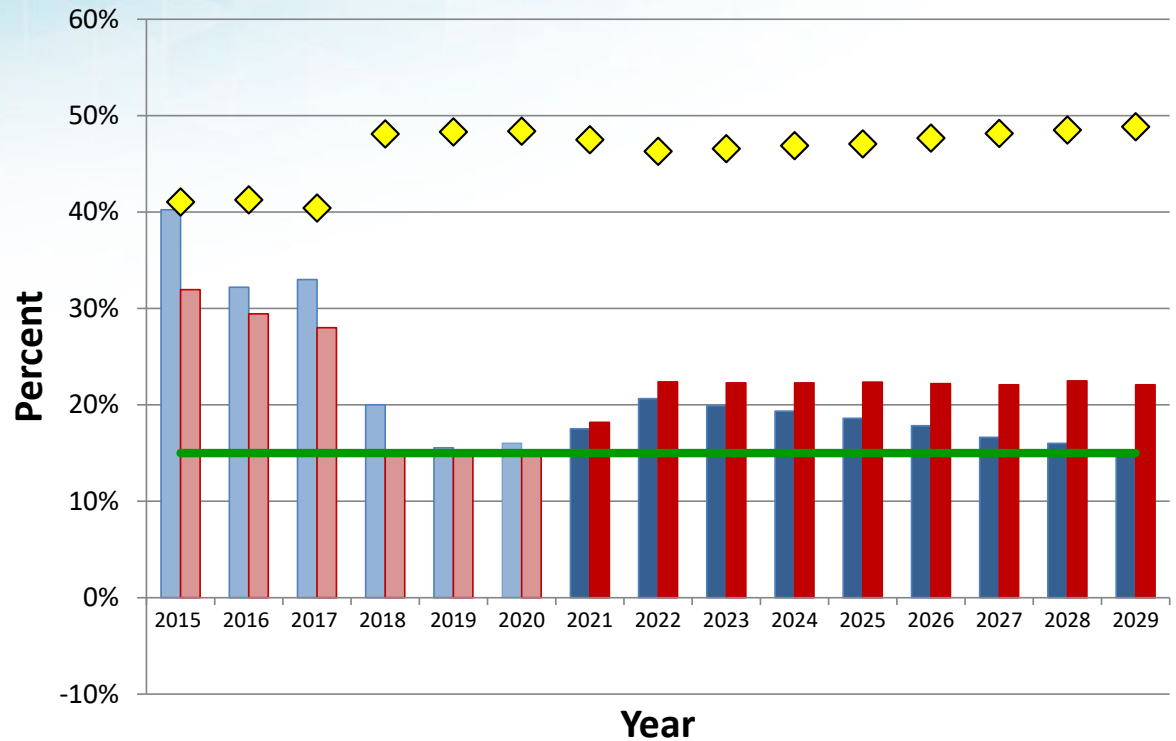
Capacity Factor – Percent of energy produced compared to maximum potential energy output.

Fleet system capacity factor increased after SJRPP decommissioning.

June 2020



Reserve Margin and System Capacity Factor



Winter Summer 15% Reserves System Capacity Factor

Notes

- (1) JEA renewable energy are acquired through PPAs.
- (2) Renewable energy makes up approximately 6% of JEA’s fuel mix.
- (3) 5x50 MW solar farms come online in 2021-2022.
- (4) Trailridge landfill gas PPA expires in 2026.

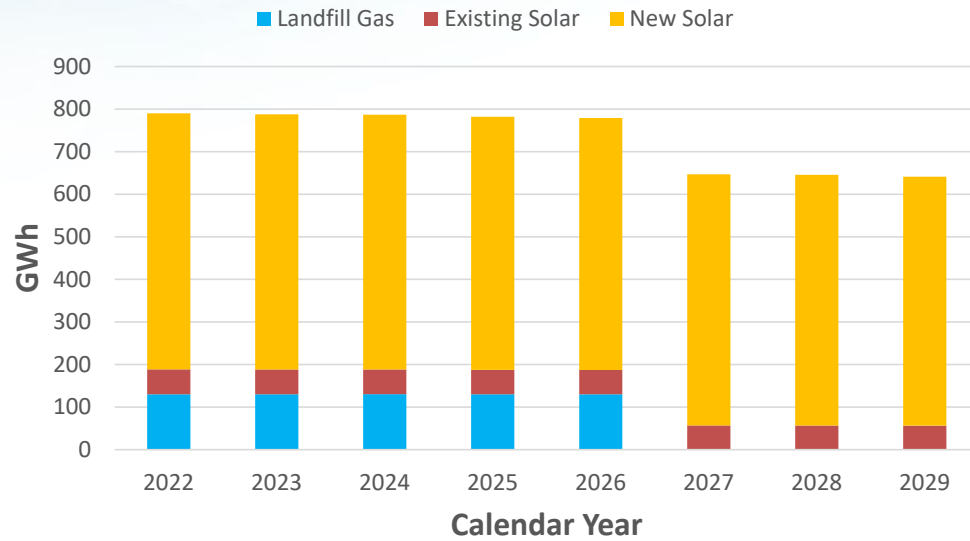
June 2020



Renewable Mix



Renewable Mix





INTER-OFFICE MEMORANDUM

June 15, 2020

SUBJECT: JEA/FPL COOPERATION AGREEMENT – PLANT SCHERER

FROM: Paul McElroy, Interim Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

JEA staff and Florida Power & Light Company (“FPL”) have tentatively agreed to a cooperation agreement to jointly close the Robert W. Scherer Unit 4 coal-fired electric generating station, located in Macon, Georgia. Closing the Scherer unit and replacing the capacity and energy with a Power Purchase Agreement utilizing natural gas-fired combined cycle power provides financial, environmental and operational benefits to JEA.

DISCUSSION:

JEA has held an ownership interest in Plant Scherer Unit 4 since its opening in 1989. JEA holds a 23.64 percent ownership position in the unit (approximately 198 MW), while FPL owns the remaining 76.36 percent. The unit is operated by Georgia Power. Owners of the other three Scherer units are Georgia Power, Municipal Electric Authority of Georgia, Oglethorpe Power, Gulf Power (now owned by NextEra, FPL’s parent company) and the City of Dalton. While the Scherer units have long been low-cost generating units, the changes in the natural gas market now make Scherer the highest cost dispatch unit in JEA’s fleet. Closing Scherer Unit 4 at this time provides benefits to JEA in several key areas, described below:

Financial

Comparing current and projected market pricing for natural gas combined cycle electric generation to current and projected Plant Scherer Unit 4 operating output, results in saving approximately \$10/MWh which is a cost reduction of approximately 33%. Assuming a plant closure and executing a replacement capacity and energy, 20 year slice-of-system Power Purchase Agreement with FPL, as well as the ongoing future contract and decommissioning costs at Plant Scherer Unit 4 the proposed transaction generates approximately \$___million in NPV savings. In consideration of jointly closing Plant Scherer Unit 4, FPL has offered a cooperation payment which may be used to pay off the outstanding balance of Plant Scherer debt, which currently is approximately \$89 million.

Environmental

The transaction will have environmental benefits, primarily a reduction of 500,000 tons/year of carbon dioxide emissions for the replacement power from combined cycle gas plants compared to the carbon dioxide emissions from Scherer. Currently Scherer is the largest Greenhouse Gas emitter in the country.

Additionally, JEA will avoid the cost of some future environmental upgrades associated with Unit 4, currently estimated to be approximately \$8.2M for Effluent Limitations Guidelines compliance. JEA will remain liable for some other environmental costs, particularly those associated with Ash Pond compliance, currently estimated as \$30.2 million between 2021 and 2029, and \$19.2 million between 2030 and 2066, these payments are included in the calculation of the NPV savings generated.

Note that these costs assume Unit 4 would still be operating – once closed the combined plant will generate less ash.

Operational

The Scherer capacity and energy will be replaced with a “slice of system” product (power purchase agreement). The benefits of this product include:

- There is no outage schedule on a system product, compared to biannual extended (30 day+) outage on Scherer Unit 4.
- While closing Scherer increases the portion of energy derived from combined cycle gas plants from 34 percent to 44 percent (projected 2029 values), it diversifies generation by establishing a firm supply from the south (currently all generation is either native or from Georgia).
- JEA maintains transmission rights at FL/GA interconnection, allowing for more access to spot purchases from Georgia.
- The natural gas supply to FPL’s combined cycle fleet is primarily through the Sabal Trail pipeline. JEA does not currently receive natural gas through this pipeline, so the transaction allows for diversification of natural gas supply.
- No restrictions/must-run conditions on taking energy (e.g., currently, if either Scherer 4 co-owner elects to operate the unit, the other owner must take at least their share of the minimum load.)

FINANCIAL IMPACT:

The proposed agreement would result in over \$___M in NPV savings to JEA over the 20-year term of the Power Purchase Agreement. An upfront payment from FPL is included as part of the transaction. JEA will still own 23.64 percent of Scherer Unit 4, unchanged from its current ownership percentage. JEA will still be responsible for obligations under the co-owners agreement – these payments are included in the calculation of the NPV savings generated.

RECOMMENDATION:

That the Board of Directors authorize the Interim Managing Director/CEO to execute the Cooperation Agreement with FPL as outlined in the attached documents in their substantial form. This Cooperation Agreement calls for the closure of Scherer Unit 4 January 1, 2022, with capacity and energy replaced by a Power Purchase Agreement with FPL.

Paul McElroy, Interim Managing Director/CEO

PEM/JEO

Attachment:

Resolution regarding the Cooperation Agreement with FPL concerning Scherer Unit 4
Draft Cooperation Agreement with FPL

Scherer Unit 4

June 23, 2020



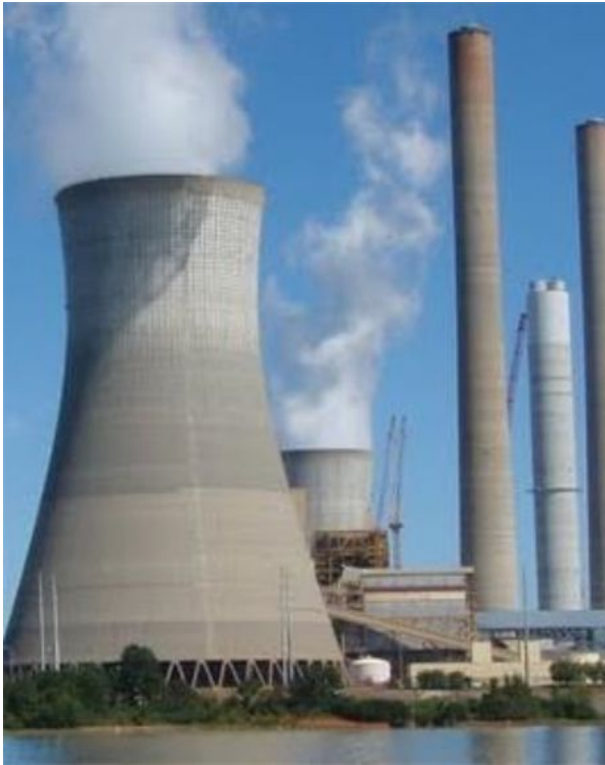


Plant Scherer

June 23, 2020

> Summary

- **Sale/Retirement of Scherer Unit 4 Provides Benefits in the Following Areas:**
 - **Financial**
 - **Operational**
 - **Environmental**



Plant Scherer

June 23, 2020



> Background

- ❖ Unit 4 is currently jointly owned by JEA – 23.64% share, and Florida Power and Light – 76.36% portion – 198 MW Net to JEA
- ❖ Co-owners on the other three units include Georgia Power, Oglethorpe Power, MEAG, Gulf Power and the City of Dalton (GA)
- ❖ Plant is located in Macon, Georgia, and operated by Georgia Power
- ❖ Unit is fueled with Powder River Basin (PRB) coal from Wyoming
- ❖ Plant Scherer is the largest coal plant in the country
- ❖ Long the lowest-cost dispatch unit, Scherer is now the most expensive dispatch unit
- ❖ Scherer faces an uphill battle with respect to environmental regulations, particularly those surrounding the management of coal ash

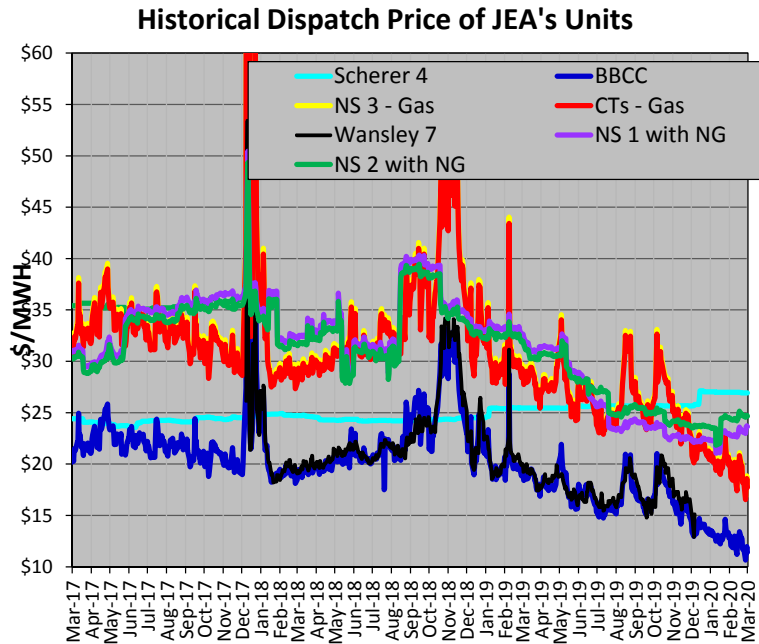


Plant Scherer

June 23, 2020

> Scherer 4 Sale Proposal

- ❖ Proposal has three main components:
 1. Sale of interest in Scherer Unit 4 to third party or Retirement of Unit
 2. Replacement of Scherer Unit 4 capacity and energy with 20-yr power purchase agreement for system product from FPL
 3. Avoidance of future environmental costs, R&R, etc. associated with Plant Scherer.
- ❖ Current Net Capital Asset Value of JEA's share of Plant Scherer is approximately \$125 M, approximately 5% of JEA Electric System value
- ❖ Terms with FPL for the transaction are currently being negotiated.



June 23, 2020



- ❖ Scherer is now the most expensive dispatch unit – approximately \$6/MWh higher than Northside 1 and 2, over \$10/MWh higher than combined cycle energy
- ❖ Replace Scherer capacity and energy with system purchase from FPL – saving approximately \$8M/year
- ❖ Avoid costs associated with future upgrades/compliance
- ❖ Still responsible for current environmental conditions – but we already are
- ❖ Cooperation payment, which may be used to pay off the outstanding balance of Scherer debt
- ❖ If there is no sale and the plant is to be retired, the unit would be mothballed until the entire plant is decommissioned



FPL Cape Canaveral 3x1 Combined Cycle

June 23, 2020

Operational

- ❖ Scherer Capacity and Energy to be replaced with “slice of system” product (20 year purchase power agreement) from FPL. Benefits include:
 - ❖ No outage schedule on system product
 - ❖ Diversifies generation (transmission from south)
 - ❖ We maintain transmission rights at FL/GA interconnection
 - ❖ Diversifies fuel supply (Sabal Trail pipeline)
 - ❖ Product will include all combined cycles on FPL’s fleet – most efficient/lowest cost units
 - ❖ No restrictions/must-run conditions on taking energy (e.g., currently, if either owner elects to operate the unit, the other owner must take at least their share of the minimum load.)

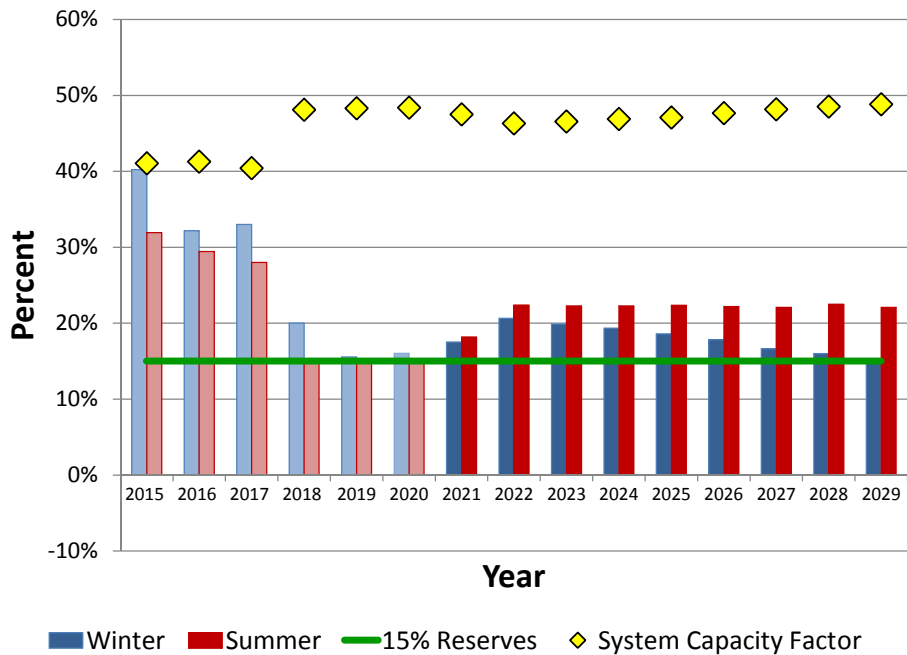


Plant Scherer. Ash Pond in Foreground

June 23, 2020

Environmental

- ❖ Will avoid cost of future environmental upgrades. These are currently estimated to be as follows:
 - ❖ Effluent Limitations Guidelines (ELG) Cost
 - ❖ 2021-2024 - \$8.2M
- ❖ If no sale, still may be responsible for some environmental costs:
 - ❖ Ash Pond Cost
 - ❖ 2021-29 - \$30.2M
 - ❖ 2030-66 - \$19.2M
- ❖ Environmental Benefits of FPL System replacement product include:
 - ❖ Lower CO2 emissions (500,000 tons/year less than emissions from Scherer)



June 23, 2020

Conclusion/Next Steps

- ❖ Proposed Transaction has multiple benefits to JEA:
 - ❖ Delivers approximately \$___M NPV to our customers
 - ❖ Eliminates outstanding Scherer debt
 - ❖ Replaces coal generation with lower cost and lower carbon alternatives
 - ❖ Increased availability (no outages to consider)
 - ❖ Avoids future Scherer environmental compliance costs

Next Steps

- ❖ Authorize negotiation with FPL for closure/sale of Scherer 4
- ❖ Authorize negotiation with FPL for replacement 20-yr PPA

COOPERATION AGREEMENT

by and between

FLORIDA POWER & LIGHT COMPANY

and

JEA

Dated as of June [], 2020

DRAFT

COOPERATION AGREEMENT

This **COOPERATION AGREEMENT** is made as of June [], 2020 (this “Agreement”), by and between Florida Power & Light Company, a corporation organized and existing under the laws of the State of Florida (“FPL”), and JEA, a body politic and an independent agency of the City of Jacksonville, Florida, organized and existing under the laws of the State of Florida (“JEA”). Each of FPL and JEA shall be referred to herein as a “Party” and together as the “Parties.”

WITNESSETH:

WHEREAS, FPL and JEA are party to that certain Plant Robert Scherer Unit Number Four Amended and Restated Purchase and Ownership Participation Agreement among Georgia Power Company (“GPC”), FPL and JEA (f/k/a Jacksonville Electric Authority), dated as of December 31, 1990 (the “Ownership Agreement”); and

WHEREAS, pursuant to the Ownership Agreement, the Parties jointly own Plant Robert W. Scherer Unit No. 4 (“Unit No. 4”) an [850 MW coal fired generating unit] with FPL owning a 76.36 a seventy-six and thirty-six one-hundredths percent (76.36%) undivided interest and JEA owning a twenty-four and sixty-four one-hundredths percent (23.64%) undivided interest; and

WHEREAS, FPL owns a thirty-eight and eighteen one-hundredths percent (38.18%) undivided interest in the “Additional Unit Common Facilities” (as defined in the Ownership Agreement), and JEA owns a twelve and thirty-two one-hundredths percent (12.32%) undivided interest in the Additional Unit Common Facilities; and

WHEREAS, FPL owns a nineteen and nine one-hundredths percent (19.09%) undivided interest in the “Plant Scherer Common Facilities” (as defined in the Ownership Agreement), and JEA owns a six and sixteen one-hundredths percent (6.16%) undivided interest in the Additional Unit Common Facilities; and

WHEREAS, each of FPL and JEA have its own “Separate Coal Stockpile” (as defined in the Ownership Agreement); and

WHEREAS, each of FPL and JEA own a portion of the Plant Scherer materials and spares inventory the “M&S Inventory”; and

WHEREAS, to finance its ownership of Unit No. 4, JEA issued and sold revenue bonds (the “Bonds”) pursuant to that certain Restated and Amended Bulk Power Supply System Revenue Bond Resolution Adopted November 18, 2008 as amended through March 26, 2014 (the “Bond Resolution”), and

WHEREAS, the Parties now agree that it is in the best interest of their customers to explore the retirement Unit No. 4, to cease their use of the Additional Unit Common Facilities and Plant Scherer Common Facilities. (“Proposed Retirement”).

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of

which are hereby acknowledged, and intending to be legally bound, the Parties hereto agree as follows:

**Article I
PROPOSED RETIREMENT**

1.01 Proposed Transaction.

(a) The Parties shall cooperate, in good faith, in a joint effort to consummate the Proposed Retirement.

**Article II
NO REQUIREMENT TO TRANSACT**

2.01 Unless and until a definitive agreement regarding the Proposed Retirement has been executed, neither Party will be under any legal obligation whatsoever with respect to the any Proposed Retirement by virtue of this Agreement except for the matters specifically agreed to in herein.

2.02 Each Party reserves the right, in its sole discretion, to reject any and all proposals made by the other with regard to the Proposed Retirement and to terminate discussions and negotiations with the other Party at any time.

**Article III
COVENANTS OF THE PARTIES**

3.01 Joint Pre-Retirement Obligations. In order to facilitate the Proposed Retirement, each Party covenants that it shall:

(a) provide reasonable access to information with respect to its portion of the Undivided Interests, as requested by the other Party;

(b) participate in good faith negotiations of any documentation required to effectuate the Proposed Retirement;

(c) cooperate, as reasonably requested by the other Party, in any governmental proceedings associated with the Proposed Retirement

3.02 Joint Post-Retirement Obligations. Each Party covenants that following consummation of the Proposed Retirement it shall:

(a) continue to make any payments required of it pursuant to the Ownership Agreement; and

(b) [cooperate in the coordination of activities related to minimizing Post-Retirement costs related to the Parties' continued ownership].

**Article IV
TRANSACTION SUPPORT**

4.01 Consummation Payment. Concurrent with the consummation of the Proposed Retirement and the satisfaction of the condition set forth in Section 5.02, FPL shall pay an aggregate amount equal to [AMOUNT] Dollars (\$[AMOUNT]) (such amount, the “Consummation Payment”), which shall be used by JEA in its discretion to pay for JEA’s costs in completing the retirement of Unit No. 4, including, but not limited to the defeasance the outstanding Bonds.

4.02 Replacement Power. In order to provide JEA with energy and capacity to replace the energy and capacity it had been receiving from Unit No. 4, Concurrent with the delivery of the Consummation Payment, JEA and FPL shall execute a power purchase agreement materially on the terms set forth in Exhibit A hereto.

**Article V
REPRESENTATIONS AND WARRANTIES OF JEA**

JEA hereby represents and warrants to FPL as follows as of the date hereof, the Shutdown Date and the Closing Date:

5.01 Legal Existence; Power. JEA is a body politic and an independent agency of the City of Jacksonville, Florida, organized and existing and in good standing under the laws of the State of Florida. JEA has all requisite right, power and authority and full legal capacity to execute and deliver this Agreement and to perform its obligations hereunder, including the consummation of the transactions contemplated hereby.

5.02 Authority. The execution and delivery by JEA of this Agreement, the performance by JEA of its obligations under this Agreement and the consummation by JEA of the transactions contemplated hereby have been duly and validly authorized by all necessary action of JEA, including by JEA’s Board of Directors. This Agreement has been duly and validly executed and delivered by JEA and (assuming the due authorization, execution and delivery thereof by FPL) constitutes the legal, valid and binding obligation of JEA enforceable against JEA in accordance with its terms (except as such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar Laws of general applicability related to or affecting creditors’ rights, and to general equitable principles, including specific performance and injunctive and other forms of equitable relief).

5.03 No Conflicts. The execution and delivery by JEA of this Agreement, the performance by JEA of its obligations under this Agreement and the consummation by JEA of the transactions contemplated hereby do not and will not (with or without notice or lapse of time, or both): (a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the bylaws, or other organizational or governing documents, of JEA, (b) conflict with or result in a violation or breach of any term or provision of any Law or Order applicable to JEA, or (c) conflict with the Bond resolution or any covenant found therein.

5.04 Compliance with Laws. JEA is not in violation of or in default under any Law or Order applicable to JEA, the effect of which, in the aggregate, would prevent or materially impair or delay JEA from performing its obligations hereunder.

5.05 Bankruptcy. There are no bankruptcy, reorganization, or arrangement proceedings pending against, being contemplated by, or to the knowledge of JEA, threatened against JEA.

Article VI

REPRESENTATIONS AND WARRANTIES OF FPL

FPL hereby represents and warrants to JEA as follows as of the date hereof, the Shutdown Date and the Closing Date:

6.01 Legal Existence; Power. FPL is a corporation duly formed, validly existing and in good standing under the Laws of the State of Florida. FPL has all requisite right, power and authority and full legal capacity to execute and deliver this Agreement and to perform its obligations hereunder, including the consummation of the transactions contemplated hereby.

6.02 Authority. The execution and delivery by FPL of this Agreement, the performance by FPL of its obligations under this Agreement and the consummation by FPL of the transactions contemplated hereby have been duly and validly authorized by all necessary action of FPL. This Agreement has been duly and validly executed and delivered by FPL and (assuming the due authorization, execution and delivery thereof by JEA) constitutes the legal, valid and binding obligation of FPL enforceable against FPL in accordance with its terms (except as such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar Laws of general applicability related to or affecting creditors' rights, and to general equitable principles, including specific performance and injunctive and other forms of equitable relief).

6.03 No Conflicts. The execution and delivery by FPL of this Agreement, the performance by FPL of its obligations under this Agreement and the consummation by FPL of the transactions contemplated hereby do not and will not (with or without notice or lapse of time, or both): (a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the bylaws, or other organizational or governing documents, of FPL and (b) conflict with or result in a violation or breach of any term or provision of any Law or Order applicable to FPL.

6.04 Compliance with Laws. FPL is not in violation of or in default under any Law or Order applicable to FPL, the effect of which, in the aggregate, would prevent or materially impair or delay FPL from performing its obligations hereunder.

6.05 Bankruptcy. There are no bankruptcy, reorganization, or arrangement proceedings pending against, being contemplated by, or to the knowledge of FPL, threatened against, FPL.

**Article VII
TERMINATION**

7.01 Termination. This Agreement may be terminated, and the potential transactions contemplated hereby may be abandoned, by mutual written consent of FPL and JEA, or at any time by written notice from either Party to the other Party.

**Article VIII
MISCELLANEOUS**

8.01 Entire Agreement. This Agreement (together with the Ancillary Agreements) supersedes all prior discussions and agreements between the Parties with respect to the subject matter hereof, and contains the sole and entire agreement between the Parties hereto with respect to the subject matter hereof.

8.02 Confidentiality. Each Party shall hold, and shall use all commercially reasonable efforts to cause its Affiliates and Representatives to hold, in strict confidence, all documents and information concerning the other Party or any of its Affiliates furnished to it by the other Party or such other Party's Affiliates or Representatives in connection with this Agreement or the potential transactions contemplated hereby, provided, that nothing in this Section 8.02 shall limit the disclosure by any Party of any documents or information (a) to its Affiliates and Representatives to the extent reasonably necessary or advisable in connection with the consummation of the transactions contemplated hereby, (b) to the extent required by Law or Order, including but not limited to Florida Sunshine Laws, (c) to the extent reasonably necessary in an Action or Proceeding brought by a Party in pursuit of its rights or in the exercise of its remedies under this Agreement or the transactions contemplated hereby, (d) to the extent that such documents or information can be shown to have come within the public domain, other than in connection with any required submission seeking any Governmental or Regulatory Approval that is filed as confidential (including any redacted information), through no action or omission of the disclosing Party or its Affiliates or Representatives, and (e) later acquired by the receiving Party from another source if the receiving Party is not aware that such source is under an obligation to keep such documents and information confidential. Notwithstanding anything contained herein, this Section 8.02 shall remain in full force and effect following the execution of this Agreement and shall survive any termination of this Agreement in accordance with its terms. Notwithstanding the foregoing, FPL acknowledges that meetings of JEA's Board of Directors are duly noticed public meetings and that JEA will provide this Agreement and the Ancillary Agreements to its Board of Directors in connection with such public setting.

8.03 Public Announcements. Except as may be required by Florida Sunshine Laws, so long as this Agreement is in effect, neither Party shall, and shall use all reasonable best efforts to cause their respective Representatives not to, issue or make any reports, statements, comments whether in response to any inquiry or otherwise, or releases to the public or generally to the employees with respect to this Agreement or the transactions contemplated hereby without the consent of the other, such consent not to be unreasonably withheld, conditioned or delayed. FPL acknowledges that JEA is subject to Florida Sunshine Laws, and as such, meetings of its Board of Directors are duly noticed public meetings, and such discussion are exempt from this clause.

8.04 No Waiver. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. No waiver by any Party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion.

8.05 Amendments. Any provision of this Agreement may be modified, supplemented or waived only by an instrument in writing duly executed by FPL and JEA. Any such modification, supplement or waiver shall be for such period and subject to such conditions as shall be specified in the instrument effecting the same and shall be binding upon each of FPL and JEA, and any such waiver shall be effective only in the specific instance and for the purposes for which given.

8.06 Addresses for Notices. All notices and other communications required or permitted to be given or made under this Agreement shall be given or made in writing, by physical (including by certified mail, return receipt requested or courier) or facsimile or electronic mail delivery to the address specified below or such other address as shall be designated in a notice in writing. Notices will be effective upon receipt.

If to JEA:

JEA
21 West Church Street (T-16)
Jacksonville, Florida 32202
Attn:

and with a copy to (which shall not constitute notice):

If to FPL:

Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
Attn: Vice President, Energy Marketing and Trading

with a copy to:

Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
Attn: General Counsel

8.07 Captions. The captions and section headings appearing in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision of this Agreement.

8.08 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law while giving effect to the original intent of the Parties hereto. Any provision or part of any provision of this Agreement that is deemed prohibited or unenforceable by a court of competent jurisdiction shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability of any portion of a provision shall not invalidate or render unenforceable the remainder of such provision (in each case so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party). Upon such determination that any provision or part of any provision is prohibited or unenforceable, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

8.09 Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. This Agreement or any of the rights, interests or obligations of the Parties under this Agreement are not assignable (by contract, operation of Law or otherwise) without the prior written consent of the other Party, which such Party may withhold in its discretion, and any attempted assignment, without such consent, shall be null and void.

8.10 No Third-Party Beneficiary. The terms and provisions of this Agreement are intended solely for the benefit of each Party hereto and their respective successors or permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

8.11 Counterparts. This Agreement may be executed in any number of counterparts, including by facsimile or other electronic transmission, each of which shall be an original with the same effect as if the signatures thereto and hereto were upon the same instrument and all of which taken together shall constitute one and the same instrument and any of the Parties to this Agreement may execute this Agreement by signing any such counterpart.

8.12 Governing Law. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of Florida applicable to a contract executed and performed in such State, without giving effect to any choice of law or conflict of law rules or principles thereof that would require the application of the rules of another jurisdiction.

8.13 Consent to Jurisdiction.

(a) For all purposes of this Agreement, and for all purposes of any Action or Proceeding arising out of or relating to the transactions contemplated hereby or for recognition or enforcement of any judgment, each Party hereto submits to the personal jurisdiction of the courts of the State of Florida sitting in Duval County and the United States District Court for the Middle District of the State of Florida, and hereby irrevocably and unconditionally agrees that any such Action or Proceeding may be heard and determined in such Florida court or, to the extent permitted by law, in such federal court. Each Party hereto agrees that a final judgment in any such Action

or Proceeding may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by Law.

(b) Each Party hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so:

(i) any objection which it may now or hereafter have to the laying of venue of any Action or Proceeding arising out of or relating to this Agreement or any related matter in any Florida state court located in Duval County or the United States District Court for the Middle District of the State of Florida; and

(ii) the defense of an inconvenient forum to the maintenance of such Action or Proceeding in any such court.

(c) Each Party hereto irrevocably consents to service of process by registered mail, return receipt requested, as provided in Section 8.0614.07. Nothing in this Agreement will affect the right of any Party hereto to serve process in any other manner permitted by Law.

8.14 Waiver of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY HEREBY WAIVES ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR INTERPRET THE PROVISIONS OF THIS AGREEMENT OR THAT OTHERWISE RELATES TO OR ARISES OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF OR THEREOF (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE).

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each Party hereto as of the date first above written.

JEA

By: _____

Name:

Title:

FLORIDA POWER & LIGHT COMPANY

By: _____

Name:

Title:



Proprietary and Confidential



20 Year Intermediate Hybrid Capacity & Energy Indicative Term Sheet

Date: 6/15/2020

Seller: Florida Power & Light
Buyer: JEA
Term: January 1, 2022 (or earlier if desired) through December 31, 2042 (20 Years)
Product: Day-ahead call option on Intermediate Capacity and Energy sourced from FPL's system of generation.

Capacity: 200 MW

Monthly Capacity

Payment: The Monthly Capacity Payment (MCP) for each Monthly Billing Period shall be determined according to the following formula:

$$MCP = \text{[REDACTED]}$$

Monthly Energy

Payment: Under normal circumstances, the Monthly Energy Payment (MEP) for each Monthly Billing Period shall be determined according to the following formula:

$$MEP = [\sum_{k=1}^n (ED_k * GHR_k * GI)] + [\sum_{k=1}^n (ED_k * VOM)]$$

Where:

ED = the hourly Energy Delivered for hour k of the Monthly Billing Period, expressed in MWh, not to exceed 200 MW in any given hour.

GHR = Guaranteed Heat Rate shall be [REDACTED] MMBtu/MWh.

GI = the daily midpoint price of natural gas (expressed in \$/MMBtu) for the relevant day of delivery of energy for Louisiana-Onshore South Florida Gas, Zone 3, as published in Platt's Gas Daily Price Survey, plus the Florida Gas Transmission ("FGT") fuel loss factor, the FGT average usage charge from the applicable FGT tariff, and a [REDACTED]/MMBtu demand charge. In the event that no such price is published for the relevant Delivery Day, then the following shall be used: (a) the arithmetic average of the daily midpoint price (expressed in \$/MMBtu) of the last published price prior to and the next published price after the relevant day of delivery of energy.

VOM = The Variable Operations and Maintenance charge shall be [REDACTED]/MWh.

n = The number of hours in the Monthly Billing Period.

k = Each hour for the Monthly Billing Period.

This proposal is subject to prior sale and is not intended to be a binding offer or contract for the purchase and/or sale of electric energy or capacity. Moreover, neither party is obligated to enter into any agreement or to proceed with any possible relationship or transaction. Either party may terminate discussions and/or negotiations regarding this document at any time. The terms and conditions set forth above are subject to negotiation, completion and incorporation into a definitive agreement which is executed by the parties respective managements. Mutually acceptable counterparty credit facilities must also be in place.



Proprietary and Confidential



Should an event on FPL's system result in FPL activating its Commercial and Industrial Load Management program during certain hours, then for those hours the following changes to the calculation of the Monthly Energy Payment shall apply:

GHR = the Guaranteed Heat Rate shall be [REDACTED] MMBtu/MWh.

VOM = the Variable Operations and Maintenance charge shall be [REDACTED]/MWh.

Buyer has the option to cancel the Schedule for Energy during the hours that FPL activates Commercial and Industrial Load Management.

- Delivery Point:** Seller shall deliver the Capacity and Energy to the FPL Transmission system.
- Transmission:** Buyer shall be responsible and pay for transmission service from the Delivery Point.
- Firmness:** The level of firmness shall be equal to FPL's native load customers (i.e. Native Load Firm).
- Scheduling:** On or before 0830 a.m. (EPT) of the prior Business Day, Buyer shall provide Seller its Schedule for Energy for each hour of the applicable Delivery Day, including any intervening non-Business Days. If Seller does not receive notification of a schedule request from Buyer prior to the Scheduling Deadline, then Buyer's Schedule for Energy shall be deemed to be zero (0) MW for all hours of the applicable Delivery Day. Seller shall be allowed one (1) intraday schedule change by providing at least two (2) hours' notice prior to the change.
- Fuel:** Seller shall procure and schedule any and all Natural Gas to fulfill Buyers Schedule for Energy.
- Approval:** FPL Senior Management approval is required prior to the execution of any negotiated agreement.

This proposal is subject to prior sale and is not intended to be a binding offer or contract for the purchase and/or sale of electric energy or capacity. Moreover, neither party is obligated to enter into any agreement or to proceed with any possible relationship or transaction. Either party may terminate discussions and/or negotiations regarding this document at any time. The terms and conditions set forth above are subject to negotiation, completion and incorporation into a definitive agreement which is executed by the parties respective managements. Mutually acceptable counterparty credit facilities must also be in place.



INTER-OFFICE MEMORANDUM

6/8/2020

SUBJECT: PAY FOR PERFORMANCE REVIEW

FROM: Paul McElroy, Interim Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

Pay for Performance Programs were introduced at JEA in 1990. The original program and successor programs have successfully served to focus employees and managers on key corporate measures and objectives, as well as to push the organization toward a continuous improvement culture with resulting operational excellence.

Historically, the program has been funded and paid from cost savings achieved at the end of the fiscal year. When a savings occurs, JEA shares a portion of the savings produced by superior employee performance with the employees who produced the savings. The 3-year average program payout was \$4.46M or 2.84% as a percent of payroll.

DISCUSSION:

The primary purpose of the Pay for Performance Program is to drive and reward exceptional performance as measured against pre-established goals and is a key component of the JEA Total Rewards package. In FY2021, JEA will continue to focus on the company's strategic initiatives and areas of focus: Customer Satisfaction (Residential and Commercial), O & M Expense Management (Cost per unit of Electricity and Water delivered, and Wastewater collected), and Safety. Exceptional performance in these five metrics clearly furthers JEA's business objectives: keeping employees safe, while delivering essential utility services to our customers in a cost effective and customer friendly manner.

1. Customer Satisfaction

JEA has elected to measure customer satisfaction using the JD Power Residential Electric and Commercial Industry Customer Satisfaction Survey, Total Industry.

JEA FY21 customer satisfaction goal is to achieve the first quartile nationally in the JDP residential survey and the top decile nationally for commercial electric customer satisfaction.

2. Safety

We continue to emphasize safety as a part of everything we do. This continued focus on safety has resulted in JEA historically maintaining an OSHA recordable incident rate (RIR) well below the current average for Public Sector Utilities of 6.1 injuries per 100 employees (RIR of 6.1).

The safety performance goal for FY21 is an RIR of no greater than 1.4. The company's Plan for Zero campaign will continue with other campaigns focused on JEA's safety commitment for the year.

3. Cost Control

JEA is committed to holding firm on production costs, as well as, product and service delivery costs, recognizing its impact on our valued customers and their perception of JEA as a contributing

community citizen. Wise budget management by each employee, working more effectively and efficiently, and using resources and materials prudently continues to better position JEA to control and reduce the cost of essential utility services.

Cost per unit of Electricity delivered (Mwh):	Target of Cost ≤ \$56.88 meets, ≤ \$55.60 exceeds
Cost per unit of Water delivered (Kgal):	Target of Cost ≤ \$4.40 meets, ≤ \$4.30 exceeds
Cost per unit of Wastewater (Kgal):	Target of Cost ≤ \$9.85 meets, ≤ \$9.47 exceeds

Attached are the recommended targets and commensurate percentage of payout levels for the FY21 Pay for Performance Program. A payout may not exceed actual O&M savings, therefore, awards may be adjusted and prorated so employees continue to share in any savings achieved.

Total O&M Savings - Performance Payout ≥ Performance Payout.

The FY2021 Pay for Performance Program, and subsequent year's programs, will include the following provisions to ensure appropriate financial controls and oversight:

- All full- and part-time JEA employees shall be eligible to participate in the program subject to the provisions of procedure HUMR Pay for Performance Program, with the exception of the Managing Director/Chief Executive Officer and the Senior Leadership Team who shall be excluded from any such incentive compensation program or plan.
- The cost of the program shall be included in the annual budget process and made available for review by the City Council Auditor. The annual program cost shall not exceed 5% of total payroll in any given year.
- The JEA Board of Directors shall review and authorize each new fiscal year program and have the right to approve plan payouts no later than September of each fiscal year.
- As per FI Statute 215.425(3)(c), the program shall be communicated to all participants prior to the commencement of the performance period.
- All participants in the plan shall be eligible for the same percentage of payout based on the achievement of the metrics, not to exceed 5% of base salary.
- A payout may occur following an audit of fiscal year-end results and shall be conducted by the JEA Internal Audit Department and made available to the City Council Auditor.

FINANCIAL IMPACT:

The estimated cost of the FY21 Pay for Performance Program may not exceed \$8,344,601.20.

RECOMMENDATION:

That the Board take action to approve the FY2021 Pay for Performance Program goals and amended provisions.

Paul E. McElroy, Interim Managing Director/CEO

PEM/ARH/PLM



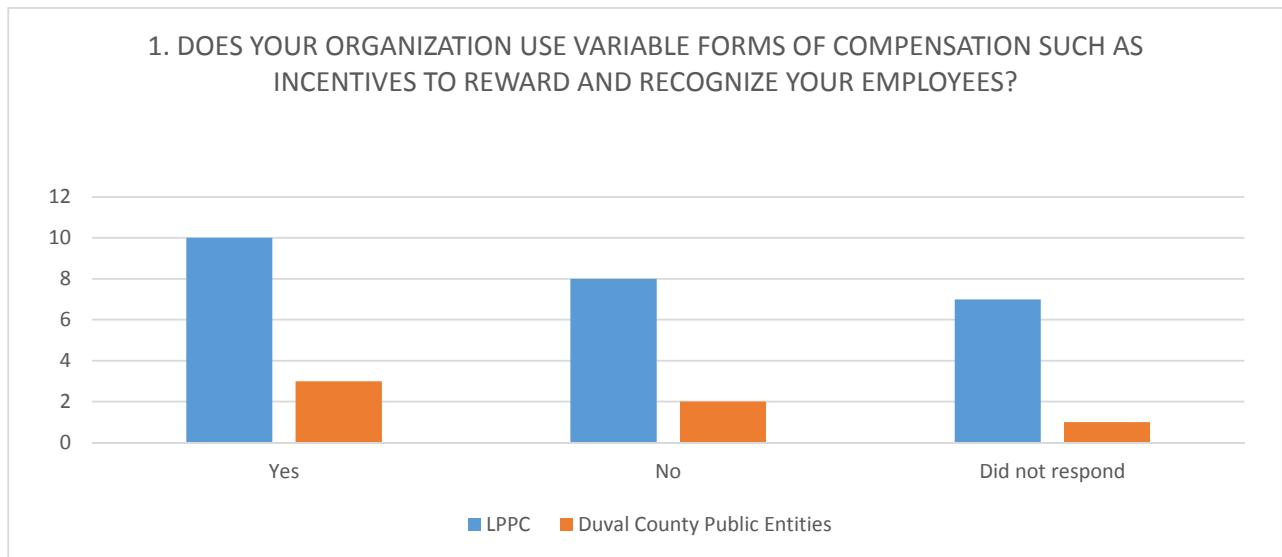
Summary of Pay for Performance Incentive Plans Amongst Large Public Power Commission (LPPC) Members & Duval County Public Agencies

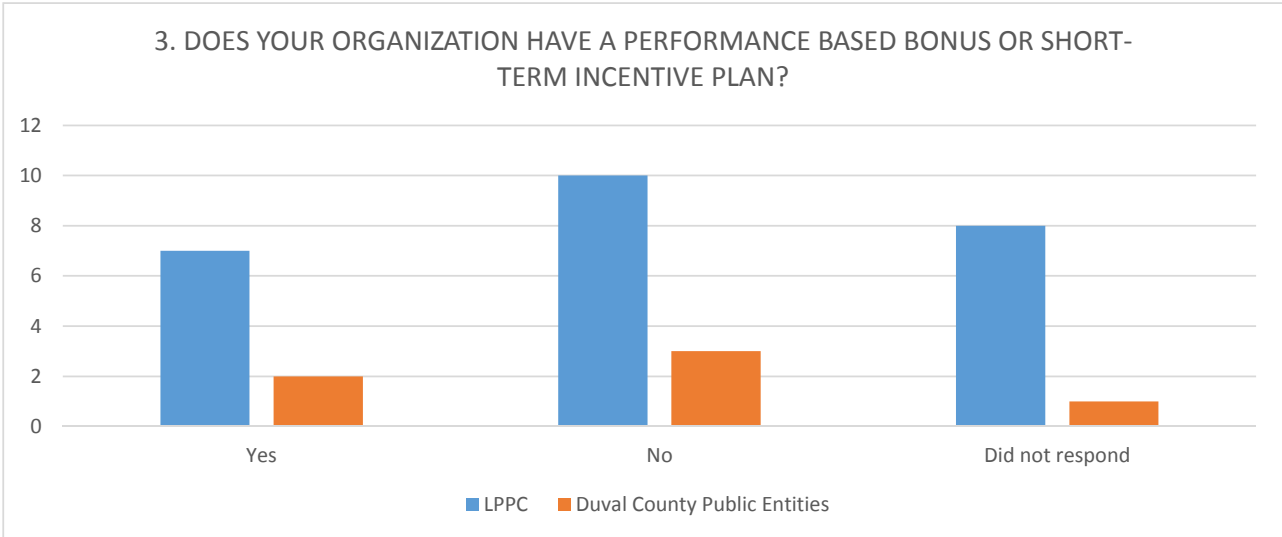
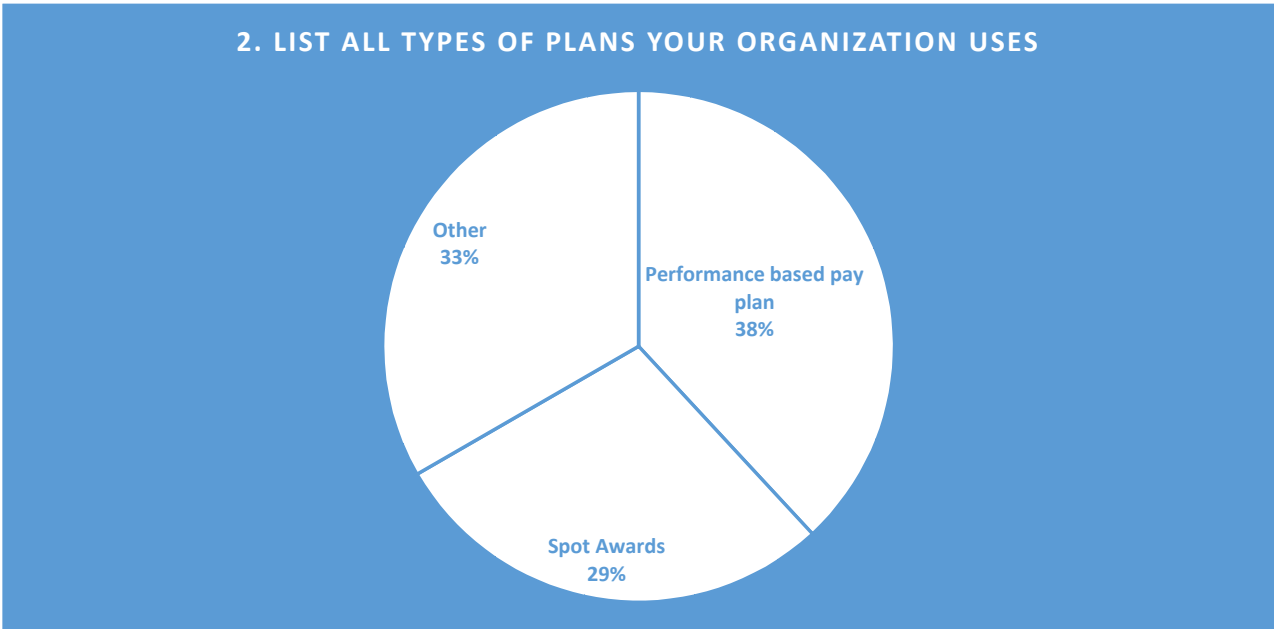
Introduction:

At the direction of the Board of Directors, JEA conducted a survey of the 25 members of the Large Public Power Council and 6 Duval County Public agencies to determine the prevalence of performance-based, short-term incentive plans. A performance-based plan is typically a pay plan that rewards employees for the accomplishment of specific goals/metrics established at the beginning of a performance cycle. The performance period is typically one year and paid following the completion and verification of the achievement of the goals. Such plans focus employees on key business goals during a specific period and promote exceptional performance.

Respondents included 17 of the 25 Large Public Power Council members (68%) and 5 of 6 Duval County public agencies responded (83.4%).

Survey Questions and Responses:





4. Is your organization planning to add or modify a bonus or short-term incentive plan for 2021?

- One organization is considering designing a plan
- One organization has suspended their plan until further notice
- All others are making no changes to their existing plan

5. If you have a short-term incentive/bonus plan, please answer the following questions:

- a. What are the metrics or goals for the short-term incentive plan based on, e.g., customer metrics, financial savings, operational, etc.?

All respondents indicated their plans included companywide goals, e.g., Customer Satisfaction, Cost Control, Reliability, Safety, Operational Efficiency and Financial Metrics. In addition, some organizations include individual and team target goals such as Community Involvement, Professional Development and Culture of Service.

b. Is the plan paid out annually, quarterly or other? If other, please describe.

- 44% of respondents indicated the plan is paid annually
- 56% of respondents indicated the plan is paid quarterly or every 6 months

c. What is the average cost of the plan?

Only 1 organization responded the plan annual cost averaged \$4.9M.

d. Who is eligible to participate in the plan?

Varies by organization

e. Is the CEO included in this plan? If NOT, is he/she eligible for an incentive and how is it determined?

- 18% responded the highest level position was eligible to participate in the plan
- 82% responded the CEO/Managing Director is not eligible to participate in the plan

f. What are the target incentive pay levels?

Target incentive opportunity ranged from 3.5% - 9%

In addition to performance-based plans, 6 organizations responded they use an immediate form of recognition referred to as Spot Awards, in addition to, or in lieu of, a performance based plan. One organization is considering adding a Spot Award Program. Spot awards are defined as programs that recognize employee accomplishments when they happen "on the spot" while making the accomplishment and award more relevant and "immediate" for the employee. Spot awards reinforce positive behavior and let employees know that efforts are noticed and appreciated.

Performance-based incentives are not readily used amongst Duval County public agencies, however, other forms of incentives are used to include spot awards, innovation/idea awards, and cash incentives for the achievement of education or certifications.



FY 2021 Performance Program Summary

DRAFT EXHIBIT

Summary of Corporate Performance Factors

*Metrics/Goals for 2021 are for example purposes. The below is based on a target opportunity of 3% to a maximum target opportunity of 5%. All employees opportunity is calculated using base salary.

Safety

OSHA Recordable Incident Rate (RIR)
 FY12 Results: 1.48 RIR
 FY13 Results: 1.78 RIR
 FY14 Results: 2.4 RIR
 FY15 Results: 1.56 RIR
 FY16 Results: 1.82 RIR
 FY17 Results: 2.01 RIR
 FY18 Results: 1.48 RIR
 FY19 Results: 1.51 RIR

	Does Not Meet	Meets	Exceeds
Goal	RIR > 1.4	RIR ≤ 1.4 - 1.2	RIR < 1.2
Achievement Value	0.00%	0.50%	0.83%

Customer Satisfaction

JD Power Residential and Commercial/ Business Electric Industry Customer Satisfaction Surveys: National

Customer Satisfaction - Residential Electric

FY12 Results: No Metric for Customer Satisfaction
 FY13 Results: Top of the Third Quartile
 FY14 Results: Top 25% of the Third Quartile
 FY15 Results: First Quartile; Score of 692; Position 30
 FY16 Results: Top 25% of Second Quartile; Score of 703; Position 37
 FY17 Results: 1st Quartile Nationally; Position 21
 FY18 Results: 2nd Quartile Nationally; Score 737; Position 44

	Does Not Meet	Meets	Exceeds
Goal	≤ 2nd Quartile	>2nd Quartile - < 50th %tile 1st Quartile	⇒ 50th %tile 1st Quartile
Achievement Value	0.00%	0.50%	0.83%

Customer Satisfaction - Commercial Electric

FY17 Results: #12
 FY18 Results: #4 Nationally; #1 South Midsize
 FY 19 Results: 1st Quartile Nationally; Position 4

	Does Not Meet	Meets	Exceeds
Goal	< Top 10 Nationally	Top 10 Nationally	#1 Nationally
Achievement Value	0.00%	0.50%	0.83%

Cost Control: Electric Mwh

Cost per Mwh
 FY12 Baseline: \$54.73
 FY13 Results: \$53.92
 FY14 Results: \$49.81
 FY15 Results: \$49.44
 FY16 Results: \$48.35
 FY17 Results: \$52.50
 FY18 Results: \$55.34
 FY19 Results: Was not a metric

	Does Not Meet	Meets	Exceeds
Goal	Cost > \$56.88	Cost ≤ 56.88	Cost < %55.60
Achievement Value	0.00%	0.50%	0.83%

Cost Control: Water Kgal

Cost per Kgal
 FY12 Baseline: \$4.47
 FY13 Results: \$4.49
 FY14 Results: \$4.07
 FY15 Results: \$3.98
 FY16 Results: \$4.08
 FY17 Results: \$4.57
 FY18 Results: \$4.65
 FY19 Results: Was not a metric

	Does Not Meet	Meets	Exceeds
Goal	Cost > \$4.40	Cost ≤ \$4.40	Cost < \$4.30
Achievement Value	0.00%	0.50%	0.83%

Cost Control: Wastewater Kgal

Cost per Kgal
 FY12 Baseline: \$7.96
 FY13 Results: \$7.53
 FY14 Results: \$7.34
 FY15 Results: \$7.26
 FY16 Results: \$7.12
 FY17 Results: \$9.20
 FY18 Results: \$10.07
 FY19 Results: Was not a metric

	Does Not Meet	Meets	Exceeds
Goal	Cost > \$9.85	Cost ≤ \$9.85	Cost < \$9.47
Achievement Value	0.00%	0.50%	0.83%

Total Estimated Cost for FY 2021 Pay for Performance Program

Corporate Results	No. Emp.	Total Amount at Meets	Total Amount at Exceeds
Appointed	397	\$1,312,668.86	\$2,187,781.44
Non-Appointed	1,557	\$3,694,091.86	\$6,156,819.76
TOTAL	1954	\$5,006,760.72	\$8,344,601.20

NOTE: All performance payouts are subject to JEA's ability to pay as determined by JEA's Board of Directors with input from JEA's Finance group, and minimum individual employee performance criteria



INTER-OFFICE MEMORANDUM

June 9, 2020

SUBJECT: HURRICANE PREPAREDNESS

FROM: Paul McElroy, Interim Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

JEA's hurricane preparedness activities are critical to JEA's ability to sustain operations and recover from threats and natural disasters while supporting Duval and the surrounding County's Emergency Operation Centers.

DISCUSSION:

A report on JEA's hurricane readiness and communication process provides pertinent information in preparation for the 2020 Atlantic hurricane season that officially begins on June 1, 2020.

The report provides information on the different elements of JEA's hurricane preparedness including:

- (1) JEA's hurricane preparedness and response with the COVID-19 backdrop
- (2) JEA's annual hurricane readiness exercise held last month
- (3) JEA's system hardening programs for our Energy and Water and Wastewater systems
- (4) JEA's Customer Communications process known as Restoration 1-2-3.

RECOMMENDATION:

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

Paul E. McElroy, Interim Managing Director/CEO

PEM/ADM/JLM





JUNE 2020



Hurricane Readiness

	2019	2020 NOAA Forecast	Average (1981-2010)
Total Storms	18	13-19	12
Hurricanes	6	6-10	6
Major Hurricanes	3	3 - 6	3

JUNE 2020



2020 Hurricane Forecast

HURRICANE MATTHEW >> **HURRICANE IRMA** >> **HURRICANE DORIAN** >> **TODAY: CONTINUOUS IMPROVEMENTS**

- First hurricane to impact our service area in over a decade
- Mobilized largest workforce ever to restore power quickly and safely

- Mutual Aid crews staged prior to storm arrival.
- Improved processes for mobilization of massive workforce
- Restored power faster than any other major city in Florida

- Continued to harden both electric and water/sewer systems so fewer people are impacted by storm outages
- Implemented technology advancements to speed restoration
- Improved communications with customers and the community

- Incorporated pandemic impacts into our preparation, response and recovery plans.
- Continued refinement of technology for system reliability
- Continued to harden both electric and water/sewer systems so fewer people are impacted by storm outages


Lessons Learned



JUNE 2020

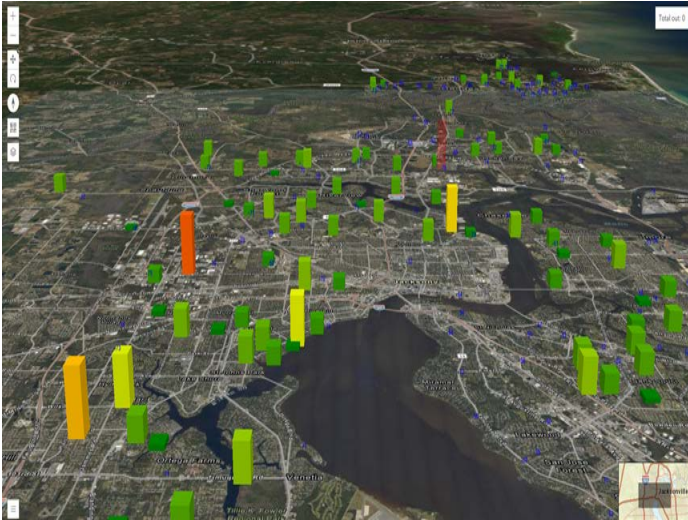


**Energy Resiliency
Programs**

Energy Storm Hardening Efforts

- Advanced equipment allows for better visibility into outages from control center, improving restoration times.
- Pole replacements, tree trimming and other hardening programs help make the system more resilient.
- Utilization of Smart Meter data as input into JEA's Outage Management System allows JEA to respond to customer outages in a more efficient and effective manner.

Water Storm Hardening Efforts



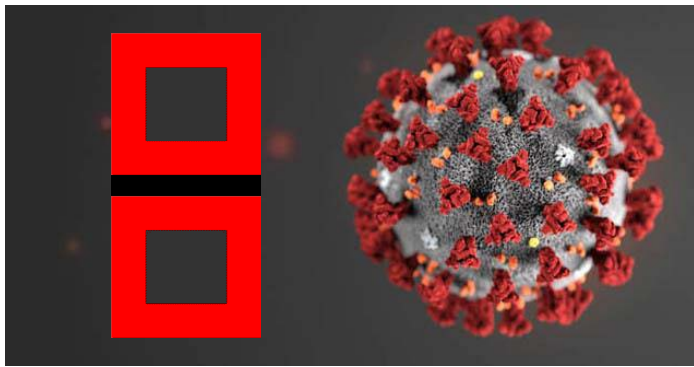
JUNE 2020



**Water/Wastewater
Resiliency Programs**

- Developed a geospatial interactive map that displays real time operational data at our more than 1,400 pump stations.
- Adding more back-up generators and diesel pumps to keep our sewer system fully functional, even when the power is out.
- Performed system-wide resiliency assessment on JEA's plants and conveyance systems, specifically electrical, instrumentation & control components.
- Worked with Energy to identify power quality issues on electric circuits serving JEA's water, wastewater and DES facilities.

COVID-19/Hurricane Preparedness Task Force



JUNE 2020



COVID-19 Challenges

- 1) Sites for Staging, Housing, Feeding Crews (JEA and Mutual Aid)
- 2) Call Takers
- 3) Damage Assessments
- 4) Guides for Energy Crews
- 5) Mutual Aid Crews
- 6) Communications
- 7) PPE
- 8) GIS impacts



JUNE 2020



Tabletop Exercise

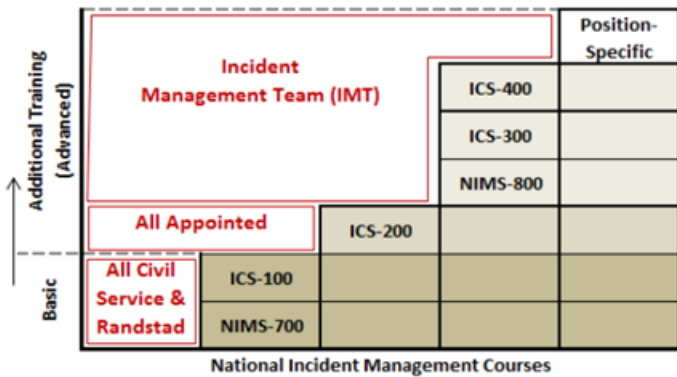
COVID-19 Virtual Tabletop Exercise May 27-28, 2020

(video)

https://youtu.be/O4MET_GqkHQ

Intensive Employee Training

Emergency Preparedness Training



- Mandatory online training required for *all employees*
- Focused training in critical grey sky areas (CCCs, Field Ops, Ticket Processors, Bus Acct. Reps, etc.)
- SLT and ICT Leadership exercises and EOC Training

JUNE 2020



Employee Training

Restoration 1-2-3

- 1** JEA repairs its facilities and restores power to hospitals, shelters and critical public safety locations
- 2** JEA ready to accept outage reports from individual customers; repairs circuits that will return power to the most customers
- 3** JEA completes power restoration, targeting smaller outages where a handful of customers may still be without power

JUNE 2020



**Customer Engagement &
Action Items**

Calls to Action

- Make a personal plan and prepare for storm season
- Update account contact information
- Download and read the JEA Storm Recovery Guide featuring Restoration1-2-3
- Sign up for Outage Alert Preferences
- Once a storm subsides, visit the jea.com outage map for information and updates



JUNE 2020

**Customer
Communications**

Multimedia Campaign

- 15/30-second television and radio spots
- Digital outdoor boards
- Partnering with City of Jax on Storm Season Guide, sending out to 438,000 residences
- Digital media advertising
- Social media posts
- Customer Service Center Handouts
- Earned Media/News
- Ambassador and Volunteer Events



JEA[®]



HURRICANE READINESS

2020



INTER-OFFICE MEMORANDUM

June 15, 2020

SUBJECT: HISTORY OF WATER/WASTEWATER EXPANSION: SEPTIC TANK PHASE OUT

FROM: Paul McElroy, Interim Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

Approximately 65,000 septic systems and 35,000 private water wells remain in Duval and within our service territory in St. Johns and Nassau counties. Over the years, the City, with design, engineering and construction management support from JEA, has led multiple septic tank phase out programs in areas without central water and sewer infrastructure. These infrastructure projects were accomplished through City capital project initiatives with contributions by JEA and the work continues today with the current JEA septic tank phase out (STPO) program. In 2003, JEA formed the City of Jacksonville/JEA Water and Sewer Infrastructure Task Force, which developed a prioritization system for the phase out of septic systems. The system was developed by the City of Jacksonville Regulatory and Environmental Services Department in consultation with the Duval County Health Department. In 2016, the City and JEA collaborated to modify the STPO program approach to prioritization and allocation of funding to include community, health and welfare considerations.

A STPO project area matrix was jointly developed by the City and JEA. It is updated annually. The matrix includes environmental, health and welfare criterion in addition to community considerations. The most recent 2019 matrix update prioritized approximately 22,000 residential parcels with existing septic systems into 35 STPO project areas. The top tier in the matrix includes two areas with septic conversion projects already underway at various stages including: Biltmore C (under construction) and Beverly Hills (design complete). Historically the STPO program projects have replaced existing septic systems with conventional gravity collection systems.

DISCUSSION:

The *JEA Wastewater Collection Programs and Alternatives (WCPA)* project was launched in 2019, and will assess and recommend the most appropriate technologies and approaches (including centralized sewer, decentralized sewer and treatment, and/or improved onsite treatment) that can be applied to the remaining 32 prioritized project areas. The planning documents developed as part of this project will identify approaches that may also be used in the future for the approximately 43,000 additional septic systems that remain in Duval, St. Johns and Nassau counties. The overall WCPA program includes four phases for development of a Master Plan:

- Phase 1: Technologies Literature & Industry Best Practices Review and Screening
- Phase 2: Geographic Conceptual Master Plan

- Phase 3: Potential Pilot Projects
- Phase 4: Public Education Program

JEA retained Hazen and Sawyer to complete Phase 1 and Phase 2 of the WCPA program with the option to proceed with Phase 3 and 4 at JEA's discretion. In Phase 1, the technologies literature & industry best practices review identified the world of options that warranted further investigation and a screening process using decision making criteria was developed. The following define the major components of the Phase 1 assessment:

- Technologies: equipment developed for wastewater collection, treatment, and/or effluent management (such as vacuum sewer system, biological treatment, engineered wetlands, etc.)
- Wastewater Management Strategies: strategies for managing STPO priority area wastewater in lieu of septic systems (such as onsite, decentralized, centralized, integrated, source separation, etc.)
- Institutional Frameworks: methods used to own, operate, finance, and implement wastewater management strategies (such as public, private, design/build/operate/finance, etc.)

The Phase 2 Master Plan will be developed using results from Phase 1. The remaining 32 priority STPO areas will be characterized, and the priority area characteristics will be used in the screening process to determine the most feasible wastewater management strategies, institutional frameworks and technologies from Phase 1. The most feasible, planning-level approaches for implementation for each area will be identified and documented in the Master Plan. Phase 1 and Phase 2 are 40 percent complete and projected to be finished by May 2021.

FINANCIAL IMPACT:

TBD

RECOMMENDATION:

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

Paul E. McElroy, Interim Managing Director/CEO

PEM/HXV



Wastewater Collection Programs and Alternatives

June 23, 2020

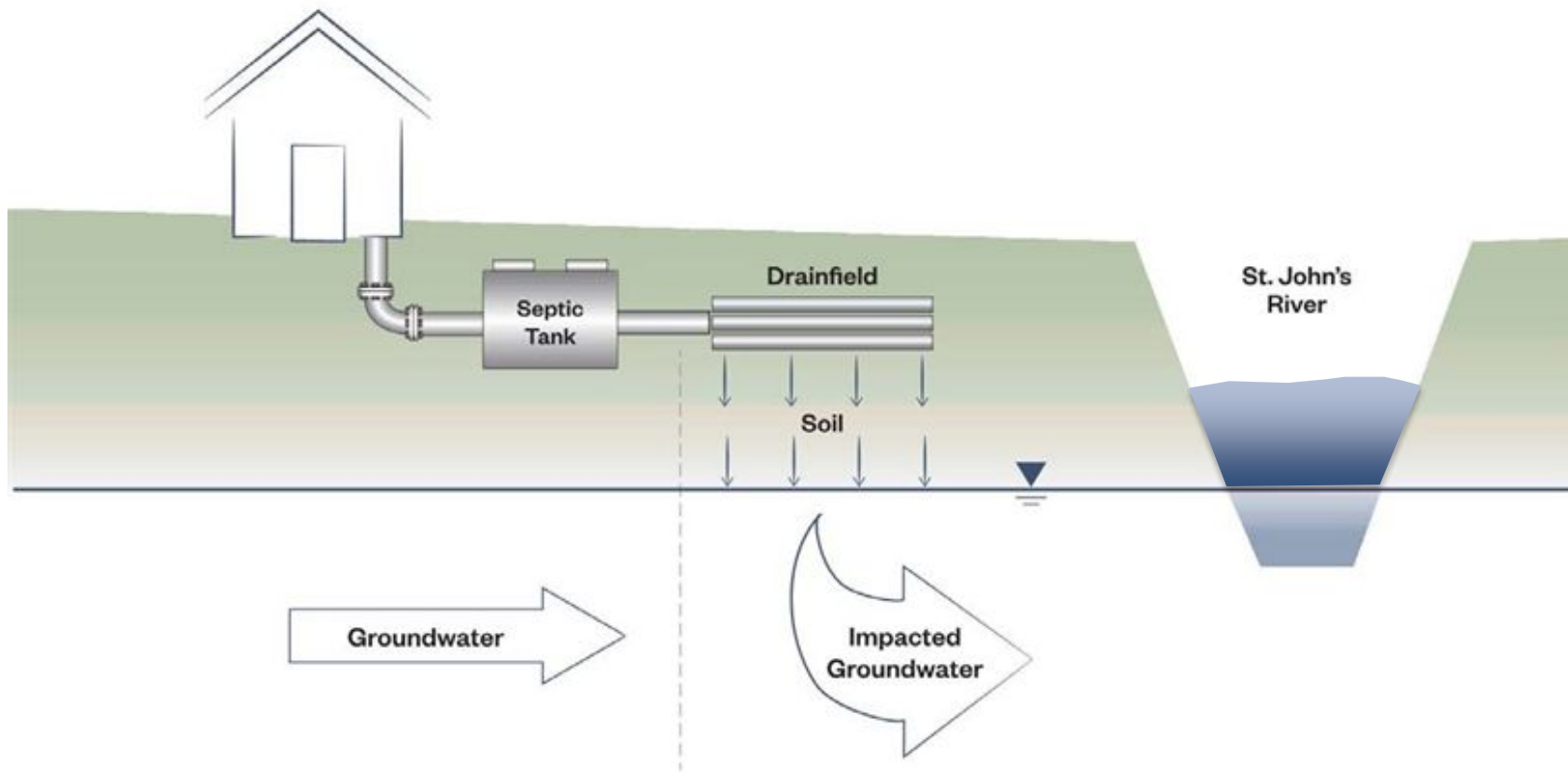
Presentation Outline

1. Background
2. Status of Septic Tank Phaseout Program

20-minute presentation, followed by discussion

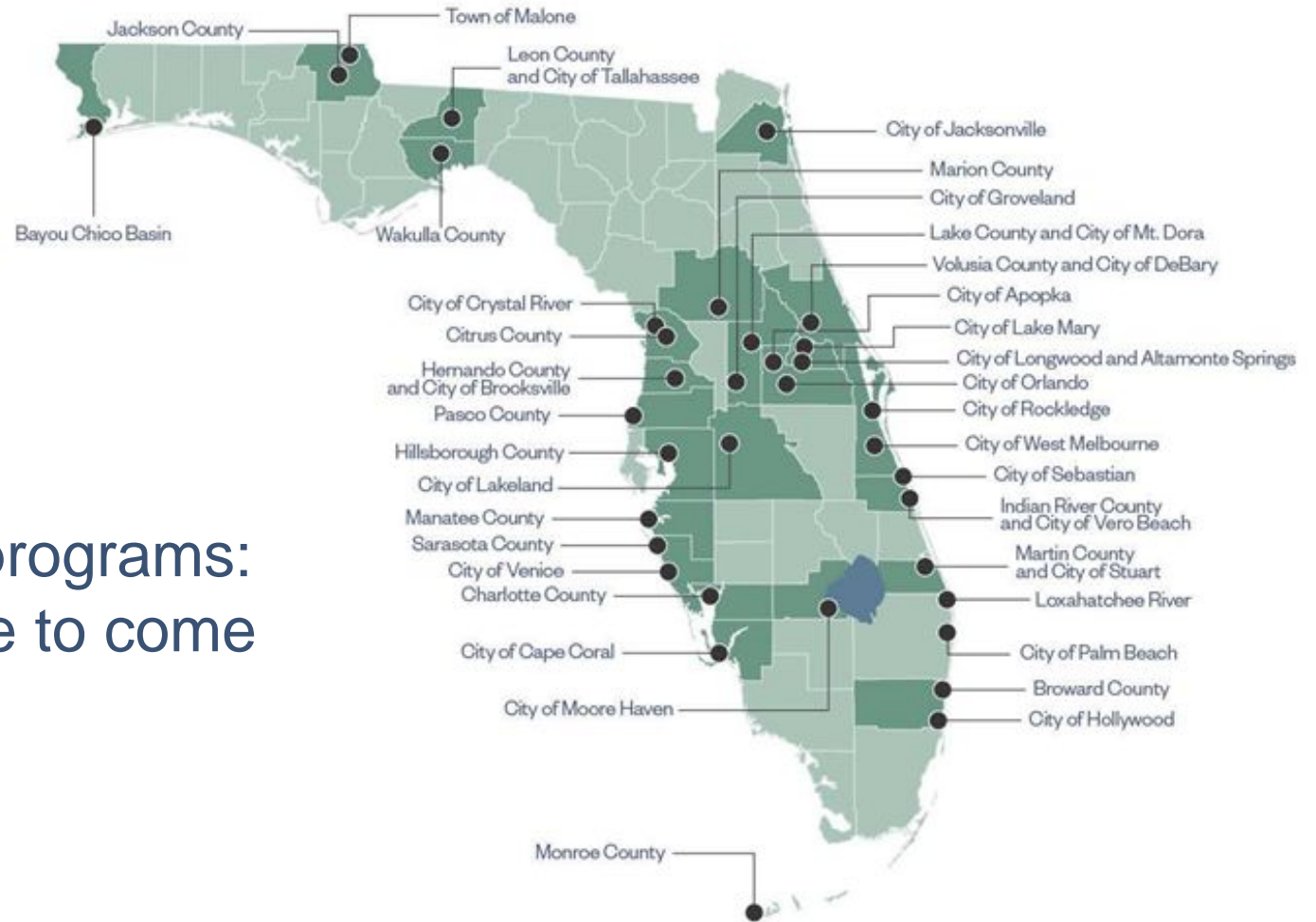
Background

Environmental concerns driving Florida communities to reassess septic systems



Communities across Florida seeking to improve water quality by converting septic systems to centralized sewer system

■ active programs:
many more to come



JEA has used a variety of funding sources for previous Septic Tank Phase-Out projects

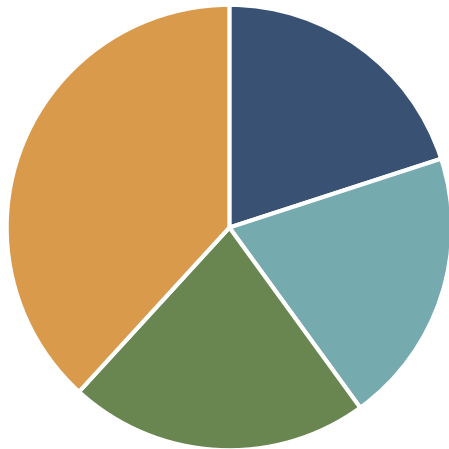
Septic Tank Phase-Out Project Funding	
Better Jacksonville Plan Projects	Total Funding
City of Jacksonville 0.5% Sales Tax	\$75.0
FDEP Grants	\$10.0
Water Sewer Expansion Authority	\$6.0
City of Jacksonville General Fund	\$2.5
Total	\$93.5 million
JEA Contribution	
2016 Contribution*	\$15.0
2019 Contribution **	\$15.15
Total	\$30.15 million

*One time \$15M contribution, to be matched by COJ, as part of the 2016 5 year contribution extension

** One time \$15.15M contribution from the Southside Generation Station property sale

Communities are funding the septic tank phaseout programs using various methods including grants

Indian River County



■ Utility Reserve Funds ■ Sales Tax
■ Cost-share Grant ■ Owner Portion

Grants are very limited

- Water Management Districts
 - Florida Springs and Aquifer Protection Act, \$50M annually for 20 years beginning in 2016
 - South Daytona \$826K total construction cost (District contribution \$205K)
 - City of Minneola \$2.4M total construction cost (District contribution \$778K)
- FDEP Springs Funding
 - Septic Upgrade \$10K per advanced onsite system
 - Citrus, Hernando, Leon, Marion, Orange, Pasco, Seminole, Volusia and Wakulla
- City of Rockledge grant dollars and \$1.2M legislative appropriation (no assessment)

Communities are funding the septic tank phaseout programs using various methods

Non Ad-Valorem Assessment + Other Sources

- Loxahatchee River District pays 10% of the cost, remainder is non ad-valorem assessment
- Charlotte County pays if >\$11,500 per ERC, also has a hardship program
- City of Cape Coral one-time assessment for all parcels plus variable fees per property based on actual costs
- Sarasota County \$1,000 early incentive refund/credit also has received grants but majority on assessment

Enterprise Funds

- Hillsborough County, City of Hollywood



The Florida Dept of Health also researching cost effective advanced septic system treatment methods

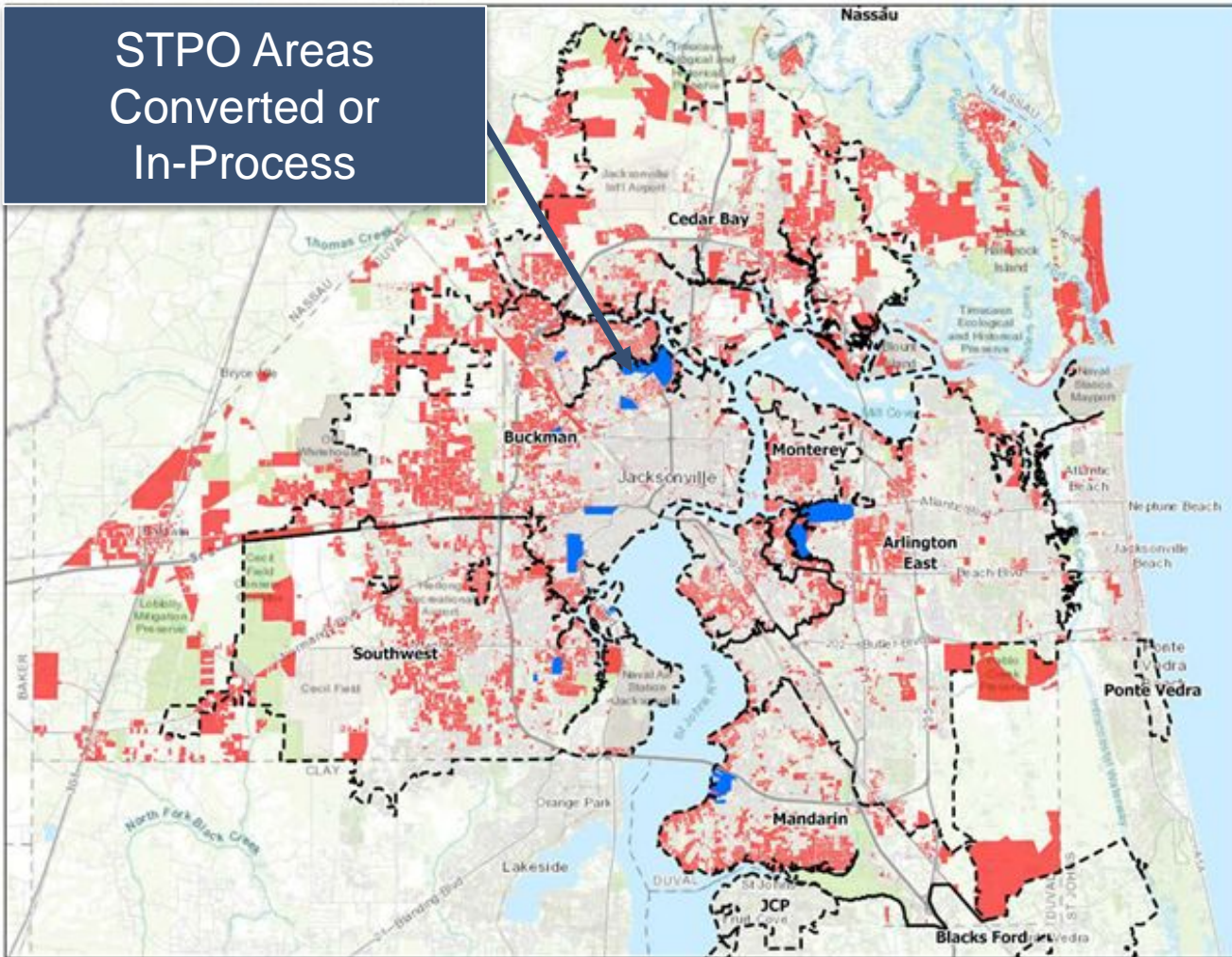


Jacksonville/JEA has an active septic tank phaseout (STPO) program

STPO Areas
Converted or
In-Process

65,000 septic systems and 35,000 private water wells remain >\$2B

In 2003 Water & Sewer Infrastructure Task Force identified Septic Tank Failure Areas



STPO project areas are prioritized annually

Environmental, Health & Welfare	Community Considerations
<ul style="list-style-type: none">• Department of health score (septic system repair permits)• Proximity to St. Johns River• Water quality benefit• Fecal coliform impairment	<ul style="list-style-type: none">• Age of development• Median home value• Private water wells• Undeveloped lots• Economic development

STPO project area matrix developed with input from DOH, COJ and JEA

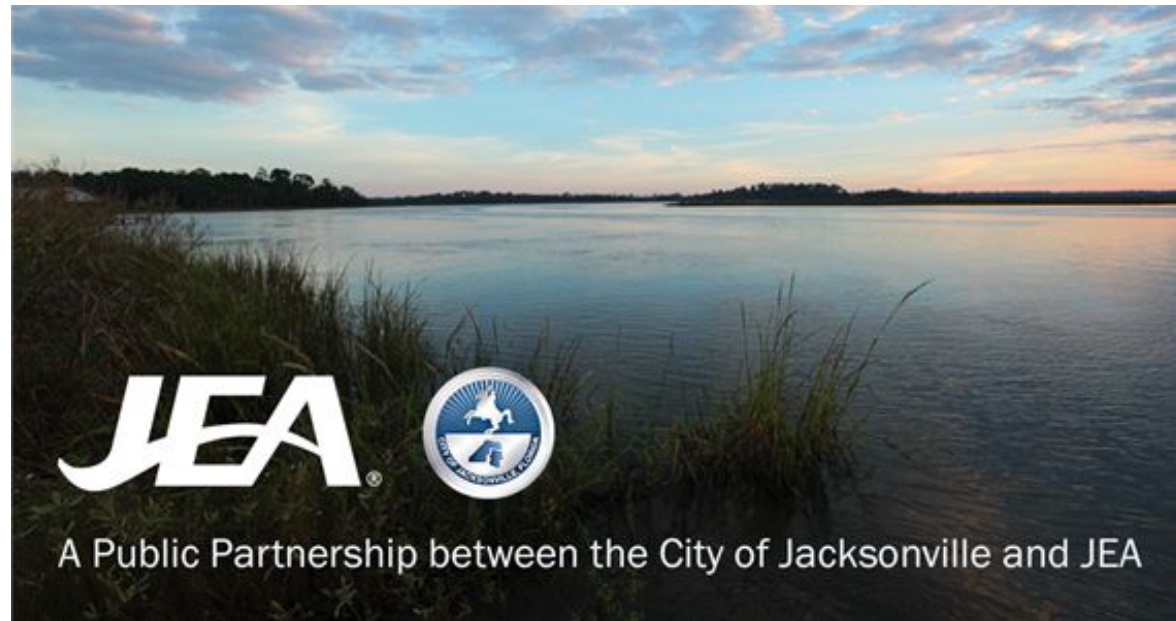
Septic Tank Phase-Out Prioritization - June 2019

Area Designation	Environmental, Health & Welfare (Max. 70 points)							Community Considerations (Max. 30 points)							Overall		
	DCHD 2019 Score (60 pts) ^D	No. of Units Within Area	No. of Units Within 150M Buffer ^A (BMAP)	Factor For Lots Within The 150 M Buffer	Potential Annual Water Quality Benefit ^B (Metric Tons)	Impaired Tributary Exceedance Factor ^C	Environ, Health & Welfare Score	Development Prior to 1968 10 pts	Median Home Value 5 pts	Other Infrastructure			Elimination of Future Proliferation 5 pts	Offsite Economic Development Opportunities 5 pts	Community Considerations Score	Total Score 0.00	
										Water 5 pts	FYI						
									Drain.	Curb	S/W						
Biltmore C		351	266		0.12				N	N	N						
Beverly Hills		755	314		0.25				N	N	N						
Christobel		509	123		0.06				N	N	P						
Riverview	54.78	1812	612	2	0.56	2.62	59.4	10	4	2	N	N	N	1.5	0.0	17.50	76.90
Emerson	48.66	751	437	3	0.4	4.81	56.47	10	4	0	N	N	N	1.1	2.0	17.1	73.57
St. Nicholas	48.69	623	343	3	0.31	4.55	56.24	10	4	0	N	N	P	0.3	3.0	17.3	73.54
Champion Forest	46.64	610	262	3	0.24	4.38	54.02	10	4	3	N	N	N	0.7	1.0	18.7	72.72
Eggleston Heights	47.01	3416	1446	3	1.31	4.67	54.68	10	4	0	Y	P	P	0.1	2.7	16.8	71.48
Julington Creek	58.03	2000	1282	4	1.16	1.99	64.02	0	2	2	P	P	P	0.6	1.0	5.6	69.62
Atlantic Highlands	41.16	102	54	5	0.05	3.86	50.02	10	4	3	N	N	P	1.8	0.0	18.8	68.82
Sub-Totals:		10929			4.46												

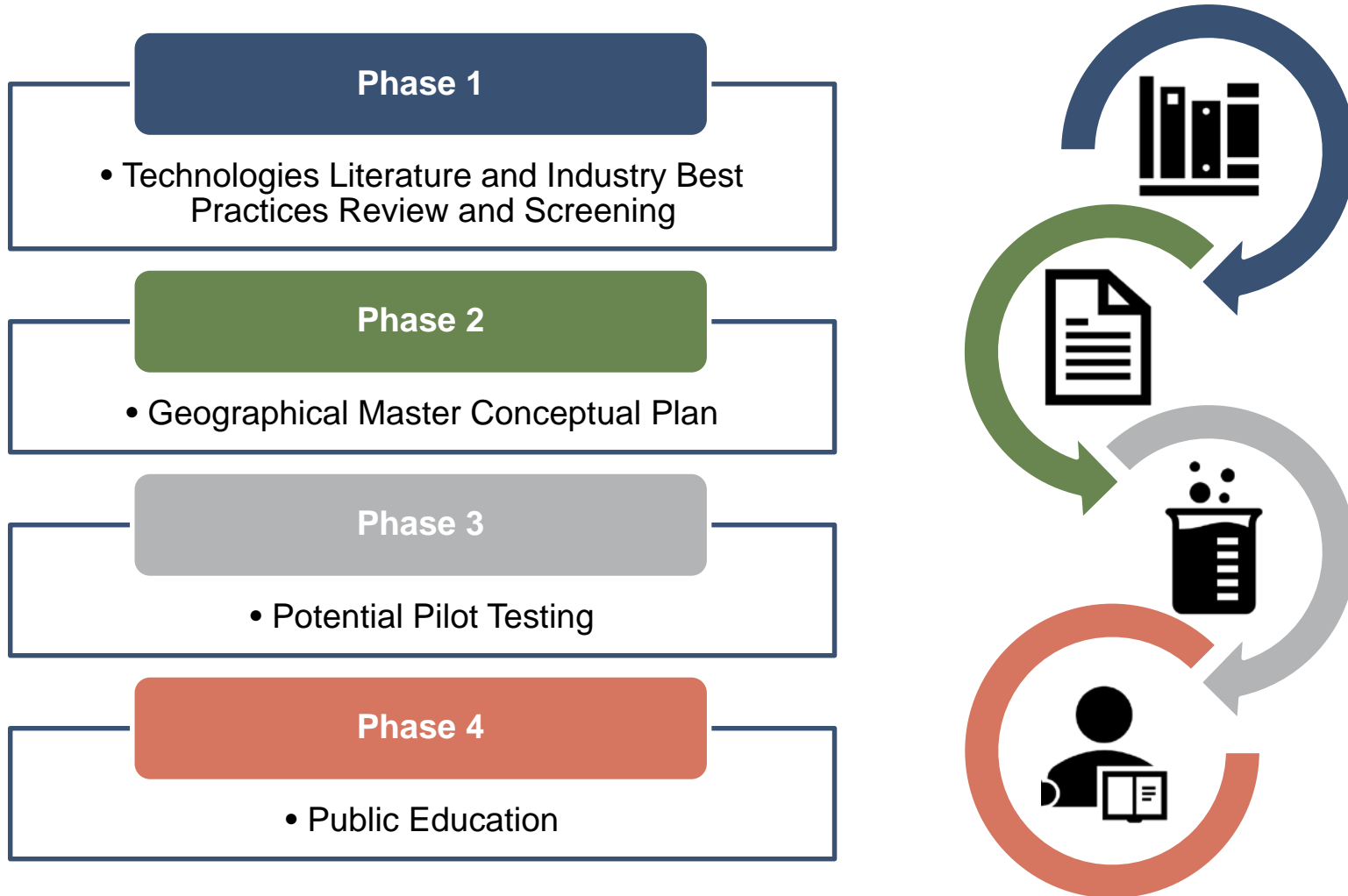
JEA STPO Program Status

In 2019, JEA sought innovations in alternatives to septic systems

- Select the best wastewater management strategy solution for each STPO priority area
- Recognize technological advances
- Evaluate possible program cost reductions



The overarching goal of the Master Plan is to optimize the phaseout program – while recognizing realistic financial considerations



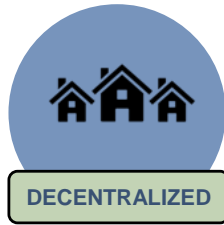
Phase 1 and Phase 2 look at:



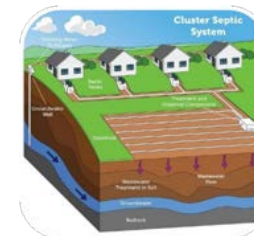
Master Plan work started with a literature and industry best practices review to identify possible solutions



Single dwelling or building
on-lot collection, treatment and disposal



Multi-source collection
small-scale treatment facility



Multi-source collection
large (existing JEA) treatment facility



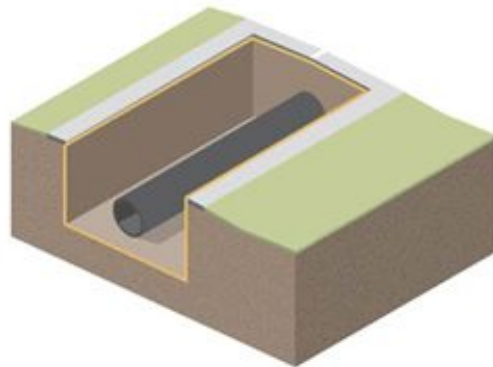
Hybrid
combination of above



Possible solutions include alternative sewer collection and transmission systems

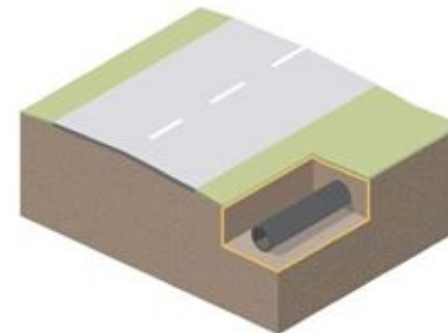
Conventional gravity sewers

- Larger diameter
- Deeper installation

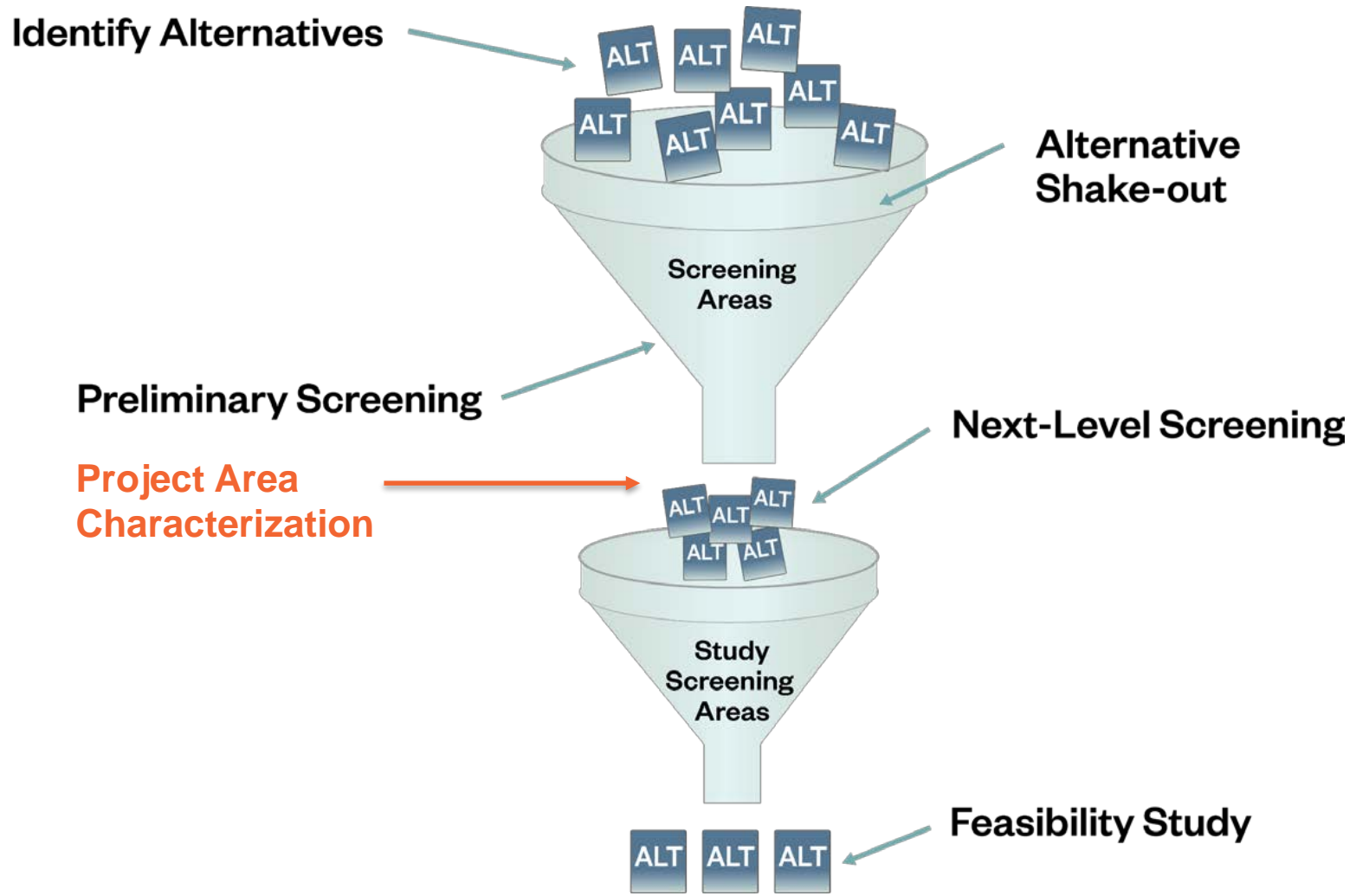


Low pressure, vacuum sewers

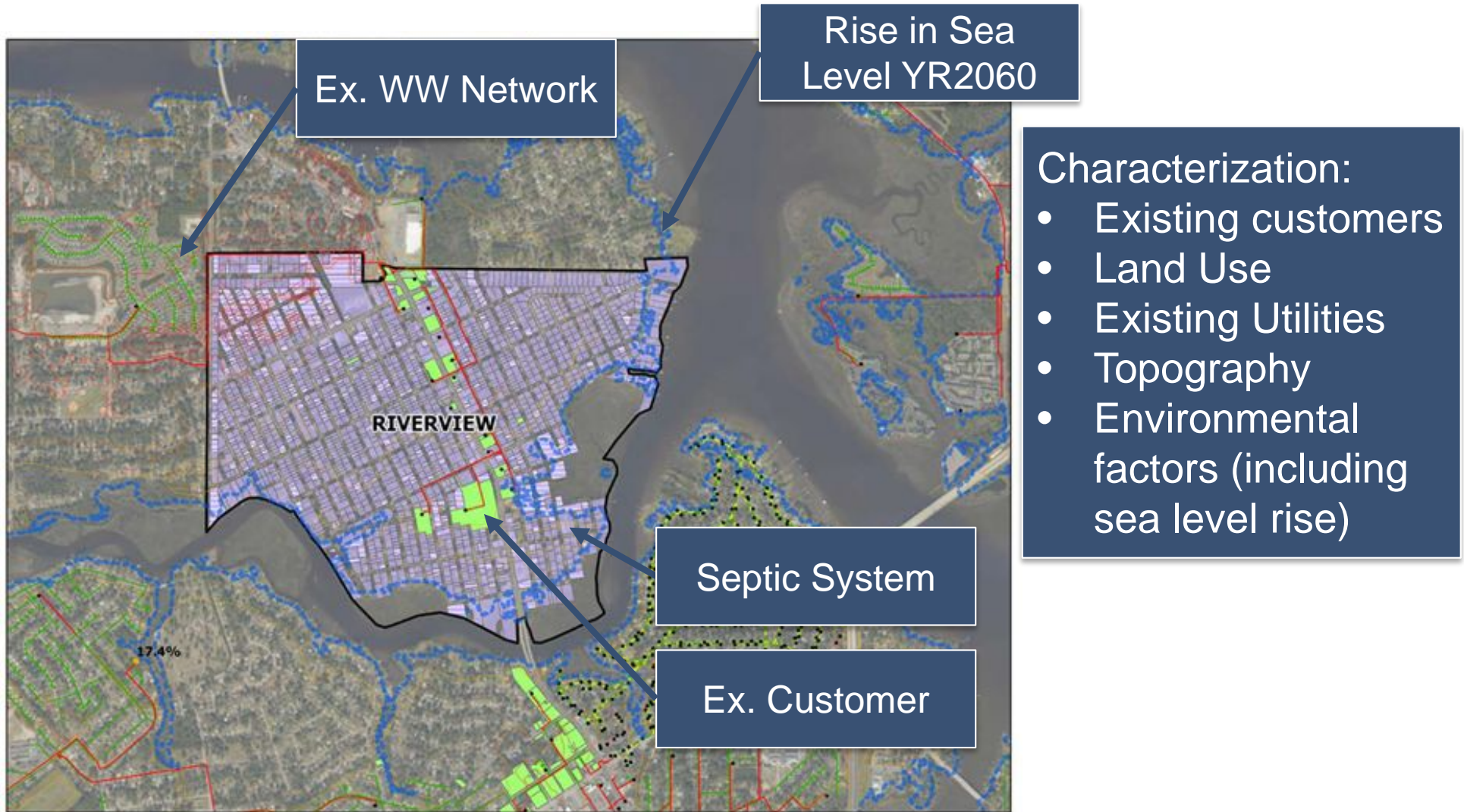
- Smaller diameter
- Shallower installation



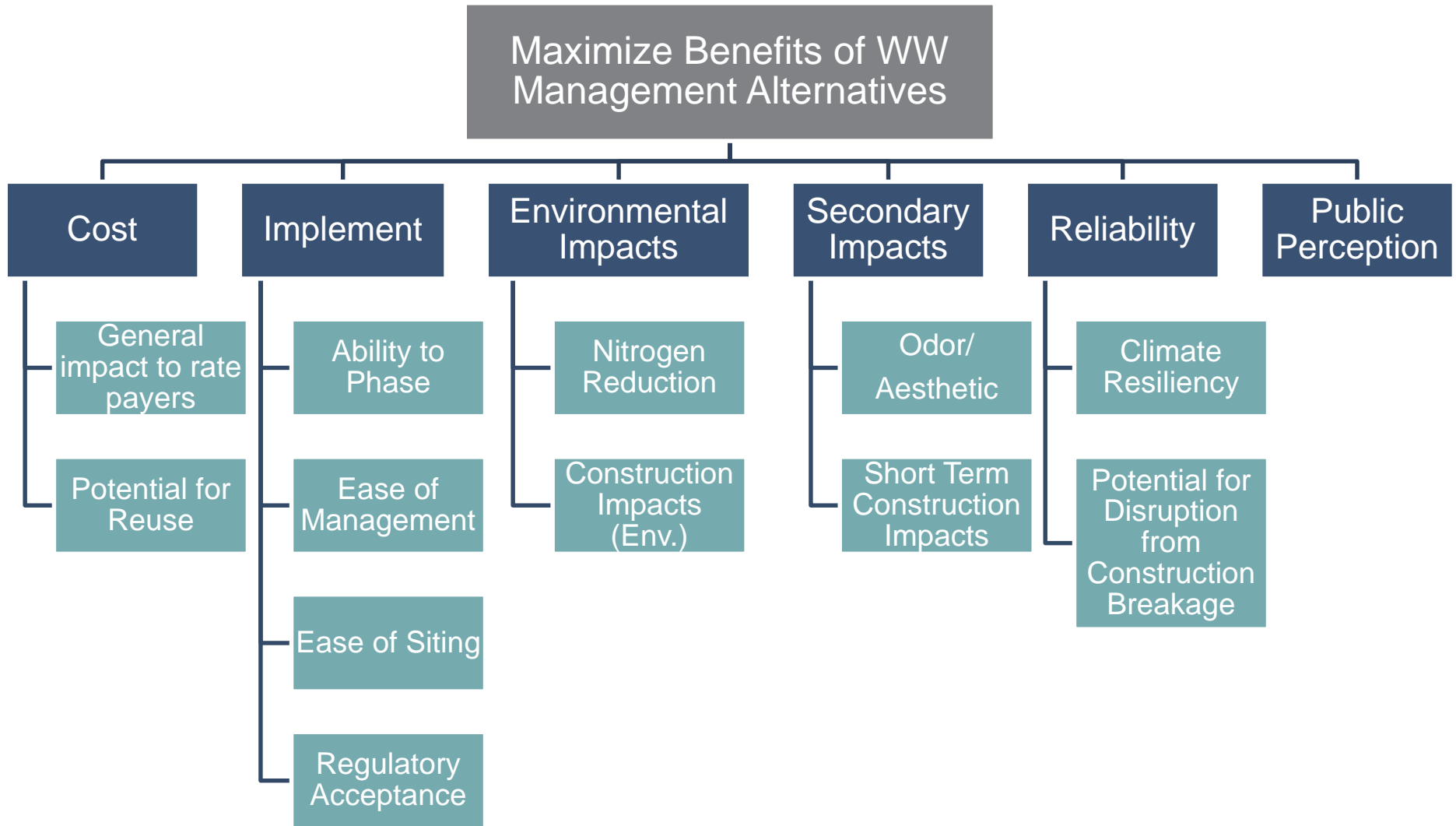
Possible solutions are being screened using decision making criteria



Characterization of the STPO project areas will be used in screening possible solutions



Criteria will be used to screen potential technical solution(s) within already prioritized STPO areas



Phase 1 and Phase 2 are 40% complete and projected to be finished by May 2021

	Completion Date
Phase 1 Reporting	12/2020
Phase 2 Master Plan Report	05/2021

Project Timeline – major deliverables to completion

	2019			2020												2021				
	10	11	12	01	02	03	04	05	06	07	08	09	10	11	12	01	02	03	04	05
Lit. Review	█	█	█	█	█	█	█													
Technology Screening			█	█	█	█	█	█	█	█	█	█								
Strategies Screening			█	█	█	█	█	█	█	█										
Phase 1 Reporting											█	█	█	█	█					
Project Area Characteriz.				█	█	█	█	█	█	█										
Project Area Screening							█	█	█	█	█	█	█	█	█	█	█			
Phase 2 Master Plan															█	█	█	█	█	█

Discussion

- The most significant question: Capital
- Current wastewater rates charge or recover operating, repair and replacement, contribution, etc. costs
- Current wastewater rates do not charge or recover the cost or capital for septic tank phase-out
- Will expand study work to include natural resource economic modeling



INTER-OFFICE MEMORANDUM

June 15, 2020

SUBJECT: BOARD POLICY REVIEW

FROM: Paul McElroy, Interim, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

A key element of the Board’s governance role is the review and/or approval of financial, investment and operating policies, as well as adherence to municipal and state government laws and regulations that are relevant to JEA.

DISCUSSION:

A summary of these policies and other governing documents is presented herein. The listed documents are submitted to the Board for review and/or approval on a cyclical basis, as key revisions are made, or as new local and state promulgations become official.

FINANCIAL IMPACT:

There is no financial impact specific to this summary.

RECOMMENDATION:

No action required, as this update is for information only.

Paul E. McElroy, Interim Managing Director/CEO

PEM/SVT/SVT

**JEA Board of Directors
Policies and Other Documents Requiring Board Approval / Review**

	<u>Document Name</u>	<u>Doc Type</u>	<u>Board Review / Approval?</u>	<u>Board Compliance?</u>	<u>Last Review Date</u>	<u>Review Cycle</u>	<u>Next Review Date</u>
1	JEA Board-Management Delegation of Authority Policy	Policy	X	X	6/19/2018	Annual	8/25/2020
2	Identity Theft Protection Program (FACTA) Annual Risk Assessment	Policy	X <i>(Initial Approval)</i>		12/9/2019	Annual	1/26/2021
3	Electric Compliance Policy	Policy	X			Annual	9/22/2020
4	Investment Policy	Policy	X	X	12/9/2019	Annual	7/28/2020
5	Pricing Policy	Policy	X	X	8/19/2019	Annual	6/23/2020
6	Debt Management Policy	Policy	X	X	8/19/2019	Annual	6/23/2020
7	Energy Market Risk Management Policy (Approved March 2014)	Policy	X		2/11/2020	Annual, or As Revised	2/23/2021
8	Enterprise Risk & Compliance Policy	Policy	X	X		Bi-Annual	11/17/2020
9	Internal Audit Charter	Policy			8/19/2019	Annual	8/25/2020
10	Board Education & Development Policy	Policy	X	X		Bi-Annual	7/28/2020
11	JEA Code of Conduct / Code of Ethics (New)	Policy		X		Annual	7/28/2020
12	Travel Policy and Procedures	Policy		X		Bi-Annual	9/22/2020
13	JEA Charter	Policy		X		Annual	10/27/2020
14	JEA By-Laws	Policy		X		Annual	10/27/2020
15	Board Governance Manual	Manual	X <i>(If Revisions)</i>	X Mainly Section 3 <i>(Board Management Delegation)</i> and Section 4 <i>(Governing Style)</i>		Annual, or As Revised	As Revised
16	Form 1 - Statement of Financial Interests - Must be filed with the County Supervisor of Elections each July 1 for the previous calendar year.	Disclosure Form		X			

**JEA Board of Directors
Policies and Other Documents Requiring Board Approval / Review**

	<u>Document Name</u>	<u>Doc Type</u>	<u>Board Review / Approval?</u>	<u>Board Compliance?</u>	<u>Last Review Date</u>	<u>Review Cycle</u>	<u>Next Review Date</u>
17	Form 1F - Final Statement of Financial Interests - Must be filed with the County Supervisor of Elections for the final year / partial year on the Board.	Disclosure Form		X			
18	Sunshine Law - Florida Statute, Sec. 286.001	State Statute					
19	Public Records Law - Florida Statute Chapter 119	State Statute					
20	Jacksonville Ethics Code – Chapter 602	Municipal Ordinance		X			
	• Gifts – 602 Part 7;			X			
	• Conflicts of Interest – 602 Part 4			X			
	• Misuse of Public Position – 602.601			X			
21	Florida Ethics Policy – Chapter 112.311-326	State Policy		X			
	• Gifts – Sec 112.3148, 3139			X			
	• Conflicts of Interest – Sec. 112.313			X			
	• Nepotism – 112.3133			X			
	• Misuse of Public Position – 112.313			X			
22	Dual Office Holding - Florida Constitution, Article II, SA	State Law		X			



INTER-OFFICE MEMORANDUM

June 15, 2020

SUBJECT: PRICING POLICY

FROM: Paul McElroy, Interim Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

JEA's Pricing Policy (originally called the Pricing Philosophy) was established in November 2005 to provide broad guidance and facilitate the management, control and oversight of JEA's revenue requirements and pricing structure, and was last updated with approval in August 2019.

DISCUSSION:

The Pricing Policy is intended to provide broad guidance and to facilitate the management, control and oversight of JEA's pricing structure. Its primary goal is to establish revenue requirements to fully recover the costs necessary to operate and maintain the utility, consistent with its mission, through fair and equitable pricing. This includes sufficient revenue for required transfers to the City, depreciation expense, and balance sheet liquidity.

The total revenue requirement of each system must be sufficient to ensure the financial integrity of the utility, including recovery of debt service, sufficient revenue to meet renewal and replacement fund requirements, and maintenance of key financial metrics. It recognizes the operational challenges of managing dynamic businesses with major cost drivers such as significant regulatory reform, as well as fuel and debt service, which are dependent on global market conditions.

The Pricing Policy contains the guiding parameters that JEA utilizes to develop its financial reporting, ratemaking, budget, and financial projections.

FINANCIAL IMPACT:

None

RECOMMENDATION:

This item is presented for information only.

Paul E. McElroy, Interim Managing Director/CEO

PEM/JEO/JEC



Pricing Policy Overview

June 2020 Board of Directors Meeting

JEA Pricing Policy Overview

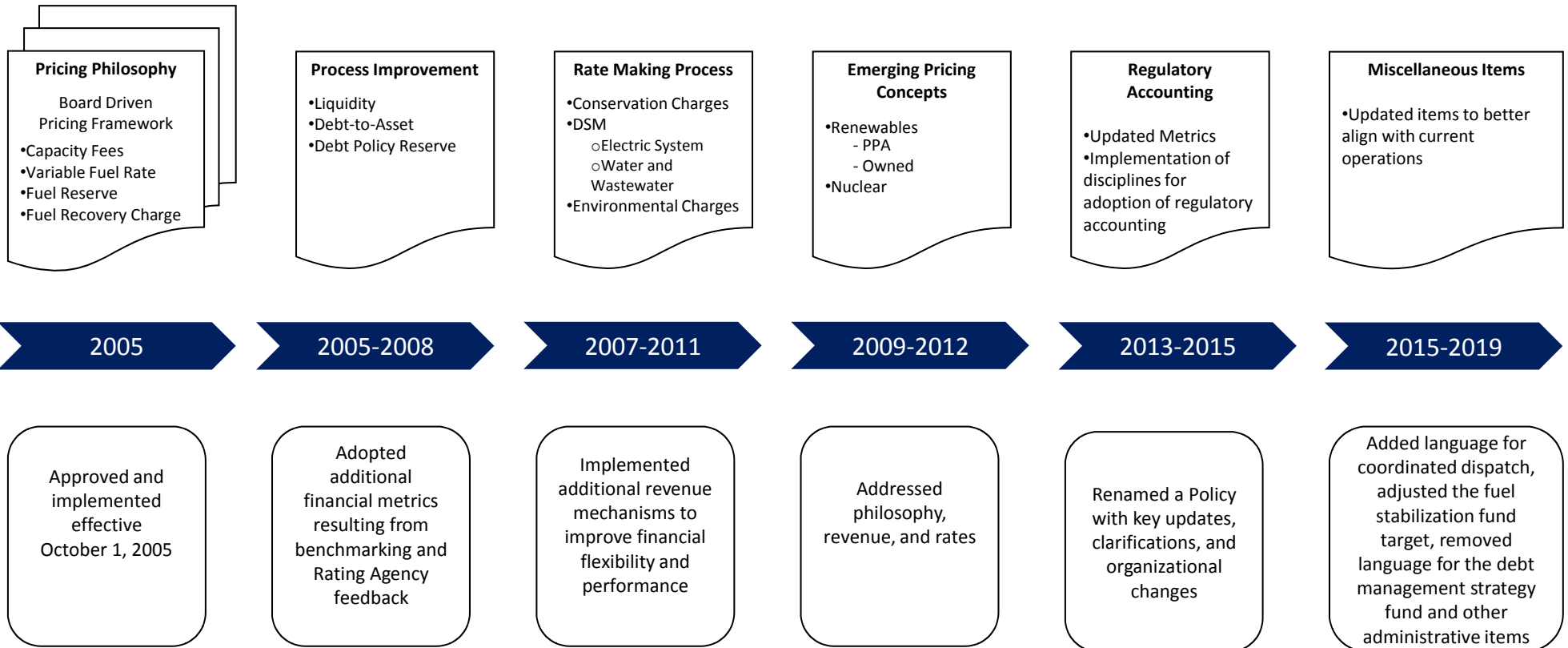
This Pricing Policy is intended to provide broad guidance and to facilitate the management, control and oversight of JEA's pricing structure. Its primary goal is to establish revenue requirements to fully recover the costs necessary to operate and maintain the utility, consistent with its mission, through fair and equitable pricing. This includes sufficient revenue for required transfers to the City, depreciation expense, and balance sheet liquidity.

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The Pricing Policy contains the guiding parameters that JEA utilizes to develop its financial reporting, ratemaking, budget, and financial projections.

The last update to the Pricing Policy was approved in August 2019, removing the Debt Management Stabilization Fund language. A final copy and a redline version of the Policy is attached to this presentation.

JEA Pricing Policy History



Major Elements of the Pricing Policy

- Responsibilities
- Authorization
- Electric System structure and pricing
 - Base rates are set to recover expenditures necessary to operate and maintain the system, depreciation expense, capital required to maintain the system, the necessary contribution to the City, any special charges for programs adopted by JEA and approved by the Board, and additional revenues required to maintain the financial integrity of the System. Recurring capital will be recovered from revenues each year. Non-recurring or unanticipated (i.e., storm damage or major equipment failure) costs will be evaluated by management to determine the best source of capital funding.
 - The Fuel Charge is designed to recover fuel and energy costs
 - The Environmental Charge is designed to recover from customers costs of environmental remediation, environmental projects and compliance with new and existing environmental regulations, excluding the amount already collected in the Environmental Liability Reserve.
- Water and Sewer System structure and pricing
 - Base rates are set to recover expenditures necessary to operate and maintain the system, depreciation expense, capital required to maintain the system, the necessary contribution to the City, any special charges for programs adopted by JEA and approved by the Board, and additional revenues required to maintain the financial integrity of the System. Recurring capital not recovered via the Environmental Charge will be recovered from revenues each year. Non-recurring or unanticipated (i.e., storm damage or major equipment failure) costs will be evaluated by management to determine the best source of capital funding.
 - Capacity fees to recover water, sewer and reclaimed water treatment facilities investment are established to recover 100% of the cost, including materials, of performing these services.
 - The Environmental Charge is designed to recover from customers costs of environmental remediation, environmental projects and compliance with new and existing environmental regulations.
- Five Year Projection
- Stabilization Funds

August 2019

Pricing Policy

I. Scope

This Pricing Policy is intended to provide broad guidance and to facilitate the management, control and oversight of JEA's pricing structure. Its primary goal is to establish revenue requirements to fully recover the costs necessary to operate and maintain the utility, consistent with its mission, through fair and equitable pricing. This includes sufficient revenue for required transfers to the City, depreciation expense, and balance sheet liquidity. The total revenue requirement of each system must be sufficient to ensure the financial integrity of the utility, including recovery of debt service, sufficient revenue to meet renewal and replacement fund requirements, and maintenance of key financial metrics. It recognizes the operational challenges of managing dynamic businesses with major cost drivers such as significant regulatory reform, as well as fuel and debt service, which are dependent on global market conditions. The Pricing Policy contains the guiding parameters that JEA utilizes to develop its financial reporting, ratemaking, budget, and financial projections.

The Board is JEA's independent body responsible for setting rates. As part of this responsibility, the Board acknowledges that the rate setting policy and practices utilized will govern JEA's accounting under current generally accepted accounting principles, meaning that rate actions by the Board will impact when certain costs and revenues are recognized for financial statement purposes. This policy formalizes the rate philosophy utilized in prior years and codifies policy changes required for the implementation of regulatory accounting beginning with FY2015, including the change in rate setting methodology from Cash Basis to Utility Basis.

II. Goal and Objectives

JEA's pricing shall be managed with an overall philosophy to provide advantages of a community-owned utility by delivering high quality, reliable and exceptional service at fair and competitive rates. JEA will exhaust all other net revenue improvement opportunities before recommending any price increases. JEA will develop a price structure that is based on cost of service and allocates costs to appropriate customer classes based on the cost to serve each class. Pricing shall be sufficient, predictable, consistent, understandable, fair, equitable, non-discriminatory and relatively easy to administer. A comprehensive cost of service study will be performed at a minimum of every five years to support that the rates charged by class are based on cost.

III. Responsibility for Pricing Policy

The overall Pricing Policy is approved by the JEA Board of Directors and implemented by the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and staff. Annually, during the development of the Five Year Financial Projection that is provided to the credit rating agencies, the CEO, Chief Operating Officer (COO), CFO, Chief Customer Officer (CCO), Vice President/General Manager Water Wastewater Systems, and Vice President/General Manager Electric

August 2019

Systems will meet to develop strategy and review pricing and financial performance. JEA's Financial Planning and Rates department will develop and manage processes to implement and administer this Policy. Based on this review, any changes to pricing such that JEA continues to have rates based on cost of service and sufficient to maintain each System's financial integrity will be recommended to the Board for approval.

IV. Authorization

The JEA Board of Directors is independent from JEA management and has the power to fix, pledge to establish or establish, levy, regulate, impose and collect rates, assessments, fees and charges for the use or benefit of the utilities system and to alter and amend the same from time to time.

Although JEA is a non-jurisdictional entity, Tariffs approved by the Board of Directors are filed with the Public Service Commission for information and review. The Florida Public Service Commission (FPSC) does not regulate the revenue requirement of municipal utilities, yet pursuant to Section 366.04 (2), Florida Statutes, the FPSC has jurisdiction to review a rate structure for municipal utilities.

V. Electric System

Revenue requirements and rate design for the Electric System shall be constructed in three major categories: Base Rate, Fuel Charge, and Environmental Charge.

Base Rate

Structure

The Base Rate will be structured with two major components: a fixed monthly charge and consumption charges. The fixed charge is billed as a "Basic Monthly Charge" and the consumption charges are billed as "Energy Charge," "Residential Conservation Charge," "*Demand Charge*," and "*Excess kVar Charge*." (Italicized charges apply to commercial or industrial customers only, and do not appear on typical residential bills.) Revenue requirements and rates will be set using depreciation expense as the capital recovery estimate but must also ensure the financial integrity of the Electric System by achieving the following objectives:

- A minimum annual total debt service coverage ratio of 2.2x, (with a long-term goal of consistently achieving a minimum annual total debt service coverage ratio of 2.5x)
- A minimum of 150 to 250 days of liquidity
- Continue to move towards a maximum debt to asset ratio of 60%
- Maintain stabilization funds as detailed in the "Stabilization Funds" section

Staff plans to phase in higher fixed components of base rates over time, utilizing widely accepted principles and practices to better reflect the fixed components of JEA's electric system cost structure.

Pricing

The Base Rate will recover expenditures necessary to operate and maintain the system, depreciation expense, capital required to maintain the system, the

August 2019

necessary contribution to the City, any special charges for programs adopted by JEA and approved by the Board, and additional revenues required to maintain the financial integrity of the System.

Staff will review with the Board of Directors the Base revenue and capital funding plans during both the annual budget cycle and the discussion of the Five Year Projection (as outlined in the "Five Year Projection" section). Recurring capital will be recovered from revenues each year. Non-recurring or unanticipated (i.e., storm damage or major equipment failure) costs will be evaluated by management to determine the best source of capital funding. This can include absorbing the cost in the current year budget or the inclusion of cost in future rates over a period of time with funding of the cost from debt or reserves. Authorization from the Board to recover non-recurring capital over a future period of time may constitute an asset on JEA's balance sheet.

The Base Rate will additionally include a policy-directed allocation of current year base electric revenues to Customer Benefit programs to be collected in addition to the Residential Conservation Charge. Staff will develop specific programs such as electrification, direct load control, demand side management, residential low income efficiency programs, and customer utility optimization education programs, set program objectives and periodically report the status of the programs. Each year, the Customer Benefit budget will include an allocation for customer education initiatives at least equal to revenues generated from the Residential Conservation Charge (initially set at \$0.01 per kWh for monthly residential consumption in excess of 2,750 kWh) collected from customers in the prior year. The budgeted carve-out from the Base Rate will be set each year based on funding required to meet the targets determined by staff, at least equal to the Residential Conservation Charge and not to exceed \$0.50 per 1,000 kWh. Any amounts collected in excess of current and future anticipated need will be used for future costs or refunded to customers. The Customer Benefit programs do not function as special charge, but are a component of JEA's cost of service in determination of the Base Rate each year.

Gains realized from coordinated dispatch agreements will be allocated to base revenue, unless otherwise directed by the Board.

Fuel Charge

Structure

The Fuel Charge is designed to recover fuel and energy costs and will be structured with three potential components, the Variable Fuel Rate, the Fuel Stabilization Charge and the Fuel Recovery Charge.

The Variable Fuel Rate will be structured for full recovery of actual energy expenditures including direct fuel expenses, fuel procurement, fuel handling, residual disposal expense, less any proceeds from the sale of residuals, byproduct expenses directly utilized in managing the facilities used to prepare the byproduct for its final disposition, fuel hedging activities including gains and losses on settlement of fuel hedges, purchase power energy charges such as fuel, and renewable energy that is not considered generation available for JEA's current capacity plans. This charge can be adjusted up or down based upon energy costs. The Fuel Charge structure shall also include a charge for Fuel Stabilization to fund

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August 2019

potential negative variances between projected and actual energy costs, when projections at the time of the rate setting indicate this fund balance will be below the target balance during the rate period. A Fuel Recovery Charge may also be included as part of the Fuel Charge if needed to recover a cumulative fuel fund deficit over a set number of years.

Pricing

The Fuel Charge will be set annually during the budget process to be effective October 1 of the upcoming fiscal year. The Charge is based on the forward twelve-month energy cost projection and will be structured to fully recover all expected fuel-related costs and any amounts for Fuel Stabilization Fund, discussed below, over the coming fiscal year. Provided the actual plus forecasted energy costs remain within 10% of projected energy cost, any variance will be “trued-up” annually and recovered in the subsequent twelve month period. Should actual plus forecasted energy costs exceed the 10% range of projected energy costs during the twelve month period, rates may be adjusted to reflect current market conditions. For example, a Variable Fuel Rate charge of \$50.00/1,000 kWh may be adjusted when the twelve month projection for total energy cost is less than \$45.00/1,000 kWh or greater than \$55.00/1,000 kWh. Absent a rate change, Fuel Charges collected in excess of fuel expenses are deposited in the Fuel Stabilization Fund, and under collected amounts are funded through Fuel Stabilization Fund withdrawals until rates can be adjusted.

The Fuel Charge may include an amount for a Fuel Stabilization Charge to fund potential short-term negative variances between projected and actual energy costs. The target balance in the Fuel Stabilization Fund is equal to 15% of the greater of (i) the maximum fiscal year fuel cost in the preceding five fiscal years or (ii) the projected fiscal year fuel cost. Should the Fuel Stabilization Fund balance reach the 15% level at any point during the twelve month variable fuel rate cycle, the CEO, CFO, CCO, and staff will evaluate the Fuel Stabilization Fund balance, projection through year-end, and current market prices and volatility, and will recommend to the Board to either continue funding with no change, credit customers with the overfunded amount, or modify the Fuel Charge. Absent any specific change, the Fuel Charge will continue to be collected until the end of the cycle. An objective of the Fuel Stabilization Charge is to establish the most transparent mechanism to communicate the amount of the Fuel Charge which is being collected to fund the Fuel Stabilization Fund, and thus should be utilized in the communication with stakeholders. Allowable uses of the Fuel Stabilization Fund shall include cash deposits supporting any fuel fund deficits, energy risk management activities, and inter-fund loans.

The Fuel Charge may also include a Fuel Recovery Charge to recover any cumulative fuel fund deficit. Allowable uses shall include debt reduction, repayment of inter-fund loans, new inter-fund loans, and fund activities employed during the time the fuel deficit accumulated that were used to fund the deficit.

Each month management shall report the total fuel revenues, expenses and the resulting surplus or deficit. All authorized fuel related costs shall be recovered through the Fuel Charge, and funds collected in excess of authorized fuel related expenses (including Fuel Stabilization Fund deposits, when required) shall be used to fund future expenses or be refunded to customers.

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Environmental Charge

Structure

The Environmental Charge is applied to all kWh consumption and structured to provide funding for major specific environmental and regulatory program needs.

Pricing

The Environmental Charge is designed to recover from customers costs of environmental remediation, environmental projects and compliance with new and existing environmental regulations, excluding the amount already collected in the Environmental Liability Reserve. Applicable use of funds is described in the "Stabilization Funds" section.

Annually the Board will review and approve the operating, maintenance and capital costs of projects to be included in determining the Environmental Charge for that year. For capital projects funded from sources other than the environmental charge revenues, the Board will determine an appropriate method including recovery period for including these costs in the determination of the Environmental Charge. The revenues collected will be used to reimburse the fund that provided the original funding. Methods used for recovery can include amortization over a relatively short period of time, depreciation expense and related carrying charge of the related asset or other reasonable methods.

Any revenues collected in excess of costs in any period will be used to fund operating and capital costs of approved projects in the future.

The amounts collected from the Environmental Charge will be accounted for in the Electric System Environmental Stabilization Fund. Amounts collected for future environmental capital projects are transferred from the Electric System Environmental Rate Stabilization Fund to the Environmental Capital Fund.

VI. Water and Sewer System

Revenue requirements and rate design for the Water and Sewer System shall be constructed in two major categories: Base Rate and Environmental Charge.

Base Rate

Structure

Revenue and rate design for the Water and Sewer System shall be constructed in two major categories: monthly charges and initial charges, including capacity and main extension fees. Standard monthly charges will include two primary components: A fixed monthly charge and volume charges based on customer usage. The fixed charge is billed as a "Basic Monthly Charge" and the volume charges are billed as "Water Consumption Charges" and "Sewer Usage Charges".

Revenue requirements and rates will be set using depreciation expense as the capital recovery estimate but must also ensure the financial integrity of the Water and Sewer System by achieving the following objectives:

August 2019

- A minimum annual total debt service coverage ratio of 1.8x, with a long-term goal of consistently achieving a minimum annual total debt service coverage ratio of 2.0x
- A minimum of 100 days of liquidity
- A long-term objective of a maximum debt to asset ratio of 50%
- Maintain stabilization funds in the “Stabilization Funds” section

Pricing

The Base Rate will recover expenditures necessary to operate and maintain the system, depreciation expense, capital required to maintain the system, the necessary contribution to the City, any special charges for programs adopted by JEA and approved by the Board, and additional revenues required to maintain the financial integrity of the System.

Staff will review with the Board of Directors the Base revenue and capital funding plans during both the annual budget cycle and the discussion of the Five Year Projection (as outlined in the “Five Year Projection” section). Recurring capital not recovered via the Environmental Charge will be recovered from revenues each year. Non-recurring or unanticipated (i.e., storm damage or major equipment failure) costs will be evaluated by management to determine the best source of capital funding. This can include absorbing the cost in the current year budget or the inclusion of cost in future rates over a period of time with funding of the cost from debt or reserves. Authorization from the Board to recover non-recurring capital over a future period of time may constitute an asset on JEA’s balance sheet. The annual principal repayment requirements and contributions to the Renewal and Replacement Fund will be added to the non-capacity capital expenditure amount with the amount in excess of the annual depreciation expense included as an additional cost in setting rates. Capacity fee revenue will be used as an additional source of revenue in determining annual revenue requirements.

Capacity fees to recover water, sewer and reclaimed water treatment facilities investment are established to recover 100% of the cost, including materials, of performing these services. These fees will be reviewed and if necessary, adjusted at least every three years. Capacity fees to recover the cost of off-site water and sewer line extensions shall be established to recover:

- 75% master plan main extension attributed to general system growth, assessed on a per connection basis; and
- 100% main extension attributed to specific development, assessed to the developer in accordance with JEA’s development policy.

On-site line extensions have been and will remain the financial responsibility of the developer, builder, homeowner or business and shall be contributed to JEA at no charge to own, operate and maintain.

Tap and meter fees will be established to recover 100% of the cost, including materials, of performing tap and meter services. These fees will be reviewed and, if necessary, adjusted at least every three years.

Staff will review with the Board of Directors the revenue and capital funding plans during both the annual budget cycle and the Five Year Projection/Rating Agency cycle.

August 2019

Environmental Charge

Structure

The Environmental Charge is applied to all kgal sales and structured to provide funding for major specific environmental and regulatory program needs.

Pricing

The Environmental Charge is designed to recover from customers costs of environmental remediation, environmental projects and compliance with new and existing environmental regulations. Applicable use of funds is described in the "Stabilization Funds" section.

Annually the Board will review and approve the operating, maintenance and capital costs of projects to be included in determining the Environmental Charge for that year. For capital projects funded from sources other than the environmental charge revenues, the Board will determine an appropriate method including recovery period for including these costs in the determination of the Environmental Charge. The revenues collected will be used to reimburse the fund that provided the original funding. Methods used for recovery can include amortization over a relatively short period of time, depreciation expense and related carrying charge of the related asset or other reasonable methods.

Any revenues collected in excess of costs in any period will be used to fund operating and capital costs of approved projects in the future.

The amounts collected from the Environmental Charge will be accounted for in the Water and Sewer System Environmental Stabilization Fund. Amounts collected for future environmental capital projects are transferred from the Water and Sewer System Environmental Rate Stabilization Fund to the Environmental Capital Fund.

VII. Five Year Projection

Staff will prepare a Five Year Projection annually that will be presented to Board of Directors and Rating Agencies. The Five Year Projection will address the status of the current pricing and forecasted cost-based revenue requirements.

The annual budgeting process will be used to project the cost-based revenue requirements and suggested pricing for the next fiscal year. Thereafter, factors to be considered in the projections include:

- Required revenue and resulting rates
- The forecast of unit sales
- Projected fuel and purchased power costs
- Projected non-fuel purchased power costs
- Projected operating and maintenance costs
- Contribution to the City General Fund
- Renewal and Replacement Deposit
- Amortization of regulatory assets and liabilities including gains and losses on debt refinancing, debt issue costs and other items approved by the Board
- Desired level of operating capital outlay
- Projected depreciation expense

August 2019

- Desired debt service coverage, liquidity, and debt to asset levels consistent with a highly rated electric and water and sewer utilities
- Analysis of costs and revenue of any special charges for programs adopted by JEA and approved by the Board

VIII. Stabilization Funds

The Board authorizes the funding and utilization of certain Stabilization Funds within each of the Electric and Water and Sewer Systems. Deposits and withdrawals will be made into each of the funds as specifically described below, and are governed by both this Pricing Policy and JEA’s Bond Resolutions. The Stabilization Funds described below have a specific funding source which is approved by the Board, and uses of funds which are also approved by the Board. Any excess amounts remaining after the funding target is met and expenses are paid are refunded back to customers.

Fuel Stabilization Fund

Target Balance

The target balance in the Fuel Stabilization Fund is equal to 15% of the greater of (i) the maximum fiscal year fuel cost in the preceding five fiscal years or (ii) the projected fiscal year fuel cost.

Funding and Authorization

The Fuel Charge for each Fiscal Year is established to include the projected fuel-related expenditures for the upcoming fiscal year as well as deposits required into the Fuel Stabilization Fund to maintain the target balance in the Fund. These projections, including any Fuel Stabilization Fund projected deposit amounts, are approved by the Board in connection with the approval of the annual Budget. Deposits to the Fuel Stabilization Fund during the fiscal year are made for amounts representing the excess of the variable rate fuel revenues (not including the fuel stabilization revenues) recorded for the fiscal year over the amount of actual fuel and purchased power expense for the fiscal year.

Allowable Uses

Withdrawals from the Fuel Stabilization Fund for fuel stabilization are limited to the following purposes:

- a) to reduce the variable fuel rate charge to the customers for a determined period of time
- b) to reduce the excess of the actual fuel and purchased power expense for the fiscal year over the variable fuel rate revenues
- c) to pay for the costs associated with any energy risk management activities and/or
- d) to be rebated back to the customers as a credit against the electric bill

The balance in the Fuel Stabilization Fund may also be borrowed by the Electric System operating fund through an interfund loan, which requires the approval of the CFO and the CEO with the amounts required to be repaid within a reasonable period of time.

Excess Funds

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Funds collected in excess of authorized fuel related expenses (including Fuel Stabilization Fund deposits, when required) shall be used to fund future expenses or be refunded to customers.

Customer Benefit Stabilization Fund

Funding and Authorization

Deposits to the Customer Benefit Stabilization Fund are made for amounts representing the Residential Conservation Charge to the customer (\$0.01 per kWh over 2,750 kWh) and the Customer Benefit Revenue Allocation (up to \$0.50 per 1,000 kWh) during the course of the fiscal year. The Residential Conservation Charge revenues are direct collections from customers based on sales. The Customer Benefit Revenue Allocation is approved by the Board in connection with the annual Budget process.

Allowable Uses

Withdrawals from the Customer Benefit Stabilization Fund are limited to amounts representing charges to the applicable "Customer Benefit" expense types, which represent Customer Benefit programs approved annually by the Board. Amounts withdrawn from the Customer Benefit Stabilization Fund will first be funded by the Residential Conservation Charge (\$0.01 per kWh over 2,750 kWh) and the remaining funded by the Customer Benefit Revenue Allocation (up to \$0.50 per 1,000 kWh). Any costs not recovered in the current year will be collected in future years through the Residential Conservation Charge and the Customer Benefit Revenue Allocation.

Excess Funds

Funds collected in excess of the approved Customer Benefit programs shall be used to fund future program expenses or be refunded to customers.

Electric System Environmental Stabilization Fund

Funding and Authorization

Deposits to the Electric System Environmental Stabilization Fund are made for amounts collected from the Environmental Charge to the customer. The Environmental Charge will be set each year to recover the costs of approved projects. Any shortfalls will be included as a cost in determining the Environmental Charge.

Allowable Uses

Withdrawals from the Electric System Environmental Stabilization Fund are limited to potential environmental expenditures approved by the Board, and may include initiatives such as the cost of acquisition of renewable energy capacity. Costs directly required to operate and maintain the environmentally driven or regulatory required assets can also be funded from this revenue source.

Excess Funds

Funds collected in excess shall be used to fund future environmental expenses or be refunded to customers.

Water and Sewer System Environmental Stabilization Fund

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Funding and Authorization

Deposits to the Water and Sewer System Environmental Stabilization Fund are made for amounts collected from the Environmental Charge to the customer. The Environmental Charge will be set each year to recover the costs of approved projects. Any shortfalls will be included as a cost in determining the Environmental Charge.

Allowable Uses

Withdrawals from the Water and Sewer System Environmental Stabilization Fund are limited to major environmental and regulatory program needs. Capital costs include those costs associated with specific environmental or regulatory requirements. Costs directly required to operate and maintain the environmentally driven or regulatory required assets can also be funded from this revenue source. The Environmental Charge revenue may also be used for JEA's cost participation with the City of Jacksonville septic tank phase-out program, including a waiver of sewer and main extension fees, or for well mitigation. Additionally, the Environmental Charge revenue may be used for Customer Benefit programs supporting the Consumptive Use Permit objective to reduce JEA's demand on the Florida Aquifer.

Excess Funds

Funds collected in excess shall be used to fund future environmental expenses or be refunded to customers.

Non-Fuel Purchased Power (NFPP) Stabilization Fund

Target Balance

Initially, the total projected principal payments incurred by MEAG for the Vogtle Units 3 and 4 Purchased Power Agreement prior to the operating date of each unit.

Funding and Authorization

Deposits to the NFPP Stabilization Fund are for amounts associated with any non-fuel purchased power. The Board will determine as part of the Budget approval process or periodically throughout the year the amount to include in rates that will be deposited into the NFPP Stabilization Fund.

Allowable Uses

Withdrawals from the NFPP Stabilization Fund are to reimburse non-fuel purchased power expenses associated with Plant.

Excess Funds

Funds collected in excess shall be used to fund future non-fuel purchased power expenses or be refunded to customers.

Health Self-Insurance Reserve

Target Balance

The target size of this reserve is based on regulatory requirements, market conditions and risk management experience, along with input from the Department

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of Insurance, the regulatory body responsible for oversight of all self-insurance health and medical plans.

The objective is to maintain appropriate reserves and to ensure the long-term viability of the organization and the sustainability of the self-insurance health programs. Rule 69O-149.053, Florida Administrative Code requires that JEA maintain a minimum surplus reserve of 60 days over and above the amount needed for the Plan's claim liability to cover costs associated with unexpected claims.

Funding and Authorization

JEA has established, from operating revenues, an internally designated "Health Self-Insurance Fund" to cover reserve requirements for its self-insurance health program. Reserve requirements will be reviewed and approved by the Board annually. The Board, as part of the Budget approval process, will approve amounts to be collected in rates that include both the current anticipated cost less amounts approved to be contributed by employees as well as amounts to maintain an adequate reserve for future costs.

Allowable Uses:

The amounts approved for recovery from the employees will be used to reduce the annual cost. Any costs in excess of revenues collected will be included in rates at the direction of the Board in a future period.

Excess Funds

Any amount over the required reserve requirement will be used to reduce future costs included in rates or will be refunded to the employee through premium holidays as approved by the Board.

IX. Policy Exceptions

Any pricing activity determined to be in conflict with this Policy will be brought to the Board of Directors for review and approval prior to adoption, and resulting metrics will be reported on an annual basis within the Five Year Projection.

X. Effective Date

This Pricing Policy became effective October 1, 2005 (originally called "Pricing Philosophy"). This revision will become effective on the date on which it is adopted by the full Board effective October 1, 2019.

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Pricing Policy

I. Scope

This Pricing Policy is intended to provide broad guidance and to facilitate the management, control and oversight of JEA's pricing structure. Its primary goal is to establish revenue requirements to fully recover the costs necessary to operate and maintain the utility, consistent with its mission, through fair and equitable pricing. This includes sufficient revenue for required transfers to the City, depreciation expense, and balance sheet liquidity. The total revenue requirement of each system must be sufficient to ensure the financial integrity of the utility, including recovery of debt service, sufficient revenue to meet renewal and replacement fund requirements, and maintenance of key financial metrics. It recognizes the operational challenges of managing dynamic businesses with major cost drivers such as significant regulatory reform, as well as fuel and debt service, which are dependent on global market conditions. The Pricing Policy contains the guiding parameters that JEA utilizes to develop its financial reporting, ratemaking, budget, and financial projections.

The Board is JEA's independent body responsible for setting rates. As part of this responsibility, the Board acknowledges that the rate setting policy and practices utilized will govern JEA's accounting under current generally accepted accounting principles, meaning that rate actions by the Board will impact when certain costs and revenues are recognized for financial statement purposes. This policy formalizes the rate philosophy utilized in prior years and codifies policy changes required for the implementation of regulatory accounting beginning with FY2015, including the change in rate setting methodology from Cash Basis to Utility Basis.

II. Goal and Objectives

JEA's pricing shall be managed with an overall philosophy to provide advantages of a community-owned utility by delivering high quality, reliable and exceptional service at fair and competitive rates. JEA will exhaust all other net revenue improvement opportunities before recommending any price increases. JEA will develop a price structure that is based on cost of service and allocates costs to appropriate customer classes based on the cost to serve each class. Pricing shall be sufficient, predictable, consistent, understandable, fair, equitable, non-discriminatory and relatively easy to administer. A comprehensive cost of service study will be performed at a minimum of every five years to support that the rates charged by class are based on cost.

III. Responsibility for Pricing Policy

The overall Pricing Policy is approved by the JEA Board of Directors and implemented by the Chief Executive Officer, ~~(CEO)~~, Chief Financial Officer ~~(CFO)~~ and staff. Annually, during the development of the Five Year Financial Projection that is provided to the credit rating agencies, the ~~Chief Executive Officer (CEO)~~, Chief Operating Officer (COO), ~~Chief Financial Officer (CFO)~~, Chief Customer Officer (CCO), Vice President/General Manager Water Wastewater Systems, and

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Vice President/General Manager Electric Systems will meet to develop strategy and review pricing and financial performance. JEA's Financial Planning and Rates department will develop and manage processes to implement and administer this Policy. Based on this review, any changes to pricing such that JEA continues to have rates based on cost of service and sufficient to maintain each System's financial integrity will be recommended to the Board for approval.

IV. Authorization

The JEA Board of Directors is independent from JEA management and has the power to fix, pledge to establish or establish, levy, regulate, impose and collect rates, assessments, fees and charges for the use or benefit of the utilities system and to alter and amend the same from time to time.

Although JEA is a non-jurisdictional entity, Tariffs approved by the Board of Directors are filed with the Public Service Commission for information and review. The Florida Public Service Commission (FPSC) does not regulate the revenue requirement of municipal utilities, yet pursuant to Section 366.04 (2), Florida Statutes, the FPSC has jurisdiction to review a rate structure for municipal utilities.

V. Electric System

Revenue requirements and rate design for the Electric System shall be constructed in three major categories: Base Rate, Fuel Charge, and Environmental Charge.

Base Rate

Structure

The Base Rate will be structured with two major components: a fixed monthly charge and consumption charges. The fixed charge is billed as a "Basic Monthly Charge" and the consumption charges are billed as "Energy Charge," "Residential Conservation Charge," "*Demand Charge*," and "*Excess kVar Charge*." (Italicized charges apply to commercial or industrial customers only, and do not appear on typical residential bills.) Revenue requirements and rates will be set using depreciation expense as the capital recovery estimate but must also ensure the financial integrity of the Electric System by achieving the following objectives:

- A minimum annual total debt service coverage ratio of 2.2x, (with a long-term goal of consistently achieving a minimum annual total debt service coverage ratio of 2.5x)
- A minimum of 150 to 250 days of liquidity
- Continue to move towards a maximum debt to asset ratio of 60%
- Maintain stabilization funds as detailed in the "Stabilization Funds" section

Staff plans to phase in higher fixed components of base rates over time, utilizing widely accepted principles and practices to better reflect the fixed components of JEA's electric system cost structure.

Pricing

The Base Rate will recover expenditures necessary to operate and maintain the system, depreciation expense, capital required to maintain the system, the

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necessary contribution to the City, any special charges for programs adopted by JEA and approved by the Board, and additional revenues required to maintain the financial integrity of the System.

Staff will review with the Board of Directors the Base revenue and capital funding plans during both the annual budget cycle and the discussion of the Five Year Projection (as outlined in the “Five Year Projection” section). Recurring capital will be recovered from revenues each year. Non-recurring or unanticipated (i.e., storm damage or major equipment failure) costs will be evaluated by management to determine the best source of capital funding. This can include absorbing the cost in the current year budget or the inclusion of cost in future rates over a period of time with funding of the cost from debt or reserves. Authorization from the Board to recover non-recurring capital over a future period of time may constitute an asset on JEA’s balance sheet.

The Base Rate will additionally include a policy-directed allocation of current year base electric revenues to Customer Benefit programs to be collected in addition to the Residential Conservation Charge. Staff will develop specific programs such as electrification, direct load control, demand side management, residential low income efficiency programs, and customer utility optimization education programs, set program objectives and periodically report the status of the programs. Each year, the Customer Benefit budget will include an allocation for customer education initiatives at least equal to revenues generated from the Residential Conservation Charge (initially set at \$0.01 per kWh for monthly residential consumption in excess of 2,750 kWh) collected from customers in the prior year. The budgeted carve-out from the Base Rate will be set each year based on funding required to meet the targets determined by staff, at least equal to the Residential Conservation Charge and not to exceed \$0.50 per 1,000 kWh. Any amounts collected in excess of current and future anticipated need will be used for future costs or refunded to customers. The Customer Benefit programs do not function as special charge, but are a component of JEA’s cost of service in determination of the Base Rate each year.

Gains realized from coordinated dispatch agreements will be allocated to base revenue, unless otherwise directed by the Board.

Fuel Charge

Structure

The Fuel Charge is designed to recover fuel and energy costs and will be structured with three potential components, the Variable Fuel Rate, the Fuel Stabilization Charge and the Fuel Recovery Charge.

The Variable Fuel Rate will be structured for full recovery of actual energy expenditures including direct fuel expenses, fuel procurement, fuel handling, residual disposal expense, less any proceeds from the sale of residuals, byproduct expenses directly utilized in managing the facilities used to prepare the byproduct for its final disposition, fuel hedging activities including gains and losses on settlement of fuel hedges, purchase power energy charges such as fuel, and renewable energy that is not considered generation available for JEA’s current capacity plans. This charge can be adjusted up or down based upon energy costs. The Fuel Charge structure shall also include a charge for Fuel Stabilization to fund

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potential negative variances between projected and actual energy costs, when projections at the time of the rate setting indicate this fund balance will be below the target balance during the rate period. A Fuel Recovery Charge may also be included as part of the Fuel Charge if needed to recover a cumulative fuel fund deficit over a set number of years.

Pricing

The Fuel Charge will be set annually during the budget process to be effective October 1 of the upcoming fiscal year. The Charge is based on the forward twelve-month energy cost projection and will be structured to fully recover all expected fuel-related costs and any amounts for Fuel Stabilization Fund, discussed below, over the coming fiscal year. Provided the actual plus forecasted energy costs remain within 10% of projected energy cost, any variance will be “trued-up” annually and recovered in the subsequent twelve month period. Should actual plus forecasted energy costs exceed the 10% range of projected energy costs during the twelve month period, rates may be adjusted to reflect current market conditions. For example, a Variable Fuel Rate charge of \$50.00/1,000 kWh may be adjusted when the twelve month projection for total energy cost is less than \$45.00/1,000 kWh or greater than \$55.00/1,000 kWh. Absent a rate change, Fuel Charges collected in excess of fuel expenses are deposited in the Fuel Stabilization Fund, and under collected amounts are funded through Fuel Stabilization Fund withdrawals until rates can be adjusted.

The Fuel Charge may include an amount for a Fuel Stabilization Charge to fund potential short-term negative variances between projected and actual energy costs. The target balance in the Fuel Stabilization Fund is equal to 15% of the greater of (i) the maximum fiscal year fuel cost in the preceding five fiscal years or (ii) the projected fiscal year fuel cost. Should the Fuel Stabilization Fund balance reach the 15% level at any point during the twelve month variable fuel rate cycle, the CEO, CFO, CCO, and staff will evaluate the Fuel Stabilization Fund balance, projection through year-end, and current market prices and volatility, and will recommend to the Board to either continue funding with no change, credit customers with the overfunded amount, or modify the Fuel Charge. Absent any specific change, the Fuel Charge will continue to be collected until the end of the cycle. An objective of the Fuel Stabilization Charge is to establish the most transparent mechanism to communicate the amount of the Fuel Charge which is being collected to fund the Fuel Stabilization Fund, and thus should be utilized in the communication with stakeholders. Allowable uses of the Fuel Stabilization Fund shall include cash deposits supporting any fuel fund deficits, energy risk management activities, and inter-fund loans.

The Fuel Charge may also include a Fuel Recovery Charge to recover any cumulative fuel fund deficit. Allowable uses shall include debt reduction, repayment of inter-fund loans, new inter-fund loans, and fund activities employed during the time the fuel deficit accumulated that were used to fund the deficit.

Each month management shall report the total fuel revenues, expenses and the resulting surplus or deficit. All authorized fuel related costs shall be recovered through the Fuel Charge, and funds collected in excess of authorized fuel related expenses (including Fuel Stabilization Fund deposits, when required) shall be used to fund future expenses or be refunded to customers.

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Environmental Charge

Structure

The Environmental Charge is applied to all kWh consumption and structured to provide funding for major specific environmental and regulatory program needs.

Pricing

The Environmental Charge is designed to recover from customers ~~all~~ costs of environmental remediation, environmental projects and compliance with new and existing environmental regulations, excluding the amount already collected in the Environmental Liability Reserve. Applicable use of funds is described in the "Stabilization Funds" section.

Annually the Board will review and approve the operating, maintenance and capital costs of projects to be included in determining the Environmental Charge for that year. For capital projects funded from sources other than the environmental charge revenues, the Board will determine an appropriate method including recovery period for including these costs in the determination of the Environmental Charge. The revenues collected will be used to reimburse the fund that provided the original funding. Methods used for recovery can include amortization over a relatively short period of time, depreciation expense and related carrying charge of the related asset or other reasonable methods.

Any revenues collected in excess of costs in any period will be used to fund operating and capital costs of approved projects in the future.

The amounts collected from the Environmental Charge will be accounted for in the Electric System Environmental Stabilization Fund. Amounts collected for future environmental capital projects are transferred from the Electric System Environmental Rate Stabilization Fund to the Environmental Capital Fund.

VI. Water and Sewer System

Revenue requirements and rate design for the Water and Sewer System shall be constructed in two major categories: Base Rate and Environmental Charge.

Base Rate

Structure

Revenue and rate design for the Water and Sewer System shall be constructed in two major categories: monthly charges and initial charges, including capacity and main extension fees. Standard monthly charges will include two primary components: A fixed monthly charge and volume charges based on customer usage. The fixed charge is billed as a "Basic Monthly Charge" and the volume charges are billed as "Water Consumption Charges" and "Sewer Usage Charges".

Revenue requirements and rates will be set using depreciation expense as the capital recovery estimate but must also ensure the financial integrity of the Water and Sewer System by achieving the following objectives:

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- A minimum annual total debt service coverage ratio of 1.8x, with a long-term goal of consistently achieving a minimum annual total debt service coverage ratio of 2.0x
- A minimum of 100 days of liquidity
- A long-term objective of a maximum debt to asset ratio of 50%
- Maintain stabilization funds in the “Stabilization Funds” section

Pricing

The Base Rate will recover expenditures necessary to operate and maintain the system, depreciation expense, capital required to maintain the system, the necessary contribution to the City, any special charges for programs adopted by JEA and approved by the Board, and additional revenues required to maintain the financial integrity of the System.

Staff will review with the Board of Directors the Base revenue and capital funding plans during both the annual budget cycle and the discussion of the Five Year Projection (as outlined in the “Five Year Projection” section). Recurring capital not recovered via the Environmental Charge will be recovered from revenues each year. Non-recurring or unanticipated (i.e., storm damage or major equipment failure) costs will be evaluated by management to determine the best source of capital funding. This can include absorbing the cost in the current year budget or the inclusion of cost in future rates over a period of time with funding of the cost from debt or reserves. Authorization from the Board to recover non-recurring capital over a future period of time may constitute an asset on JEA’s balance sheet. The annual principal repayment requirements and contributions to the Renewal and Replacement Fund will be added to the non-capacity capital expenditure amount with the amount in excess of the annual depreciation expense included as an additional cost in setting rates. Capacity fee revenue will be used as an additional source of revenue in determining annual revenue requirements.

Capacity fees to recover water, sewer and reclaimed water treatment facilities investment are established to recover 100% of the cost, including materials, of performing these services. These fees will be reviewed and if necessary, adjusted at least every three years. Capacity fees to recover the cost of off-site water and sewer line extensions shall be established to recover:

- 75% master plan main extension attributed to general system growth, assessed on a per connection basis; and
- 100% main extension attributed to specific development, assessed to the developer in accordance with JEA’s development policy.

On-site line extensions have been and will remain the financial responsibility of the developer, builder, homeowner or business and shall be contributed to JEA at no charge to own, operate and maintain.

Tap and meter fees will be established to recover 100% of the cost, including materials, of performing tap and meter services. These fees will be reviewed and, if necessary, adjusted at least every three years.

Staff will review with the Board of Directors the revenue and capital funding plans during both the annual budget cycle and the Five Year Projection/Rating Agency cycle.

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Environmental Charge

Structure

The Environmental Charge is applied to all kgal sales and structured to provide funding for major specific environmental and regulatory program needs.

Pricing

The Environmental Charge is designed to recover from customers ~~all~~ costs of environmental remediation, [environmental projects](#) and compliance with new and existing environmental regulations. Applicable use of funds is described in the “Stabilization Funds” section.

Annually the Board will review and approve the operating, maintenance and capital costs of projects to be included in determining the Environmental Charge for that year. For capital projects funded from sources other than the environmental charge revenues, the Board will determine an appropriate method including recovery period for including these costs in the determination of the Environmental Charge. The revenues collected will be used to reimburse the fund that provided the original funding. Methods used for recovery can include amortization over a relatively short period of time, depreciation expense and related carrying charge of the related asset or other reasonable methods.

Any revenues collected in excess of costs in any period will be used to fund operating and capital costs of approved projects in the future.

The amounts collected from the Environmental Charge will be accounted for in the Water and Sewer System Environmental Stabilization Fund. Amounts collected for future environmental capital projects are transferred from the Water and Sewer System Environmental Rate Stabilization Fund to the Environmental Capital Fund.

VII. Five Year Projection

Staff will prepare a Five Year Projection annually that will be presented to Board of Directors and Rating Agencies. The Five Year Projection will address the status of the current pricing and forecasted cost-based revenue requirements.

The annual budgeting process will be used to project the cost-based revenue requirements and suggested pricing for the next fiscal year. Thereafter, factors to be considered in the projections include:

- Required revenue and resulting rates
- The forecast of unit sales
- Projected fuel and purchased power costs
- Projected non-fuel purchased power costs
- Projected operating and maintenance costs
- Contribution to the City General Fund
- Renewal and Replacement Deposit
- Amortization of regulatory assets and liabilities including gains and losses on debt refinancing, debt issue costs and other items approved by the Board
- Desired level of operating capital outlay
- Projected depreciation expense

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- Desired debt service coverage, liquidity, and debt to asset levels consistent with a highly rated electric and water and sewer utilities
- Analysis of costs and revenue of any special charges for programs adopted by JEA and approved by the Board

VIII. Stabilization Funds

The Board authorizes the funding and utilization of certain Stabilization Funds within each of the Electric and Water and Sewer Systems. Deposits and withdrawals will be made into each of the funds as specifically described below, and are governed by both this Pricing Policy and JEA's Bond Resolutions. The Stabilization Funds described below have a specific funding source which is approved by the Board, and uses of funds which are also approved by the Board. Any excess amounts remaining after the funding target is met and expenses are paid are refunded back to customers.

Fuel Stabilization Fund

Target Balance

The target balance in the Fuel Stabilization Fund is equal to 15% of the greater of (i) the maximum fiscal year fuel cost in the preceding five fiscal years or (ii) the projected fiscal year fuel cost.

Funding and Authorization

The Fuel Charge for each Fiscal Year is established to include the projected fuel-related expenditures for the upcoming fiscal year as well as deposits required into the Fuel Stabilization Fund to maintain the target balance in the Fund. These projections, including any Fuel Stabilization Fund projected deposit amounts, are approved by the Board in connection with the approval of the annual Budget. Deposits to the Fuel Stabilization Fund during the fiscal year are made for amounts representing the excess of the variable rate fuel revenues (not including the fuel stabilization revenues) recorded for the fiscal year over the amount of actual fuel and purchased power expense for the fiscal year.

Allowable Uses

Withdrawals from the Fuel Stabilization Fund for fuel stabilization are limited to the following purposes:

- a) to reduce the variable fuel rate charge to the customers for a determined period of time
- b) to reduce the excess of the actual fuel and purchased power expense for the fiscal year over the variable fuel rate revenues
- c) to pay for the costs associated with any energy risk management activities and/or
- d) to be rebated back to the customers as a credit against the electric bill

The balance in the Fuel Stabilization Fund may also be borrowed by the Electric System operating fund through an interfund loan, which requires the approval of the CFO and the CEO with the amounts required to be repaid within a reasonable period of time.

Excess Funds

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Funds collected in excess of authorized fuel related expenses (including Fuel Stabilization Fund deposits, when required) shall be used to fund future expenses or be refunded to customers.

Customer Benefit Stabilization Fund

Funding and Authorization

Deposits to the Customer Benefit Stabilization Fund are made for amounts representing the Residential Conservation Charge to the customer (\$0.01 per kWh over 2,750 kWh) and the Customer Benefit Revenue Allocation (up to \$0.50 per 1,000 kWh) during the course of the fiscal year. The Residential Conservation Charge revenues are direct collections from customers based on sales. The Customer Benefit Revenue Allocation is approved by the Board in connection with the annual Budget process.

Allowable Uses

Withdrawals from the Customer Benefit Stabilization Fund are limited to amounts representing charges to the applicable "Customer Benefit" expense types, which represent Customer Benefit programs approved annually by the Board. Amounts withdrawn from the Customer Benefit Stabilization Fund will first be funded by the Residential Conservation Charge (\$0.01 per kWh over 2,750 kWh) and the remaining funded by the Customer Benefit Revenue Allocation (up to \$0.50 per 1,000 kWh). Any costs not recovered in the current year will be collected in future years through the Residential Conservation Charge and the Customer Benefit Revenue Allocation.

Excess Funds

Funds collected in excess of the approved Customer Benefit programs shall be used to fund future program expenses or be refunded to customers.

Electric System Environmental Stabilization Fund

Funding and Authorization

Deposits to the Electric System Environmental Stabilization Fund are made for amounts collected from the Environmental Charge to the customer. The Environmental Charge will be set each year to recover the costs of approved projects. Any shortfalls will be included as a cost in determining the Environmental Charge.

Allowable Uses

Withdrawals from the Electric System Environmental Stabilization Fund are limited to potential environmental expenditures approved by the Board, and may include [regulatory](#) initiatives such as the cost of acquisition of renewable energy capacity. [Costs directly required to operate and maintain the environmentally driven or regulatory required assets can also be funded from this revenue source.](#)

Excess Funds

Funds collected in excess shall be used to fund future environmental expenses or be refunded to customers.

Water and Sewer System Environmental Stabilization Fund

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Funding and Authorization

Deposits to the Water and Sewer System Environmental Stabilization Fund are made for amounts collected from the Environmental Charge to the customer. The Environmental Charge will be set each year to recover the costs of approved projects. Any shortfalls will be included as a cost in determining the Environmental Charge.

Allowable Uses

Withdrawals from the Water and Sewer System Environmental Stabilization Fund are limited to major environmental and regulatory program needs. Capital costs include those costs associated with specific environmental or regulatory requirements. Costs directly required to operate and maintain the environmentally driven or regulatory required assets can also be funded from this revenue source. The Environmental Charge revenue may also be used for JEA's cost participation with the City of Jacksonville septic tank phase-out program, including a waiver of sewer and main extension fees, or for well mitigation. Additionally, the Environmental Charge revenue may be used for Customer Benefit programs supporting the Consumptive Use Permit objective to reduce JEA's demand on the Florida Aquifer.

Excess Funds

Funds collected in excess shall be used to fund future environmental expenses or be refunded to customers.

~~Debt Management Strategy Stabilization Fund~~

~~Funding and Authorization~~

~~The Board will approve a Debt Management Policy and use of related stabilization funds. Deposits to the Debt Management Strategy Stabilization Fund will be for amounts associated with any debt management strategy objectives. The Board as part of the budget review process will determine and approve the amounts included in rates that are to be deposited into the Debt Management Strategy Stabilization Fund for the year. The Board may, periodically throughout the year, determine and approve changes to these amounts. The amounts included in rates and deposited into the stabilization fund are intended to offset future costs.~~

~~Allowable Uses~~

~~Withdrawals from the Debt Management Strategy Stabilization Fund for debt management strategy can be made for expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget. Any amounts withdrawn for these costs will subsequently be presented for approval by the Board.~~

~~Excess Funds~~

~~Amounts deposited into the Debt Management Strategy Stabilization Fund for debt management strategy in excess of the target amount set forth in the Debt Management Policy in both the Electric and Water and Sewer Systems may be authorized by the Board to be used to (1) maintain the financial integrity of the~~

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~~Systems, (2) fund future debt related expenses including early debt retirement or defeasance, or (3) be refunded to customers.~~

Non-Fuel Purchased Power (NFPP) Stabilization Fund

Target Balance

Initially, the total projected principal payments incurred by MEAG for the Vogtle Units 3 and 4 Purchased Power Agreement prior to the operating date of each unit.

Funding and Authorization

Deposits to the NFPP Stabilization Fund are for amounts associated with any non-fuel purchased power. The Board will determine as part of the Budget approval process or periodically throughout the year the amount to include in rates that will be deposited into the NFPP Stabilization Fund.

Allowable Uses

Withdrawals from the NFPP Stabilization Fund are to reimburse non-fuel purchased power expenses associated with Plant.

Excess Funds

Funds collected in excess shall be used to fund future non-fuel purchased power expenses or be refunded to customers.

Health Self-Insurance Reserve

Target Balance

The target size of this reserve is based on regulatory requirements, market conditions and risk management experience, along with input from the Department of Insurance, the regulatory body responsible for oversight of all self-insurance health and medical plans.

The objective is to maintain appropriate reserves and to ensure the long-term viability of the organization and the sustainability of the self-insurance health programs. Rule 69O-149.053, Florida Administrative Code requires that JEA maintain a minimum surplus reserve of 60 days over and above the amount needed for the Plan's claim liability to cover costs associated with unexpected claims.

Funding and Authorization

JEA has established, from operating revenues, an internally designated "Health Self-Insurance Fund" to cover reserve requirements for its self-insurance health program. Reserve requirements will be reviewed and approved by the Board annually. The Board, as part of the Budget approval process, will approve amounts to be collected in rates that include both the current anticipated cost less amounts approved to be contributed by employees as well as amounts to maintain an adequate reserve for future costs.

Allowable Uses:

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The amounts approved for recovery from the employees will be used to reduce the annual cost. Any costs in excess of revenues collected will be included in rates at the direction of the Board in a future period.

Excess Funds

Any amount over the required reserve requirement will be used to reduce future costs included in rates or will be refunded to the employee through premium holidays as approved by the Board.

IX. Policy Exceptions

Any pricing activity determined to be in conflict with this Policy will be brought to the Board of Directors for review and approval prior to adoption, and resulting metrics will be reported on an annual basis within the Five Year Projection.

X. Effective Date

This Pricing Policy became effective October 1, 2005 (originally called "Pricing Philosophy"). This revision will become effective on the date on which it is adopted by the full Board effective ~~January~~[October](#) 1, 2019.



INTER-OFFICE MEMORANDUM

June 9, 2020

SUBJECT: **CORPORATE HEADQUARTERS UPDATE**

FROM: Paul McElroy, Interim Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

JEA has been planning for a new corporate headquarters (HQ) 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 and the lease was executed on July 9, 2019 after approval of the site purchase and sale agreement between Ryan and the City of Jacksonville. Recent reviews by the JEA Board and its newly formed Corporate Headquarters Committee resulted in approved changes to the scope of the HQ project including reducing two floors from the main building and the parking garage.

DISCUSSION:

JEA staff and consultants worked with Ryan Companies to finalize a lease amendment in accordance with Board resolution 2020-05. A lease amendment summary is included in this package with updates reflected since the May 21, 2020 Special Board meeting shown in blue text. Additionally, the maximum indebtedness of the lease agreement with Ryan has been adjusted to reflect the net increase from scope reductions and the additional five years rental term approved by the Board (from 15 to 20 years). The net increase was not noted to the Board on May 21 as an impact of the increased lease term and approval is being sought to increase the maximum indebtedness contained in the original lease.

Ryan Companies' revised package to the City's Downtown Development Review Board (DDRB) for review of scope and design changes approved by the JEA Board at its May 21 meeting was approved by DDRB on June 12. Ryan has delayed closing on the land to allow for the JEA Board to review the maximum indebtedness and plans to close on the land with the City on June 24 or 25.

FINANCIAL IMPACT:

The project scope reductions resulted in a more economical project cost and corresponding rental reduction when analyzed on the initial lease term of 15 years. The approval of the additional five year term on the lease resulted in an overall increase in maximum indebtedness to \$194 M. The original indebtedness in the lease was \$160.5M.

Original Max Indebtedness	160.5 M
Less reductions: 42,000 SF and parking	- 27.0 M
Plus: Additional 5 years lease term	+ 50.5 M
Plus: Additional contingency	+ 10.0 M
Revised Max Indebtedness	194.0 M

The change in scope provided savings over the January 2020 program to allow for development of a separate hardened facility. Overall changes include \$14-15M for hardened facility (HQ2), additional five years rental term, and TI refurbishment allowance in the 16th year.

RECOMMENDATION:

That the Board of Directors approve Resolution 2020-05 A-1 providing an increase in maximum indebtedness to reflect the changes to the lease including the additional five years in the lease term.

Paul E. McElroy, Interim Managing Director/CEO

PEM/NKV

Resolution 2020-05 A1

A RESOLUTION AUTHORIZING A SECOND AMENDMENT TO THE LEASE AGREEMENT BETWEEN RYAN COMPANIES US, INC. AND JEA; AUTHORIZING THE INTERIM CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR, OR HIS DESIGNEE, TO NEGOTIATE AND FINALIZE A SECOND AMENDMENT AND ANY AND ALL OTHER NECESSARY DOCUMENTS IN CONNECTION WITH A SECOND AMENDMENT TO THE LEASE AGREEMENT; AUTHORIZING THE CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR TO MAKE CERTAIN CHANGES TO A SECOND AMENDMENT TO THE LEASE AGREEMENT; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, JEA and Ryan Companies U.S., Inc. (“Ryan Companies”) entered into that certain Lease dated as of July 11, 2019 for the demise of certain property located in Duval County, Florida (“Lease”) for the new JEA headquarters building; and

WHEREAS, JEA and Ryan Companies entered into that certain First Amendment to Lease dated as of September 27, 2019 to extend the deadline for the delivery of the Notice to Proceed pursuant to Section 27.13 of the Lease; and

WHEREAS, in connection with the redesign the new JEA headquarters building, JEA and Ryan Companies desire to enter into a Second Amendment to the Lease to address the adjustment in the size of the building and update the Lease with respect to items which have arisen after the Lease signing; and

WHEREAS, the JEA Charter, Section 21.10, provides that the JEA Board may delegate the authority to an officer, agent or employee of JEA by resolution to execute documents.

BE IT RESOLVED by the JEA Board of Directors that:

1. The Board hereby authorizes the Interim Chief Executive Officer and Managing Director to negotiate and finalize a Second Amendment that incorporates all of the material terms and provisions as summarized on the attached Summary of Second

Amendment to Lease for New Headquarters Building (“Summary”), attached hereto and incorporated herein, as **Exhibit A**.¹

2. The Board authorizes the Interim Chief Executive Officer and Managing Director or his designee to execute a Second Amendment that is in accordance with paragraph one herein, and any and all documents in connection with the Second Amendment, which includes an extension of time of the initial term from 15 years to 20 years and will result in an increase in the current maximum indebtedness to include the additional five years of lease payments.
3. The Board authorizes the Interim Chief Executive Officer and Managing Director, in consultation with the JEA Board Chair, and the Office of General Counsel, to negotiate with Ryan Companies and enter into certain other changes that are not detailed in this Resolution or the attached Summary, that will provide overall cost reductions and will not exceed the current maximum indebtedness under the Lease.
4. This Resolution shall be effective immediately upon its adoption.

Dated this ____ day of June, 2020.

JEA

By: _____
John D. Baker, II, Chair

Attest:

Marty Lanahan, Secretary

Approved as to form:

Jody L. Brooks, Chief Legal Counsel

¹ The Original Exhibit A attached and approved by the Board on May 21, 2020 is hereby replaced in its entirety by the attached Exhibit A to this Resolution 2020-05 A1.

Exhibit A to JEA Resolution 2020-05 A1

**UPDATED SUMMARY OF SECOND AMENDMENT TO LEASE
FOR NEW HEADQUARTERS BUILDING**

Based upon direction provided by the JEA Board of Directors on May 21, 2020 in a special board meeting, the following incorporates a summary of the lease amendment. The Second Amendment to the Lease (the "Amendment") incorporates items that have arisen after the initial Lease signing including adjustment in the size of the building, garage and modified terms. The following is a summary of the material provisions of the Amendment:

1. **Building/Parking Garage Size Adjustment** -- The Amendment sets forth the approximate final rentable square footage of the Building of 153,000 square feet and the approximate number of parking spaces required in the Parking Garage of 642. The modified scope reflects reduction of two floors of the building and two floors in the parking garage.
2. **Tenant Improvement Allowance** -- In lieu of funding the Tenant Improvement Allowance in cash and immediately incurring interest charges on the entire amount, the Amendment provides for JEA to enter into a tri-party agreement (Disbursing Agreement) with the Landlord and lender in order to allow the direct funding of the tenant improvement allowance as needed so that interest charges on funded money will be reduced. The amendment will require the Tenant Improvement Allowance to be guaranteed by the Landlord's parent company and provide JEA with additional remedies if Landlord fails to fund it, such as JEA funding the allowance and offsetting it against 50% of Annual Rental or receiving a reduction in rent.
3. **Lease Milestones** -- A new schedule of milestones and deadlines under the Lease is adopted and set forth on an exhibit to the Amendment. The new schedule reflects the initial project delay due to the redesign of the Building but maintains the original durations thereafter.
4. **Pro Forma Budget** -- The Amendment adopts a new budget for the Building to recognize the cost savings arising from the change in scope of the project.
5. **Tenant Improvement Contractor** -- As has been envisioned early in discussions regarding the project, the Amendment appoints the Landlord as the Tenant Improvement Contractor with the goal of providing efficiencies and improved construction coordination in connection with the Building shell and Tenant Improvements construction.
6. **Initial Term, Maximum Indebtedness** -- In light of the changes to the scope of the project, the Landlord requested that the initial Lease term of 15 years be extended for an additional five year period, for a total initial term of 20 years. The decision was made by the JEA board to extend the initial term to 20 years, with annual rent increases going from 2.5% during the first 15 years to 1.25% during years 16 through 20. Additionally,

the annual rent increase during the optional Renewal Terms is reduced from 2.5% to 2.25%. Although the scale of the project has been reduced, the extension of the initial term from 15 to 20 years results in the need for the Amendment to increase the maximum indebtedness of JEA under the Lease.

7. **Garage Tenant Improvements** – In part due to additional enclosed and retail space in the Parking Garage, the Amendment acknowledges that the tenant improvements for the Parking Garage will be addressed separately and not be governed by the Tenant Improvement provisions contained in the Lease. The Amendment adopts a Development Responsibility Allocation (DRA) which is specifically for the Parking Garage to delineate the division of responsibility between the Landlord and JEA.
8. **Updated Exhibits** – The Amendment substitutes additional updated exhibits for the Lease to reflect changes to the project. These exhibits include revised Development Responsibility Allocation (DRA) for the Building, Schematic Design, Allowances, the Ryan parent Guaranty, and the Disbursing Agreement. The exhibits are consistent with the approved adjustments to the project and budget.
9. **Right of First Offer (ROFO)** – The Landlord previously provided a notice to JEA which triggered the JEA’s Right of First Offer (ROFO) purchase rights under the Lease. Based upon compelling economic analysis provided by consultants and staff, the decision was made to forego efforts to purchase the Building pursuant to the ROFO. In addition to acknowledging JEA’s rejection of the ROFO, the Amendment gives the Landlord an adjustment of the time for when the third party sale must be consummated due to the delay in timing of the project. However, in no event will such sale occur prior to the completion of the Building.
10. **Miscellaneous** – The Amendment addresses a few housekeeping matters, such as the effect of Covid-19 on project delays, clarification that real estate taxes are included in operating expenses, adjustments to the notice address, and a change of JEA’s designated representative to Paul McElroy. The Covid-19 provision will allow both Landlord and JEA to have Covid-19 related delays be permitted with the parties sharing cost increases arising from Covid-19. Such increases are shared 50/50 if Landlord complies with the buyout schedule attached to the Amendment and 80/20 (Landlord/JEA) if Landlord does not comply with the buyout schedule.
11. **Refurbishment Allowance** – Pursuant to the direction of the Board, JEA will receive a refurbishment allowance not to exceed \$10.00 for each rentable square foot within the Leased Premises. The allowance will be paid during the 16th year of the Lease as reimbursement for refurbishment costs incurred by JEA.
12. **Shared GMP Savings** -- Pursuant to the direction of the Board, in the event that the Total Project Costs are less than the Guaranteed Maximum Price, then Landlord will receive the benefit of forty percent (40%) of the amount by which the Total Project Costs are less than the Guaranteed Maximum Price, not to exceed \$500,000.00.

13. **Assignment and Guaranty** -- JEA agrees to allow the assignment of the Lease to a separate Ryan entity so long as the Ryan parent company provides a guaranty in the form attached to the Amendment.

14. **Insurance and Condemnation Proceeds** -- Landlord's loan documents give the lender the ability to require the Landlord to meet certain conditions in order to receive insurance and condemnation proceeds. The Amendment requires the Landlord to satisfy these conditions so the proceeds can be used to repair the Building. Nevertheless, the Amendment makes clear that Landlord's repair obligations under the Lease are not dependent upon receipt of these proceeds.

The Second Amendment is expected to be executed by both parties on June 23, 2020 and was negotiated with Ryan Companies and updated in accordance with the Board's direction.

JEA Board Governance and Transparency Committee Charter

Role of the JEA Board Governance Committee

The JEA Board Governance Committee (the “Committee”) is appointed by the Board Chair, and is a special committee of the JEA Board of Directors. The Committee’s primary function is to assist the Board in updating the JEA Board governance documents, primarily the JEA Board Policy Manual and the JEA By-Laws. The Committee shall review and approve relevant agenda items, provide periodic reports and make recommendations to the JEA Board for final approval of the governance documents. The Committee will keep the full JEA Board apprised of its activities.

Membership

The Committee shall consist of at least three Board members, appointed by the Board Chair. The Board Chair shall appoint one of the Committee members as Chairperson.

Meetings

The Committee will meet on an as needed basis. The Committee may invite members of Management and/or others to attend meetings and provide pertinent information, as necessary. Meetings shall be subject to open meetings and public information laws.

Responsibilities

The Committee shall:

- Ensure that the Board Policy Manual and the JEA By-Laws are consistent with the JEA Charter, other provisions of the City of Jacksonville Charter, ordinances, policies and procedures, and current Florida statutes.
- Restructure the JEA Board Policy Manual to facilitate comprehension, cross referencing and transparency.
- Prepare an updated JEA Board Policy Manual to reflect the current JEA mission, values and goals.
- Prepare updated JEA By-Laws that reflect current JEA Board membership and governance procedures.
- Conduct Committee meetings to discuss suggested changes to the JEA governance documents on an as needed basis and in accordance with Sunshine Laws
- Report Committee summaries, actions and recommendations to the full Board