



Committee Members will meet on the 8<sup>th</sup> Floor  
 Other Board Members may join via conference call  
 by dialing 904-665-7100 - No password is needed.

## COMPENSATION COMMITTEE AGENDA

**DATE:** November 8, 2016  
**TIME:** 11:00 – 12:30 PM  
**PLACE:** 21 W. Church Street  
 8<sup>th</sup> Floor

|   | Responsible Person | Action (A)<br>Info (I) | Total Time |
|---|--------------------|------------------------|------------|
| <b>I. OPENING CONSIDERATIONS</b>                | Delores Kesler     |                        |            |
| A. Call to Order                                |                    |                        |            |
| B. Adoption of Agenda                           |                    | A                      |            |
| C. Approval of Minutes – February 10, 2016      | Cheryl Mock        | A                      |            |
| <b>II. NEW BUSINESS</b>                         |                    |                        |            |
| A. Fiscal Year 2016 Pay for Performance Program | Angie Hiers        | A                      | 15 mins.   |
| B. Fiscal Year 2017 Pay for Performance Program | Angie Hiers        | A                      | 15 mins.   |
| C. Fiscal Year 2016 CEO Performance             | Jody Brooks        | A                      | 15 mins.   |
| D. Fiscal Year 2017 CEO Goals                   | Paul McElroy       | A                      | 15 mins.   |
| E. Pension Discussion                           | Paul McElroy       | I                      | 10 mins.   |
| F. Open Discussion                              |                    |                        | 15 mins.   |
| G. Announcements                                |                    |                        |            |
| 1. Schedule Next Meeting as Appropriate         |                    |                        |            |
| H. Adjournment                                  |                    |                        |            |

JEA COMPENSATION COMMITTEE MINUTES  
February 10, 2016

The Compensation Committee of JEA met on Tuesday, February 10, 2016, in the 8<sup>th</sup> Floor Conference Room, JEA Plaza Tower, 21 W. Church Street, Jacksonville, Florida.

**Agenda Item I – Opening Considerations**

- A. Call to Order – Committee Chair Kesler called the meeting to order at 1:00 PM with Members Tom Petway and Kelly Flanagan in attendance. Also present were Paul McElroy, Angie Hiers, Judi Spann and Jody Brooks, Office of General Counsel.
- B. Adoption of Agenda – The Agenda was adopted on motion by Ms. Flanagan and second by Mr. Petway.
- C. Approval of Minutes – The January 5, 2016 minutes were approved on motion by Ms. Flanagan and second by Mr. Petway.

**Agenda Item II – New Business**

- A. FY2016 CEO Scorecard – Mr. McElroy presented an overview of the FY2016 CEO scorecard. The Committee held discussions regarding the CEO scorecard and evaluation process. Mr. McElroy recommended that process discussions be held at the February 16, 2016 Board Meeting. On motion by Mr. Petway and second by Ms. Flanagan, the FY2016 CEO Scorecard was approved in an amended format, removing the percentages and using a points-based system. The scorecard will be presented to the full board for a vote at the February 16, 2016 Board Meeting.
- B. Announcements – The next meeting will be scheduled as needed.
- C. Adjournment – With no further business claiming the attention of this Committee, the meeting was adjourned at 1:40 PM.

APPROVED BY:

\_\_\_\_\_  
Delores Kesler, Committee Chair

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

Submitted by:

\_\_\_\_\_  
Cheryl Mock  
Executive Assistant



Building Community

### AGENDA ITEM SUMMARY

October 31, 2016

|                 |   |
|-----------------|---|
| <b>SUBJECT:</b> | <b>FISCAL YEAR 2016 PAY FOR PERFORMANCE PROGRAM</b> |
|-----------------|---|

|                 |   |   |   |
|-----------------|---|---|---|
| <b>Purpose:</b> | <input type="checkbox"/> Information Only | <input checked="" type="checkbox"/> Action Required | <input type="checkbox"/> Advice/Direction |
|-----------------|---|---|---|

**Issue:** The FY2016 Pay for Performance Program was approved by the Board of Directors at its January 19, 2016 meeting. FY2016 Pay for Performance results are final, pending the external auditors sign-off on JEA's FY2016 financial results.

**Significance:** The JEA Pay for Performance Program was introduced in 1990. JEA's program is modeled to combine both company and individual performance metrics that incent and recognize a highly engaged, high performing workforce.

**Effect:** The entire JEA workforce is eligible to qualify for this program.

**Cost or Benefit:** JEA's program delivers an incentive when goals are achieved and O&M cost savings are realized to pay for the program. This program is designed to incent employees to achieve and exceed established goals, as well as to focus on being "good stewards" of resources, which in turn maximizes value to customers. The FY2016 estimated O&M cost savings was \$22.5M. The earned incentive for FY2016 is currently projected to be \$3.1M or 2.2% of FY2016 salaries.

**Recommended Board action:** JEA achieved a total O&M savings for FY2016 of \$22.5 million, this item is submitted to the Board for consideration of approval of the payout for the FY2016 Pay for Performance Program of 2.2% of total base salaries totaling \$3.1 Million.

**For additional information, contact:** Angelia R. Hiers 665-4747

#### Commitments to Action

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

Submitted by: PEM/ARH/  





## INTER-OFFICE MEMORANDUM

October 31, 2016

**SUBJECT: FISCAL YEAR 2016 PAY FOR PERFORMANCE PROGRAM**

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

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**TO: JEA Board of Directors**

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### **BACKGROUND:**

Pay for Performance Programs were introduced at JEA in 1990. The program has 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. Due to the economic downturn and subsequent austerity measures taken, JEA's performance pay program was suspended in 2007 until 2012 when it was reinstated.

### **DISCUSSION:**

JEA had an excellent performance year in 2016. At the January 2016 Board of Directors meeting, the Board approved a Pay for Performance Program for the 2016 fiscal year, including corporate-wide stretch goals for the company. The following is a review of 2016 performance related to each of these goals.

➤ **Customer Satisfaction**

JEA measures customer satisfaction using the JD Power survey. JEA has continued its company-wide focus on customer satisfaction, which has been a strategic goal since 2012. In 2012, JEA's customer satisfaction scores were among the lowest in the nation, and JEA has consistently had the highest year-over-year improvements in customer satisfaction scores since 2012. During FY2016, JEA ranked highest with business electric service in the south among midsize utilities, receiving the distinction and trophy for the first time in JEA's history. In fact, JEA received the highest business customer satisfaction score in the nation.

The Pay for Performance metric used company-wide for FY2016 is the JD Power residential survey. According to the survey, JEA improved in every single driver of residential customer satisfaction. In fact, JEA's total residential customer satisfaction score improved by 11 points, with a record high score of 703. The market, however, moved more than JEA's score and, as a result, JEA did not achieve its goals to remain in the first quartile and improve by at least one position.

➤ **Safety**

JEA believes that our employees are our greatest asset. We emphasize safety as a part of everything we do. This continued focus on safety has resulted in JEA maintaining an OSHA recordable incident rate (RIR) for FY2016 well below the average for Public Sector Utilities of 6.1 injuries per 100 employees. However, in setting corporate goals for the fiscal year – and most especially in the area of safety – “good” is not good enough. We set a best-in-class safety goal of a 1.2 RIR rate for the fiscal year. JEA achieved a final RIR for FY2016 of 1.82 RIR, which does not meet the corporate safety goal for the fiscal year.

➤ Cost Control

JEA is committed to holding firm on costs as the cornerstone of our ability to provide affordable service to our community. Cost control goals require each and every employee to manage our customers' money wisely, working more effectively and efficiently and using materials prudently. Many costs this year rose outside of our employees' direct control: pension and benefits costs, for example, increased by more \$6 million in FY2016 vs FY2015, and in order to meet aggressive cost targets JEA employees had to identify offsets to those expenses and achieve them within a single fiscal year – no small feat. JEA also experienced two major capital expense areas unanticipated at the beginning of the year: an extensive outage at the Brandy Branch generating facility and a ramp-up of the City of Jacksonville's LED street lights program, requiring further offsets during the year.

In the area of cost control, JEA delivered. We set extremely aggressive targets for the year – costs per unit sold approximately 10% lower than those in FY2012. We kept those targets equal to last year's per-unit actuals achieved in spite of known increases in pension and benefits costs and a capital plan budget more than \$100 million higher than last year's actuals.

JEA also reduced bills to customers during this fiscal year, and refunded \$56 million to customers in the form of a fuel credit. JEA's customers are benefitting from JEA's strategic focus on cost control, and will continue to do so in the future. JEA's cost goals were \$49.44/MWh for non-fuel electric cost, \$3.98/kgal for water cost, and \$7.26/kgal for sewer cost. JEA's FY2016 actual costs were \$48.35/MWh, \$4.08/kgal, and \$7.12/kgal, respectively, exceeding two of the three cost control goals for FY2016.

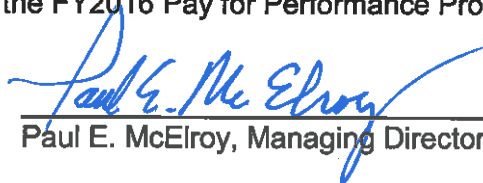
JEA staff worked diligently throughout the year to deliver excellence to our customers and community. The total possible payout to employees under the Pay for Performance Plan authorized by the Board in January 2016 was \$6.7 million, if all metrics were exceeded. Based on the performance described above, the actual payout to employees is \$3.1 million, or 2.2% of the total base salaries as of October 1, 2016. JEA total O&M savings for FY2016 was \$22.5 million.

**RECOMMENDATION:**

JEA achieved a total O&M savings for FY2016 of \$22.5 million, this item is submitted to the Board for consideration of approval of the payout for the FY2016 Pay for Performance Program of 2.2% of total base salaries totaling \$3.1 Million.

*ARA*

PEM/ARH

  
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Paul E. McElroy, Managing Director/CEO

# FY 2016 Performance Program Summary



## Summary of Corporate Performance Factors

### 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 Goal: 1.2 ≥ RIR**

**FY16 Results: 1.82 RIR**

| RIR             |           | Incentive Opportunity |                        |         |         |         |         |
|-----------------|-----------|-----------------------|------------------------|---------|---------|---------|---------|
|                 |           | Non-Appointed         | Appointed / Managerial |         |         |         |         |
|                 |           | All CBU               | Grade E-G              | Grade H | Grade I | Grade J | Grade K |
| RIR > 1.2       | Below     | \$0                   | \$0                    | \$0     | \$0     | \$0     | \$0     |
| 1.2 ≥ RIR > 1.1 | Meets     | \$300                 | \$600                  | \$850   | \$1,000 | \$1,375 | \$1,625 |
| 1.1 ≥ RIR > 1.0 | Exceeds   | \$400                 | \$800                  | \$1,130 | \$1,325 | \$1,830 | \$2,165 |
| .99 ≥ RIR       | Exemplary | \$500                 | \$1,000                | \$1,410 | \$1,700 | \$2,290 | \$2,705 |

### Customer Satisfaction

#### JD Power Residential Electric Industry Customer Satisfaction Survey: Total Industry

FY12 Results: No Metric for Customer Satisfaction

FY13 Results: Top of the Third Quartile

FY14 Results: Top 25% of the Third Quartile

FY15 Results: Bottom 25% of First Quartile

**FY16 Goal: Bottom 25% of First Quartile**

**FY16 Results: Top 25% of the Second Quartile**

| SURVEY RANKING                      |           | Incentive Opportunity |                        |         |         |         |         |
|-------------------------------------|-----------|-----------------------|------------------------|---------|---------|---------|---------|
|                                     |           | Non-Appointed         | Appointed / Managerial |         |         |         |         |
|                                     |           | All CBU               | Grade E-G              | Grade H | Grade I | Grade J | Grade K |
| Top 25% of second quartile          | Below     | \$0                   | \$0                    | \$0     | \$0     | \$0     | \$0     |
| Bottom 25% of first quartile > 2015 | Meets     | \$300                 | \$600                  | \$850   | \$1,000 | \$1,375 | \$1,625 |
| Bottom 26% - 49% of first quartile  | Exceeds   | \$400                 | \$800                  | \$1,130 | \$1,325 | \$1,830 | \$2,165 |
| Top 26% - 50% of first quartile     | Exemplary | \$500                 | \$1,000                | \$1,410 | \$1,700 | \$2,290 | \$2,705 |

### Cost Control: Electric Mwh

#### Cost per Mwh

FY12 Baseline: \$54.73

FY13 Results: \$53.92

FY14 Results: \$49.81

FY15 Results: \$49.44

**FY16 Goal: \$49.44**

**FY16 Results: \$48.35**

| COST/Mwh                 |           | Incentive Opportunity |                        |         |         |         |         |
|--------------------------|-----------|-----------------------|------------------------|---------|---------|---------|---------|
|                          |           | Non-Appointed         | Appointed / Managerial |         |         |         |         |
|                          |           | All CBU               | Grade E-G              | Grade H | Grade I | Grade J | Grade K |
| cost > \$49.44           | Below     | \$0                   | \$0                    | \$0     | \$0     | \$0     | \$0     |
| \$49.44 ≥ cost ≥ \$48.94 | Meets     | \$300                 | \$600                  | \$850   | \$1,000 | \$1,375 | \$1,625 |
| \$48.94 > cost ≥ \$48.44 | Exceeds   | \$400                 | \$800                  | \$1,130 | \$1,325 | \$1,830 | \$2,165 |
| \$48.43 > cost           | Exemplary | \$500                 | \$1,000                | \$1,410 | \$1,700 | \$2,290 | \$2,705 |

**Cost Control: Water Kgal**

**Cost per Kgal**

FY12 Baseline: \$4.47

FY13 Results: \$4.49

FY14 Results: \$4.07

FY15 Results: \$3.98

**FY16 Goal: \$3.98**

**FY16 Results: \$4.08**

| COST/KGL               |           | Incentive Opportunity |                        |         |         |         |         |
|------------------------|-----------|-----------------------|------------------------|---------|---------|---------|---------|
|                        |           | Non-Appointed         | Appointed / Managerial |         |         |         |         |
|                        |           | All CBU               | Grade E-G              | Grade H | Grade I | Grade J | Grade K |
| cost > \$3.98          | Below     | \$0                   | \$0                    | \$0     | \$0     | \$0     | \$0     |
| \$3.98 ≥ cost ≥ \$3.91 | Meets     | \$150                 | \$300                  | \$425   | \$500   | \$690   | \$815   |
| \$3.91 > cost ≥ \$3.84 | Exceeds   | \$200                 | \$400                  | \$565   | \$665   | \$920   | \$1,085 |
| \$3.84 > cost          | Exemplary | \$250                 | \$500                  | \$705   | \$835   | \$1,150 | \$1,355 |

**Cost Control: Wastewater Kgal**

**Cost per Kgal**

FY12 Baseline: \$7.96

FY13 Results: \$7.53

FY14 Results: \$7.34

FY15 Results: \$7.26

**FY16 Goal: \$7.26**

**FY16 Results: \$7.12**

| COST/KGL               |           | Incentive Opportunity |                        |         |         |         |         |
|------------------------|-----------|-----------------------|------------------------|---------|---------|---------|---------|
|                        |           | Non-Appointed         | Appointed / Managerial |         |         |         |         |
|                        |           | All CBU               | Grade E-G              | Grade H | Grade I | Grade J | Grade K |
| cost > \$7.26          | Below     | \$0                   |                        |         |         |         |         |
| \$7.26 ≥ cost ≥ \$7.16 | Meets     | \$150                 | \$300                  | \$425   | \$500   | \$690   | \$815   |
| \$7.16 > cost ≥ \$7.06 | Exceeds   | \$200                 | \$400                  | \$565   | \$665   | \$920   | \$1,085 |
| \$7.06 > cost          | Exemplary | \$250                 | \$500                  | \$705   | \$835   | \$1,150 | \$1,355 |

## Example Overall Payout Opportunity at Meets

### Example of FY 16 Payout: Company Performance<sup>1</sup>

| JEA Actual Payout                                   | All CBU      | Grade E-G      | Grade H        | Grade I        | Grade J        | Grade K        |
|---|--------------|----------------|----------------|----------------|----------------|----------------|
| Safety  | \$0          | \$0            | \$0            | \$0            | \$0            | \$0            |
| Customer Satisfaction                               | \$0          | \$0            | \$0            | \$0            | \$0            | \$0            |
| Cost Control: Electric                              | \$500        | \$1,000        | \$1,410        | \$1,700        | \$2,290        | \$2,705        |
| Cost Control: Water                                 | \$0          | \$0            | \$0            | \$0            | \$0            | \$0            |
| Cost Control: Wasterwater                           | \$200        | \$400          | \$565          | \$665          | \$920          | \$1,085        |
| <b>Total Estimated Payout for Corporate Results</b> | <b>\$700</b> | <b>\$1,400</b> | <b>\$1,975</b> | <b>\$2,365</b> | <b>\$3,210</b> | <b>\$3,790</b> |

<sup>1</sup>Corporate Results for Managerial / Appointed employees comprises 50% of overall incentive opportunity

### Appointed / Managerial:

### Example of FY 16 Appointed / Managerial Individual Performance Opportunity<sup>2</sup>

| Employee Performance | Grade E | Grade F | Grade G | Grade H | Grade I | Grade J | Grade K |
|----------------------|---------|---------|---------|---------|---------|---------|---------|
| Below                | \$0     | \$0     | \$0     | \$0     | \$0     | \$0     | \$0     |
| Meets                | \$1,100 | \$1,600 | \$2,200 | \$3,400 | \$4,000 | \$5,500 | \$6,500 |
| Exceeds              | \$1,155 | \$1,680 | \$2,310 | \$3,570 | \$4,200 | \$5,775 | \$6,825 |
| Exemplary            | \$1,210 | \$1,760 | \$2,420 | \$3,740 | \$4,400 | \$6,050 | \$7,150 |

<sup>2</sup>Individual Performance Results for Appointed / Managerial employees comprises 50% of overall incentive opportunity

## Total Estimated Cost for FY 2016 Pay for Performance Program

### Corporate Results:

|                |          |             |                    |
|----------------|----------|-------------|--------------------|
| SLT:           | No. Emp. | 8           | \$34,205           |
| Appointed:     | No. Emp. | 364         | \$741,331          |
| Non appointed: | No. Emp. | 1577        | \$1,072,204        |
| <b>Total:</b>  |          | <b>1949</b> | <b>\$1,847,740</b> |

### Individual Performance Results:

|               |          |            |                    |
|---------------|----------|------------|--------------------|
| SLT:          | No. Emp. | 8          | \$91,214           |
| Appointed:    | No. Emp. | 364        | \$1,176,533        |
| <b>Total:</b> | No. Emp. | <b>372</b> | <b>\$1,267,747</b> |

### Total FY16 Pay for Performance Payout:

|                |          |             |                    |  |
|----------------|----------|-------------|--------------------|--|
| SLT:           | No. Emp. | 8           | \$125,419          | The total amount represents 2.2% of salaries |
| Appointed:     | No. Emp. | 364         | \$1,917,864        |  |
| Non appointed: | No. Emp. | 1577        | \$1,072,204        |  |
| <b>Total:</b>  | No. Emp. | <b>1949</b> | <b>\$3,115,487</b> |  |

## Total Actual Cost for FY2015 Pay for Performance:

|                |          |             |                    |   |
|----------------|----------|-------------|--------------------|---|
| SLT:           | No. Emp. | 7           | \$159,442          | The total amount represented 3% of salaries |
| Appointed:     | No. Emp. | 373         | \$2,250,223        |   |
| Non appointed: | No. Emp. | 1584        | \$1,789,985        |   |
| <b>Total:</b>  | No. Emp. | <b>1964</b> | <b>\$4,199,650</b> |   |





Building Community

### AGENDA ITEM SUMMARY

October 31, 2016

|                 |   |
|-----------------|---|
| <b>SUBJECT:</b> | <b>FISCAL YEAR 2017 PAY FOR PERFORMANCE PROGRAM</b> |
|-----------------|---|

**Purpose:**     Information Only     Action Required     Advice/Direction

**Issue:** Pay for Performance programs were introduced at JEA in 1990. The original program and successor programs have served to focus employees and managers on key enterprise-wide measures and objectives.

**Significance:** The current Pay for Performance program is supportive of JEA's strategic plan, with focus on Customer Satisfaction, Safety and Costs. The program is one way to engage and energize the entire workforce around JEA's strategic objectives.

**Effect:** The entire JEA workforce is eligible to qualify for the program.

**Cost or Benefit:** This program is designed to incent employees to achieve established goals, as well as to focus on being "good stewards" of resources, which in turn maximizes value to customers. A payout may only occur if the actual corporate savings minus the earned payout equals or exceeds the amount of any payout. If the organization achieves all company and individual goals, the targeted payout is between 3.4% and 5.0% of salaries.

**Recommended Board action:** It is recommended that the Board take action to approve the Pay for Performance Plan: Goals and Compensation for FY2017.

**For additional information, contact:** Angelia R. Hiers, Chief Human Resource Officer, 665-4747

Submitted by: PEM/ARH *ARH*

*ARH*

|  |   |  |   |  |   |
|--|---|--|---|--|---|
| <b>MISSION</b>   |  | <b>VISION</b>  |  | <b>VALUES</b>  |  |
| Energizing our community through high-value energy and water solutions |   | All employees will be engaged and energized to achieve the organization's strategic objectives |   | <ul style="list-style-type: none"> <li>• Safety</li> <li>• Service</li> <li>• Growth</li> <li>• Accountability</li> <li>• Integrity</li> </ul> |   |

**Commitments to Action**

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



## **INTER-OFFICE MEMORANDUM**

October 31, 2016

**SUBJECT: FISCAL YEAR 2017 PAY FOR PERFORMANCE PROGRAM**

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

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**TO: JEA Board of Directors**

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### **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. Since its reinstatement in 2012, following a brief suspension of the program in 2007 due to the economic downturn, the program has continued to incent employees to pursue operational excellence.

As has always been the case at JEA, the program utilizes shared savings to fund the cost of the program. In other words, JEA shares a portion of the savings produced by employees' superior performance, with the employees who produced the savings.

### **DISCUSSION:**

The primary purpose of the pay for performance program is to incent exceptional performance as measured against pre-established goals. These goals will serve to drive both individual and collective focus on important metrics. In FY2017, JEA will continue to focus on the company's strategic initiatives and areas of focus. It is, therefore, recommended that the company continue to focus on five key metrics: Customer Satisfaction (both Residential and Commercial), Safety, and Cost per unit of Electricity delivered (Kwh), Cost per unit of Water delivered (Kgal) and Cost per unit of Wastewater collected (Kgal). 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.

The FY2017 program will again consist of two performance components, 50% company performance for all employees, and for appointed and managerial employees an additional 50% for individual performance. Pre-defined thresholds of performance for both components must be met in order to receive a payout. This type of pay for performance plan is commensurate with the market and the organization's ability to remain competitive with the local market as well as to attract and retain talent.

#### **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 FY17 customer satisfaction goal is to achieve the first quartile nationally in the JDP residential survey.

- The top decile nationally is the goal set for commercial electric customer satisfaction relative to JD Power.

## 2. Safety

- JEA believes that our employees are our greatest asset. We continue to emphasize safety as a part of everything we do. This continued focus on safety has resulted in JEA maintaining an OSHA recordable incident rate (RIR) for the year (FY16) 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 FY17 is to improve to an RIR of 1.4. A significant stretch goal of an RIR less than 1.2 will be considered as a level of "exceeds". The company's Plan for Zero campaign will continue with other campaigns focused on JEA's safety commitment for FY2017.

## 3. Cost Control

- JEA is committed to holding firm on production costs, as well as, product and service delivery costs, for services delivered, 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 (Kwh): Target of Cost ≤\$53.94 meets, ≤\$52.72 exceeds
- Cost per unit of Water delivered (Kgal): Target of Cost ≤\$4.75 meets, ≤\$4.64 exceeds
- Cost per unit of Wastewater (Kgal): Target of Cost ≤\$10.27 meets, ≤\$9.87 exceeds

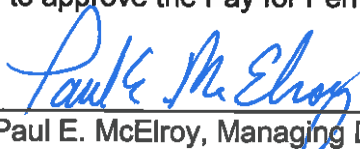
Attached are the recommended targets and commensurate payout levels for the FY17 Customer Satisfaction, Safety and Cost Control metrics. A payout may only occur if the actual corporate savings minus the earned payout equals or exceeds the amount of any payout.

Total Corporate Savings - Performance Payout ≥ Performance Payout.

Payouts will be awarded following an audit of FY17 year end results. If JEA goal thresholds are a "meets" in all five categories and employees' overall performance is "meets", the estimated payout would be approximately \$4,744,248 or 3.4% of base pay. If JEA's company performance is "exceeds" in all five goal categories and employees' overall performance is "meets", the maximum estimated payout would be \$6,906,341 or 5.0% of base pay.

### **RECOMMENDATION:**

It is recommended that the Board take action to approve the Pay for Performance Plan: Goals and Compensation for FY2017.

  
\_\_\_\_\_  
Paul E. McElroy, Managing Director/CEO

PEM/ARH  


# FY 2017 Performance Program Summary



## Summary of Corporate Performance Factors (Draft B)

### 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 Goal: 1.4 RIR

MEETS = 2016 MEETS

EXCEEDS = 2016 EXEMPLARY

| RIR       |               | Incentive Opportunity |                        |         |         |         |         |
|-----------|---------------|-----------------------|------------------------|---------|---------|---------|---------|
|           |               | Non-Appointed         | Appointed / Managerial |         |         |         |         |
|           |               | All CBU               | Grade E-G              | Grade H | Grade I | Grade J | Grade K |
| RIR > 1.4 | Does Not Meet | \$0                   | \$0                    | \$0     | \$0     | \$0     | \$0     |
| RIR < 1.4 | Meets         | \$300                 | \$600                  | \$850   | \$1,000 | \$1,375 | \$1,625 |
| RIR < 1.2 | Exceeds       | \$500                 | \$1,000                | \$1,410 | \$1,700 | \$2,290 | \$2,705 |

### Customer Satisfaction

JD Power Residential Electric Industry Customer Satisfaction Survey: Total Industry

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

FY16 Results: Top 25% of Second Quartile/ Residential Score of 703

### Customer Satisfaction - Residential Electric

FY17 Goal: 1st Quartile Nationally

| SURVEY RANKING   |               | Incentive Opportunity |                        |         |         |         |         |
|--|---------------|-----------------------|------------------------|---------|---------|---------|---------|
|  |               | Non-Appointed         | Appointed / Managerial |         |         |         |         |
|  |               | CS CBUs               | Grade E - G            | Grade H | Grade I | Grade J | Grade K |
|  | Does Not Meet | \$0                   | \$0                    | \$0     | \$0     | \$0     | \$0     |
| 1st Quartile Nationally  | Meets         | \$150                 | \$300                  | \$425   | \$500   | \$690   | \$815   |
| 1st Quartile Nationally & 10 Positions or Better than 2015 Performance | Exceeds       | \$250                 | \$500                  | \$705   | \$835   | \$1,150 | \$1,355 |

### Customer Satisfaction - Commercial Electric

FY17 Goal: Top Decile Nationally

| SURVEY RANKING                      |               | Incentive Opportunity |                        |         |         |         |         |
|-------------------------------------|---------------|-----------------------|------------------------|---------|---------|---------|---------|
|                                     |               | Non-Appointed         | Appointed / Managerial |         |         |         |         |
|                                     |               | CS CBUs               | Grade E - G            | Grade H | Grade I | Grade J | Grade K |
|                                     | Does Not Meet | \$0                   | \$0                    | \$0     | \$0     | \$0     | \$0     |
| Top Decile Nationally               | Meets         | \$150                 | \$300                  | \$425   | \$500   | \$690   | \$815   |
| # 3 Nationally or #1 South Midsized | Exceeds       | \$250                 | \$500                  | \$705   | \$835   | \$1,150 | \$1,355 |

### Cost Control: Electric Mwh

Cost per Mwh

Please see attached cost metrics for prior years

FY17 Goal: ≤ \$53.94

| COST/Mwh       |               | Incentive Opportunity |                        |         |         |         |         |
|----------------|---------------|-----------------------|------------------------|---------|---------|---------|---------|
|                |               | Non-Appointed         | Appointed / Managerial |         |         |         |         |
|                |               | All CBU               | Grade E-G              | Grade H | Grade I | Grade J | Grade K |
| Cost > \$53.94 | Does Not Meet | \$0                   | \$0                    | \$0     | \$0     | \$0     | \$0     |
| Cost ≤ \$53.94 | Meets         | \$300                 | \$600                  | \$850   | \$1,000 | \$1,375 | \$1,625 |
| Cost ≤ \$52.72 | Exceeds       | \$500                 | \$1,000                | \$1,410 | \$1,700 | \$2,290 | \$2,705 |

**Cost Control: Water Kgal**

Cost per Kgal

Please see attached cost metrics for prior years

FY17 Goal: ≤ \$4.75

| COST/KGL      |               | Incentive Opportunity |                        |         |         |         |         |
|---------------|---------------|-----------------------|------------------------|---------|---------|---------|---------|
|               |               | Non-Appointed         | Appointed / Managerial |         |         |         |         |
|               |               | All CBU               | Grade E-G              | Grade H | Grade I | Grade J | Grade K |
| Cost > \$4.75 | Does Not Meet | \$0                   | \$0                    | \$0     | \$0     | \$0     | \$0     |
| Cost < \$4.75 | Meets         | \$150                 | \$300                  | \$425   | \$500   | \$690   | \$815   |
| Cost < \$4.64 | Exceeds       | \$250                 | \$500                  | \$705   | \$835   | \$1,150 | \$1,355 |

**Cost Control: Wastewater Kgal**

Cost per Kgal

Please see attached cost metrics for prior years

FY17 Goal: ≤ \$10.27

| COST/KGL       |               | Incentive Opportunity |                        |         |         |         |         |
|----------------|---------------|-----------------------|------------------------|---------|---------|---------|---------|
|                |               | Non-Appointed         | Appointed / Managerial |         |         |         |         |
|                |               | All CBU               | Grade E-G              | Grade H | Grade I | Grade J | Grade K |
| Cost > \$10.27 | Does Not Meet | \$0                   |                        |         |         |         |         |
| Cost ≤ \$10.27 | Meets         | \$150                 | \$300                  | \$425   | \$500   | \$690   | \$815   |
| Cost ≤ \$9.87  | Exceeds       | \$250                 | \$500                  | \$705   | \$835   | \$1,150 | \$1,355 |

**Example Overall Payout Opportunity at Meets**

**Example of FY 17 Payout: Company Performance Meets**

| JEA Actual Payout                                   | All CBU        | Grade E-G      | Grade H        | Grade I        | Grade J        | Grade K        |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Safety  | \$300          | \$600          | \$850          | \$1,000        | \$1,375        | \$1,825        |
| Customer Satisfaction - Residential Electric        | \$150          | \$300          | \$425          | \$500          | \$690          | \$815          |
| Customer Satisfaction - Commercial Electric         | \$150          | \$300          | \$425          | \$500          | \$690          | \$815          |
| Cost Control: Electric                              | \$300          | \$600          | \$850          | \$1,000        | \$1,375        | \$1,825        |
| Cost Control: Water                                 | \$150          | \$300          | \$425          | \$500          | \$690          | \$815          |
| Cost Control: Wastewater                            | \$150          | \$300          | \$425          | \$500          | \$690          | \$815          |
| <b>Total Estimated Payout for Corporate Results</b> | <b>\$1,200</b> | <b>\$2,400</b> | <b>\$3,400</b> | <b>\$4,000</b> | <b>\$5,510</b> | <b>\$6,510</b> |

**Appointed / Managerial:**

**Example of FY 17 Appointed / Managerial Individual Performance Opportunity<sup>2</sup>**

| Employee Performance | All CBU | Grade E-G | Grade H | Grade I | Grade J | Grade K  |
|----------------------|---------|-----------|---------|---------|---------|----------|
| Does Not Meet        | N/A     | \$0       | \$0     | \$0     | \$0     | \$0      |
| Meets                | N/A     | \$2,400   | \$3,400 | \$4,000 | \$5,510 | \$6,510  |
| Exceeds              | N/A     | \$4,000   | \$5,640 | \$6,740 | \$9,180 | \$10,830 |

<sup>2</sup>Individual Performance Results for Appointed / Managerial employees comprises 50% of overall Incentive opportunity

**Total Estimated Cost for FY 2017 Pay for Performance Program**

**Payout Potential - JEA Goal Thresholds Are Meets & Employee Performance is Meets**

|   | No. Employees | Incentive Pay      |   |
|---|---------------|--------------------|---|
| SLT*  | 8             | \$182,428          | The Total Incentive Pay amount represents 3.4% of salaries. |
| Appointed   | 365           | \$2,711,420        |   |
| Non appointed   | 1542          | \$1,850,400        |   |
| <b>Total Estimated Cost for<br/>FY 2017 Pay for<br/>Performance Program</b> | <b>1915</b>   | <b>\$4,744,248</b> |   |

**Payout Potential - JEA Goal Thresholds Are Exceeds & Employee Performance is Meets**

|   | No. Employees | Incentive Pay      |   |
|---|---------------|--------------------|---|
| SLT*  | 8             | \$200,671          | The Total Incentive Pay amount represents 5.0% of salaries. |
| Appointed   | 365           | \$3,621,670        |   |
| Non appointed   | 1542          | \$3,084,000        |   |
| <b>Total Estimated Cost for<br/>FY 2017 Pay for<br/>Performance Program</b> | <b>1915</b>   | <b>\$6,906,341</b> |   |

\*SLT Pay for Performance is based on the achievement of corporate and individual performance metrics. The payout opportunities are determined as a percent of base salary.

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 (ex. length of service, etc)

**Total Estimated Cost for FY2016 Pay for Performance Program**

|                |          |             |                    |  |
|----------------|----------|-------------|--------------------|--|
| SLT:           | No. Emp. | 8           | \$125,419          | The total amount represents 2.2% of salaries |
| Appointed:     | No. Emp. | 364         | \$1,917,864        |  |
| Non appointed: | No. Emp. | 1577        | \$1,072,204        |  |
| <b>Total:</b>  | No. Emp. | <b>1949</b> | <b>\$3,115,487</b> |  |

Note: two of five metrics achieved

## **Cost Control/Cost Metric Explanation**

JEA is committed to holding firm on costs, recognizing the impact on our valued customers and our ability to keep rates low and stable for our community. Wise expense 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.

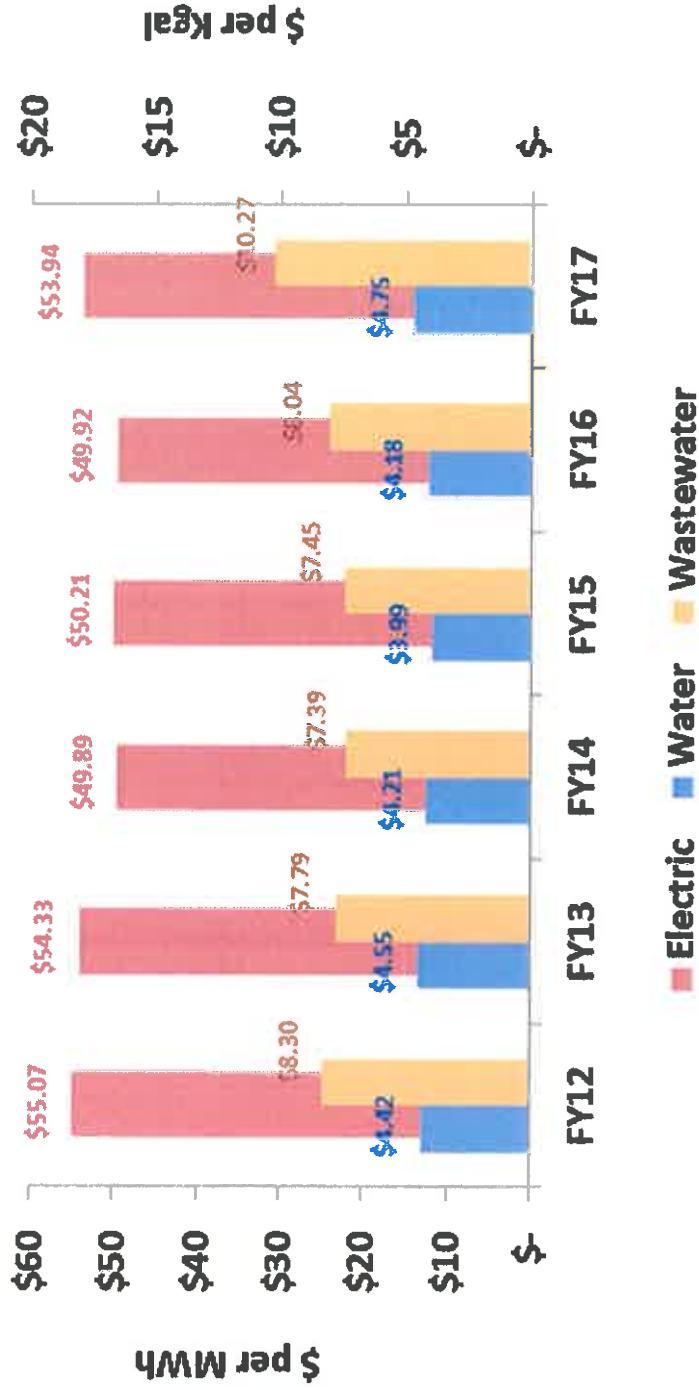
For FY17, staff is modifying the cost metric from prior years to make it simpler and easier to understand and to accommodate the expansion activity in each system. Specifically, the FY17 cost goal will be met if the actual costs are less than target metrics calculated using the following components:

- Flat O&M expenses to FY16, which will be challenging given the increased pension and healthcare costs already included in our budget. In order to be successful in this component, staff will need to identify operating cost offsets elsewhere in the business.
- Projected FY17 debt service expenses, inclusive of proposed debt restructuring
- Projected uncollectible expenses
- Projected capital spend based on the internal target, including capacity expansion projects in both systems. Capital projects will continue to be funded without the issuance of new debt, even though some of these projects provide for new system capacity. This component of the cost metric in particular is calculated differently than the previous years' metrics. Previous cost metrics amortized capital spending on projects that could be qualified for bond funding over 20 years regardless of funding source. For simplicity and transparency, the cost metric will now realize 100% of capital spend for all projects, including capacity expansion, without amortization if projects are funded without the issuance of new debt.
- These expenses are divided by unit sales equal to weather normalized FY16 sales for Electric and FY17 budget for Water and Sewer.

To exceed our goal, an equivalent of an additional \$15 million in cost savings (or increased sales) must be achieved across the components listed above.

## METRICS RESTATED

### Corporate Performance Cost Metrics



#### 2016 - 2017 Major Variances

**Electric** – Higher debt service resulting from the proposed debt restructuring

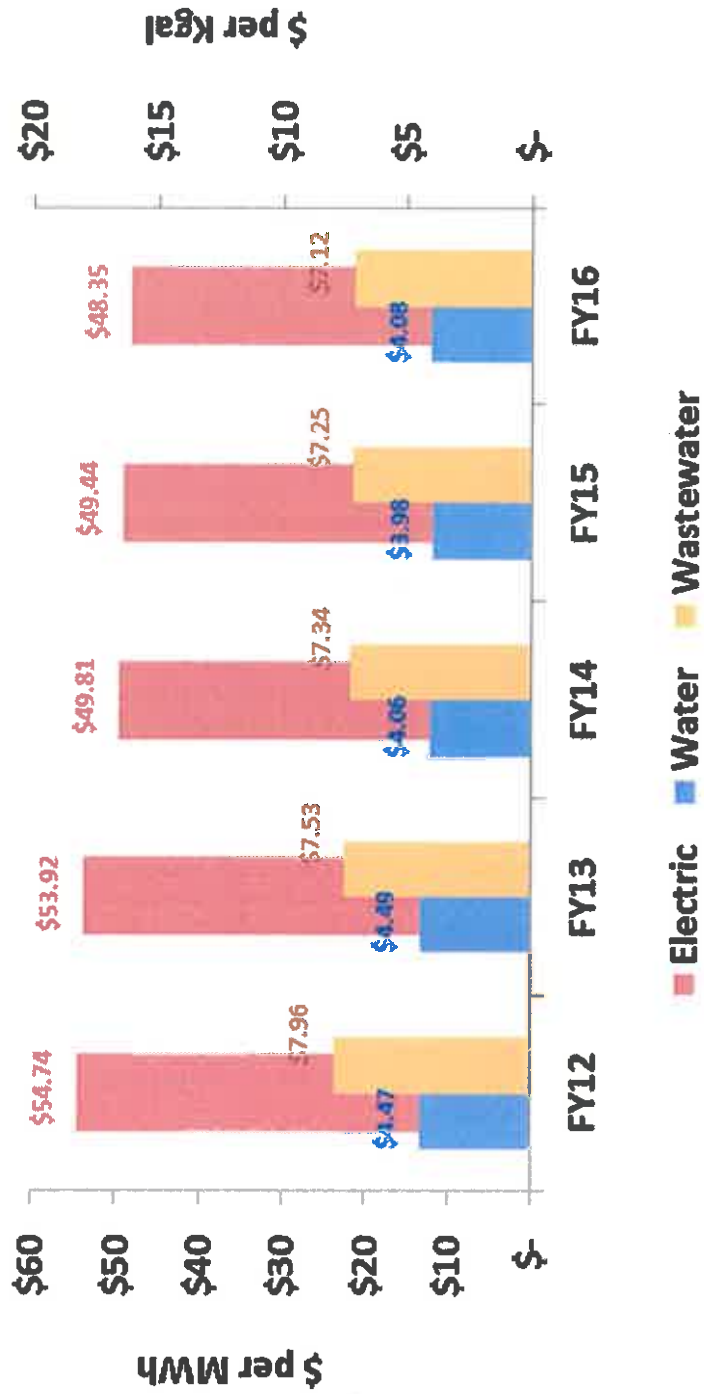
**Wastewater** – Higher scheduled debt service and an increased capital plan

**Water** – Higher scheduled debt service and an increased capital plan

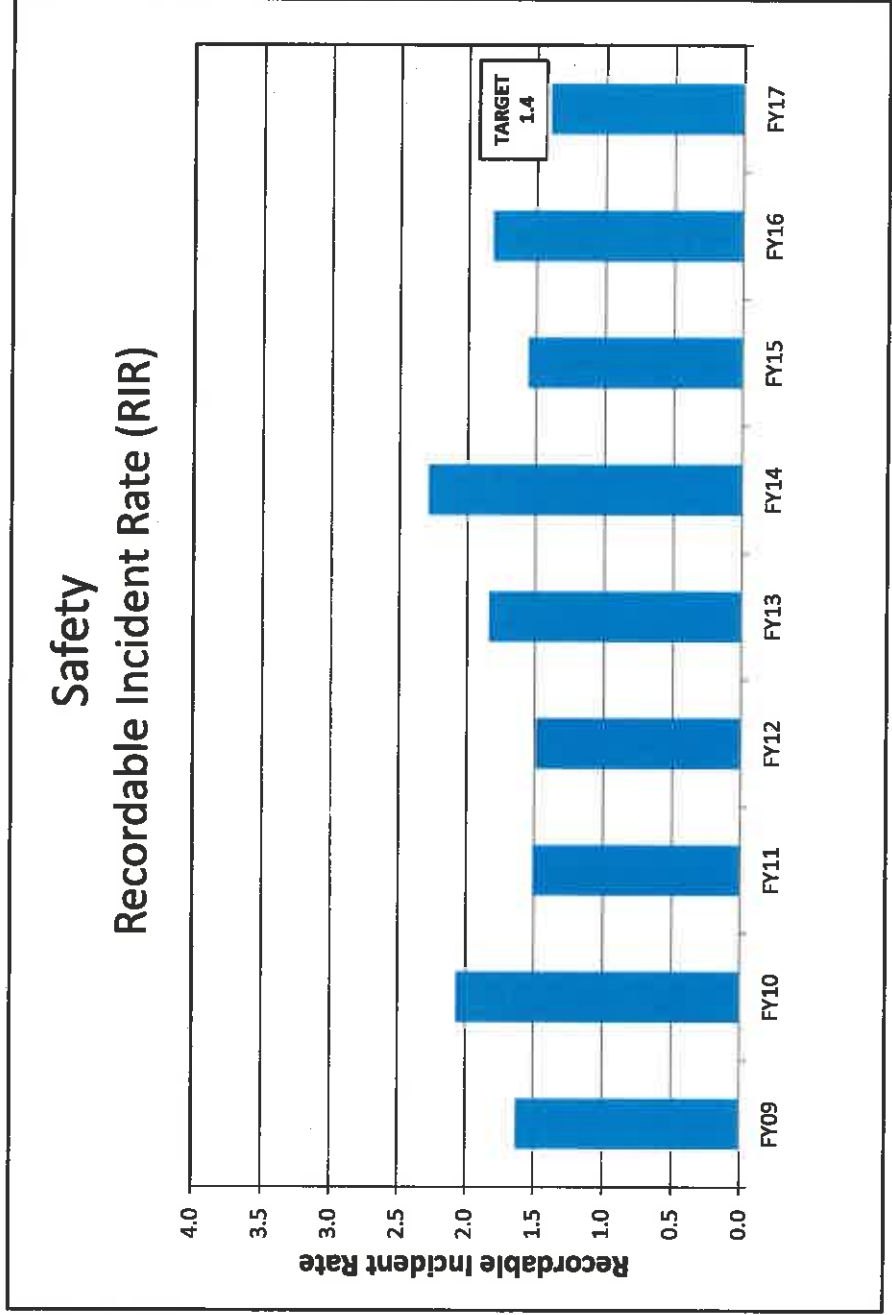


## METRICS AS REPORTED

### Corporate Performance Cost Metrics



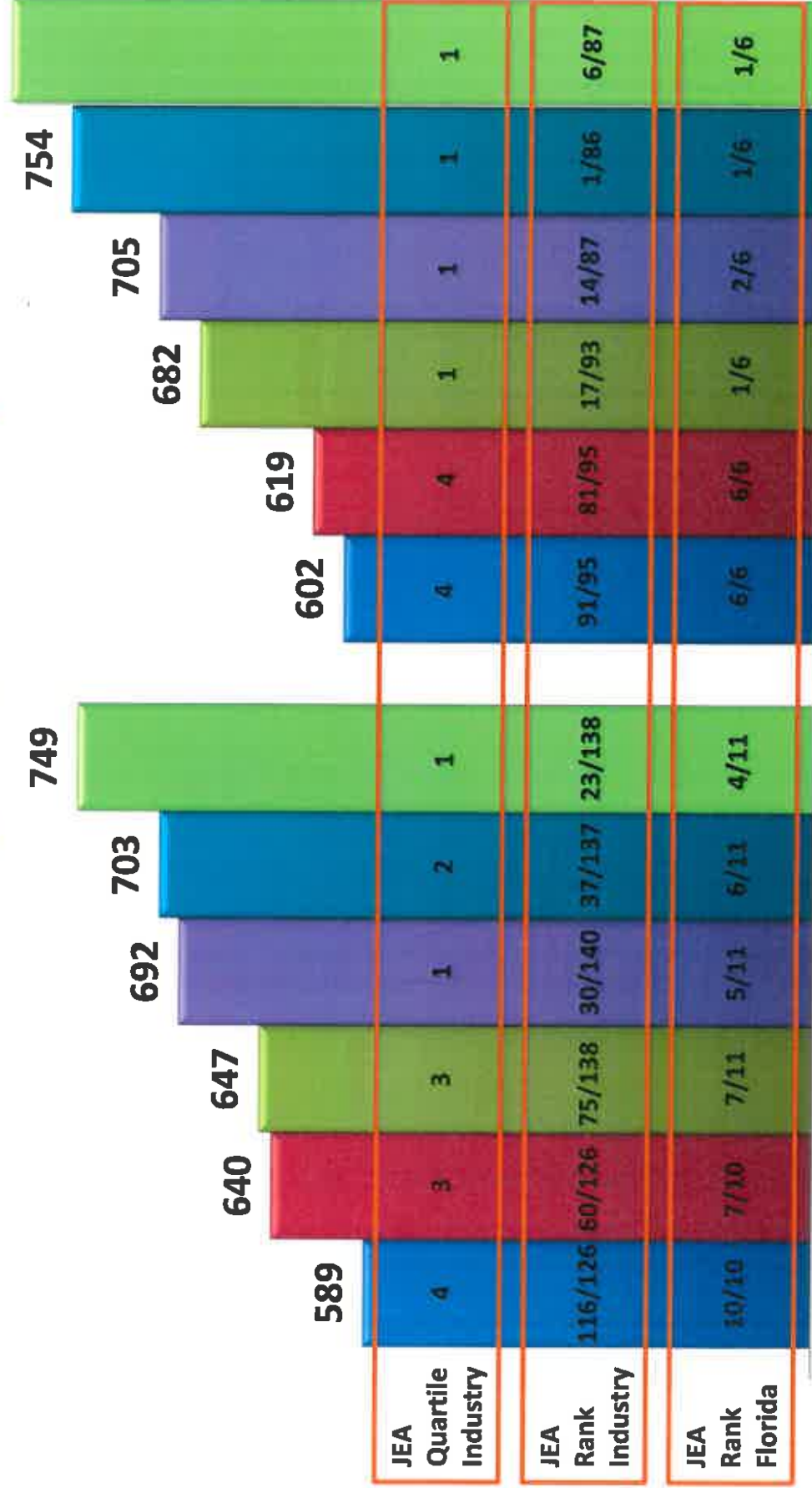
| Units | FY2017 Target | FY2016 | FY2015 | FY2014 | FY2013 | FY2012 |
|-------|---------------|--------|--------|--------|--------|--------|
| RIR   | 1.4           | 1.82   | 1.65   | 2.29   | 1.78   | 1.48   |





# Customer Satisfaction Index Scores

■ 2012 
 ■ 2013 
 ■ 2014 
 ■ 2015 
 ■ 2016 
 ■ 2017\* 
 788



\* Note: 2017 Wave 1 only



Building Community

### AGENDA ITEM SUMMARY

November 3, 2016

**SUBJECT:** FISCAL YEAR 2016 CEO PERFORMANCE

**Purpose:**  Information Only  Action Required  Advice/Direction

**Issue:** At the February 16, 2016 meeting, the Board approved the CEO's FY2016 goals. With Board direction and feedback, a prescriptive CEO scorecard was developed and approved (copy attached). The scorecard includes goals, performance metrics, objectives and results.

**Significance:** Consistent with prior years, the FY2016 CEO goals were primarily focused on executing JEA's strategic plan. In addition to providing leadership for JEA to achieve its mission, strive for its vision and adhere to its values, the CEO continued efforts to foster a cultural shift towards a more flexible organization.

**Effect:** The CEO leads the eighth largest community-owned electric utility in the U.S. and the largest in Florida, as well as the second largest water and sewer system in the State with total assets of \$8.8 billion, operating revenues of \$1.8 billion and 2,200 total JEA/SJRPP employees.

**Cost or Benefit:** By contract, "the CEO is eligible for performance compensation of up to 15% of base pay, which is based on (i) annual goals and objectives established by the Board of Directors, and (ii) an annual overall evaluation by the Board."

**Recommended Board action:** It is requested the Board evaluate and discuss the CEO's performance, provide feedback for improvement and consider appropriate action regarding performance compensation.

**For additional information, contact:** Melissa Charleroy 665-7313

Submitted by: PEM/JLB

|  |  |  |
|--|--|--|
| <b>MISSION</b>   | <b>VISION</b>  | <b>VALUES</b>  |
|  |  |  |
| Energizing our community through high-value energy and water solutions | Energizing our community through high-value energy and water solutions | <ul style="list-style-type: none"> <li>• Safety</li> <li>• Service</li> <li>• Growth<sup>2</sup></li> <li>• Accountability</li> <li>• Integrity</li> </ul> |

#### Commitments to Action

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



**TO:** JEA Board of Directors, Compensation Committee  
**FROM:** Jody Brooks, Chief Legal Officer *JJB*  
**DATE:** October 28, 2016  
**SUBJECT:** FY2016 CEO Scorecard

Pursuant to Section 2.2 of the three year Employment Agreement for Chief Executive Officer/Managing Director, executed on August 21, 2015, which states:

“Employee will be eligible to receive annual Performance Compensation of up to fifteen percent (15%) of his Base Salary based on (i) annual goals and objectives to be established by the Board, and (ii) an annual overall evaluation by the Board. The Board’s annual evaluation shall be based upon each fiscal year’s established goals and objectives. The evaluation period for the annual Performance Compensation shall begin with the fiscal year beginning October 1, 2015. The evaluation shall be completed and any Performance Compensation shall be paid within ninety (90) days of the end of the fiscal year.”

The following documents are for your review and consideration.

- FY2016 CEO Goals as of September 30, 2016 and supporting schedules for net revenue, capital investment plan, reliability and environmental metrics. These goals were accepted and approved by the Board at its December 2015 meeting.
- FY2016 CEO scorecard and self-evaluation which is summarized as follows:

| Objective  | Total Points/<br>Percentage<br>Available | Total Points/<br>Percentage<br>Awarded | Evaluation     |
|--|--|--|----------------|
| Annual Net Revenues                                | 2.14                                     | 2.14                                   | Exceeds        |
| Capital Investment Plan                            | 2.14                                     | 2.14                                   | Exceeds        |
| Reliability and<br>Environmental                   | 2.16                                     | 0                                      | Failed to Meet |
| Customer Satisfaction                              | 2.14                                     | 1.07                                   | Meets          |
| Employee Satisfaction                              | 2.14                                     | 0                                      | Failed to Meet |
| Revenue Stabilization                              | 2.14                                     | 2.14                                   | Exceeds        |
| Key Stakeholder<br>Relationships                   | 2.14                                     | 2.14                                   | Exceeds        |
| Total % Base Salary<br>Performance<br>Compensation | 15%                                      | 9.63%                                  |                |

# JEA

## FY2016 -- CEO Scorecard

**Goal 1:** Exceed budgeted combined annual net revenues (excluding weather contingency), per the “Schedules of Debt Service Coverage”, this is a proxy for EBITDA. **Result:** As the schedule below shows, combined annual net revenues reached \$813.2 million, significantly surpassing the goal of \$708 million. This strong performance resulted from favorable weather conditions, tight expense control, as well as revenue optimization initiatives. **Evaluation: Exceeds Requirements, 2.14 of 2.14**

| <u>FY2016 JEA Net Revenues Goal - Excluding Weather Contingency as of September 30, 2016</u> |                |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ in Millions   | <u>Actual</u>  | <u>Goal</u>    | <u>Budget</u>  | FY2015         | FY2014         | FY2013         |
|  |                |                |                | <u>Actual</u>  | <u>Actual</u>  | <u>Actual</u>  |
| Electric System  | \$496.1        | \$415.6        | \$405.3        | \$461.6        | \$389.6        | \$397.0        |
| Water and Sewer System   | \$313.1        | \$288.7        | \$273.8        | \$278.5        | \$281.7        | \$276.8        |
| District Energy System   | \$3.9          | \$3.7          | \$3.5          | \$3.9          | \$3.9          | \$3.4          |
| <b>Total</b>   | <b>\$813.2</b> | <b>\$708.0</b> | <b>\$682.6</b> | <b>\$744.0</b> | <b>\$675.2</b> | <b>\$677.2</b> |

**Goal 2:** Effectively execute the Capital Investment Plan or Capital Budget. **Result:** As the schedule below shows, capital budget were managed within budget and showed significant increases over the prior two years. **Evaluation: Meets Requirements, 2.14 of 2.14**

| <u>FY2016 JEA Capital Investment Plan/Budget Execution as of September 30, 2016</u> |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| \$ in Millions  | <u>Actual</u>  | <u>Budget</u>  | FY2015         | FY2014         |
|   |                |                | <u>Actual</u>  | <u>Actual</u>  |
| Electric System   | \$150.9        | \$153.2        | \$116.7        | \$86.2         |
| Water and Sewer System  | \$147.4        | \$175.0        | \$100.8        | \$76.9         |
| District Energy System  | \$1.8          | \$3.7          | \$0.9          | \$0.5          |
| <b>Total</b>  | <b>\$300.1</b> | <b>\$331.9</b> | <b>\$218.4</b> | <b>\$163.6</b> |

# JEA

## FY2016 – CEO Scorecard

**Goal 3:** Improve key reliability and environmental metrics for the Electric, Water and Sewer Systems.

**Results:** As the schedule below shows, five of twelve metrics were missed and while on balance, FY2016 results were good, they fell short of the extraordinary performance in FY2015.

**Evaluation:** Failed to Meet Requirements, 0 of 2.16

| <b>FY2016 JEA Reliability and Environmental Metrics Goal as of September 30, 2016</b> |             |             |                    |           |                                    |             |             |                    |           |
|---|-------------|-------------|--------------------|-----------|------------------------------------|-------------|-------------|--------------------|-----------|
| <u>Electric System</u>  | <u>FY15</u> | <u>FY16</u> | <u>Improvement</u> |           | <u>Water and Sewer System</u>      | <u>FY15</u> | <u>FY16</u> | <u>Improvement</u> |           |
|   |             |             | <u>Yes</u>         | <u>No</u> |                                    |             |             | <u>Yes</u>         | <u>No</u> |
| Customer Outage Frequency   | 1.7         | 1.4         | Yes                |           | Unplanned Water Main Outages       | 5,629       | 12,735      |                    | No        |
| Experiencing More than 5 Outages in the Previous Year (CEMI5)                         | 2.1         | 1.4         | Yes                |           | Water Distribution System Pressure | 2.83        | 2.11        | Yes                |           |
| Customer Outage Duration  | 99          | 71          | Yes                |           | Customer Response Time             | 69          | 67          | Yes                |           |
| Transmission Fault Frequency Index  | 1.7         | 0.7         | Yes                |           | Consumptive Use Permits            | 107         | 113         |                    | No        |
| Fleet Forced Outage Rate  | 1.8         | 2.0         |                    | No        | Total Nitrogen Discharge           | 553         | 524         | Yes                |           |
| Reportable Environmental Events   | 2           | 4           |                    | No        | Sanitary Sewer Overflows           | 23          | 32          |                    | No        |

**Goal 4:** Achieve first quartile rankings for Residual and Commercial J.D. Power Customer Satisfaction Ratings.

**Results:** FY2016 residential results fell short of first quartile by several positions, while FY2016 commercial results surpassed expectations ranking first in the nation.

**Evaluation:** Meets Requirements, 1.07 of 2.14

**Goal 5:** Improve employee satisfaction and engagement, as measured by an independent employee survey.

**Results:** FY2016 goal was to increase the percentage of employees rating they are favorably satisfied with their job at JEA. In FY2015 the actual number and FY2016 goal was 74.4%. In FY2016, of 1,938 eligible respondents, 1,086 actual survey respondents, 71.7% rated they were favorably satisfied with their job at JEA.

**Evaluation:** Failed to Meet Requirements, 0 of 2.14

# JEA

## FY2016 -- CEO Scorecard

**Goal 6:** Demonstrate significant progress on the Electric System revenue stabilization plan

**Results:** The primary objective supporting this goal was to have a pilot electric system residential demand rate structure in place by December 31, 2016. Early in the year the demand rate project team injected another major milestone in the project design and development stage: demand rate shadow billing for JEA employees. This will push the first phase pilot out to mid-year 2017, yet accomplish all of the objectives for this part of the project in a more controlled and less risky environment.

Additionally, during the year, and concluded by September 2016, a formal plan was developed to modify the electric tariff, adjusting energy charges based on rate class resulting in project electric system rate stability for five years. Plan will be presented to the Board for consideration at the November 2016 meeting.

**Evaluation: Exceeds Requirements, 2.14 of 2.14**

**Goal 7:** Maintain positive and constructive relationships with all key stakeholders

**Results:** Relationships with all key stakeholders were strengthened in FY2016. Supporting this statement was the completion of the COJ/JEA five year contribution agreement, building good constructive relationships with the Mayor's staff, continuing to develop and strengthen relations with regulators, especially at the state level. Finally, during the year we significantly upgraded the Public Affairs team.

**Evaluation: Exceeds Requirements, 2.14 of 2.14**

## Summary

| Objective                                    | Total Points/Percentage Available | Total Points/Percentage Awarded | Evaluation     |
|--|-----------------------------------|---------------------------------|----------------|
| Annual Net Revenues                          | 2.14                              | 2.14                            | Exceeds        |
| Capital Investment Plan                      | 2.14                              | 2.14                            | Exceeds        |
| Reliability and Environmental                | 2.14                              | 0                               | Failed to Meet |
| Customer Satisfaction                        | 2.14                              | 1.07                            | Meets          |
| Employee Satisfaction                        | 2.14                              | 0                               | Failed to Meet |
| Revenue Stabilization                        | 2.14                              | 2.14                            | Exceeds        |
| Key Stakeholder Relationships                | 2.14                              | 2.14                            | Exceeds        |
| Total % Base Salary Performance Compensation | 15                                | 9.63%                           |                |





## FY2016 CEO Goals as of September 30, 2016

| GOAL   | WEIGHT     | NEEDS IMPROVEMENT             | MEETS REQUIREMENTS         | MEETS REQUIREMENTS         | EXCEEDS REQUIREMENTS        | FY15 GOAL                  | FY16 RESULTS                         |
|--|------------|-------------------------------|----------------------------|----------------------------|-----------------------------|----------------------------|--------------------------------------|
| Scale  | %          | 0                             | 50                         | 75                         | 100                         |                            |                                      |
| Exceed budgeted combined <sup>1</sup> annual net revenues (excluding weather contingency), per the "Schedules of Debt Service Coverage", this is a proxy for EBITDA (schedule and source documents attached) | 2.14%      | X < \$682M                    | X > \$682M                 | X > \$695M                 | X > \$708M                  | \$708                      | \$813                                |
| Effectively execute the Capital Investment Plan or Capital Budget (schedule attached)  | 2.14%      | X > \$332M                    | X < \$332M                 | X < \$316M                 | X < \$300M                  | \$332                      | \$300                                |
| Improve utility reliability and environmental metrics, per the attached schedule and reported to the Board monthly   | 2.16%      | X < 8                         | X = 9                      | X = 10/11                  | X = 12                      | 9                          | 7                                    |
| Achieve first quartile rankings for Residential and Commercial J.D. Power Customer Satisfaction Ratings  | 2.14%      |                               |                            |                            |                             |                            |                                      |
| Residential  |            | X < 2015                      | X = 2015+ <sup>1</sup>     | X = 2015 + 10              | X = top half first quartile | 1Q                         | 2Q<br>FY15 = 30/140<br>FY16 = 37/137 |
| Commercial   |            | X < 2015-10                   | X = 2015-10                | X = 2015 - 5               | X = 2015                    | 1Q                         | 1Q<br>FY15 = 14/87<br>FY16 = 1/86    |
| Improve employee satisfaction and engagement, as measured by an independent employee survey  | 2.14%      | X < 74.4%                     | X > 74.4%                  | X > 75.4%                  | X > 76.4%                   | 74.4%                      | 71.7%                                |
| Demonstrate significant progress on the Electric System revenue stabilization plan   | 2.14%      | Pilot launched after 12/31/16 | Pilot launched by 12/31/16 | Pilot launched by 10/31/16 | Pilot launched by 9/30/16   | Pilot launched by 12/31/16 | TBD                                  |
| Maintain positive and constructive relationships with all key stakeholders   | 2.14%      |                               |                            |                            |                             | -                          | TBD                                  |
| <b>Total</b>   | <b>15%</b> |                               |                            |                            |                             |                            |                                      |

1. Please comment on any other aspect of the CEO's performance, including exceptional performance or other areas that require attention:

2. Please identify the three or four key areas facing the company that you would like the CEO to focus on in his objectives:

Strategic Focus:

Talent and Culture:

Other:

<sup>1</sup> Combined = Electric System plus Water and Sewer System plus District Energy

**FY2016 JEA Net Revenues Goal - Excluding Weather Contingency as of September 30, 2016**

|                        | Actual         | Goal           | Budget         | FY2015         |                | FY2014         |        | FY2013 |  |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------|--------|--|
|                        |                |                |                | Actual         | Actual         | Actual         | Actual |        |  |
| \$ in Millions         |                |                |                |                |                |                |        |        |  |
| Electric System        | \$496.1        | \$415.6        | \$405.3        | \$461.6        | \$389.6        | \$397.0        |        |        |  |
| Water and Sewer System | \$313.1        | \$288.7        | \$273.8        | \$278.5        | \$281.7        | \$276.8        |        |        |  |
| District Energy System | \$3.9          | \$3.7          | \$3.5          | \$3.9          | \$3.9          | \$3.4          |        |        |  |
| <b>Total</b>           | <b>\$813.2</b> | <b>\$708.0</b> | <b>\$682.6</b> | <b>\$744.0</b> | <b>\$675.2</b> | <b>\$677.2</b> |        |        |  |

**FY2016 JEA Capital Investment Plan/Budget Execution as of September 30, 2016**

|                        | Actual         | Budget         | FY2015         |                | FY2014 |        |
|------------------------|----------------|----------------|----------------|----------------|--------|--------|
|                        |                |                | Actual         | Actual         | Actual | Actual |
| \$ in Millions         |                |                |                |                |        |        |
| Electric System        | \$150.9        | \$153.2        | \$116.7        | \$86.2         |        |        |
| Water and Sewer System | \$147.4        | \$175.0        | \$100.8        | \$76.9         |        |        |
| District Energy System | \$1.8          | \$3.7          | \$0.9          | \$0.5          |        |        |
| <b>Total</b>           | <b>\$300.1</b> | <b>\$331.9</b> | <b>\$218.4</b> | <b>\$163.6</b> |        |        |

**FY2016 JEA Reliability and Environmental Metrics Goal as of September 30, 2016**

| <u>Electric System</u>  | <u>FY15</u> | <u>FY16</u> | <u>Improvement</u> |           |
|---|-------------|-------------|--------------------|-----------|
|   |             |             | <u>Yes</u>         | <u>No</u> |
| Customer Outage Frequency Experiencing More than 5 Outages in the Previous Year (CEMIS) | 1.7         | 1.4         | Yes                | No        |
| Customer Outage Duration  | 2.1         | 1.4         | Yes                | No        |
| Transmission Fault Frequency Index  | 99          | 71          | Yes                | No        |
| Fleet Forced Outage Rate  | 1.7         | 0.7         | Yes                | No        |
| Reportable Environmental Events   | 1.8         | 2.0         | Yes                | No        |
|   | 2           | 4           |                    |           |

| <u>Water and Sewer System</u>      | <u>FY15</u> | <u>FY16</u> | <u>Improvement</u> |           |
|------------------------------------|-------------|-------------|--------------------|-----------|
|                                    |             |             | <u>Yes</u>         | <u>No</u> |
| Unplanned Water Main Outages       | 5,629       | 12,735      | Yes                | No        |
| Water Distribution System Pressure | 2.83        | 2.11        | Yes                | No        |
| Customer Response Time             | 69          | 67          | Yes                | No        |
| Consumptive Use Permits            | 107         | 113         | Yes                | No        |
| Total Nitrogen Discharge           | 553         | 524         | Yes                | No        |
| Sanitary Sewer Overflows           | 23          | 32          | Yes                | No        |

Note: Assuming general reliability performance will remain consistent with the previous three years, CEMIS is perhaps the reliability index with the greatest impact on customer satisfaction.

**Electric Systems Reliability**

**Customer Outage Frequency** – The number of extended outages (one minute or longer) experienced by the average JEA customer per year.

**Service Reliability** – The cumulative number of outage minutes experienced by the average JEA customer per year.

**CEMIS** – The percentage of JEA’s customers experiencing more than 5 extended outages (one minute or longer) in the last 12 months.

**Transmission Fault Frequency Index** – The number of transmission line faults experienced per 100 line miles in the last 12 months.

**Fleet Forced Outage Rate** - The amount of hours as a percentage of total hours, fiscal year-to-date, that JEA generators are not available and running when needed.

**Reportable Environmental Events REEs** - The number of environmental events that have occurred at power plants, fiscal year-to-date, that are reportable permit violations to FDEP and the EPA.

**Water and Sewer Systems Reliability**

**Unplanned Water Main Outages** - # of Customers affected by unplanned water outages per year

**Water Distribution System Pressure** - Average minutes per month less than 30 psi across a total of 110 monitoring stations across the service area

**Customer Response Time** - Average annual minutes from a customer call to the ticket completion or transfer to a field crew for a more extensive repair

**Consumptive Use Permit (CUP)** - Meeting annual CY basis CUP requirements including Total System Limit and South Grid Wellfield Allocation Limits

**Total Nitrogen Discharge** - Amount of tons of Nitrogen discharged annually to the St. Johns River

**Sanitary Sewer Overflow** - # of annual sanitary sewer overflow events

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

**THIS AGREEMENT** is made and entered into in duplicate on this 21 day of August 2015, by and between JEA, a body politic and corporate under the laws of the State of Florida and an independent agency of the Consolidated City of Jacksonville, hereinafter referred to as JEA, and Paul E. McElroy, an individual currently residing in Jacksonville, Florida, hereinafter referred to as Employee or CEO.

**WITNESSETH:**

**WHEREAS**, JEA is a community-owned, not-for-profit utility providing electricity to more than 438,000 customers in Jacksonville and the surrounding areas in northeastern Florida;

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

**WHEREAS**, JEA also provides water and wastewater services to approximately 321,000 water customers and 247,000 wastewater customers;

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

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

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

**WHEREAS**, the JEA Board of Directors is tasked with appointing a CEO to operate the eighth largest community-owned electric utility company in the United States and the largest in Florida, with total assets of \$7.5 billion (2010), total equity of \$1.5 billion (2010), and approximately 2000 employees (2010);

**WHEREAS**, this Agreement is a three year extension of an existing employment agreement with Employee;

**WHEREAS**, after reviewing data concerning similarly situated public power industry chief executive officers, Employer, in an effort to move toward offering a comparable market salary range to the extent possible, has negotiated with Employee a revised salary, including a one-time five percent

market adjustment to the currently existing base salary as adjusted pursuant to the terms of Employee's existing agreement and a three percent increase to the adjusted base salary;

**WHEREAS**, JEA is desirous of employing Employee as Chief Executive Officer pursuant to the terms and conditions and for the consideration set forth in this Agreement, and Employee is desirous of entering into the employ of JEA pursuant to such terms and conditions and for consideration.

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

### **SECTION I – EMPLOYMENT AND DUTIES:**

- 1.1 **Engagement.** JEA agrees to employ Employee and Employee agrees to be employed by JEA, beginning as of October 1, 2015, and terminating, unless earlier terminated in accordance with this Agreement, as of September 30, 2018, subject to the terms and conditions of this Agreement.
- 1.2 **Terms and Duties.** Beginning October 1, 2015, Employee shall be employed as Chief Executive Officer and Managing Director of JEA (hereinafter collectively "CEO"). Employee agrees to serve in this position and to perform diligently and to the best of Employee's abilities the duties and services required by such a position as determined by JEA's Board of Directors (the "Board"), as well as such duties that may from time to time be directed by the Board. Such duties include, but are not limited to, exercising the full authority, responsibility and duties commensurate with the laws establishing JEA to manage the affairs of JEA and to manage and direct staff, business, and operations of JEA.
- 1.3 **Compliance with Policies and Procedures.** Employee shall at all times comply with and be subject to such policies and procedures as the Board may establish.
- 1.4 **Diligence to Position.** Employee shall devote his full business time, energy, and best efforts to the business of Employer; provided, however, that it is agreed that this obligation, shall not preclude Employee from engaging in appropriate civic, charitable or religious activities or, with the consent of the Board, from serving on the boards of directors of companies that are not competitors to JEA, as long as the activities do not materially interfere or conflict with your responsibilities to or your ability to perform your duties of employment at JEA, within the sole discretion of the Board. Subject to the foregoing, Employee may not engage, directly or indirectly, in any other business, investment, or activity that interferes with Employee's performance of his duties, is directly contrary to JEA's interests, or requires any significant portion of Employee's business time. His authority, responsibilities and duties are generally described in the Position Profile for Managing Director and Chief Executive Officer which may be amended from time to time and which is attached hereto as Exhibit A and by reference made a part hereof.
- 1.5 **Fiduciary Obligations.** Employee acknowledges and agrees that Employee owes a fiduciary duty of loyalty, fidelity, and allegiance to act at all times in the best interests of Employer, and

to do no act which would intentionally injure the direct or indirect interests in, in connection with, or benefit from any outside activities, which interests might conflict with JEA, or upon discovery thereof, allow such a conflict to continue. Moreover, Employee agrees to disclose to the Board Chairman, any facts which might involve a possible conflict of interest.

## SECTION II - COMPENSATION AND BENEFITS:

- 2.1 **Annual Base Salary.** Employee shall be paid a salary of Four Hundred Thirty Seven Thousand One Hundred Seventy Two Dollars (\$437,172) per annum (Base Salary), which shall be paid in accordance with JEA's standard payroll practice, including deductions for all legally applicable taxes and withholdings, with accrual commencing with the pay period beginning October 1, 2015. The annual Base Salary shall increase by three (3%) per annum, effective on October 1 of 2016 and 2017.
- 2.2 **Performance Compensation.** Employee will be eligible to receive annual Performance Compensation of up to fifteen (15%) of his Base Salary based on (i) annual goals and objectives to be established by the Board, and (ii) an annual overall evaluation by the Board. The Board's annual evaluation shall be based upon each fiscal year's established goals and objectives. The evaluation period for the annual Performance Compensation shall begin with the fiscal year beginning October 1, 2015. The evaluation shall be completed and any Performance Compensation shall be paid within ninety (90) days of the end of the fiscal year.
- 2.3 **Vehicle.** Employee will have the use of an appropriately equipped JEA vehicle at the expense of JEA to supplement Employee's personal vehicle. In lieu of having use of a JEA vehicle, Employee may, at Employee's option, be provided a monthly automobile allowance of \$850, payable on the first bi-weekly pay period of each month subject to withholding. It is specifically intended and understood that this allowance shall be provided for unreimbursed expenses incurred by the Employee within the territorial limits of the JEA service territory and receipt of this allowance shall not prevent the Employee from claiming and being reimbursed for travel expenses resulting from travel by him outside the JEA service territory in the manner provided by the Ordinance Code the City of Jacksonville.
- 2.4 **Business Allowance.** Employee will be provided a monthly allowance in the amount of \$1,000 for telephone and other business expenses incurred in Employee's efforts to promote and represent JEA beyond those identified in JEA employee policies. The business allowance shall be payable on the first bi-weekly pay period of each month, subject to withholding.
- 2.5 **Annual Leave.** Employee will be provided annual leave in accordance with JEA's existing policies and procedures. Without limiting the generality of the foregoing, Employee shall be entitled to 280 hours of leave during each year of employment commencing on October 1, 2015.
- 2.6 **Fringe Benefits.** Employee shall be allowed to participate, on the same basis generally as other employees of JEA, in all general employee benefit plans and programs, including improvements or modifications of same, which on the effective date or thereafter are made

available by JEA to all or substantially all of JEA's executive employees. Such benefits, plans, and programs may include, without limitation, medical, health, and dental care, life insurance, disability protection, and the pension plans including JEA's Supplemental Executive Retirement Plan including any amendments thereto. Except as specifically provided herein, nothing in this Agreement is to be construed or interpreted to provide greater rights, participation, coverage, or benefits under the benefit plans or program than provided to executive employees pursuant to the terms and conditions of such benefit plans and programs. JEA shall not by reason of this Section II be obligated to institute, maintain, or refrain from changing, amending, or discontinuing, any incentive compensation or employee benefit program or plan, so long as such actions are similarly applicable to covered employees generally.

### **SECTION III – TERMINATION AND EXTENSION:**

- 3.1 **Termination.** Employee's employment with JEA shall be terminated (i) on September 30, 2018 unless earlier terminated, extended pursuant to this Section III or otherwise by agreement between Employer and Employee, (ii) upon Employee's death, (iii) upon Employee's physical or mental incapacity to perform the usual duties as an employee (with such condition likely to remain continuously and permanently, (iv) by JEA, without cause, upon 30 days advance notice to Employee, or (v) immediately for cause as defined herein in Section 3.1.2.
- 3.1.1 If Employee's employment is terminated with or without cause, all future compensation to which Employee is otherwise entitled and all future benefits for which Employee is eligible shall cease and terminate as of the date of termination, except as specifically provided in this Section 3.1.1. Upon termination without cause, JEA shall pay Employee a lump sum payment equal to one year of the current Annual Base Salary, less applicable taxes and deductions.
- 3.1.2 No severance shall be due to Employee if Employee resigns his employment or if Employee's employment is terminated by JEA for cause. For purposes of the Agreement, termination for "cause" shall include: (a) willful breach of material duties, obligations and policies of JEA; (b) gross negligence or gross neglect of duties and obligations required in performance of Employee's duties; or willful misconduct (c) continued violation of written rules and policies of the Board after written notice of same and opportunity to cure; (d) commission of any criminal act (felony); (e) commission of any dishonest act in a public or private capacity such as theft, fraud, misappropriation of embezzlement of funds; or (f) engagement in an act of disruption or violence or any other activity which would constitute grounds for immediate dismissal of any employee by JEA under JEA policies.
- 3.2 **Extension.** This Agreement may only be extended by action of the Board along with Employee's concurrence, with the legal formalities accompanying the execution of this Agreement. The Board Chairman shall notify Employee on or before March 1, 2018 of an intent to bring a request to the Employee and the Board to extend this Agreement. Such notification need not include terms, and need not be in writing. This provision requiring notice may be waived by agreement of the Chairman and Employee following March 1, 2018.

**SECTION IV – MISCELLANEOUS:**

- 4.1 **Eligibility to Work in the United States.** Employee has provided previously to JEA the appropriate documentation to verify his authorization to work in the United States.
- 4.2 **Governing Law; Binding Effect; Amendment.** This Agreement shall be interpreted and enforced in accordance with the laws of the State of Florida, with venue to lie in Duval County, and shall be binding on JEA's successors and assigns. No amendment or modification shall be effective unless in writing by the parties, including the approval of the Board.
- 4.3 **Savings Clause.** Employee's present benefits and rights are preserved, including but not limited to accrued service credits, accrued leave, and accrued incentive compensation carried forward in accordance with existing policies and procedures.
- 4.4 **Public Records and Open Meetings (Sunshine) Requirements.** Employee will familiarize himself generally with the assistance of JEA's staff and JEA's legal counsel with the unique obligations and parameters of the State of Florida's public records and sunshine act laws, in order that JEA maintain its record of compliance with such laws.

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

ATTEST:

Melissa W. Chadler

JEA

[Signature]  
Helen Heim Albee, Chairman  
Date: 8/24/15

WITNESSES:

Melissa W. Chadler  
Judy Z. Brooks

Paul E. McElroy  
Paul E. McElroy, Employee  
Date: AUGUST 21, 2015

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

Melissa Houskamp Dykes  
Melissa Houskamp Dykes  
Chief Financial Officer, JEA

Approved:

Judy Z. Brooks  
Office of General Counsel





Building Community

### AGENDA ITEM SUMMARY

November 3, 2016

|                 |                         |
|-----------------|-------------------------|
| <b>SUBJECT:</b> | <b>FY2017 CEO GOALS</b> |
|-----------------|-------------------------|

|                 |   |   |  |
|-----------------|---|---|--|
| <b>Purpose:</b> | <input type="checkbox"/> Information Only | <input checked="" type="checkbox"/> Action Required | <input checked="" type="checkbox"/> Advice/Direction |
|-----------------|---|---|--|

**Issue:** The FY2017 CEO goals are being presented to the Board for feedback, direction and approval, with the knowledge it may be amended by future Board action.

**Significance:** Consistent with prior years, the FY2017 CEO goals are primarily focused on executing JEA's strategic plan. In addition to providing leadership for JEA to achieve its mission, strive for its vision, and adhere to its values, the CEO will continue efforts to foster a cultural shift towards a more flexible organization.

**Effect:** The CEO's performance will be measured by the organization's performance in the strategic plan's three areas of focus: develop an unbeatable team, earn customer loyalty, and deliver business excellence.

**Cost or Benefit:** The CEO goals provide a framework for the overall goals of the organization.

**Recommended Board action:** It is requested the Compensation Committee recommend the Board provide feedback, direction and approve the attached FY2017 CEO goals.

**For additional information, contact:** Melissa Charleroy 904-665-7313

Submitted by: PEM/MMC

|  |   |  |
|--|---|--|
| <b>MISSION</b>   | <b>VISION</b>   | <b>VALUES</b>  |
|  |   |  |
| Energizing our community through high-value energy and water solutions | JEA is committed to providing excellent customer service and maintaining the highest quality of service | <ul style="list-style-type: none"> <li>• Safety</li> <li>• Service</li> <li>• Growth</li> <li>• Accountability</li> <li>• Integrity</li> </ul> |

#### Commitments to Action

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



## FY2017 CEO Goals as of September 30, 2017

| GOAL   | WEIGHT     | NEEDS IMPROVEMENT | MEETS REQUIREMENTS | MEETS REQUIREMENTS | EXCEEDS REQUIREMENTS        | FY16 RESULTS                         | FY17 GOAL             | FY17 RESULTS |
|--|------------|-------------------|--------------------|--------------------|-----------------------------|--------------------------------------|-----------------------|--------------|
| <b>Scale</b>   | %          | 0                 | 50                 | 75                 | 100                         |                                      |                       |              |
| Exceed budgeted combined <sup>1</sup> annual net revenues (excluding weather contingency), per the "Schedules of Debt Service Coverage", this is a proxy for EBITDA (schedule and source documents attached) | 2.14%      | X < \$739         | X > \$739          | X > \$747          | X > \$754                   | \$813                                | \$754                 |              |
| Effectively execute the Capital Investment Plan or Capital Budget (schedule attached)  | 2.14%      | X > \$373         | X < \$373          | X < \$354          | X < \$336                   | \$300                                | \$373                 |              |
| Improve utility reliability and environmental metrics, per the attached schedule and reported to the Board monthly   | 2.16%      | X < 8             | X = 9              | X = 10/11          | X = 12                      | 7                                    | 9                     |              |
| Achieve first quartile rankings for Residential and Commercial J.D. Power Customer Satisfaction Ratings  | 2.14%      |                   |                    |                    |                             |                                      |                       |              |
| Residential  |            | X < 2016          | X = 2016 + 1       | X = 2016 + 10      | X = top half first quartile | 2Q<br>FY15 = 30/140<br>FY16 = 37/137 | 1Q                    |              |
| Commercial   |            | X < 2016 - 10     | X = 2016 - 10      | X = 2016 - 5       | X = 2016                    | 1Q<br>FY15 = 14/87<br>FY16 = 1/86    | Top Ten               |              |
| Improve employee satisfaction and engagement, as measured by an independent employee survey  | 2.14%      | X < 73.0%         | X > 73.0%          | X > 74.0%          | X > 75.0%                   | 71.7%                                | 73.0%                 |              |
| Fully implement Sewer Systems Framework to Resiliency  | 2.14%      |                   |                    |                    |                             | TBD                                  | Scheduled Performance |              |
| Maintain positive and constructive relationships with all key stakeholders   | 2.14%      |                   |                    |                    |                             | TBD                                  |                       |              |
| <b>Total</b>   | <b>15%</b> |                   |                    |                    |                             |                                      |                       |              |

<sup>1</sup> Combined = Electric System plus Water and Sewer System plus District Energy

**FY2017 JEA Net Revenues Goal - Excluding Weather Contingency as of October 2016**

|                        | FY17           |                | FY2016         |                | FY2015         |                | FY2014         |                | FY2013         |                |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                        | <u>Actual</u>  | <u>Goal</u>    | <u>Budget</u>  | <u>Actual</u>  | <u>Actual</u>  | <u>Actual</u>  | <u>Actual</u>  | <u>Actual</u>  | <u>Actual</u>  | <u>Actual</u>  |
| \$ in Millions         |                |                |                |                |                |                |                |                |                |                |
| Electric System        | \$460.0        | \$460.0        | \$454.9        | \$496.1        | \$461.6        | \$389.6        | \$397.0        | \$397.0        | \$397.0        | \$397.0        |
| Water and Sewer System | \$290.0        | \$290.0        | \$280.7        | \$313.1        | \$278.5        | \$281.7        | \$276.8        | \$276.8        | \$276.8        | \$276.8        |
| District Energy System | \$4.0          | \$4.0          | \$3.7          | \$3.9          | \$3.9          | \$3.9          | \$3.4          | \$3.4          | \$3.4          | \$3.4          |
| <b>Total</b>           | <b>\$754.0</b> | <b>\$754.0</b> | <b>\$739.4</b> | <b>\$813.2</b> | <b>\$744.0</b> | <b>\$675.2</b> | <b>\$677.2</b> | <b>\$677.2</b> | <b>\$677.2</b> | <b>\$677.2</b> |

**FY2017 JEA Capital Investment Plan/Budget Execution as of October 2016**

|                        | FY17           |                | FY2016         |                | FY2015         |                | FY2014         |  |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
|                        | <u>Actual</u>  | <u>Goal</u>    | <u>Budget</u>  | <u>Actual</u>  | <u>Actual</u>  | <u>Actual</u>  | <u>Actual</u>  |  |
| \$ in Millions         |                |                |                |                |                |                |                |  |
| Electric System        | \$160.0        | \$160.0        | \$170.0        | \$150.9        | \$116.7        | \$86.2         | \$86.2         |  |
| Water and Sewer System | \$210.0        | \$210.0        | \$225.5        | \$147.4        | \$100.8        | \$76.9         | \$76.9         |  |
| District Energy System | \$3.0          | \$3.0          | \$3.1          | \$1.8          | \$0.9          | \$0.5          | \$0.5          |  |
| <b>Total</b>           | <b>\$373.0</b> | <b>\$373.0</b> | <b>\$398.6</b> | <b>\$300.1</b> | <b>\$218.4</b> | <b>\$163.6</b> | <b>\$163.6</b> |  |

**FY2017 JEA Reliability and Environmental Metrics Goal as of September 30, 2017**

| <u>Electric System</u>   | <u>Actual</u> |             |             | <u>Goal</u> |           | <u>Improvement</u> |
|--|---------------|-------------|-------------|-------------|-----------|--------------------|
|  | <u>FY15</u>   | <u>FY16</u> | <u>FY17</u> | <u>Yes</u>  | <u>No</u> |                    |
| Customer Outage Frequency*                                     | 1.7           | 1.4         | 1.5         |             |           |                    |
| Experiencing More than 5 Outages in the Previous Year (CEMIS)* | 2.1           | 1.4         | 1.5         |             |           |                    |
| Customer Outage Duration*                                      | 99            | 71          | 85          |             |           |                    |
| Transmission Fault Frequency Index                             | 1.7           | 0.7         | 1.2         |             |           |                    |
| Fleet Forced Outage Rate                                       | 1.8           | 2.0         | 2.0         |             |           |                    |
| Reportable Environmental Events                                | 2             | 4           | 4           |             |           |                    |

| <u>Water and Sewer System</u>       | <u>Actual</u> |             |             | <u>Goal</u> |           | <u>Improvement</u> |
|-------------------------------------|---------------|-------------|-------------|-------------|-----------|--------------------|
|                                     | <u>FY15</u>   | <u>FY16</u> | <u>FY17</u> | <u>Yes</u>  | <u>No</u> |                    |
| Unplanned Water Main Outages*       | 5,629         | 12,735      | 9,000       |             |           |                    |
| Water Distribution System Pressure* | 2.83          | 2.11        | 2.47        |             |           |                    |
| Customer Response Time*             | 69            | 67          | 67          |             |           |                    |
| Consumptive Use Permits             | 107           | 113         | 110         |             |           |                    |
| Total Nitrogen Discharge            | 553           | 524         | 550         |             |           |                    |
| Sanitary Sewer Overflows*           | 23            | 32          | 27          |             |           |                    |

Note: Assuming general reliability performance will remain consistent with the previous three years, CEMIS is perhaps the reliability index with the greatest impact on customer satisfaction.

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

**Electric Systems Reliability**

**Customer Outage Frequency** – The number of extended outages (one minute or longer) experienced by the average JEA customer per year.

**Service Reliability** – The cumulative number of outage minutes experienced by the average JEA customer per year.

**CEMIS** – The percentage of JEA's customers experiencing more than 5 extended outages (one minute or longer) in the last 12 months.

**Transmission Fault Frequency Index** – The number of transmission line faults experienced per 100 line miles in the last 12 months.

**Fleet Forced Outage Rate** - The amount of hours as a percentage of total hours, fiscal year-to-date, that JEA generators are not available and running when needed.

**Reportable Environmental Events REEs** - The number of environmental events that have occurred at power plants, fiscal year-to-date, that are reportable permit violations to FDEP and the EPA.

**Water and Sewer Systems Reliability**

**Unplanned Water Main Outages** - # of Customers affected by unplanned water outages per year

**Water Distribution System Pressure** - Average minutes per month less than 30 psi across a total of 110 monitoring stations across the service area

**Customer Response Time** - Average annual minutes from a customer call to the ticket completion or transfer to a field crew for a more extensive repair

**Consumptive Use Permit (CUP)** - Meeting annual CY basis CUP requirements Including Total System Limit and South Grid Wellfield Allocation Limits

**Total Nitrogen Discharge** - Amount of tons of Nitrogen discharged annually to the St. Johns River

**Sanitary Sewer Overflow** - # of annual sanitary sewer overflow events

## II. E.

### Pension Discussion

There are no contents in this section.

Discussion will be held during the  
November 8, 2016 Meeting.