

1 SPECIAL COMMITTEE ON THE POTENTIAL SALE OF JEA  
2 AGENDA

3 Thursday, March 29, 2018  
4 3:30 p.m.  
5 Council Chambers 1st Floor, City Hall

6 John R. Crescimbeni, Chair	Doyle Carter
Danny Becton	Al Ferraro
7 Anna Lopez Brosche	Reggie Gaffney
Joyce Morgan	Bill Gulliford
8 Greg Anderson	Tommy Hazouri
Aaron Bowman	Jim Love
Lori Boyer	Samuel Newby
Katrina Brown	Matt Shellenberg
9 Reginald L. Brown	Scott Wilson

10

11 Legislative Assistant: Staci Lopez  
12 Legislative Assistant: Mia Richardson  
13 Research Assistant: Jeff Clements  
14 Council Auditor's Office: Kyle Billy  
15 Council Auditor's Office: Phillip Peterson  
16 Office of General Counsel: Margaret Sidman  
17 Jon Phillips

18 DATE TAKEN: March 29, 2018  
19 TIME: 2:01 p.m. - 6:18 p.m.  
20 PLACE: City Hall  
21 117 West Duval Street  
22 Council Chambers  
23 Jacksonville, FL 32202

24 This cause came on to be heard at the time and place  
25 aforesaid, when and where the following Proceedings  
were reported by:

26

27 Stephanie Powers Cusimano  
28 Registered Professional Reporter  
29 Florida Professional Reporter  
30 Powers Reporting, Inc.  
31 301 West Bay Street, Suite 1418  
32 Jacksonville, FL 32202

33

P R O C E E D I N G S

1  
2 MR. CRESCIMBENI: All right. Good  
3 afternoon, everyone. We are going to call the  
4 Special Committee on the potential sale of JEA  
5 to order. Today is Thursday, March 29th, 2018,  
6 and it's 2 p.m. in the afternoon. This  
7 meeting, I think, is noticed through 6 p.m.  
8 I'm not sure if we'll go that far today or not,  
9 just depends on how fast we get through  
10 everything we have on the agenda.

11 And speaking of the agenda, there's going  
12 to be references to some attachments and things  
13 on the agenda. Those will be handed out as we  
14 get to those items so that if we don't get to  
15 them, we don't have to reprint the copies for  
16 the next meeting.

17 So with that said, we'll have everyone  
18 introduce themselves for the record, and we'll  
19 start down on my far left, Mr. Gulliford.

20 MR. GULLIFORD: Bill Gulliford, District  
21 13.

22 MR. FERRARO: Al Ferraro, District 2.

23 MR. BOWMAN: Aaron Bowman, District 3.

24 MR. LOVE: Jim Love, in a different seat,  
25 District 14.

1 MR. ANDERSON: Greg Anderson, Group 4.

2 MR. BECTON: Danny Becton, District 11.

3 MR. CRESCIMBENI: I'm John Crescimbeni, at  
4 large, Group 2.

5 MR. DENNIS: Garrett Dennis, District 9.

6 MS. BROSCHE: Anna Lopez Brosche, Group 1.

7 MS. BROWN: Katrina Brown, District 8.

8 MR. GAFFNEY: Reggie Gaffney, District 7.

9 MR. HAZOURI: Tommy Hazouri, Group 3, at  
10 large.

11 MR. SHELLENBERG: Matt Shellenberg,  
12 District 6.

13 MR. CRESCIMBENI: All right. Thank  
14 you-all for being here today.

15 My ECA, and I don't know if she's going to  
16 have any help, but she's going to pass out for  
17 the 14 new members, or 14 recent additions to  
18 the committee, Legislative Services last night  
19 made copies of the agendas, all the handouts,  
20 and the minute -- meeting minutes from each of  
21 our first three meetings, March 8, March 15th,  
22 and March 22nd. So you may want to just  
23 receive those and put those aside so that you  
24 don't get those mixed up with anything that's  
25 going to be distributed today. I know

1 everything went out electronically, but these  
2 are hard copies. I personally prefer hard  
3 copies, they're easier to carry along with you  
4 and take those home.

5 And, Mr. Shellenberg, I know you have a  
6 big event tonight. I don't expect you to read  
7 those tonight but certainly tomorrow.

8 So do look at all that. And if there's  
9 anything missing or you think that the  
10 Committee may have had, just let me know. And  
11 I think it's all inclusive. If there's any  
12 documents missing, we'll certainly round those  
13 up.

14 Today we're going to start by hearing from  
15 Mr. McElroy. Is Mr. McElroy -- hang on a  
16 second, Paul. And Mr. McElroy was responding  
17 to several different inquiries from the  
18 Committee. Those three items are listed on  
19 your agenda. I think that we'll happen to go  
20 through each one individually. The last time  
21 he was here, he presented a fairly voluminous  
22 packet of information in response to the first  
23 item on -- under his reports. I don't know if  
24 they brought additional copies of those today  
25 or not for the 14 new members, but what we'll

1 do is we'll have him go through each of these  
2 items on the agenda, and then if we can, we'll  
3 let him kind of get through his presentation  
4 and then we'll open the floor for questioning,  
5 so just kind of take notes as we're going  
6 through. And I think if the -- if the queue  
7 starts filling up too fast, we may take a pause  
8 and take questions and then try to proceed.

9 For timing sake, I think we'll just have  
10 everybody stick to three minutes instead of  
11 five. And again, we have a lot on our agenda.  
12 That may change as we move through and see if  
13 we have additional time for -- in order of the  
14 meeting. Any questions before we proceed from  
15 anyone?

16 Mr. Anderson.

17 MR. ANDERSON: Thank you, Mr. Chairman.  
18 Through the Chair, you -- obviously this is a  
19 new process, but if the new Committee members  
20 had sort of a request for information or  
21 something to be added to the agenda, is there a  
22 process that you would like the new Committee  
23 members to follow?

24 MR. CRESCIMBENI: As we go through the  
25 meeting, there are no new Committee members.

1 We're a committee now of 19, so everybody's an  
2 equal. But during the past meetings, anybody  
3 that has a question or would like to request  
4 information, we write that down on the -- on  
5 the minutes, so those get baked into the  
6 minutes. I call them action items, because we  
7 kind of recap of those at the end of the day.  
8 And then as we move forward in successive  
9 meetings, we've been revisiting those action  
10 items as the information has come in to  
11 complete or satisfy the inquiry.

12 We have -- probably half the action items  
13 from our last meeting are still outstanding.  
14 We're not going to be able to address those  
15 today. We'll be able to address some of those.  
16 I think most of the other action items have  
17 been completed except for these first three  
18 under the JEA presentation, which I think were  
19 issued on March 8th and we got hung up with  
20 them with some procedural problems. So we do  
21 have some outstanding from last meeting, and we  
22 can take them today and put them on the action  
23 item list. Those will be -- they'll be  
24 included in the narrative of the minutes,  
25 they'll be summarized at the end of the

1 minutes, so you can refer to all packages that  
 2 you have from the past three meetings, look at  
 3 the action item list, see if that's anything  
 4 that you might be interested in. And if you  
 5 don't see your need for information on one of  
 6 those, punch your button, we'll get what you  
 7 need, we'll write them down, we'll assign it to  
 8 the appropriate party to come back and furnish  
 9 [cough].

10 MR. ANDERSON: Thank you.

11 MR. CRESCIMBENI: Any other questions from  
 12 the Committee?

13 THE COMMITTEE: (No response.)

14 MR. CRESCIMBENI: Mr. McElroy, you are up,  
 15 sir. We thank you for being here today.

16 MR. MCELROY: Thank you, Mr. Chairman,  
 17 Council President and Council Vice President,  
 18 and Council Members, and my fellow JEA  
 19 employees. I want to recognize them first and  
 20 foremost.

21 My name is Paul McElroy. I'm currently a  
 22 Managing Director and CEO of the JEA. I reside  
 23 in Duval County. Thank you for providing the  
 24 opportunity to meet with you today. This  
 25 meeting presents another opportunity for The

1 Committee and the community to learn more about  
2 JEA. I am honored to be here today as a  
3 representative of the almost 2,000 men and  
4 women who make up JEA to help The Committee  
5 with its work.

6 Today marks the 80th time in the past  
7 three years that I've met with a Council member  
8 or a Council Committee. Some of the highlights  
9 we've achieved in the past three years; we  
10 worked together for over a year on the JEA  
11 Contribution Agreement or, to some extent, I  
12 would say, the charter review of JEA; we locked  
13 in a five-year agreement, which was the highest  
14 contribution agreement in the history of the  
15 company; together we are funding  
16 \$30 million for septic tank phase-out; we're  
17 transferring nitrogen credits, significantly  
18 lowering the City's compliance costs; we also  
19 had a number of routine JEA Council update  
20 meetings, something that we should continue to  
21 feature.

22 I joined JEA 16 years ago after leading  
23 several North American financial services  
24 businesses for two different global  
25 corporations. I joined JEA to help it achieve

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1           its mission.

2           16 years later, I come to work every day,  
3           along with the 2,000 JEA professionals to serve  
4           our community, and our daily focus is to earn  
5           our customers' loyalty each and every day, to  
6           deliver business excellence in everything we  
7           do, to develop an unbeatable team. We wrap our  
8           work on a daily basis on the JEA values of  
9           safety, service, growth square, integrity, and  
10          accountability. Our overall vision is to be a  
11          premier service provider, a valued asset, and a  
12          vital partner in advancing our community. This  
13          is what we do. This is what I do. And our  
14          team does it better than anyone else that I  
15          know. It's been an honor to lead this great  
16          organization for the past five and a half  
17          years.

18          The JEA team has accomplished a lot during  
19          that time and a lot for our community to be  
20          proud of. Our customer bills are lower.  
21          Customer satisfaction is up 74 percentage  
22          points, not 74 percent, but 74 percentage  
23          points. Business customer satisfaction is up.  
24          We were ranked number one in the country by JP  
25          Power in 2016.

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1 CO2 will be down by 45 percent from our  
2 peak year in the year 2023, and we've done this  
3 by leveraging our natural gas assets, by energy  
4 efficiency, by our planned investment in solar  
5 and nuclear. Nitrogen discharge from our  
6 wastewater plants is down. And by 2019, we  
7 will be really truly reclaiming water from our  
8 wastewater plants and producing potable water,  
9 not just irrigation water from our sources.

10 Debt is down \$2.5 billion from its peak  
11 and we have better credit ratings. All systems  
12 are more reliable, including our technology  
13 systems, JEA.com and our mobile applications.  
14 The team produced very successful recovery from  
15 two major storms in just 12 months.

16 Turning to today's meeting, this is the  
17 third time in ten years we've engaged in this  
18 process. Each time has been different and each  
19 time we have sought to help and be helpful.  
20 JEA produces independently audited financial  
21 statements every year. We produce a 600-page  
22 comprehensive disclosure statement that is  
23 reviewed by our bond counsel and our auditors,  
24 and is at the leading edge of the municipal  
25 bond market best practices for information

1 disclosure.

2 JEA has approximately \$4 billion in  
3 municipal debt outstanding, and we are in full  
4 compliance with all the security and exchange  
5 commissions, the SEC rules and regulations.

6 Our team is exceptional and consistently  
7 recognized for outstanding performance both --  
8 all the trades, professionals, and management.  
9 We shall be mindful that this process impacts  
10 them.

11 Our employees make JEA work, or better  
12 said, our employees make JEA great. It's JEA  
13 team that successfully differentiates us from  
14 all others.

15 JEA's extremely large and complex set of  
16 businesses, not one business, it's a set of  
17 businesses. And reflecting on today, preparing  
18 for today, I recall early in my career when I  
19 was involved in a simple \$100 million  
20 transaction, which took many, many months. So  
21 we're here today to help, will certainly raise  
22 more questions. We won't have all the answers  
23 today, but I know I and the entire JEA team  
24 will be available to assist on an ongoing basis  
25 for the Committee to do their work.

1 I will make the most of today. We're here  
2 to provide information, answer your questions,  
3 and help you do your work. Based on my  
4 industry expertise and experience, I'm also  
5 here today to assist with marketing  
6 information. My current bio will be  
7 distributed as part of our disclosure to the  
8 market, and it has a couple of facts that I'd  
9 just like to bring to your attention in terms  
10 of just background information I can share.

11 Statewide, I sit on the board of the  
12 Florida Reliability Coordinating Council, a  
13 council of all of the electric utilities in the  
14 state. I also sit on the Florida Coordinating  
15 Group and have gone to chair that group this  
16 year. Nationally I'm on the Board of Directors  
17 of the Association of Edison Illuminating  
18 Companies. And Edison is the key word there,  
19 that's Thomas Edison. This organization  
20 started 138 years ago and it's still in  
21 existence today, focused on technical expertise  
22 in the electric industry. I'm on the Board of  
23 Directors Executive Committee and currently  
24 treasurer of the American Public Power  
25 Association. I sit on large power -- Public

1 Power Council and the CEO sponsor for tax and  
2 finance.

3 Locally I'm involved with Energy Authority  
4 right here, a trading floor, a company located  
5 in Jacksonville, Florida, that trades a couple  
6 billion dollars in electricity and gas and risk  
7 management services, over 50 municipal  
8 utilities nationwide. I'm on the Board of  
9 Trustees at the University of North Florida,  
10 and we just got approval for our new president  
11 today, this morning. The Chamber of Commerce,  
12 past board member, and a past board member on  
13 Northeast Florida Safety Council.

14 So I am involved in the industry and aware  
15 of the last couple years of what's been going  
16 on. I'm going to help, I'm going to bring my  
17 knowledge and experience as well as all the  
18 resources of the entire JEA team, and they have  
19 shown commitment to this process and are here  
20 in support.

21 We'll work diligently. Our team under the  
22 request from the Council, we took very serious  
23 the request for information. We have produced  
24 over 22,000 pages of documentation. We do have  
25 them on flash drives for you, but we do have a

1 physical copy as well. It took about 163 hours  
2 to accumulate that. That was not directed by  
3 me, we have a department that does public  
4 records. We will make them available to you so  
5 we have a separation of powers. We'll take the  
6 question to them, hand it off to them, and they  
7 will pursue all the information and make sure  
8 we get timely information for you to assess and  
9 -- [cough].

10 And so with that, Mr. Chairman, I want to  
11 thank you very much, and I'll talk to the two  
12 or three points that you raised in the  
13 memorandum to me, then --

14 MR. CRESCIMBENI: What was -- how many  
15 trips have you made to the Council, Board  
16 Council Members, what was that number?

17 MR. MCELROY: This will be the 80th.

18 MR. CRESCIMBENI: That's it? I thought it  
19 would have been higher than that. All right.  
20 We -- do you mind making it 100? because it may  
21 be 100 by the time we're done.

22 MR. MCELROY: Absolutely. I hope it's  
23 110.

24 MR. CRESCIMBENI: All right.

25 MR. MCELROY: Actually, I think the

1 summary page, Mr. Pope has it, so instead of  
2 flipping through big thick documents, I think  
3 we got 19 copies there.

4 The first question, and I'll just -- I  
5 won't refer to the slide yet but sort of set  
6 that up, I'll read from the Chair's memorandum,  
7 JEA strategic plan offset recent declining  
8 revenue trends, the same presentation was  
9 scheduled to deliver on March 15th.

10 I'll say two things on declining sales.  
11 You know, glass half full, glass half empty.  
12 Glass half full, lower sales in the absence of  
13 rate increase, which is what we've been able to  
14 accomplish over the past five years, is a good  
15 thing for our customers. They get lower bills.  
16 It's also a good thing for the environment.  
17 We're producing less emissions, less CO2, and  
18 less constituents into the air. And so on  
19 balance, as a community-owned utility, we can  
20 look at that in the context of being positive.

21 Now, the challenge here is literally on  
22 the financial side, in terms of the revenue  
23 side, in terms of looking at the industry and  
24 looking at JEA, having experienced lower or  
25 flat sales since around 2008. That's a --

1 that's consistent with the industry.

2 I'd say the two things there, one of  
3 these, we looked at that as part of our  
4 strategic plan that was worked on and developed  
5 with our board in 2013, and we rolled out to  
6 the entire organization late in 2013 and are  
7 still working on the same core principles that  
8 guided us then.

9 One of the areas under our key area focus  
10 of business excellence, this is excellence, was  
11 to grow revenues, and we looked at that three  
12 ways. We looked at growing new revenues, we  
13 looked at -- looked at our current assets and  
14 said could we be more efficient with our assets  
15 and raise -- raise money, these revenues,  
16 utilizing our existing assets, and we looked at  
17 our business processes, what relates to tighten  
18 up our processes in our billing processes and  
19 our metering, making sure that we were  
20 capturing all the revenue that is due to us.  
21 So we formed a new revenue task force, we  
22 engaged people, as we did throughout the entire  
23 strategic planning process from the -- across  
24 the utility, not in any one area, but we had  
25 people from finance and from the customer



1 sector, people from the field, people from the  
2 plants look at this issue.

3 And the chart -- the first chart there is  
4 sort of an Excel, it's four -- three columns or  
5 so entitled JEA Revenue Task Force, Potential  
6 Business Plan list 6/2/15. In the materials  
7 that we provided, there are a lot of detail  
8 schedules in support that show all of the  
9 activities and all of the meetings and a lot of  
10 other initiatives that are evaluated --  
11 [coughing], and so these rose to the top to  
12 be -- to be executed and further -- further  
13 advanced in -- in trying to seek additional  
14 revenue.

15 And one of the things we look at is, I  
16 don't know that we can look to replace the  
17 revenue stream from the electric business or  
18 the water sewer -- electric business is a  
19 \$1.4 billion business, and that doesn't grow  
20 up overnight in this environment. And the  
21 water and sewer business is 500 million. So  
22 what we focused our objectives on was if we  
23 could get -- if we could get revenue by  
24 utilizing our assets more efficiently, maybe  
25 a couple new revenue streams, that would

1 eliminate the -- the embedded cost increases  
2 in our business, then we could be neutral to  
3 flat sales. So if even those sales are flat, if  
4 we could get some additional revenues in of  
5 4, 5, \$10 million a year that would cover the  
6 cost at no end, then we could continue to  
7 deliver our services at the same level and we  
8 could hold the performance at the same level,  
9 and that was sort of the objective.

10 So I have a list of items here,  
11 Mr. Chairman. Each one is a very in-depth one,  
12 and -- but I can maybe pause for a moment to  
13 question anyone on these items or have a  
14 conversation on any one of these initiatives.

15 MR. CRESCIMBENI: You talking about the  
16 first page in your handout?

17 MR. MCELROY: Yes, new revenue task force.

18 MR. CRESCIMBENI: Right. Mr. McElroy, we  
19 are going to more --

20 MS. BROOKS: What I just passed -- what  
21 was just passed out in the envelope is the  
22 documents, the backup documents. It's a flash  
23 drive for each of you to have a set of your  
24 own.

25 MR. CRESCIMBENI: And you are?

1 MS. BROOKS: I'm sorry, Jody Brooks,  
2 Office of General Counsel.

3 MR. CRESCIMBENI: And you distributed an  
4 envelope to each Council Member, and inside the  
5 envelope is a flash drive that's broken into  
6 three segments, correct --

7 MS. BROOKS: That's correct.

8 MR. CRESCIMBENI: -- 1, 2, and 3?

9 MS. BROOKS: That's correct.

10 MR. CRESCIMBENI: And the flash drive has  
11 the contents of all those boxes; is that  
12 correct?

13 MS. BROOKS: That is correct.

14 MR. CRESCIMBENI: And that is in response  
15 to a public records request.

16 MS. BROOKS: Correct.

17 MR. CRESCIMBENI: And, Mr. McElroy, the --  
18 you are going to talk about -- I understand, I  
19 think you're going to where the Committee was  
20 asking you to go. You're -- this presentation  
21 that you're making, there's going to be talk  
22 eventually about how to combat the declining  
23 sales trend, because that was a question that  
24 came, I think, in our first meeting.

25 MR. MCELROY: Yes, sir.

1 MR. CRESCIMBENI: Okay. All right. So we  
2 do have a few questions.

3 Mr. Dennis, you have a point of order?

4 MR. DENNIS: Yes, a point of order.

5 Chairman, you mentioned at the beginning that  
6 we're going to have three minutes, right? So  
7 is it three minutes per point he's making or  
8 every time we speak, three minutes? I just  
9 want to understand. I don't want to use three  
10 minutes on a point when I have like several  
11 other questions here that may -- that may be  
12 for, you know, throughout this presentation.

13 MR. CRESCIMBENI: So let's -- why don't  
14 we -- why don't we -- we'll just -- we'll take  
15 some -- I'm not prepared -- let's do it this  
16 way right now, write your question down --  
17 maybe we can take five minutes per person, but  
18 I want to be able to get through the agenda  
19 today. So can you just be a little bit  
20 flexible for the Chair?

21 MR. DENNIS: Sure. Sure.

22 MR. CRESCIMBENI: We will get there  
23 hopefully.

24 Mr. Love, do you have a question or do you  
25 want to wait until we get --

1 MR. LOVE: I'll wait.

2 MR. CRESCIMBENI: Okay. Mr. Hazouri, did  
3 you have a question?

4 MR. HAZOURI: Just to you, Mr. Chairman.  
5 If we get to that point when we get to general  
6 questions, will it be at another meeting or  
7 just do all this today? I'm just -- general  
8 questions that we would have?

9 MR. CRESCIMBENI: Yeah, I'd like to  
10 stay --

11 MR. HAZOURI: I know there's an agenda.  
12 You want to stick to the agenda today?

13 MR. CRESCIMBENI: Well, if we get through  
14 the agenda, at the end we can take general  
15 questions. If you have questions about other  
16 topics, we can [unintelligible].

17 MR. HAZOURI: Mr. McElroy, are you going  
18 to be here the whole time?

19 MR. MCELROY: Yes.

20 MR. HAZOURI: Will you be here through the  
21 meeting?

22 MR. MCELROY: Yes.

23 MR. HAZOURI: Okay. Thank you.

24 MR. CRESCIMBENI: Mr. McElroy, if you stay  
25 till the end of the meeting, you can count it

1 as two visits.

2 MR. MCELROY: Thank you.

3 MR. CRESCIMBENI: Proceed, Mr. McElroy.

4 MR. MCELROY: Okay. So we provided the  
5 top summary list of action items and plans for  
6 reco- -- revenue enhancement with the task  
7 force output.

8 The second question was the five-year  
9 review of philanthropic giving or volunteerism.

10 MR. CRESCIMBENI: Hold on just a second,  
11 Mr. McElroy, so you're telling me, the answer  
12 to your question about how we're going to  
13 combat a declining trend in revenue of water  
14 and electric is this first page of the handout?  
15 Because all this is identifying is other  
16 businesses that you're in, I'm not sure -- I  
17 think what the Committee was looking for was  
18 based on reports that were given at the March  
19 8th meeting, a considerable decline in revenues  
20 on water and electric despite the fact that  
21 there would seem to be steady growth in total  
22 customer amounts. So the question that we were  
23 hoping to have answered today was a little bit  
24 more than just beyond what other businesses you  
25 were in. It was a question that we were hoping

1           you would say, here's how we're going to combat  
2           that.

3           And I got to tell you that I think most of  
4           the Council got an e-mail back on March 12th,  
5           and it had some JEA electric forecasts and  
6           water forecasts, which kind of contradicted  
7           what was presented on March 8th. I think it  
8           was -- you know, I got mine e-mailed on Monday  
9           March 12th, I think. It looks like all Council  
10          Members received it, and it shows upward trends  
11          on JEA's electric forecasts, water demands,  
12          wastewater forecasts, so how -- can you just  
13          give us a little bit more background on how you  
14          anticipate and achieving these -- these red  
15          increases when the electric has been kind of in  
16          the other direction, in the blue? Do you want  
17          to see this?

18                 MR. MCELROY: Yes, sir.

19                 MR. CRESCIMBENI: All right. Staci, can  
20          you give this to Mr. McElroy?

21                 MS. LOPEZ: (Tenders document.)

22                 MR. MCELROY: Thank you. These -- these  
23          forecasts are for -- it's noted there, the PSE,  
24          State Planning Reserve analysis, it's done on  
25          an annual basis to ensure there's sufficient

1 energy capacity throughout the state on a --  
2 there's a ten-year plan on the horizon.

3 If we were to go back and looked at the  
4 forecast in essentially 2008 on this basis, we  
5 would be at -- we would have been at 16- or  
6 17,000 net energy above for -- so this is a --  
7 this is one forecast that is used for  
8 engineering and system planning. It is not the  
9 financial forecast, which is constructed with a  
10 different set of assumptions, which are more  
11 market based.

12 MR. CRESCIMBENI: Okay. So do you -- I  
13 guess the Committee would like to know, then,  
14 do you anticipate a sales increase in revenue  
15 and units sold on the electric side of business  
16 and the water side of business -- the  
17 wastewater side of the business in the coming  
18 years or do you anticipate flat or declining  
19 sales that have been experienced since 2006 or  
20 '7, which is the start date on the chart that  
21 was forwarded to us on the 8th?

22 MR. MCELROY: For financial planning  
23 purposes, we have for the past five years,  
24 maybe more, used -- used flat sales projections  
25 for both of those uses.



1 MR. CRESCIMBENI: For how far into the  
2 future?

3 MR. MCELROY: Generally for about five  
4 years.

5 MR. CRESCIMBENI: So you're telling the  
6 Committee that for the next five years, you  
7 anticipate no growth in sales by units or by  
8 dollars, which is it?

9 MR. MCELROY: Well, it would -- these --  
10 these are units. Dollars would be the right  
11 side. These are units.

12 We think that the -- while there may be  
13 some aberration or movement based upon weather,  
14 whether it's very hot or very cold, but  
15 generally we're seeing and what we have  
16 communicated through the budget process over  
17 the last number of years, is that energy  
18 efficiency is -- is biting into the demand,  
19 reducing demand as fast as we're getting new  
20 customers.

21 MR. CRESCIMBENI: So you're -- just to be  
22 clear, you're saying flat sales for the next  
23 five years, no increase, no trend downward, no  
24 trend upward? You're forecasting flat sales  
25 for the next five years.

1           MR. MCELROY: Flat -- flat sales over the  
2 five-year period, and maybe marginally up  
3 1 percent, but --

4           MR. CRESCIMBENI: Just for both water and  
5 electric?

6           MR. MCELROY: For the unit sales.

7           Water, I think, this year, when we looked  
8 at the budget, we might -- we might have  
9 increased that a little bit.

10          MR. CRESCIMBENI: All right. And that's  
11 all that you have to say on that first item?

12          MR. MCELROY: Yes. Yes. Just --

13          MR. CRESCIMBENI: We will stop here and we  
14 will take questions, then.

15          Does anybody have any questions about this  
16 first point that was an action item from our  
17 March 8th meeting inquiring about any strategic  
18 plan that JEA had to offset declining revenues?

19          Mr. Anderson. Put on the clock -- let's  
20 stick with the three minutes.

21          MR. ANDERSON: Okay. Let me know when  
22 you're ready.

23          MR. CRESCIMBENI: Go ahead.

24          MR. ANDERSON: Thank you, Mr. Chairman. I  
25 appreciate it. So, of course, revenue for

1 those two components is based on how much our  
2 citizens pay for the services that -- so -- so  
3 if we're talking about revenue alone, I think  
4 that's -- it's not really the full picture.  
5 What we've got to think about is the cost to  
6 produce that revenue and how JEA is managing  
7 that cost.

8 And so, Mr. Chairman, if it's okay, I can  
9 ask Mr. McElroy to talk a little bit about that  
10 particular subject.

11 MR. MCELROY: If I -- I think I  
12 answered -- understand the question to be more  
13 on the cost side given the flat water sales.

14 MR. ANDERSON: Right.

15 MR. MCELROY: And from -- through the  
16 Chair to Council Member Anderson, I agree in  
17 the utility business, it's very difficult for  
18 us to drive electric unit sales for -- for us  
19 to drive, you know, water sales for our  
20 customers. We generally get the -- get the  
21 connections through the service territory  
22 that's been allocated to us through the PSC and  
23 through the charter, et cetera, and then we  
24 have the obligation to serve, requirement to  
25 serve, and the requirement to serve by

1           utilizing the best utility practices to keep  
2           the cost as low as possible.

3           So in -- in one sense, while we're very  
4           mindful of the revenue that comes in, it's more  
5           of extreme focus on the cost side to ensure  
6           that our margins are maintained. And so to  
7           that end, in the strategic plan that we have  
8           put forward in 2013, and we've modified the  
9           metric going forward, we have allocated to all  
10          of the -- all of the team at JEA a cost per  
11          unit of output objective, tying back to the  
12          2012 pricing so that if we can keep our cost  
13          per unit of output equal to that, we won't have  
14          to raise rates. And so it's a constant focus  
15          on reducing costs regardless of where our  
16          demand or sales go.

17          MR. ANDERSON: And my sense is that in the  
18          electric business for sure, that, you know,  
19          you're constantly having to decide how you  
20          produce that, whether it's, you know, coal  
21          plants or solar or natural gas, and that  
22          there's always a decision that management's  
23          making on how to invest in that to drive the --  
24          the best value.

25          And you made some strategic decisions

1 recently around that -- and, I'm sorry, three  
2 minutes is tight, so I'm done. Maybe you can  
3 answer somebody else's question and put that in  
4 there.

5 MR. CRESCIMBENI: Thank you, Mr. Anderson.

6 Mr. McElroy, let me -- I want to be really  
7 clear about what the Committee was looking for.  
8 So I understand your position on water,  
9 wastewater, and electric, but do you anticipate  
10 any revenue gains in any of these other  
11 businesses that you have on this sheet and/or  
12 any new businesses or new business units that  
13 you -- that may not be on this sheet? In other  
14 words, do you anticipate increasing revenues  
15 for the leasing of dark fiber? You anticipate  
16 increasing revenues from timber harvesting? We  
17 have a Special Committee and Council that's  
18 talking about the location of 5G or micro-cell  
19 antenna at the public right-of-way? Do you  
20 anticipate increasing revenue in that business  
21 department or business unit?

22 So I don't want you to be -- the question  
23 was about combating declining revenues. We  
24 were shown numbers for water, wastewater,  
25 electric, energy services for the district, and

1           there might have been one other thing on there,  
2           but it's a global question. Please don't  
3           restrict it those business units that we were  
4           shown. Does that change your answer?

5           MR. MCELROY: Well, I think the question  
6           is -- was it global revenue? I mean, that's  
7           the way I understood it.

8           MR. CRESCIMBENI: In other words,  
9           electric --

10          MR. MCELROY: Yes.

11          MR. CRESCIMBENI: -- going down, water  
12          going down, wastewater going down, does JEA  
13          have any anticipation of increased revenues in  
14          other businesses that you're in, including what  
15          you've -- was on this page or maybe some things  
16          not listed on this page? I'm not sure I see  
17          the micro-cell listed on this page.

18          I think at our last joint meeting, we  
19          heard they're going to charge \$1200 per  
20          location. So are those -- are those other  
21          businesses? And what's listed on here, are  
22          those ways that JEA anticipates increasing  
23          revenues, that when you look at the utility or  
24          the business locally, that you might actually  
25          sustain an uptake in gross revenue as compared

1 to just looking at electric, water, and  
2 wastewater?

3 (Ms. Boyer enters the room.)

4 MR. MCELROY: The answer shown is yes. I  
5 mean, in terms of timber harvesting, we're able  
6 to harvest about \$5 million in revenue. It was  
7 last year. That will be declined now. That  
8 was a one big harvesting. We replanted, and  
9 now it's -- that would be down more in the  
10 hundreds of thousands of dollars. The top --  
11 we entered into one agreement that's online,  
12 but will help us save costs.

13 Our fiber, the Board did approve and we'll  
14 be working to advance that through the -- to  
15 the Council over the next number of months. We  
16 have right now 550 miles of fiber around the  
17 county. And we currently have a significant  
18 amount of underutilized capacity in fiber  
19 network. It's dark, and we can lease that to  
20 people as a utility, not -- we're not going to  
21 let business to the content, but just the  
22 physical fiber itself. And we have some  
23 arrangements where it has not required us to  
24 invest any additional money to have somebody  
25 ride on our fiber for a -- for a fee.

1 MR. CRESCIMBENI: Okay. Let's do this,  
2 because I want the Committee to be able to ask  
3 this question, I'm going to assign you an  
4 action item, if you're willing to accept it,  
5 can you bring us some five-year sales  
6 projections for each and every business unit  
7 that you're currently dealing in or having an  
8 expectation to grow into, like the micro-cell  
9 antenna right- --

10 MR. MCELROY: Yes.

11 MR. CRESCIMBENI: All right. Thank you,  
12 sir.

13 Mr. Dennis.

14 MR. DENNIS: Before you start my time,  
15 through the Chair, Mr. McElroy, don't -- don't  
16 put in my question an answer -- well,  
17 Councilman Anderson's answer, my answer,  
18 because --

19 MR. CRESCIMBENI: Start the clock.

20 MR. DENNIS: Start the clock now.

21 So, Mr. McElroy, are you familiar with  
22 this form here?

23 MR. MCELROY: I can't see it from here.  
24 Sorry.

25 MR. DENNIS: This is what Mr. Pope



1 presented to the Committee on March 8th.

2 MR. MCELROY: If I could --

3 MR. DENNIS: Here, you can have a copy.

4 And are you familiar with -- and it's going  
5 down the same line of questioning Chairman  
6 Crescimbeni asked because I was there. Now are  
7 you familiar -- did you have an opportunity to  
8 read the auditor's report from last week?

9 MR. MCELROY: I read the auditor's report.

10 MR. DENNIS: So on the last page of the  
11 auditor's report, it says Recommendations, it  
12 says, "Note from 2010 to 2017, JEA paid down  
13 \$4 million in debt beyond its normal debt  
14 service."

15 And so if you look at that last page of  
16 the packet that you have, the last page that  
17 have the sales of electric -- the last page.  
18 All the way to the back. The last page. Flip  
19 it over. Yes. So you have the sales of  
20 electric and water. And during that time,  
21 between 2010 and 2017, it's showing decline,  
22 right? And then we talk about revenues  
23 declining. So yes, you could look at revenues,  
24 but as a business owner, you can do a billion  
25 dollars a year in revenue, but your costs can

1 be 900,000, so, you know, you only make  
2 \$100,000 in -- in -- you know, in profit,  
3 right, or you could have -- run a business and  
4 you make 500- -- \$500,000 in revenue, but your  
5 expenses are only \$200,000 and you make  
6 \$300,000, so you made a whole lot more money  
7 making less revenue.

8 So I'm -- so a few weeks ago I asked, you  
9 know, your staff to provide net profit year  
10 over year because just showing revenues going  
11 down really doesn't mean anything because,  
12 again, you could be cutting costs in various  
13 areas, saving money in areas. So what I need,  
14 and you kind of share with me over the -- from  
15 2010 to 2017, what is the net profit, because  
16 you have to have had money or made money  
17 somewhere to pay off accelerated debt of  
18 \$400 million. So if you could share that  
19 with the Committee, I would really appreciate  
20 it.

21 MR. MCELROY: Through the Chair to  
22 Councilman Dennis, we did hear that  
23 conversation and your request, and we did  
24 respond to the materials on March 22nd. It's  
25 called a Free Cash Flow Analysis, and the

1 Council Auditor might help us out here. I  
2 think we worked on a methodology that tried to  
3 meet the Council's requirements and request.  
4 And if we missed the mark, I'll provide you  
5 with information. We'll go ahead and get with  
6 the Council Auditor again, but there's a  
7 ten-year run in the spreadsheet, though, we  
8 went through and --

9 MR. DENNIS: So can you share with me  
10 2010, 2011, net profit for each year?

11 MR. MCELROY: Well, it's -- through the  
12 Chair to the Councilman, it's a -- it's a -- I  
13 would say it's a proxy through -- so a free  
14 cash flow, because you don't have a -- we don't  
15 have a net profit. It's sort of an equivalent  
16 of net profit because we're a non-for-profit  
17 organization.

18 MR. DENNIS: Through the Chair, if you  
19 could share that. I understand that you're  
20 not --

21 MR. CRESCIMBENI: Mr. McElroy, can you  
22 just read those numbers for -- how many years,  
23 the last four or five?

24 MR. DENNIS: Well, the Auditor's Report  
25 said from 2010 to 2017, an additional

1 400 million over debt service was paid, so I  
2 would like to know the dollar amount from 2010  
3 to 2017. If you could read those really  
4 quickly, should take less than five seconds.

5 MR. MCELROY: 2010 -- and I don't have it  
6 combined. I have the individual system. Free  
7 cash flow in 2010, negative -- negative 32,  
8 negative 75, negative 235, negative 80,  
9 positive 60, positive 104, negative 31,  
10 positive 99. Those are the numbers for the  
11 electric.

12 And then water, '10 was a negative 12,  
13 negative 29, negative 40, negative 20, and a  
14 positive 32, positive 110, negative 9, negative  
15 11.

16 MR. DENNIS: Through the Chair, that's not  
17 what I wanted, so I'll just come back  
18 because --

19 MR. CRESCIMBENI: All right. Thank you.

20 Mr. Shellenberg, you're next.

21 MR. SHELLENBERG: Thank you very much,  
22 Mr. Chair.

23 Along with what Mr. Crescimbeni is asking,  
24 if we could have a capital cost for the various  
25 projects. If you're projecting out on this

1 thing, it's important to know what the revenue  
2 is, but we also need to know what the capital  
3 cost will be going forward on these projects.

4 Mr. McElroy, you indicated what the growth  
5 or non growth is for the last five years, but  
6 up until 2006, what was the anticipated -- I've  
7 seen charts you've given us up until the last  
8 six years, but just going to 2006, the growth  
9 rate of utilities were what on average? Do you  
10 remember what it was?

11 MR. MCELROY: I believe we averaged  
12 3 percent, was --

13 MR. SHELLENBERG: So that's what you're  
14 doing. So when -- you were there at the time,  
15 and I think it's important just to say this,  
16 you couldn't anticipate it declining for two or  
17 three years. It was finally a chart or a feel  
18 that things truly did change in 2006, but you  
19 couldn't change your projections on growth and  
20 capital at that point in time. But you have  
21 because of a consistency in declining revenues  
22 and things like that, you've actually cut back  
23 on your capital costs over the last multiple  
24 years; is that correct?

25 MR. MCELROY: The capital cost up until

1 this past year was lower than it had been in  
2 the previous cycle.

3 MR. SHELLENBERG: Right. So that's part  
4 of the reason why you have some cash flow in  
5 the --

6 MR. MCELROY: Yes.

7 MR. SHELLENBERG: -- but you're not -- you  
8 don't need to build anything at this point at  
9 the same level you were up until 2006, is that  
10 correct --

11 MR. MCELROY: Yes.

12 MR. SHELLENBERG: -- and probably up to  
13 2010 or whatever it may be?

14 MR. MCELROY: Right.

15 MR. SHELLENBERG: And that's why in a  
16 sense if we are -- or you're looking at the  
17 growth and that's why you sort of got involved  
18 in Vogtle; is that correct?

19 MR. MCELROY: Yes, that was really a  
20 growth, and the CO2.

21 MR. SHELLENBERG: Right.

22 MR. MCELROY: Let's not forget CO2.

23 MR. SHELLENBERG: Right. So -- but I  
24 think that's all the questions I have, so I  
25 won't have a pre- -- but if you could allocate

1 costs to the various things that

2 Mr. Crescimbeni would --

3 MR. CRESCIMBENI: I'll add that to the  
4 list, Mr. Shellenberg. So you're asking for --

5 MR. SHELLENBERG: It's on --

6 MR. CRESCIMBENI: -- an additional  
7 five-year forecast for revenues from all  
8 business units. You want to also, I think,  
9 include in there the forecasts for projected  
10 capital expenses.

11 MR. SHELLENBERG: To the growth of the  
12 business.

13 MR. CRESCIMBENI: All right. I've already  
14 got that on the list.

15 MR. SHELLENBERG: Great. Thank you very  
16 much.

17 Thank you very much, Mr. McElroy.

18 MR. CRESCIMBENI: Mr. Gulliford.

19 MR. GULLIFORD: Thank you, Mr. Chair.

20 Through the Chair to Mr. McElroy.

21 Mr. McElroy, this isn't directly related  
22 to the revenue projections, but I think it has  
23 potential impact. There are outside factors we  
24 can't control such as deregulation. As a  
25 result of deregulation, one study recently

1 included by the Energy Information  
2 Administration indicates that in between 1998  
3 and 2020, the average price of electricity in  
4 rural 1998 dollars is projected to decline by  
5 .6 percent a year as a result of competition of  
6 honest electric and electricity generated.  
7 That would mean the average residential  
8 consumer who -- they pay 71.40 per month in  
9 1998 dollars for electricity, to expect to pay  
10 about \$63 in 1998 dollars in 2020.

11 Texas has deregulated its electric  
12 utilities. Between 2006 and 2015, the last  
13 year for which data's available, average  
14 residential electric prices for Texans have  
15 been a competitive market, decreased by  
16 17.4 percent, while average prices increased  
17 by 5.5 percent in regulated areas.

18 In Pennsylvania, 11 percent of the  
19 consumers moved to other providers after  
20 electric rates were deregulated. This -- this  
21 is -- can negotiate long-term contracts with  
22 outside providers. What's the impact? Revenue  
23 negativity to utility providers and the  
24 issuance has certainly worried bond rating  
25 agencies.



1           So Florida has not deregulated its rates,  
2           and I understand that, but I think that if  
3           we're talking about future, it's certainly  
4           something that should be at least considered.  
5           And I'd be interested, maybe not necessarily  
6           now, but maybe in the future as to your  
7           projection for perception/concern about  
8           potential impact of the electric deregulation.  
9           Because if we talk about Pennsylvania, that  
10          percentage there, what would the net impact be  
11          on JEA if we saw an 11 percent drop in electric  
12          utility revenues? I mean, it's -- it's -- it's  
13          a real possibility. I think the drum will  
14          continue to be beaten in those states that are  
15          not deregulated. And -- and I think Florida  
16          has deregulated their natural gas but not their  
17          electric utilities, if I'm not -- some states  
18          have deregulated both, some states have just  
19          deregulated one, and others have not  
20          deregulated at all. But I think it's something  
21          that should be part of this discussion if we're  
22          trying to do crystal-ball stuff and look into  
23          the future at both the good and the bad, that's  
24          got to be a factor. Thanks.

25               MR. CRESCIMBENI: Mr. Gulliford, is that a

1 request for something specific?

2 MR. GULLIFORD: I think, Mr. Chairman,  
3 that it should be. I think we at least need a  
4 response from JEA as to how much does that  
5 concern them about the --

6 MR. CRESCIMBENI: Well, he's already --  
7 he's already told you he has five-year  
8 projections for electric, water, and  
9 wastewater, and they're relatively flat. Do  
10 you want him just to confirm that he took  
11 those --

12 MR. GULLIFORD: No. No, no, no.

13 MR. CRESCIMBENI: -- into consideration  
14 when making those decisions?

15 MR. GULLIFORD: No, not at all. I mean,  
16 if he did take it into consideration, that  
17 would be interesting, but I'd just like -- I  
18 don't care for a financial projection, I'd just  
19 like a how you feel about it.

20 MR. CRESCIMBENI: Mr. McElroy, to  
21 Mr. Gulliford's point, did you -- is that  
22 concern that Mr. Gulliford raised baked into  
23 your five-year projections for electric, water,  
24 and wastewater?

25 MR. MCELROY: It was a risk that we

1 evaluated and looked at. It's -- our opinion,  
2 it's outside of the five-year plan given the  
3 regulatory environment currently employed.

4 MR. CRESCIMBENI: All right. Thank you.  
5 Councilman Becton.

6 MR. BECTON: Thank you. Through the  
7 Chair, welcome back, Mr. McElroy, and I  
8 appreciate you coming down.

9 I have no illusion in my three minutes  
10 that you're going to be able answer these  
11 items, which I kind of helped in crafting this  
12 first request, and this is really to the heart  
13 of where I wanted to go with these.

14 So, I guess, Mr. Chair, these are going to  
15 be action items, but certainly as to the CEO of  
16 the utility, who, I think, would be the head  
17 visionary of JEA in your role and also the  
18 captain of the ship, so to speak. There's been  
19 a lot of industries over the years, I think  
20 it's the tobacco industry where you have  
21 companies like Philip Morris and so forth who  
22 have diversified their companies and have  
23 conquered a declining primary growth within the  
24 major product line for which they are  
25 established and have gone on to have successful

1 companies and successful quarters.

2 So I have two questions that I think  
3 they're probably going to have to be used as  
4 action items. So my first one is, how are  
5 companies nationwide, utilities -- other  
6 utilities expanding their business and growing  
7 themselves, or is the entire industry just in  
8 dire straits and is -- you know, they all --  
9 everybody should be selling, right? So -- and  
10 I don't believe that, so that's one.

11 And then, two, if you had no charter  
12 restrictions or could make any charter  
13 restrictions go away that you desired, how  
14 would you move JEA forward to increase its  
15 shareholder value? What other -- what other  
16 things could you do as a company? You touch  
17 every home in this county. That's got to be a  
18 unique asset. What can you do with that? What  
19 can you do with JEA in its current susceptible  
20 state that could increase shareholder value in  
21 the next five years, the next ten years, in the  
22 next 20 years? That is really at the heart of  
23 how do you plan strategically to offset the  
24 declining revenues, and that was -- that's  
25 really my question for you. So I would really

1 love to hear your response to that, you know,  
2 in the future.

3 MR. CRESCIMBENI: Mr. McElroy, do you want  
4 to try to respond to those today or would you  
5 like to take those on as something the  
6 following week?

7 MR. MCELROY: Well, through the Chair to  
8 Council Member Becton, I think there were two  
9 questions there. The first one, the flat to  
10 low sales is a nationwide phenomenon. It's a  
11 maturing economy. It's a service-driven  
12 economy, and it's energy efficiency as mandated  
13 by standards and by improvement in technology.  
14 So that -- that phenomenon is not unique to us  
15 in Duval County, Northeast Florida, or even in  
16 the Southeast.

17 The second one we'll -- you know, we  
18 can --

19 MR. CRESCIMBENI: Actually the first one  
20 was what are other utilities nationwide doing  
21 to -- to grow their sales. So we recognize  
22 they're in the same boat as we are, but this  
23 question, I think, was more direct, that what  
24 are they doing to grow their sales.

25 So in your association with your -- you've

1           referenced you're members of different  
2           associations that are utility associations.  
3           What are you hearing? Are they just sitting in  
4           the corner going, oh, my gosh, what are we  
5           going to do or are they executing action plans  
6           of their own to combat the declining sales that  
7           they're experiencing?

8           MR. MCELROY: Generally the cost lever and  
9           efficiency within the utility is what's being  
10          managed now. The ability to grow outside of --  
11          of mandated charters, both investor owned and  
12          municipal, seems to be somewhat constraining  
13          that were creative activity, but you might have  
14          the private sector non-utility businesses, but  
15          we will -- we will certainly take that and  
16          have --

17          MR. CRESCIMBENI: So you don't hear anyone  
18          that's getting into the natural gas sales  
19          business or the cable TV business or dark fiber  
20          business like JEA's pursuing or, I don't know,  
21          delivering sandwiches from the neighborhood  
22          sandwich shop? What -- you know, what are you  
23          hearing out there in the industry that's being  
24          tried to build sales outside of the  
25          conventional box that the utility has so long

1           been comfortable with?

2           MR. MCELROY: I think we'll -- we'll do a  
3 full analysis and come back, absolutely.

4           MR. CRESCIMBENI: All right. And the  
5 second question was, can you eliminate any  
6 charter restrictions or would you need to --  
7 which ones would you eliminate to empower JEA  
8 to increase sales revenues, shareholder value,  
9 et cetera, do you want to give us an answer on  
10 that or do you want to come back?

11          MR. MCELROY: I'd rather come back with a  
12 [unintelligible].

13          MR. CRESCIMBENI: Okay. Very good.  
14 Council President Brosche.

15          MS. BROSCHE: Thank you, Mr. Chairman.

16                 Through the Chair to Mr. McElroy, thank  
17 you for being here. I saw in the materials  
18 that you brought for the March 15th meeting a  
19 reference to the strategic planning process  
20 that JEA went through, it started in 2012,  
21 finished in 2013, and the strategic plan that  
22 you're operating under right now; is that  
23 correct?

24          MR. MCELROY: That's correct.

25          MS. BROSCHE: Okay. And there -- there

1 was this cascade meeting objectives and used  
2 words like wanting to discuss and gather input  
3 regarding the overall effort to reposition JEA  
4 to meet its serious challenges successfully and  
5 come up with your new game plan.

6           Could you talk a little bit about those --  
7 I guess the serious challenges are what you've  
8 been saying up here and -- and so that's been  
9 discussed and been very permeated through the  
10 organization for quite some time; is that true?

11           MR. MCELROY: That is true.

12           MS. BROSCHE: And so can you tell me how  
13 often the board is engaging in the  
14 implementation and execution of the strategic  
15 plan, changing it? I mean, how -- how often  
16 are these challenges coming up in the board  
17 discussions?

18           MR. MCELROY: Through the Chair to Council  
19 Member Brosche, Council President Brosche,  
20 generally annually there's a discussion of  
21 these -- the high and low trends both in terms  
22 of developing a five-year outlook, which  
23 then -- which is done in the fall and then  
24 rolls into the budget process. And in that we  
25 have conversations with the Finance and Audit



1 Committee, which is then forwarded out to the  
2 whole board, on assumptions and trends that  
3 will incorporate in our financial plan.

4 MS. BROSCHE: Okay. So we've been getting  
5 kind of this dire straits sense of the utility,  
6 of JEA. Is -- is it different today in this --  
7 what we're hearing at this time than it was in  
8 2013 when you were conducting these meetings  
9 and trying to gather input and get everybody on  
10 board with understanding these challenges and  
11 how the organization was going to respond?

12 MR. MCELROY: Through the Chair, I believe  
13 we probably were at the -- at the forefront of  
14 the industry in terms of starting to include  
15 lower forecasts. I believe the rest of the  
16 industry now has caught up to us after  
17 continuing to have a number of years of falling  
18 short.

19 So when we recognized as part of that  
20 process in the material that we provided, there  
21 was a section there in terms of -- the process  
22 we went through was called confronting  
23 realities. And sort of confronting realities  
24 was looking at a scan of really the markets,  
25 technology, evolving processes across --

1 MS. BROSCHE: Well, Mr. Chairman, I still  
2 have more questions, so I'm going to put it  
3 down, and in the process that's going, I hope  
4 that we'll be able to circle back at some  
5 point.

6 MR. CRESCIMBENI: Thank you, Council  
7 President Brosche.

8 Vice President Bowman.

9 MR. BOWMAN: Thank you, through the Chair,  
10 Mr. McElroy, thank you for being here. I'm  
11 sorry, I know we put you under a loss of stress  
12 this last week, and we're glad to have you  
13 here.

14 I have three questions, and I'm going to  
15 stop you if we don't get to the end so I can  
16 leave the questions with you, but the first is  
17 kind of a rhetorical maybe or maybe you've got  
18 some comments on it, if the industry is in  
19 decline, why it is such an attractive target to  
20 potential buyers?

21 MR. MCELROY: Well, I think it's -- I  
22 think sales to an extent are the -- this was  
23 indicated over the last five years and  
24 projected forward, to be relatively flat and  
25 certainly low- -- substantially lower than what

1 historically we've seen in the market.

2 I think the -- as we look forward, some of  
3 the -- the threats that we've talked about, you  
4 know, others might be able to execute more  
5 freely strategies that turn those threats into  
6 opportunities. And so, for example, natural  
7 gas, expanding natural gas, we tried that a  
8 number of years ago and were not successful,  
9 but maybe -- maybe there's time to sort of  
10 think about that at this point in time.

11 MR. BOWMAN: Okay. I'm going to think  
12 more about that and probably will follow up at  
13 some time.

14 So our sales are stagnant, as you earlier  
15 said. Are we alone in the industry or is that  
16 the trend that's being seen nationwide?

17 MR. MCELROY: That's the nationwide trend.  
18 And I think Councilman Gulliford had -- had  
19 pointed to the EIA, which is the Federal Energy  
20 Information Administration, and they track  
21 everything to do with energy, project out,  
22 forecast out -- out to the '40s and '50s in  
23 terms of a -- for future look, and they are  
24 looking at, you know, sub 1.78 percent for  
25 growth. It's risen a little bit in the last

1 year or two, but it's still way off where it  
2 had been.

3 MR. BOWMAN: Okay. My final question, a  
4 little bit on the process that you used for the  
5 new Revenue Task Force, and maybe if you did --  
6 if you did it, I apologize, I missed it, was  
7 that an internal exercise or did you bring in  
8 an industry expert to -- to maybe identify some  
9 areas that other utilities have gone after? Or  
10 I guess really where I'm going with that is is,  
11 you feel comfortable that's an extensive list  
12 of what's reasonable for you to be able to  
13 possibly do?

14 MR. MCELROY: And I think two -- two  
15 questions. One, we had some external advice in  
16 terms of the strategic plan and its development  
17 and then implementation for the -- the first  
18 couple of years, and now we run that --  
19 [coughing and phone ringing]. So I think they  
20 helped us guide this discussion and ensured  
21 that we had access to the right external  
22 resources.

23 I wouldn't focus just on this one  
24 document. In the rest of the information we  
25 gave you, we gave you large spreadsheets, so

1           there's probably 30 or 40 other ideas in those.

2           MR. BOWMAN:   Okay.   You and I have met  
3           together several times.

4           MR. MCELROY:   Yes, sir.

5           MR. BOWMAN:   Thank you.

6           MR. CRESCIMBENI:   Thank you, Mr. Bowman.  
7           Councilman Hazouri.

8           MR. HAZOURI:   Thank you, Mr. Chairman.

9           Just to piggyback that -- that Councilman  
10          Dennis brought up, have you done a response --  
11          I know we did a response to you, the auditor --  
12          the Council Auditor.   Were you or have you done  
13          a response to his report to us as a result of  
14          your -- [sneezing]?   Do you have a response to  
15          it or will you have one for us?   I'm trying to  
16          get fundamental details as we move along.  
17          We've got some great questions that have been  
18          asked here.   I would like to get a response to  
19          what that Council Auditor did in responding to  
20          y'all, if you can do that, if you haven't done  
21          that already.   I don't think -- I think Kyle  
22          told me he hasn't gotten anything from y'all  
23          one way or the other about that.   So your  
24          response to his response is all I'm asking for  
25          as an action item.   Can you do that?

1 MR. CRESCIMBENI: I'll list this is an  
2 action item, Mr. Hazouri, but we're on the  
3 revenue side and the decline, so that's --

4 MR. HAZOURI: Well -- and I know -- and  
5 just --

6 MR. CRESCIMBENI: You want a response to  
7 the --

8 MR. HAZOURI: Yes.

9 MR. CRESCIMBENI: -- a response not just  
10 to the revenue?

11 MR. HAZOURI: Correct.

12 MR. CRESCIMBENI: So I'll add that as an  
13 action item.

14 MR. HAZOURI: All right. Well, let me --  
15 and let me finish. Can you do that, did you  
16 answer that? Yes?

17 MR. MCELROY: Through the Chair --

18 MR. HAZOURI: Is that difficult to answer?

19 MR. MCELROY: Well, I think that, you  
20 know, the PFM report, they issued a report that  
21 is -- provides their analysis, and their look  
22 at the information, they presented that. And  
23 the Council Auditor did a great job in looking  
24 at the information and presenting their view.

25 MR. HAZOURI: That's my point.

1 MR. MCELROY: I don't -- and I'm  
2 struggling with JEA taking a role in trying to  
3 reconcile those or differences and --

4 MR. HAZOURI: But you did hire them --

5 MR. MCELROY: Yes.

6 MR. HAZOURI: -- to make recommendations  
7 and to give an analysis on both the pros and  
8 the cons, and that's what they were responding  
9 to.

10 MR. MCELROY: Yes.

11 MR. HAZOURI: Just help me with that,  
12 okay, if we went -- because I just --

13 MR. CRESCIMBENI: How about we do this,  
14 Mr. Hazouri, how about if we ask Mr. McElroy to  
15 re-review the Council Auditor's report --

16 MR. HAZOURI: Correct.

17 MR. CRESCIMBENI: -- and if he has any --  
18 Mr. -- if he thinks there's any discrepancies  
19 in there that he doesn't agree with --

20 MR. HAZOURI: Right.

21 MR. CRESCIMBENI: -- he just brings those  
22 to us. Because I think you sent out an e-mail  
23 today, right, to Earned [phonetic] and you talk  
24 about many of the things. I think you just  
25 pasted a lot of the Council Auditor's report

1 here about giving and volunteerism and -- you  
2 know, so I'm assuming you agree with those  
3 points, right?

4 MR. MCELROY: Yes. To the Chair, I --

5 MR. CRESCIMBENI: Can you just review  
6 this -- review the Council Auditor's report,  
7 and if you think there's anything in there  
8 that's not correct or not --

9 MR. HAZOURI: That's all I'm asking for,  
10 Mr. Chair.

11 MR. CRESCIMBENI: -- just respond back to  
12 us?

13 MR. MCELROY: Yes. Through the Chair,  
14 just to set expectations, though, we don't -- I  
15 don't think we're going to find anything in  
16 conflict. There's probably a couple of numbers  
17 that we can -- we can reconcile --

18 MR. CRESCIMBENI: All right.

19 MR. MCELROY: -- and then bring --

20 MR. CRESCIMBENI: All right. You just  
21 want to work with the Council Auditor?

22 MR. MCELROY: Absolutely.

23 MR. CRESCIMBENI: I'm sure he'll be more  
24 than happy to correct his report if you point  
25 out something that he didn't get right.



1 MR. MCELROY: That -- yeah.

2 MR. CRESCIMBENI: Let's do that, then.

3 All right.

4 MR. HAZOURI: Can I finish?

5 MR. CRESCIMBENI: You are finished.

6 MR. HAZOURI: Well --

7 MR. CRESCIMBENI: Do you have a question  
8 about revenue?

9 MR. HAZOURI: Everybody I talk about,  
10 anybody here that talks, Mr. Chairman, is about  
11 revenue and about the future of the JEA. So I  
12 don't think there's anything on your list --

13 MR. CRESCIMBENI: Well, take a --

14 MR. HAZOURI: -- that doesn't address  
15 revenue or debt service or anything --

16 MR. CRESCIMBENI: I'd like to get through  
17 the agenda, Mr. Hazouri. I mean, I don't have  
18 a problem with you asking a question, but I've  
19 asked everybody else to put off their general  
20 questions until we got through the agenda so  
21 that --

22 MR. HAZOURI: I understand that. And --

23 MR. CRESCIMBENI: I'm trying to be fair.  
24 That's all I want to be.

25 MR. HAZOURI: Okay. But Mr. Dennis opened

1 the door.

2 MR. CRESCIMBENI: I want to be fair with  
3 you and I need to provide those same liberties  
4 to everybody else.

5 MR. HAZOURI: And I respect that, but  
6 Mr. Dennis opened the door.

7 MR. CRESCIMBENI: Do you have any  
8 additional questions about --

9 MR. HAZOURI: I'm going to forget it by  
10 the time you finish with it. Yeah, I do. I  
11 just had one more question --

12 MR. CRESCIMBENI: Go ahead and ask it.

13 MR. HAZOURI: -- to ask.

14 Look at Tampa Electric as you look at  
15 revenues. I don't know what their history is,  
16 but I know the paper refers to them all the  
17 time as being sold, and I would like to be  
18 able -- and even though it's a private  
19 utility -- that's the difference between our  
20 public utility, if you can come back with me  
21 and tell me how that compares -- if it's a much  
22 less support to Jacksonville to value, but how  
23 that compares in revenues and anticipated  
24 deficits of our decline in revenue versus their  
25 sale and what we're looking at today.

1           In other words, give me an example of  
2           how -- why they were able to sell their utility  
3           as a private utility. What did they have  
4           compared to ours that would make it attractive  
5           to them as a private utility versus a public  
6           utility and why -- therefore, I want to know  
7           why we should be looking to sell, and I want to  
8           be able to compare that to -- Tampa Electric  
9           can do that, since you're involved in all these  
10          electric companies. Can you handle that?

11           MR. MCELROY: I think we can do a  
12          reconciliation.

13           MR. HAZOURI: I really appreciate you  
14          being here. I'm not trying to go after  
15          anything. I just need some fundamental  
16          questions answered so I'll have a common  
17          denominator.

18           The next question I wanted to ask, I'll  
19          ask it later, is, basically if y'all are going  
20          to pursue studying this issue as we move along.  
21          As we're doing our work --

22           MR. CRESCIMBENI: Mr. Hazouri --

23           MR. HAZOURI: -- are y'all going to go out  
24          and do this?

25           MR. CRESCIMBENI: Mr. Hazouri --

1           MR. HAZOURI: I wanted to get my question  
2 in. Thank you.

3           MR. CRESCIMBENI: Mr. Clements, did you  
4 get that last question that -- I didn't -- did  
5 you get that as an action item?

6           MR. CLEMENTS: Yes.

7           MR. CRESCIMBENI: Make sure you get with  
8 me after the meeting so I can record that.

9           Mr. Love, you're next.

10          MR. LOVE: Thank you, Mr. Chairman.

11                 Through the Chair to Mr. McElroy, will the  
12 growth of our city and the growth of electric  
13 vehicles help mitigate some of the losses of  
14 the electric revenues? The growth of our city,  
15 do we have -- don't we have a high potential of  
16 growth in Jacksonville?

17          MR. MCELROY: The answer that -- there are  
18 two yeses to that. The growth of the city, we  
19 are growing. There are more meters in our --  
20 we're growing 2 percent per year, and that is  
21 incremental sales, and that's a good thing.

22                 And electric vehicles, to the extent that  
23 their adoption and the adoption rates steps up  
24 and comes even remotely close to the trend  
25 line, maybe not in the short run, in the first

1 decade --

2 MR. LOVE: That's right.

3 MR. MCELROY: -- but going out beyond,  
4 not -- in the year 10 through 20 with the  
5 adoption rates that are forecasted, there would  
6 be absolutely additional sales.

7 MR. LOVE: Sure.

8 MR. MCELROY: And the key there would to  
9 manage those sales so they happened at the  
10 right time, so they would be charged overnight.

11 MR. LOVE: Got you.

12 MR. MCELROY: And then I think the third  
13 point on that in terms of potential  
14 opportunity, and I know -- I know on the -- we  
15 don't like to say the words, but if, and we got  
16 to look at positive and negative risk here, but  
17 if there is climate change and if there are  
18 higher temperatures, there will be more cooling  
19 oil.

20 MR. LOVE: All right. And then what about  
21 the dark fiber, that's going to add to revenue;  
22 is that correct? Aren't you bringing us  
23 something that will --

24 MR. MCELROY: We're going to try to, yes,  
25 sir.

1 MR. LOVE: And that's going to help the  
2 revenue too.

3 And also we have a lower-than-average  
4 price in the state of Florida; is that correct?

5 MR. MCELROY: Yes.

6 MR. LOVE: Will that help bring businesses  
7 to -- to Jacksonville? Industries would rather  
8 come to a lower -- a lower -- where it's lower  
9 utility cost?

10 MR. MCELROY: Absolutely. Absolutely.

11 MR. LOVE: I think that I -- thank you.

12 MR. CRESCIMBENI: All right. Thank you,  
13 Mr. Love.

14 Councilman Reggie Brown.

15 MR. BROWN: Thank you.

16 Through the Chair, JEA's -- let me  
17 rephrase it, JEA's strategic plan to offset  
18 recent declining revenue trends as it pertains  
19 to older communities that's without  
20 infrastructure, if you could describe the  
21 impact that it would have on the revenue stream  
22 that we currently have by adding infrastructure  
23 into older communities as well as would it be  
24 cheaper for us to move towards gas and solar in  
25 older communities to not have such a decline in

1 impact?

2 MR. MCELROY: Through the Chair, I think  
3 there are two questions there in terms of  
4 expanding services to parts of our community  
5 that don't have those services. We -- we at  
6 JEA have continued to try to help to be part of  
7 that solution.

8 The historic challenge for our community  
9 is the capital costs. And if you look at just  
10 JEA alone and the JEA ratepayer, we are -- the  
11 capital costs for that expansion, the economics  
12 get challenged, but if there's a more  
13 broad-based investment of the community by --  
14 on behalf of the full community investing in  
15 those areas, then you do get a positive cash  
16 flow from the expansion.

17 Natural gas is very expensive to expand,  
18 but it -- that would have to be a long-term  
19 play and a long-term investment on behalf of  
20 the community, and there -- there probably are  
21 opportunities.

22 MR. BROWN: Thank you, sir.

23 MR. CRESCIMBENI: Thank you, Mr. Brown.  
24 Councilwoman Boyer.

25 MS. BOYER: Thank you. Through the Chair

1 to Mr. McElroy, thank you for being here. And  
2 my apology to the Committee if this was asked  
3 previously since I wasn't here, but we received  
4 a copy -- an e-mail copy of -- kind of  
5 reference to some documents that JEA filed on  
6 the Public Service Commission, which included  
7 projections in water sales, projections in  
8 electric sales, and I believe that was filed in  
9 2017. And that has a different growth rate and  
10 a different projection than the handout that  
11 was delivered to us by Mr. Pope two weeks ago  
12 or four weeks ago at the meeting. And --

13 MR. CRESCIMBENI: Ms. Boyer, you're not  
14 going to believe this, but guess what --

15 MR. HAZOURI: He got you.

16 MR. CRESCIMBENI: -- that question --  
17 yeah, there may have been some ambiguity in the  
18 answers, so if you want to make another --

19 MS. BOYER: I want to understand the  
20 difference between the two because I'm very  
21 troubled by the fact that there are differing  
22 projections filed with the Committees.

23 MR. CRESCIMBENI: In fact, there was some  
24 unclarity in my opinion with those answers.  
25 What we've asked them to do is come back and



1 give us five-year projections -- revenue  
2 projections on each component of the business,  
3 including water, electric, wastewater, timber,  
4 black fiber, everything. So -- but if you have  
5 a question, go ahead, because that --

6 MS. BOYER: I'm simply asking for a  
7 reconciliation of the discrepancy on electric  
8 growth and reconciliation of the discrepancy on  
9 water sales growth between the charts that were  
10 handed to us and the charts that were filed  
11 with the Public Service Commission.

12 MR. CRESCIMBENI: Mr. McElroy.

13 MR. MCELROY: Through the Chair, the very  
14 short answer is those are -- those are  
15 long-term system planning -- State planning  
16 requirement calculations versus -- and for  
17 sufficient capacity and resource allocation at  
18 the State level.

19 We -- we do internal forecasts for  
20 financial purposes and for investment purposes  
21 that are tighter than those.

22 MS. BOYER: So what you're saying is your  
23 internal forecast is more conservative and  
24 projects less growth than what you filed with  
25 the Public Service Commission that they use

1 kind of as their statewide rate analysis, and  
2 all the rest of it you are assuming more growth  
3 with what you file with them?

4 MR. MCELROY: There is a different --  
5 yeah, there's a different calculation in terms  
6 of producing those -- those --

7 MS. BOYER: And which would you say is  
8 closer to reality?

9 MR. MCELROY: I would say the history  
10 would say that the financial projections have  
11 mirrored reality more than -- the lower  
12 projections mirror reality more than the PSC.

13 MS. BOYER: And the document that is filed  
14 with the PSC, I presume, is based on some  
15 standards that they promulgate about what  
16 you're supposed to include in the calculation?

17 MR. MCELROY: Yes.

18 MS. BOYER: So we can determine what the  
19 formula is that they require from all utilities  
20 and compare it?

21 MR. MCELROY: Yes.

22 MR. CRESCIMBENI: Thank you, Councilwoman  
23 Morgan -- I'm sorry, Councilwoman Boyer.

24 Councilwoman Morgan is next.

25 MS. MORGAN: Thank you so much.

1           Through the Chair to Mr. McElroy, thank  
2           you so much for joining us today. We do  
3           appreciate all of your information that you  
4           have provided to us.

5           One of the questions that I had been  
6           asking as far as JEA versus other utility  
7           companies is the fact that we are non profit.  
8           So because we are non profit and we still have  
9           to look for revenue to run our -- our utility,  
10          because you are non profit, how is JEA able to  
11          use grants to help increase revenue and -- and  
12          work toward a more -- I guess you would say to  
13          work toward being more efficient?

14          MR. MCELROY: Through the Chair, in the  
15          utility sector, there are -- there are some  
16          grants. There are not as many grants as one  
17          might find in, say, the urban transportation or  
18          even the port, the airport. Those are -- a lot  
19          of Federal grants and dollars associated with  
20          that.

21          In terms of -- we do look at that, or we  
22          do look at the State level. We exercise those  
23          when possible, and it's just really rolled  
24          back.

25          I think if you look historically in the

1 water and wastewater business, there is a  
2 tremendous amount of grant money, and this goes  
3 way back into the -- into the '70s and early  
4 '80s when the clean water plant came out of the  
5 Federal government. There was enormous amount  
6 of money, and that has all dried up in terms of  
7 money available to the communities for those --  
8 that utility.

9 Electric utilities, a lot of the money  
10 coming out of D.C. is granted in the form of  
11 tax exemptions and tax credits and  
12 depreciation. We can't beat ourselves up about  
13 it.

14 I would say one of the most interesting  
15 one now with the State that we're working with  
16 is -- we have -- we have a grant with the Water  
17 Management District to work on a water  
18 purification project, and that is -- that is  
19 moving essentially our wastewater to drinking  
20 water standards. It seems to be very positive  
21 signs and results there, which will help  
22 sustain really water in our system.

23 MS. MORGAN: And through the Chair again,  
24 Mr. McElroy, for me, as I'm looking at what you  
25 have presented to us with the JEA new Revenue

1 Task Force, I -- I still would like to know  
2 overall what kind of grants JEA has gotten over  
3 the past few years just to see where you are  
4 and what else is out there that we may be able  
5 to access and -- especially when it comes to  
6 the older neighborhoods, is there money out  
7 there for grants for older neighborhoods.

8 Thank you.

9 MR. MCELROY: Absolutely. We'll look at  
10 that. We analyze the grants that we've had  
11 over the past five years and then give you a --  
12 provide at least a current scan of what we have  
13 that might be available. And really in this  
14 case, any assistance that we can have from any  
15 of the Council Members from your knowledge and  
16 in the community and any of the -- you know,  
17 the administration, anyone in our community,  
18 anybody that's listening that can give us some  
19 guidance towards grants to certainly focus in  
20 those areas would be helpful.

21 MR. CRESCIMBENI: Thank you, Ms. Morgan.

22 Do municipals have any more advantage,  
23 competitive advantage, for procuring grants  
24 than IOUs or is it -- are IOUs allowed to  
25 pursue grants, or how does that work, do you

1 know?

2 MR. MCELROY: I think certainly if we look  
3 at the water/sewer business, then we -- the  
4 municipals would have more opportunity.

5 On the electric side, a lot of the Federal  
6 money has been in the form of tax credits,  
7 which we can't avail ourselves to directly.

8 MR. CRESCIMBENI: All right.

9 MR. DENNIS: Point of order. Chairman --

10 MR. CRESCIMBENI: Mr. Dennis, yes.

11 MR. DENNIS: -- in the next round of  
12 questioning, can I ask your consideration on  
13 when he's answering stopping the clock, because  
14 it seems as though he's dragging out the  
15 questions. And I know I'm getting a little  
16 antsy over here, I don't want to be  
17 disrespectful and rude and tell the speaker to  
18 stop, you know, and let me get to my next  
19 question. So if -- you know, for your  
20 consideration, stop the clock while he's  
21 answering questions, because I --

22 MR. CRESCIMBENI: Mr. -- we'll be  
23 certainly willing to try that and see if that  
24 will work.

25 MR. DENNIS: All right.

1           MR. CRESCIMBENI: Anybody have a problem  
2 with that?

3           THE COMMITTEE: (No response.)

4           MR. CRESCIMBENI: All right. Mr. McElroy,  
5 I think that completes all the people on queue  
6 for the strategic plan to offset recent  
7 declining revenue trend, so would you like to  
8 move on to the next item, a five-year review of  
9 JEA philanthropic giving and volunteerism?

10          MR. MCELROY: We have in the packet that  
11 was passed out, it's a small spreadsheet with  
12 two -- two columns and rows, I guess two  
13 sections there. It's entitled Employee  
14 Volunteer and [unintelligible] Activities.

15           On the subject of philanthropic giving,  
16 the charter prevents us from any direct  
17 contribution of funds to -- to charities, and  
18 so all of our activities in terms of giving are  
19 done on a voluntary basis. We have an active  
20 voluntary program for all of our employees. We  
21 think that that provides us with an opportunity  
22 to outreach and be closer to the community. We  
23 get good conversation from the community and we  
24 get good information, and really helps us in  
25 terms of our involvement and becoming part of

1 the fabric of the community.

2 So the first chart shows all -- the number  
3 of employees, of our 2,000 employees that  
4 volunteered, given -- giving the year there.

5 So when we look at '16 and '17, we were almost  
6 approaching half of our employees have availed  
7 themselves of a day of giving. And these are  
8 to really any of the non-profits that we have  
9 around town.

10 The second one is the Ambassador Program,  
11 and that's a program that is really where we  
12 have people volunteer time, and this is the --  
13 mostly weekends and evenings. These are  
14 community neighborhood association meetings.  
15 These are community associations and clubs that  
16 avail themselves of one of our ambassadors to  
17 come and speak on behalf of JEA, to share the  
18 services that we have so the customers can  
19 understand really the access to what we have,  
20 how to understand the bill, how they can save  
21 on their bill, and how they can use our  
22 services more efficiently.

23 And so in terms of -- in terms of the  
24 community, and I can give you the detail there,  
25 we do have two programs that on a utility-wide



1 basis that we support not directly in any way,  
2 but we have company-wide programs for the  
3 United Way on an annual basis and  
4 community-held charities. And those are two  
5 things that go back over 20 years that we've  
6 done on an annual basis. Our employees are  
7 giving in nature. We raise in excess of  
8 \$300,000 in direct contribution and  
9 [unintelligible] and almost \$100,000 for  
10 community health services, again, through --  
11 most of that through payroll deduction.

12 MR. CRESCIMBENI: Thank you, Mr. McElroy.  
13 This is a step in the right direction, this  
14 attachment, but it's grossly well below the  
15 detail I was anticipating, so I'm going to  
16 restate what the Committee was looking for.

17 We were looking for -- well, first, let me  
18 ask you this question, let's take -- this was  
19 year '17, for example. The 913 employees that  
20 you said volunteer, are those unique employees?  
21 The 913 individual employees of JEA volunteer  
22 for some sort of activity, those are all unique  
23 individuals?

24 MR. MCELROY: Yes.

25 MR. CRESCIMBENI: Some of them may have

1 volunteered for more than one event or project?

2 MR. MCELROY: It's by the employee level,  
3 and they may have -- they may have volunteered  
4 for, you know --

5 MR. CRESCIMBENI: And likewise, for the  
6 Ambassador Program at Y '17, those are 343  
7 unique individuals?

8 MR. MCELROY: Yes.

9 MR. CRESCIMBENI: With regard to  
10 volunteerism, I think what the Committee was  
11 looking for was not only number of employees  
12 but total hours, because that's really -- if  
13 you read the PFM report, the PFM report said  
14 anybody considering selling a utility, a  
15 municipal utility, ought to think about or  
16 spend a lot of time evaluating the value of  
17 volunteerism, and maybe philanthropic was the  
18 wrong word used in the charge, but the giving  
19 of that organization. So for the time being,  
20 let's just focus on volunteerism. What I'm  
21 going to be looking for is the total number of  
22 hours and maybe a list of projects each year  
23 that employees participated on.

24 Now, I understand if you're a JEA  
25 employee, you're given some -- are they

1           allowed -- you can give them some comp time or  
2           something to volunteer every year?

3           MR. MCELROY:   Yes.

4           MR. CRESCIMBENI:   Okay.   And how much comp  
5           time are they allowed --

6           MR. MCELROY:   Eight hours, eight hours a  
7           year.

8           MR. CRESCIMBENI:   Eight hours a year.   So  
9           in the list -- or in your report, I think not  
10          only would I be interested in the eight hours,  
11          but my understanding is some employees donate  
12          their time, they forfeit a salary --

13          MR. MCELROY:   Yes.

14          MR. CRESCIMBENI:   -- to continue  
15          volunteering.   Maybe they do one project in  
16          April and they'll do another one in September  
17          at their expense, and I don't want to know  
18          their expense, you have a way to capture the  
19          totality of the volunteerism as opposed to just  
20          what's -- what you're giving comp time for?

21          MR. MCELROY:   I believe we do.   Well, to  
22          be more specific, yes, we can.   I may have to  
23          look and measure how much time it will take to  
24          get running.

25          MR. CRESCIMBENI:   That's what I think the

1 Committee was looking for, was a totality  
2 picture of volunteerism. This is a start.  
3 913, almost half of the employees at JEA, have  
4 taken at least one day out of the year to  
5 participate in a project, but I need a little  
6 bit more information about how deep does that  
7 go in term of hours and how many -- how many --  
8 because if it's -- if it's more than 913 times  
9 8, I'll know that people have done double duty,  
10 right, they've done more than one project at  
11 their own expense.

12 MR. MCELROY: I -- I can --

13 MR. CRESCIMBENI: And, now, with regard to  
14 the giving side, the PFM report, not all -- you  
15 don't recall that section in the report. I  
16 will certainly highlight that and send it to  
17 you. I think what we're looking for with that  
18 is, has JEA ever sponsored a City event like  
19 World of Nations or the Jazz Festival or -- I  
20 mean, I see your logo on a variety of things  
21 that go on around Jacksonville. I'm assuming  
22 that's including some sort of financial  
23 contribution to that activity.

24 Now, the Council Auditor gave us a list  
25 last week of some figure items, \$20 million for

1 parkland, \$53 million for service to trade  
2 Cecil Field for -- what now? Cecil Commerce  
3 Center, so -- but I want to drill all the way  
4 down to, you know, if you donated to a Girl  
5 Scott troop or you sponsored this event or  
6 River Run or whatever. All that's a -- that's  
7 value that I think this Committee needs to  
8 consider. And in the absence of those numbers,  
9 I'm shooting in the dark. So is that something  
10 you could provide?

11 MR. MCELROY: Absolutely. There's a  
12 spreadsheet that -- we have that, and we'll  
13 just bring it up to the -- to this level.

14 MR. CRESCIMBENI: Okay. At the next  
15 meeting.

16 MR. MCELROY: Yes, sir. It's in the  
17 packet March 22nd, and we had highlighted  
18 that --

19 MR. CRESCIMBENI: Well, I have not looked  
20 at your flash drive, I apologize.

21 Councilman Love, a question.

22 MR. LOVE: Thank you. Through the Chair,  
23 Mr. McElroy, you also do a neighbor to  
24 neighbor; is that correct?

25 MR. MCELROY: That is correct.

1           MR. LOVE: But that money is not yours,  
2 but you provide this service, you provide the  
3 conduit for people that give to JEA so they can  
4 give the folks that may have some trouble  
5 paying their bills to JEA; is that correct?

6           MR. MCELROY: That is correct.

7           MR. LOVE: Very good. So that's -- do a  
8 lot of other municipalities do that, do other  
9 utilities do that that you know of, or did you  
10 steal it from somebody or are you the only one  
11 that does that?

12          MR. MCELROY: I don't know. I'll have to  
13 find out. I'll get you --

14          MR. LOVE: That's okay. Thank you.

15          MR. CRESCIMBENI: Does any IOUs do that?

16          MR. MCELROY: I don't know. I will --  
17 I'll find out.

18          MR. CRESCIMBENI: Okay. Councilwoman  
19 Morgan.

20          MS. MORGAN: Yes. Thank you so much.

21                 Actually I was going to point out what we  
22 just pointed out as far as the sponsorships are  
23 concerned, they are here. One of the things I  
24 don't see is -- I guess I can total it up  
25 myself, but I didn't see a total for each year

1 from '13, '14, '15, '16, '17, and, you know, up  
2 to '18, the total amount, through the Chair to  
3 Mr. McElroy, of what that was. That -- you  
4 know, that would have probably been significant  
5 for what -- what JEA employees are actually  
6 doing in the community. And, you know, it's  
7 very -- it's diverse, so it does mean a lot.  
8 So if you would, you know, I love totals.

9 MR. MCELROY: We will do it. Thank you.

10 MR. CRESCIMBENI: Thank you, Councilwoman  
11 Morgan.

12 Councilman Gulliford.

13 MR. GULLIFORD: To the Chair, while you  
14 were asking that question, I looked up on  
15 Florida Power & Light's web page, and they have  
16 something called Care To Share that's made  
17 possible by the generosity of the FP&L employee  
18 shareholders and caring customers found in  
19 1994, the program, it's individual to the  
20 families who are experiencing temporary  
21 financial difficulty such as sudden illness,  
22 unexpected unemployment, or another emergency  
23 or personal crisis to keep their lights on when  
24 they need it the most.

25 I suspect that if you check with other

1 utilities, who are very much interested -- and  
2 I'm talking about investor owned, that are very  
3 much interested on the very impact in the  
4 community, that they do contribute and do give  
5 back, but it might have interesting to expand  
6 to others in the state and the see if they do  
7 similar-type things.

8 Through the Chair to Mr. McElroy, the --  
9 the reference you made to the charter, the  
10 restriction going to the contribution, is  
11 there -- I'm not familiar with it, I heard a  
12 little bit about it, but I'm not familiar with  
13 the specifics. Specifically it precludes  
14 contributions to non profits, does it allow a  
15 contribution directly to the City to -- for  
16 charitable or arts or any other philanthropic  
17 type of investment or contribution? In other  
18 words, can the City be a conduit to the JEA for  
19 something like that or is that -- is that  
20 challenged by the charter also?

21 MR. MCELROY: I have to get the legal  
22 counsel to look at that. It sounds  
23 uncomfortable, but I'd have to pull --

24 MR. GULLIFORD: Well, it depends on who  
25 you are as to whether it's uncomfortable. It



1           may be uncomfortable for you. I don't think it  
2           would be uncomfortable for me one bit if we  
3           could get you to contribute through the City as  
4           a conduit. So it just struck me as being  
5           somewhat interesting. I guess Ms. Brooks can  
6           investigate that --

7           MR. MCELROY: Absolutely. I'll put that  
8           on the list.

9           MR. GULLIFORD: Thank you.

10          MR. CRESCIMBENI: Thank you,  
11          Mr. Gulliford.

12          Mr. McElroy, are -- is the United Way  
13          giving in the -- on this -- on the flash drive  
14          that you gave us?

15          MR. MCELROY: Yes, sir.

16          MR. CRESCIMBENI: All right. Councilman  
17          Becton.

18          MR. BECTON: Thank you. Through the  
19          Chair. This has to do with the flash drive.  
20          So I heard you at the very beginning talk about  
21          42,000 pages that -- is that what makes up this  
22          flash drive?

23          MR. MCELROY: Yes, sir.

24          MR. BECTON: All right. Is there a table  
25          of contents to summarize what you're giving us

1 on this flash drive?

2 MR. MCELROY: Yes.

3 MR. BECTON: Could y'all point out what  
4 document that is, please, because I haven't  
5 seen it. In looking at the flash drive,  
6 that's --

7 MR. CRESCIMBENI: You want to hand that  
8 one off, Mr. McElroy --

9 MR. MCELROY: Yes.

10 MR. CRESCIMBENI: -- to Ms. Brooks?

11 MS. BROOKS: Thank you. Through the  
12 Chair, Jody Brooks again, Office of General  
13 Counsel, Chief Legal Officer of JEA. The disk  
14 is only -- there's not a table of contents for  
15 it. It's broken up into three different parts.  
16 The three different parts are the three  
17 different subcategories in the subpoena, so  
18 you'll see a 1, 2, and 3, 1A, 1B, I think 2A,  
19 2B. Those are references to the notebooks of  
20 physical copies over here, but there's not an  
21 actual table of contents, per se, it's just  
22 those three different categories.

23 MR. BECTON: Okay. Could y'all go back  
24 and put together a summation so that we could  
25 understand what's in this 42,000 pages?

1 MS. BROOKS: And it's -- I'm sorry to  
2 correct you on the number, but it's 22-, not --

3 MR. BECTON: Okay. We'll correct the  
4 record, 22,000. Thank you. Okay. A lot --

5 MS. BROOKS: I don't want you to open it  
6 up, and, oh, we don't have that many documents.

7 MR. BECTON: We'll just say a lot.

8 MS. BROOKS: A lot of documents.

9 MR. BECTON: So -- but y'all could be  
10 helpful in allowing us to know by a one-pager  
11 what's in there if we want to reference -- just  
12 like we didn't know this grid was in there.  
13 And when it comes to grid type of data that  
14 you're supplying us, would you provide that in  
15 a spreadsheet so -- to the point that Council  
16 Member Morgan made, that it didn't total  
17 things, that we don't have to go back and just  
18 ask you to total it, if it's a type of  
19 spreadsheet report that we can just do those  
20 things ourselves if you're not answering the  
21 question. But anything in the grid, if it's  
22 possible, try to quantify that in a spreadsheet  
23 type of format rather than just hand it in to  
24 us in a pdf, which can be manipulated. Is that  
25 possible?

1           MR. MCELROY: Through the Chair to  
2           Councilman Becton, we'll -- we'll make a rule  
3           change -- not a rule change, but we'll make it  
4           a practice now to total any bit of information  
5           we give you.

6           MR. BECTON: But it would even be -- give  
7           us more flexibility if that was actually put in  
8           a spreadsheet. It is a spreadsheet of sorts  
9           that's been dumped to a pdf. So it just would  
10          be more helpful even further because you may  
11          not anticipate everything that we want to do  
12          with the information, for which we don't have  
13          to sit here and ask you every little, you know,  
14          thing to do.

15          So any data -- so two things, table of  
16          contents, please, that just kind of highlights  
17          what we're looking at, because I saw the first  
18          number -- the binder number 1 actually had  
19          1,077 pages in it. And it would be helpful to  
20          know what's in that 1,077 at a glance. Can we  
21          do that too as well?

22          MR. MCELROY: Yes.

23          MR. BECTON: Thank you, sir.

24          MR. CRESCIMBENI: Councilman Dennis.

25          MR. DENNIS: Through the Chair to

1 Mr. McElroy, how long have you been CEO of JEA?

2 MR. MCELROY: Five and a half years.

3 MR. DENNIS: Five and a half years.

4 During that time of CEO, were you at the helm  
5 when the -- when the utility acquired other  
6 utilities such as water, other electric  
7 companies and things like that?

8 MR. MCELROY: I was not CEO when JEA  
9 acquired the water utilities.

10 MR. DENNIS: Okay. So were you involved  
11 in the process, in the acquisition of those  
12 other utilities?

13 MR. MCELROY: When I -- when I first  
14 joined the company, JEA was in the process of  
15 integrating United Water into its system,  
16 United Water, Incorporated, and I -- I had,  
17 I'll say, involvement in that, but not direct  
18 responsibility with that.

19 MR. DENNIS: And so your position was CFO  
20 at that time, correct?

21 MR. MCELROY: I think the title was  
22 different, but it had the financial reporting  
23 and treasury responsibility.

24 MR. DENNIS: So -- so here's the question,  
25 so part of the giving and volunteering, did

1           you-all take into account in acquiring United  
2           Water how much volunteering and community work  
3           that utility did in that community in buying or  
4           was it straight dollars and cents? How did the  
5           utility come to the decision to -- to buy  
6           United Water?

7           MR. MCELROY: The -- the acquisition was  
8           completed when I joined the utility and it was  
9           in the process of bringing the accounts over  
10          and melding the two operations. That's why I  
11          got involved. So in terms of the decision to  
12          acquire, what went into that, I wasn't there.

13          MR. DENNIS: So through the Chair, were  
14          those employees kept on or were they let go?  
15          Were they -- I mean, what exactly happened  
16          through that process of the acquisition?

17          MR. MCELROY: To the best of my  
18          recollection, at the time of the United Water  
19          acquisition, some companies -- some employees  
20          were -- were absorbed and became JEA employees,  
21          some employees stayed employees of United Water  
22          and were contracted to JEA for a period of  
23          time, that worked exclusively for -- on JEA  
24          assets. There may have been some that -- that  
25          were no longer, I don't know.

1           The two big groups were JEA employees,  
2           became JEA employees, and the second group were  
3           under contract, exclusive contract to perform  
4           work for JEA on JEA assets. That contract was  
5           subsequently terminated about eight years into  
6           the ten-year contract and they became JEA  
7           employees.

8           MR. DENNIS: So through the Chair, so  
9           those contract workers became JEA employees, so  
10          therefore they were able to start volunteering  
11          and doing things in the community under the JEA  
12          umbrella?

13          MR. MCELROY: Yes. I mean, I'm not sure  
14          what they would have done prior to that, but as  
15          part of the JEA employee population, they  
16          certainly were included in all of the programs  
17          and benefits and futures of being a JEA  
18          employee.

19          MR. DENNIS: So through the Chair to  
20          Mr. McElroy, so if JEA were to pursue another  
21          utility, such as Clay Electric, if it came on  
22          the market or it became a great business  
23          decision to buy that utility to increase  
24          revenue, would you take into account the impact  
25          volunteering, the philanthropic work that --

1 that Clay Electric is doing in Clay County as a  
2 factor in -- you know, in acquisition?

3 MR. MCELROY: Councilman, that would be  
4 speculation on my behalf. I -- and really a  
5 personal opinion at this point. I'm sort of a  
6 little uncomfortable with that. We don't have  
7 the -- we don't have any Clay Electric  
8 conversations going on or anything like that,  
9 so I don't know how to answer that question.

10 MR. DENNIS: All right. So last question  
11 through the Chair, so do you think that the  
12 volunteering and the civic work the employees  
13 of JEA, that they're doing today, do you think  
14 it makes a difference to getting companies that  
15 may want to acquire or have interest in JEA?  
16 Do you think that's a factor -- having  
17 indicated that's a factor?

18 MR. MCELROY: Well, I -- I -- through the  
19 Chair, I never indicated it would be a factor  
20 in anyone else's mind. I can tell you it's a  
21 factor in mine as CEO.

22 Have more employees, and if we go back to  
23 the day I was hired in this job, to have -- we  
24 had to focus on customers being more  
25 competitive, that's my original -- original



1 problem. We had to get our people to become  
2 woven into the fabric of Jacksonville. We had  
3 to be part of advancing our community, so to  
4 the extent that we could do that through  
5 volunteer hours and volunteer activities that  
6 were team building and added value to JEA, then  
7 I embraced that and tried to promote that.

8 MR. DENNIS: This is my last question,  
9 Mr. McElroy, how do you think we could hold the  
10 private company to continue that civic, you  
11 know, culture if someone -- if a private  
12 company were to acquire JEA? And that's my  
13 last question.

14 MR. MCELROY: I think Councilman --  
15 through the Chair, I think that's speculation.  
16 I know we did at JEA and I know -- I know JEA  
17 was a passion and so it was a sense of  
18 ownership in the community, we talked about  
19 that, so I can really speak to what happened  
20 here. How it might transfer and how someone  
21 else might do it, I really -- I really can't  
22 answer that. That's speculation.

23 MR. CRESCIMBENI: Thank you, Mr. Dennis.

24 Mr. Ferraro just came on queue, but I'm  
25 going to ask you to hold on, Ms. Langford, and

1 we are going to have to take a break for our  
2 court reporter, give the court reporter a break  
3 time. So if -- we'll just recess for about ten  
4 minutes so that she can regain the feeling in  
5 her fingers and stretch her legs, and we'll  
6 reconvene and be back in ten minutes.

7 (Recess from 3:37 p.m. to 3:46 p.m.)

8 MR. CRESCIMBENI: All right. If everyone  
9 would please take their seats. We're going to  
10 reconvene the meeting.

11 All right. Thank you. We'll reconvene  
12 the Special Committee on the potential sale of  
13 JEA.

14 Mr. Ferraro, you were on the queue for  
15 questions.

16 MR. FERRARO: Thank you, Mr. Chairman.

17 Thank you, Mr. McElroy, for being here. I  
18 was interested in some of the numbers that we  
19 had, and will the St. Johns Power Park be  
20 decommissioned with FP&L, are these people  
21 being included into these numbers?

22 MR. MCELROY: In -- I'm sorry, through the  
23 Chair, which numbers are you referring?

24 MR. FERRARO: Any of the numbers for the  
25 volunteers, or getting into actually a couple

1 of things. I was interested in the revenue,  
2 because I know that -- the decommissioning of  
3 the power park, I didn't know if the costs are  
4 from part of the decommissioning, the selling  
5 of the machinery parts and things like that, so  
6 I didn't know if any of this is being into this  
7 other group now that's being discussed.

8 MR. MCELROY: So through the Chair,  
9 there's roughly 1,950 JEA employees. There  
10 were approximately 206 or 10 SJRPP employees,  
11 so when we say almost 2,000 employees, that's  
12 all from them.

13 When we look at these numbers, I'll have  
14 to go back and look at that. I would say that  
15 there might be a few SJRPP employees in some of  
16 these volunteer activities, but we'll clarify  
17 that.

18 MR. FERRARO: Okay. Being that you're  
19 going to be looking into that, I know that you  
20 spent time, Jordan and I did, about the  
21 decommissioning, and I would be interested in  
22 knowing how the employees -- because we were  
23 talking about the employees were actually going  
24 to be placed. Some of them went to work and  
25 some of them were going to be retrained. I

1 would like to know how that -- that has been  
2 working out. But what I'd also like to know is  
3 if any of the costs, if that's -- if that's  
4 being pushed against the revenues or that's  
5 being on -- something that has to do with a  
6 one-time cycle, if that's going to be included  
7 with us.

8 MR. MCELROY: We can -- through the Chair,  
9 we can -- that might be a separate item to just  
10 sort of -- because I have a fairly compact  
11 presentation on the set of slides on the SJRPP  
12 decision, and maybe we can bring that and that  
13 might answer some of those questions.

14 MR. FERRARO: Okay. Thank you very much.

15 Thank you, Mr. Chairman.

16 MR. CRESCIMBENI: Thank you, Mr. Ferraro.

17 Mr. McElroy, a couple of additional  
18 questions, I don't have anybody else left on  
19 the queue, but does JEA work with local  
20 charities like Lutheran Services or Catholic  
21 Charities? Do you solicit them to participate  
22 in funding a program that helps people pay  
23 their bill and up JEA's revenues? Is that  
24 something that you're actively out -- going out  
25 and trying to recruit people who will help you

1 do that or do they come to you?

2 MR. MCELROY: It's -- it's a little bit of  
3 both, but in the last couple of years, it's  
4 been JEA outreach.

5 MR. CRESCIMBENI: Okay. Is the value of  
6 that on the flash drive?

7 MR. MCELROY: I don't -- I don't believe  
8 so.

9 MR. CRESCIMBENI: Do you know what the  
10 value of that might be on an annual basis?

11 MR. MCELROY: I don't know that we  
12 could -- I don't know of the top of my head,  
13 but we have those numbers.

14 MR. CRESCIMBENI: Okay. So that would  
15 probably be -- that's part of what we're  
16 looking for, anything like that, sponsoring  
17 World of Nations, soliciting millions of  
18 dollars to help people pay their electric bill,  
19 helping the City accomplish tasks by helping  
20 underwrite costs. Those are all things that  
21 are occurring that may not necessarily occur  
22 with an IOU but certainly aren't part of the  
23 electric business, this is all going beyond  
24 providing service and wastewater, water, or  
25 electric that we're doing. When you -- we want

1 to capture that value.

2 MR. MCELROY: Okay.

3 MR. CRESCIMBENI: Now -- and you also --  
4 how would you describe JEA's programs with  
5 regard to extended payments? I know you have  
6 all kinds of payment plans. How would you  
7 compare JEA's cooperation to help customers pay  
8 their bill or extension of payments, et cetera,  
9 how would you compare JEA's practices in that  
10 arena to other municipals and other IOUs in the  
11 state and then you can tell us where --

12 MR. MCELROY: The general direction of  
13 those activities is to benchmark and then to do  
14 more, whatever that might be, longer payment  
15 terms, longer times to pay, more flexibility.  
16 And I -- I think one program that others may  
17 have taken on with the prepaid meter program,  
18 we have a pretty large program in the  
19 community. I'd have to go ahead and benchmark  
20 that. I know that we're a lead in the state  
21 when we implemented to customers, and that's a  
22 pretty big deal. So we'll capture that as  
23 well.

24 MR. CRESCIMBENI: Is there any costs to  
25 that? I mean, you're ultimately getting all

1 your revenue that you're looking for, right?

2 MR. MCELROY: Correct. Correct.

3 MR. CRESCIMBENI: So how would you  
4 describe what we're doing, what JEA is doing  
5 compared to other major utilities in the state  
6 of Florida? Are we average? Are we above  
7 average?

8 MR. MCELROY: Above average in terms of --  
9 in terms of billing payments, in terms of  
10 service offered.

11 MR. CRESCIMBENI: Would you say we're  
12 better than any -- everybody else that's our  
13 size --

14 MR. MCELROY: Yes.

15 MR. CRESCIMBENI: -- or bigger?

16 MR. MCELROY: Yes. Our size, yes. I'd  
17 have to go ahead and benchmark the other -- the  
18 other --

19 MR. CRESCIMBENI: All right. And one line  
20 of questions, what was the last project that  
21 you volunteered on this period?

22 MR. MCELROY: I did a -- it was a scary --  
23 [phonetic] scary Habijax. I did 90 --

24 MR. CRESCIMBENI: Well, the next volunteer  
25 project you participate in, give me a call,

1 I'll come and join you, okay?

2 MR. MCELROY: Thank you.

3 MR. CRESCIMBENI: All right. I'll donate  
4 my eight hours.

5 All right. Moving on in the agenda,  
6 Mr. McElroy, let's go to the cost of damage  
7 that JEA infrastructure sustained from the two  
8 hurricanes and talk to us a little bit about  
9 whether JEA -- we've already learned that  
10 JEA -- or municipal utilities have the ability  
11 to apply for FEMA reimbursements, whereas IOUs  
12 do not have that ability to apply for FEMA  
13 reimbursement. Talk to us a little bit about  
14 the cost of replacing infrastructure both for  
15 inventory and for services to replace that  
16 infrastructure and what FEMA reimbursements you  
17 either received or anticipate receiving.

18 MR. MCELROY: Well, we have -- in the  
19 summary document, the one page titled Storm  
20 Cost Recovery Impacts On Customers, it's a  
21 PowerPoint, it's a political shading. I think  
22 the -- in terms of storm preparedness and  
23 recovery, it's really been helpful to be part  
24 of a consolidated governmental and have our  
25 emergency operations center located just two



1 blocks away from the City and the County. But  
2 it is preparation ensuring that we've got  
3 sufficient materials and supplies and  
4 inventories before a storm, ensuring that we  
5 get the proper agreements in place to bring in  
6 additional crews to help us with the  
7 restoration and ensuring that our teams are at  
8 maximum, I guess, preparedness, both physically  
9 and mentally to go through the grueling work of  
10 recovery.

11 Our teams do an unbelievable job, and  
12 that's the entire process from -- from the  
13 water and sewer folks to the electric  
14 distribution transmission folks to our leaders  
15 in the community, and you'll see it.

16 Generally we have to do an advance in  
17 terms of the cost side to ensure that we've got  
18 some type of insurance in place. And on our  
19 distribution assets, we have insurance placed  
20 on our plant assets, and have for many years,  
21 but this is a recent requirement of FEMA, and  
22 we put that in place a couple of years ago for  
23 -- [coughing], and it was helpful. That shows  
24 the -- and that's sort of the first loss goes  
25 against there and the secondary loss is -- FEMA

1 picks up for both the State and the -- I think  
2 the Federal funding. Most of that comes from  
3 Federal.

4 We have applications, and this chart  
5 indicates there, for approximately 15.2 million  
6 for Irma and 12.8 million for Matthew. I  
7 believe we expect to -- this is 87 and a half  
8 percent, because I think we've got -- so it  
9 will be a slight 10 percent haircut -- 12 and a  
10 half percent haircut that we will absorb, the  
11 rest to be covered by insurance.

12 From an investor-owned perspective,  
13 generally the carrier reserves to fund  
14 operations during that period of time and then  
15 they accumulate the costs of -- of their storm  
16 recovery, they categorize those and advance the  
17 costs recovery to the Public Service  
18 Commission. The service commission will  
19 authorize the utility to charge their customers  
20 for storm recovery costs over some period of  
21 time, and it acts as a -- essentially an  
22 additional charge on the bill for -- I think  
23 the State of Florida has up to four years, is  
24 the maximum recovery period.

25 That's really the difference in the

1 station that we have.

2 MR. CRESCIMBENI: Thank you. Can you just  
3 describe what an eligible storm cost is just  
4 generally.

5 MR. MCELROY: An eligible storm cost, the  
6 first phase in terms of eligibility is really  
7 the removal of storm debris. And we sort of --  
8 the city experiences a lot of that with their  
9 activities of removal. We have the same in  
10 terms of the electric system, categorized some  
11 costs for removal of debris, removal of trees,  
12 et cetera, to be able to get at the  
13 infrastructure to repair it. And so that's  
14 one -- one step in terms of the cost.

15 The next category is just, then, the  
16 replacement. Then depending upon the types,  
17 take a transformer, if we get a brand new  
18 transformer, I have to replace it with a brand  
19 new one, and we'll probably get full  
20 reimbursement. If we got that transformer  
21 that's 40 -- or 39 years old, 40-year life,  
22 then when we replace it, there will be some  
23 offset there due to the age of the equipment.  
24 And so that's sort of the storm industry.

25 And in that there's categorization in

1 terms of just labor components, fleet costs to  
2 reimburse. They're a pretty com- -- pretty  
3 specific menu of items and costs that I feel  
4 we'll recover.

5 So the number one -- almost the number one  
6 thing we do before and -- not during the storm,  
7 during the storm is safety, but the second  
8 behind safety is to track our costs and to  
9 capture all of our costs so we can then both  
10 document those for reimbursement and prove them  
11 and stand up to the several [unintelligible]  
12 that we got to go through before whether or not  
13 we get reimbursed.

14 MR. CRESCIMBENI: So does your -- when you  
15 bring in partner utilities to come and help us  
16 replace the 40-year-old transformer or  
17 33-year-old, does that meld into the cost?

18 MR. MCELROY: Yes, it is. There are  
19 standard schedules and agreements before we  
20 bring somebody in, and we've got contracts in  
21 place with them. And we --

22 MR. CRESCIMBENI: That's for labor costs  
23 and housing and meals and such?

24 MR. MCELROY: Yeah. Yes, labor costs, and  
25 fleet costs. So we'll reimburse the visiting

1 utility for their labor cost. We do -- we  
2 provide housing and fuel -- food and fuel and  
3 materials, and it's transportation to and from.  
4 So --

5 MR. CRESCIMBENI: And would you concur, I  
6 think the Council Auditor told us at our last  
7 meeting that investor-owned utilities can go to  
8 the Public Service Commission and get a storm  
9 recovery fee authorized and it goes on the  
10 billing, he had some examples listed here. But  
11 if an investor-owned utility had, let's say,  
12 every county up and down the west coast of  
13 Florida, and a hurricane occurred in the last  
14 county, the bottomless fee -- the storm  
15 recovery fee would be applied to all customers  
16 all the way up and down their territory,  
17 correct?

18 MR. MCELROY: I believe that's accurate,  
19 sir.

20 MR. CRESCIMBENI: Thank you.

21 Questions? Councilman Becton.

22 MR. BECTON: Thank you. Through the  
23 Chair, Mr. McElroy, so I asked the auditors  
24 this question in the last meeting, and they may  
25 be coming with an answer, but I wanted to ask

1           you what your thoughts are on this as well, so  
2           in a private utility situation, these  
3           storm-related costs are usually, from our  
4           understanding, added to -- as an additional  
5           charge to their residence bills, is that your  
6           experience?

7           MR. MCELROY: Through the Chair, I think  
8           that's what I just answered to the Chair, yes,  
9           if --

10          MR. BECTON: Just re- -- just resaid,  
11          okay.

12          So my question to the auditors were, you  
13          know, we see a lot of rate comparisons across  
14          the state, across the nation. Where does JEA  
15          relate to that rate comparison? Is it your  
16          experience that when they do those rate  
17          comparisons that this surcharge is included in  
18          those -- in those comparable rates for which  
19          JEA is being compared to?

20          MR. MCELROY: Through the Chair, you've  
21          identified the mystique of rate comparison  
22          within the utility industry, so we try to -- we  
23          try to clarify as best we can and get to  
24          utility charges before fees and add-on, and  
25          then look at that base utility charge.

1 MR. BECTON: So the answer is no?

2 MR. MCELROY: The answer is maybe, but the  
3 problem -- and I will say that there's no  
4 particular practice from utility from utility.  
5 So you really need to -- you really need to  
6 look at the analysis. When we look at that, we  
7 try to get in a comparison base charges,  
8 customer charge, fuel charge, that's the  
9 utility charge. Then what we look at, we look  
10 at storm, environmental, we can look at gross  
11 receipts, public service, 6 percent, the  
12 difference -- the differential franchise fees  
13 are, we try to normalize those as the best we  
14 can on a comparison. So it's a yellow light of  
15 caution when we look at comparing utility to  
16 utility. We would be glad to take the charge  
17 on any one of those and make sure that we've  
18 got, you know, an apples-to-apples comparison.

19 MR. BECTON: But at the end of the day,  
20 that is a charge to the ratepayer, and if they  
21 have a storm every year, they could have  
22 surcharges from here to -- I think I look at my  
23 auto insurance bill and look at state storm  
24 charges, I'm not sure that's gone away yet in  
25 terms of us subsidizing -- you know,

1 subsidizing if -- wherever a storm hits in  
2 Florida. And so -- so what I heard you say is  
3 in all likelihood, that rate is not included in  
4 a kind of base rate comparison; is that  
5 correct?

6 MR. MCELROY: It would not be in a base  
7 rate. It would be identified -- broken out.

8 MR. BECTON: But when we see a chart -- I  
9 mean when we see a rate comparison, we don't  
10 usually see it broken out, we usually see JEA  
11 ranks number X on a -- on a chart from one to X  
12 or, you know, one to pound in terms of -- so in  
13 that situation, I'm trying to find out, is that  
14 a -- typically a base rate comparison?

15 MR. MCELROY: I would have to look at --  
16 we're going to have to be more specific with  
17 the community --

18 MR. BECTON: I understand. I'll have to  
19 show you one thing. I'm asking your -- from  
20 what you usually see in the industry, you  
21 usually get compared to.

22 MR. MCELROY: Yes.

23 MR. BECTON: Do you usually look at that  
24 and go, oh, that's just a base rate comparison?

25 MR. MCELROY: Yeah, we would -- generally



1           it would be -- I think to your point, that is a  
2           cost being incurred and passed on, and so for  
3           that period of time with the charges in place,  
4           you might add that storm fee to compare to  
5           watts.

6           MR. BECTON: I would add it to their  
7           comparison. I'm asking, is that typically the  
8           practice within these comparisons, to add that?

9           MR. MCELROY: And I'd have to look at each  
10          one. We've got -- we've got the Public Service  
11          Commission and we've got FEMA within -- I think  
12          there's been three different methodologies --

13          MR. BECTON: Okay. I'll tell you what, as  
14          an action item --

15          MR. MCELROY: Yes.

16          MR. BECTON: -- go and look -- go give  
17          me --

18          MR. MCELROY: Yes.

19          MR. BECTON: -- the latest comparisons of  
20          those -- those -- what you just named and tell  
21          me yes, this is included -- this included it,  
22          no, this didn't, yes. And I want to come in --  
23          I want to come back and hear none of them  
24          included or all of them included or this did  
25          and this one didn't.

1 MR. MCELROY: Got it.

2 MR. BECTON: Maybe that will help us get  
3 to the answer.

4 MR. MCELROY: Got it.

5 MR. BECTON: Thank you.

6 MR. CRESCIMBENI: Councilman Hazouri.

7 MR. HAZOURI: Thank you, Mr. Chairman.  
8 I'll be kinder and gentler.

9 Going back -- I may have missed an answer  
10 or maybe you didn't address -- Mr. McElroy,  
11 what -- how much have we received from FEMA for  
12 those last two hurricanes, if you know offhand,  
13 and how much is still due us to your knowledge?  
14 What may qualify --

15 MR. MCELROY: Yeah, at this point in time,  
16 we really -- the best to my knowledge, we  
17 haven't received anything yet, and so --

18 MR. HAZOURI: From both of them?

19 MR. MCELROY: For both of them. So the  
20 sum here, 27, 28 million -- 28 million is  
21 outstanding.

22 MR. HAZOURI: That will be for the total,  
23 and we still got hurricane season coming. And  
24 I was remembering -- I guess it was in the  
25 Auditor's report and in ours, so -- and maybe

1           you were addressing it to an extent, with FEMA,  
2           if we were owned by a private utility, if JEA  
3           was sold to a private utility, we would get no  
4           FEMA funds, correct -- is that correct or no?  
5           If it was a private utility, that we would get  
6           -- yes or no?

7           MR. MCELROY: For storm -- storm-related  
8           aggregate, that's correct.

9           MR. HAZOURI: That's right, I'm on storm  
10          related. So they would not get any money from  
11          FEMA, but if FEMA were to pay -- how would  
12          they -- there was something in one -- in that  
13          little -- I guess what you handed out to us.  
14          If South Florida was to receive FEMA dollars or  
15          dollars from the private utility, say, Florida  
16          Power & Light, for just -- for any agency that  
17          I can think of, if they were getting work --  
18          getting repairs done by Florida Power & Light,  
19          owned by Florida Power & Light in South  
20          Florida, is that rate going to be spread  
21          across -- do you think, across the state, with  
22          any company, do they have any residents and  
23          ratepayers that are under the auspices of  
24          Florida Power?

25                 In other words, Florida Power rates up

1 in --

2 MR. MCELROY: Yes.

3 MR. HAZOURI: -- Miami, will we have to  
4 absorb --

5 MR. CRESCIMBENI: Mr. Hazouri --

6 MR. HAZOURI: -- under FEMA?

7 MR. CRESCIMBENI: Mr. McElroy already  
8 answered that question, and he agreed that any  
9 storm surcharge that's approved by PSC or  
10 investor-owned facilities -- by the way, as he  
11 said, investor-owned utilities are not entitled  
12 to FEMA reimbursements, so they're -- any storm  
13 repairs and damages out of pocket for their  
14 ratepayers or their investors, they can go to  
15 PSC storm charge levied, and if the damage  
16 happened in Broward County and they have  
17 customers in Leon County, everybody pays --

18 MR. HAZOURI: That's what I'm asking. I'd  
19 appreciate it if you didn't have to answer it.  
20 I was just asking him anyway. Thank you,  
21 Mr. Chairman.

22 MR. CRESCIMBENI: Councilwoman Brosche.

23 MS. BROSCHE: Thank you, Mr. Chairman.

24 So picking up, Mr. McElroy, on the  
25 questioning that Councilman Becton started to

1 ask about rates and including the charge that  
2 you were referring to in terms of storm, and  
3 I've gotten so many papers at so many meetings,  
4 and I really don't know who gave this to us or  
5 what, but we have a residential bill comparison  
6 January 2018, I do try to -- I don't even begin  
7 to think that you can see exactly what that is,  
8 and then we have a lowest to highest rate  
9 residential bill comparison, January 2018, and  
10 then we have this chart comparison of  
11 residential electric rates compiled by the  
12 Florida Municipal Electric Association, Inc.,  
13 Tallahassee, Florida, dated March 2nd of 2018.

14 And so -- and -- and they do these  
15 comparisons, and it says "base rate" in paren,  
16 "includes customer charge." So is that what  
17 you're -- is that what you're referring to when  
18 it's -- we don't know what that is.

19 MR. MCELROY: Well, through the Chair, I  
20 believe that that is the -- the base customer  
21 charge, and there's a -- it's not the customer  
22 charge for storm recovery. So --

23 MS. BROSCHE: Okay. And so you're saying  
24 that it's inconsistent -- this is consistent --

25 MR. MCELROY: That is con- -- that is

1 through the FEMA, Florida Municipal Electric  
2 Association, and they do that, I think, almost  
3 monthly updating. And Chairman Crescimbeni  
4 actually distributed that in the first meeting.  
5 I thought there was a good [unintelligible].

6 MS. BROSCHE: And so -- but the  
7 inconsistency is whether or not utilities  
8 include the storm recovery charge?

9 MR. MCELROY: Yes, we have to look at that  
10 closely, yes.

11 MS. BROSCHE: And so if somebody produced  
12 a commercial that said our rates are 30 percent  
13 less, I guess they're disclosing, then, the  
14 basis of that calculation, and we don't know if  
15 that includes storm recovery or not or excludes  
16 it and should include it. I guess if somebody  
17 says that, then you're saying that there are a  
18 lot of different rate comparisons and there are  
19 lots of different components to the rates, and  
20 so it would really have to -- you have to dig  
21 deeper to understand exactly how somebody's  
22 even making that assertion?

23 MR. MCELROY: Yes, to be clear, I'm not  
24 challenging the 30 percent, but I'm just  
25 stating that understanding rate comparisons is

1 a challenge and has been a challenge.

2 MS. BROSCHE: A science basically.

3 MR. MCELROY: Yes.

4 MS. BROSCHE: Thank you, Mr. McElroy.

5 Thank you, Mr. Chairman.

6 MR. CRESCIMBENI: Thank you, Council  
7 President Brosche.

8 Mr. McElroy, I have no one else in the  
9 queue. Let me ask two final questions. You  
10 talked about earlier in previous presentation  
11 about where JEA, where in your mind you thought  
12 they were one of the best people that worked  
13 with customers maying their bills, et cetera.  
14 Where do you think we are with regard to  
15 response to major wind events like hurricanes,  
16 how do you think we compare to other municipal  
17 or investor-owned utilities in the state of  
18 Florida, average, below average, above average?  
19 Are we the best that's out there?

20 MR. MCELROY: I would say we're right at  
21 the top. I would say we're right at the top.

22 MR. CRESCIMBENI: But nobody's doing it  
23 better than we are?

24 MR. MCELROY: I think we're -- when you  
25 look among -- the state of Florida does a very

1 good job. Some do it better than others.  
2 We're in the category of those who do it  
3 better. And I just -- for one moment here. I  
4 haven't done it. It's not because of me, it's  
5 because of them.

6 MR. CRESCIMBENI: We all get that,  
7 Mr. McElroy.

8 Let me ask you the second question. How  
9 do we prioritize the restoration of our JEA?  
10 So we have a storm event, a hurricane, we have  
11 half or more of our customers out of service,  
12 let's say on the electric side, what's the  
13 prioritization method of return -- restoring  
14 power? I hear, you know, post -- I hear in our  
15 conference calls -- those four conference calls  
16 internally the Council were on the news  
17 programs, there's like a priority list that we  
18 operate with. Can you just briefly outline  
19 that?

20 MR. MCELROY: Yes. And I -- by this  
21 caveat, I might be off, you know, one place in  
22 the list here or the other, but in order of  
23 priority, we look at public safety and public  
24 health first and foremost. We've got to get  
25 government and police and fire operating first



1 and foremost. That establishes society, the  
2 ruins of society. We then immediately  
3 transition into, and almost simultaneously,  
4 health care. Major health facilities follow up  
5 very quickly. And this is all in a matter of  
6 the first 12 hours when the winds die down and  
7 we've got clarity to be out --

8 MR. CRESCIMBENI: It's safe enough to put  
9 people back out?

10 MR. MCELROY: Yes.

11 MR. CRESCIMBENI: What's your definition  
12 of health, Mr. McElroy?

13 MR. MCELROY: Well, initially they're the  
14 large facilities and then the secondary  
15 facilities. So large -- the big, large  
16 hospitals, the five or six large hospitals, and  
17 then the secondary ones are the major -- the  
18 secondary healthcare recovery, the nursing  
19 homes, not the small ones, but the larger --  
20 larger homes that we have.

21 We did identify, and I believe that this  
22 is -- and we've done a lot of work, and the  
23 City's been a terrific help in this in terms  
24 of -- there's almost a tertiary, the third  
25 healthcare facilities that have evolved almost

1 as health care has evolved, and those were the  
2 ones that we got to during the storm recovery  
3 the last one, but that was outside of our --  
4 outside of our plan. There are a lot of homes  
5 that have five to eight to ten people that are  
6 residing there that have critical healthcare  
7 needs, so we're working through how we  
8 prioritize. So health care.

9 And then right there is schools, you know.  
10 Certainly shelters is up above that, but then  
11 schools because you figure education -- we're  
12 getting education back in, you start to get  
13 society back working again, it's starting to  
14 get the economy back up. And education also is  
15 diversity among the community, so you put all  
16 the schools back in, a lot of the population  
17 centers back in as well. And then --

18 MR. CRESCIMBENI: I'm sorry.

19 MR. MCELROY: -- the third is the big  
20 commercial areas, and then we start to get to  
21 the residential and -- in service.

22 MR. CRESCIMBENI: And was that priority  
23 list, is that something that you determine  
24 internally or is that a joint effort between  
25 JEA and our emergency operations center and the

1 City? Who comes up with that priority list?

2 MR. MCELROY: It's -- it's -- it's -- with  
3 the -- with the emergency operation center of  
4 the city, it's -- JEA's probably the -- sort of  
5 the driver for that, but it's in concert with,  
6 you know, City.

7 MR. CRESCIMBENI: I ran across some  
8 interesting articles in the Sun Sentinel that  
9 was actually on Valentine's Day, and I clipped  
10 it, I didn't think I would be using it, but I'm  
11 going to distribute to my colleagues today.  
12 It's about the incident that happened with a  
13 nursing home --

14 MR. MCELROY: Yes.

15 MR. CRESCIMBENI: -- in South Florida.  
16 And I would encourage -- this is, you know, six  
17 months, four months -- five months after the  
18 fact, but I encourage my colleagues to read  
19 this article. It's very interesting on  
20 complete breakdown of communication between the  
21 home and the -- and the investor-owned utility  
22 that services that market, and it's a  
23 telltale -- it's a telltale picture into where  
24 you might end up in a big, big utility in terms  
25 of priority. This was a nursing home. I think

1           there were a lot of fatalities in that  
2           facility.

3                     Thank you, Mr. McElroy. We have one  
4           initial --

5                     MR. MCELROY: To the Chair. Mr. Chair.

6                     MR. CRESCIMBENI: Yes.

7                     MR. MCELROY: May I just one point, I  
8           would say that from JEA and EOC -- maybe add  
9           some clarity to here. We're the only EOC and  
10          utility in the state that does joint exercises.  
11          And we've got a nationally recognized  
12          individual, Steve Woodard, of Abronskis  
13          [phonetic], he's not really aware of anybody  
14          else in the country that does that. So we --  
15          we work together in that.

16                    MR. CRESCIMBENI: Well, thank you for  
17          doing that because I think the -- I think it  
18          shows when we're in a situation where it's not  
19          an exercise and it's real --

20                    MR. MCELROY: Yes.

21                    MR. CRESCIMBENI: -- I think that  
22          everybody recognizes that. So congratulations  
23          on that.

24                    Mr. Dennis.

25                    MR. DENNIS: Through the Chair, I do have

1 a question. It doesn't have anything to do  
2 with -- with the hurricane restoration, but it  
3 does have to do with infrastructure as a whole  
4 and dollars. So I don't know if this is  
5 appropriate or wait until after --

6 MR. CRESCIMBENI: Let's wait.

7 MR. DENNIS: Okay. And, Mr. McElroy, you  
8 plan on staying to the end?

9 MR. MCELROY: Yes.

10 MR. CRESCIMBENI: He only gets -- if he  
11 leaves early, he only gets credit for one  
12 visit. If he wants to get two visits, he has  
13 to stay till the end.

14 MR. DENNIS: So I just want to make sure.  
15 So through the Chair to Mr. McElroy, you're  
16 going to stay till the end and answer  
17 additional questions?

18 MR. MCELROY: Yes.

19 MR. CRESCIMBENI: All right. Thank you,  
20 Mr. Dennis.

21 Councilman Reggie Brown.

22 MR. BROWN: Yes. So, Mr. Chairman, after  
23 looking at this -- I'm very familiar with the  
24 South Florida issue.

25 What plans -- through the Chair to

1 Mr. McElroy, if we were to sell, what plan  
2 would you offer to this Council, the City of  
3 Jacksonville, to avoid a situation like this?

4 MR. MCELROY: I -- in terms of -- through  
5 the Chair, in terms of any terms and conditions  
6 of a potential sale, I -- I think that's sort  
7 of speculative at this point in time, and I --

8 MR. BROWN: No, it's okay to be  
9 speculative. I'm fine there. This is an  
10 actual situation and this is a fact finding,  
11 and I'm just trying to make sure that we don't  
12 have a situation that pertains to --

13 MR. CRESCIMBENI: Well, I think what we  
14 heard is that in the JEA's priority list, it's  
15 government, police and fire, it's major health  
16 facilities, and then it's the next level of  
17 health facilities, and then it's the next level  
18 of health facilities. So I think that's built  
19 into the JEA plan, and that's why this article  
20 is not about a local occurrence, it's about  
21 somebody else. So I think we're dealing with  
22 that appropriately. I just wanted the board to  
23 have that.

24 MR. BROWN: Yes, we're dealing with it  
25 appropriately, but understanding that we're the

1 fact finding and make sure that -- I'm just  
2 wondering what alternatives could have been,  
3 and as the CEO for City of Jacksonville, JEA, I  
4 just would like for him to give recommendations  
5 that could have a -- you know, once you release  
6 your powers, if you will, if we were to sell, I  
7 just want to know --

8 MR. CRESCIMBENI: Well, you're asking  
9 Mr. McElroy if JEA were sold to an  
10 investor-owned utility, what could we do to --

11 MR. BROWN: Yes, his recommendations.

12 MR. CRESCIMBENI: -- ensure that it  
13 doesn't happen here?

14 MR. BROWN: Right.

15 MR. CRESCIMBENI: Do you have any advice  
16 on that?

17 MR. MCELROY: Through the Chair, I would  
18 say that we have documented practices that we  
19 have built up over a period of time, and we  
20 would avail those to the Council and those that  
21 might be engaged with some third party and  
22 build expectations in along those lines.

23 MR. BROWN: But it's not binding, is what  
24 my understanding was. If we were to -- as it  
25 pertains to a hurricane, it wouldn't be a

1 binding commitment from that individual or  
2 company.

3 MR. CRESCIMBENI: Can you answer whether  
4 we can bind the company to perform that  
5 certain --

6 MR. MCELROY: I can't -- I can't --

7 MR. BROWN: All right. Thank you, sir.

8 MR. CRESCIMBENI: Would you like -- would  
9 you like Legal to come back with an answer on  
10 that?

11 MR. BROWN: Yes, that would be fine.

12 Thank you, Mr. Chairman.

13 MR. CRESCIMBENI: Council President  
14 Brosche.

15 MS. BROSCHE: Thank you, Mr. Chairman.  
16 Through the Chair to Mr. McElroy, picking up on  
17 something that you shared in terms of us being  
18 the only utility that has joint EOC operations,  
19 do you have a sense of why that's the case?  
20 You said we were the only one in Florida, is  
21 that what you said?

22 MR. MCELROY: Yes. And I believe that  
23 Mr. Woodard had said it, it's a unique practice  
24 in his experience, and his experience is  
25 nationally, so --



1 MS. BROSCHE: And his experience is  
2 national, and so -- but you don't have the  
3 sense of why that's the case?

4 MR. MCELROY: No, other than we're right  
5 next door to one another, and certainly it's  
6 helpful.

7 MS. BROSCHE: Probably -- probably could  
8 go on to that partnership list that we've been  
9 putting together. So thank you very much.

10 MR. CRESCIMBENI: Thank you, Councilwoman  
11 Brosche.

12 Thank you, Mr. McElroy, if you'll just  
13 hang around. You mentioned earlier that you  
14 were a member of an organization that began  
15 with Edison. What was the name of that  
16 organization?

17 MR. MCELROY: The Association of Edison  
18 Illuminating Companies.

19 MR. CRESCIMBENI: Of Illuminating --

20 MR. MCELROY: And it was started by Thomas  
21 Edison. It's probably 138 -- I said 138. It's  
22 139. And for history buffs, it's fascinating  
23 reading. We've got all of the minutes of all  
24 of the meetings up online. That's just kind of  
25 fun for a history buff to go back and look at

1 what was being said in the late 1800s and  
2 1900s.

3 MR. CRESCIMBENI: All right. Thank you,  
4 Mr. McElroy. Have a seat, take -- relax for a  
5 few minutes, and we're going to move on. We  
6 may come back.

7 MR. MCELROY: Thank you.

8 MR. CRESCIMBENI: Thank you.

9 MR. MCELROY: Thank you.

10 MR. CRESCIMBENI: All right. Moving  
11 forward, we're going to have -- by the way,  
12 anybody from the audience, I failed to mention  
13 this at the beginning of the meeting, we have  
14 blue speaker cards. We're going to -- we're  
15 going to allot a time period. Time allowed  
16 will be dependent on how many cards we get in.  
17 If you wish to address the Committee, please  
18 fill out the blue speaker card and drop it in  
19 the basket up front so we know how many cards  
20 are going to be submitted. We ask that you go  
21 ahead and fill it out and drop it in the box.

22 All right. Mr. Billy, we're moving on to  
23 reports from the Council Auditor. We've got a  
24 few things on page 2 that are action items from  
25 a previous meeting. I'd like to first revisit

1 this question of the Council meeting.

2 Unfortunately the person that asked for it is  
3 not here.

4 Mr. Hazouri, if you're still around, we're  
5 going to revisit the school property tax from  
6 an investor-owned utility.

7 Mr. Billy, can you address that, please.

8 MR. BILLY: Yes. Mr. Peterson is handing  
9 out a couple of pages.

10 I think there was a question, because in  
11 our report, we had stated that if JEA was sold  
12 to a private utility, that the school board  
13 would not see a benefit on the operating side,  
14 the operating revenues, only on the capital  
15 side. We estimated a gain of about \$80 million  
16 a year. And so there was a question as to --  
17 about that, as it's a pretty complex formula.  
18 We have not handed out the formula, although  
19 I'm happy to e-mail that to you-all if you want  
20 to see it.

21 What we decided to put together and hand  
22 out was just the official response from the  
23 Florida Department of Education. Understand  
24 the way this starts off is one of my auditors  
25 are involved and they have a conversation with

1           their counterpart in the Florida Department of  
2           Education, and then they say, well, in the --  
3           can I put that down in writing and send it back  
4           to you to make sure that I have understood you  
5           correctly when we had this conversation.  
6           Eventually we said, well, can we get something  
7           more official, and so they -- that's when that  
8           person said, no, I need to run this up to my  
9           boss. And so this is an official response,  
10          it's the first page of what Mr. Peterson just  
11          handed out.

12                 Now, what this is saying, there are  
13          three -- I guess three millages that the School  
14          Board receives, two for operating and one for  
15          capital. So on the operating side, you got the  
16          required local effort millage and the  
17          discretionary local effort millage. And on the  
18          capital side, the local capital improved  
19          millage, come down to about the third paragraph  
20          where they explain that the plumbing --  
21          plumbing or the Florida Education Finance  
22          Program includes both State and local revenue  
23          sources, and the portion not covered by the  
24          required local effort is provided by State  
25          funds. An increase in the required local

1 effort revenue resulting from an increase in  
2 the tax roll would not necessarily increase the  
3 district's total Florida Education Finance  
4 Program allocation and would likely be offset  
5 by the decrease in State funds.

6 Further, in the next paragraph they talk  
7 about the discretionary millage compression  
8 supplement. This formula is really something.  
9 It's -- but they're comparing you to other  
10 school districts in the state, and it's not  
11 just how much money, it's how many students do  
12 you have, what -- how much is your budget  
13 spending, and all these different factors, and  
14 if you were below the average, then you get  
15 State money to bring you up to the average.  
16 Now, once you go above the average, you can  
17 keep the extra.

18 And so they -- they say that Duval County  
19 School District currently receives this  
20 allocation, which is the extra State -- the  
21 supplement, because the DLV, which is the  
22 discretionary local effort, revenue is less  
23 than the state average on a per-student basis.  
24 So all else being equal, the increase in DLV  
25 revenue related to an increase in school

1 taxable value would cause an equivalent  
2 decrease in the .748 discretionary millage  
3 compression supplement. So they're just saying  
4 we get more on the local side from that  
5 millage, then we get less of the State  
6 supplement, and that is the case until you get  
7 to that state average.

8 And then the third part is on the capital  
9 side, the third leg is capital. And that one  
10 we do get to keep, that's the one and a half  
11 mill calculation that generated an extra  
12 \$80 million for the School Board.

13 Now, an additional question was, well, how  
14 much -- since JEA is worth -- I think on the  
15 report -- or it's on the tax rolls assessment,  
16 about 5.6 billion. Well, how much would the  
17 tax rolls have to go up in order to see a  
18 benefit to the School Board on the operating  
19 side? And so we asked the State, and the State  
20 came back and said, this is on the second page  
21 of the handout, based on the 2018/19 projected  
22 school taxable value, the projected student  
23 enrollment, Duval County will continue to  
24 receive a compression supplement, which means  
25 we're not up to the average yet, unless the

1 school taxable value increased by approximately  
2 \$25 billion or more. And so the 5.6 from JEA  
3 would not get us there. And so -- again, we  
4 have to -- according to them, all else being  
5 equal, you have to get an additional 25 million  
6 in assessed value before it makes a difference  
7 and it starts the additional operating revenue.  
8 So I know it's very confusing, but we just  
9 wanted to provide this additional  
10 documentation.

11 MR. CRESCIMBENI: All right. So,  
12 Mr. Billy, just to summarize, then, what you're  
13 saying is that -- what was your projected  
14 ad valorem tax for an IOU in our last meeting,  
15 do you remember?

16 MR. BILLY: Yes, we used 60 million as a  
17 good round number.

18 MR. CRESCIMBENI: For the School Board?

19 MR. BILLY: Oh, no. That's --

20 MR. CRESCIMBENI: I'm talking about the  
21 school system now. What was that number?

22 MR. BILLY: We're talking -- now I'm  
23 confused. We said the School Board would get  
24 an additional 8 million in capital.

25 MR. CRESCIMBENI: In capital, but we're

1 going to collect an ad valorem for schools, are  
2 we not? No? And it's going to be offset by  
3 the -- what was that number?

4 MR. BILLY: Okay. I think we're talking  
5 about 26 million -- 26,714,758 if you refer to  
6 the numbers in our attachment to our report.

7 MR. CRESCIMBENI: So that's -- that's --  
8 that was based on 5 billion, you said?

9 MR. BILLY: 5.6 billion.

10 MR. CRESCIMBENI: So we have to have five  
11 times that before we can see a surplus in  
12 revenue going to the school system, correct?

13 MR. BILLY: Yes.

14 MR. CRESCIMBENI: Almost five times.

15 All right. Does everybody understand  
16 that? So even though -- because we're -- I  
17 guess we're a shortage, we're being subsidized  
18 by the State of Florida essentially, and in  
19 order for us to break out of that, we would  
20 have to get revenue not from \$5 billion worth  
21 of additional ad valorem, but 25 billion. So  
22 anything less than 25-, it's going to be a  
23 wash. Anything that comes in is going to be  
24 taken away by the State and we're not going to  
25 have any forward progress on that revenue,



1 correct?

2 MR. BILLY: Yes. If we -- either they  
3 would -- you know, the State would lower what  
4 they give us --

5 MR. CRESCIMBENI: To offset.

6 MR. BILLY: -- to offset what are -- or  
7 they would require the School Board to lower  
8 their millage to generate less or some  
9 combination.

10 MR. CRESCIMBENI: Thank you for doing that  
11 again. That was a question that was asked by a  
12 member who is not with us at the moment. I  
13 fully regret that they weren't here to hear the  
14 answer, but maybe you can work with them  
15 individually to help them understand the  
16 mechanics of that formula.

17 Mr. Anderson.

18 MR. ANDERSON: Mr. President, just want to  
19 confirm, then. So coming up with the  
20 \$60 million, did you use the extension value of  
21 5.6 billion? That's where you came up with that  
22 \$60 million?

23 MR. CRESCIMBENI: 60 million's on the City  
24 side.

25 MR. ANDERSON: Yeah. I just want to make

1           sure it's --

2                   MR. BILLY: Through the Chair to  
3           Councilman Anderson, yes, sir.

4                   MR. CRESCIMBENI: Okay.

5                   MR. ANDERSON: Okay.

6                   MR. CRESCIMBENI: Any other questions on  
7           this topic?

8                   THE COMMITTEE: (No response.)

9                   MR. CRESCIMBENI: Moving in order,  
10          Mr. Billy, go to page 2, comparison -- we asked  
11          at the last meeting to -- for you to do a  
12          comparison of the JEA contribution adjusted  
13          for CPI over the life of the comparison -- of  
14          the values of the contributions made on the  
15          electric and water side, realizing that the  
16          water side has a much shorter life than the  
17          electric side. I think we have a document  
18          that's out for that. That's attachment 1 that  
19          Ms. Evans will be distributing.

20                   You need some help, Ms. Evans?

21                   MS. EVANS: Yes.

22                   MR. CRESCIMBENI: The question we asked at  
23          the last meeting was contributions that started  
24          back in the mid '70s for electric and  
25          contributions that started in the late '90s for

1 water. Those have gone up over the years. The  
2 electric contribution, I think last year was  
3 \$92 million and last year was 23 million for  
4 water. And the question was how do those  
5 compare to Consumer Price Index over those same  
6 -- that same period of time those contributions  
7 had been made. Are we way ahead of the price  
8 index? Are we below the price index? Are we  
9 right there?

10 So, Mr. Billy, if you'll explain this  
11 report and where we are, please.

12 MR. BILLY: Through the Chair to the  
13 Committee, as Mr. Crescimbeni stated, the --  
14 the initial year for the electric contribution  
15 was 1978 and '79 as presented on the previous  
16 schedule that we handed out, and then for  
17 water, the first full year of contribution was  
18 1997/1998. Water had been acquired in midyear,  
19 and that was the first full year of  
20 contribution.

21 So those numbers were taken and applied to  
22 the CPI each year, and you'll see the  
23 calculation's just that number times the CPI  
24 increase to get to the next year's amount, and  
25 then that number increased by CPI year over

1 year to get to the end of 2016/17. And doing a  
2 CPI adjustment for the electric contribution  
3 would be at just over \$89 million, where the  
4 actual contribution was \$92.2 million.

5 And then for water, it's a little bit  
6 higher, the difference, the CPI contribution  
7 calculation would equate to 14.3 million,  
8 wheres the actual water contribution for '16/17  
9 was 23.5 million.

10 MR. CRESCIMBENI: So contribution --  
11 likely contribution when we factor in CPI for  
12 electric is about 2.2 million ahead of CPI, is  
13 that what you're saying, or 3.2 million?

14 MR. BILLY: No, I'm not --

15 MR. CRESCIMBENI: On electric?

16 MR. BILLY: Oh, yes, sir, for -- year over  
17 year, not total -- these numbers are not total,  
18 year over year. For '16/17, we would be  
19 3.2 million ahead.

20 MR. CRESCIMBENI: Right.

21 MR. BILLY: Yes, sir.

22 MR. CRESCIMBENI: And then for water, it's  
23 a little bit greater difference. It's -- what  
24 is that? That's going to be about 7, 8 --  
25 9 million ahead?

1 MR. BILLY: Almost 9 million, yes, sir.

2 MR. CRESCIMBENI: But cumulatively it's  
3 12.5 million, correct?

4 MR. BILLY: That's correct.

5 MR. CRESCIMBENI: All right. And that is  
6 for every year on the chart, correct? That's  
7 the net cumulative up or down?

8 MR. BILLY: That's each year's difference.

9 MR. CRESCIMBENI: Oh, okay. All right.  
10 All right. Any questions on this?

11 Mr. Dennis.

12 MR. DENNIS: Since we're talking about  
13 numbers, I know -- I had a question earlier, in  
14 the very, very beginning. Mr. McElroy gave us  
15 some numbers that were a little confusing, and  
16 I -- we have the auditor's and they actually  
17 have what's the net cash flow or profit per  
18 year with the five years -- or seven years,  
19 2010 and 2017, when JEA paid \$40 billion over  
20 the debt service. So if it's appropriate, can  
21 they actually read the net cash flow each year  
22 from 2010, 2017 since we're talking about --

23 MR. CRESCIMBENI: Absolutely.

24 MR. DENNIS: -- dollars and cents?

25 MR. CRESCIMBENI: Who is -- Mr. Peterson?

1 MR. PETERSON: Yes, sir. The handout was  
2 presented with electric and water separated. I  
3 have combined it for this purposes.

4 So starting with fiscal year '10, the free  
5 cash flow was 258 million. In '11 it was  
6 39 million. In '12 it was 16 million. In  
7 fiscal year '13, 22 million. In fiscal year  
8 '14, 115 million. In fiscal year '15,  
9 214 million. In fiscal year '16, it was  
10 actually zero. And in '17, 105 million.

11 MR. DENNIS: Through the Chair, can you  
12 repeat that one more time? I didn't get all  
13 the numbers, if you can repeat that, Mr. --

14 MR. CRESCIMBENI: Mr. Peterson, would you  
15 repeat that, but maybe just a little bit  
16 slower.

17 MR. PETERSON: Sure. 258, 39 --

18 MR. CRESCIMBENI: 258 was fiscal year '10?

19 MR. PETERSON: Fiscal year '10. In '11 it  
20 was 39. In '12 it was 16. In '13, 22. In  
21 '14, 115. In '15, 214. In '16, zero. And in  
22 '17, 105.

23 MR. DENNIS: So through the Chair to  
24 Mr. Peterson, so this is -- after all bills are  
25 paid, this is the -- the net cash flow. So

1 2010 is the only one that I didn't get, so can  
2 you repeat that, please.

3 MR. PETERSON: 258.

4 MR. DENNIS: 258. All right. Thank you  
5 so much.

6 MR. CRESCIMBENI: Thank you, Mr. Dennis.  
7 Any other questions on this item?

8 Mr. Anderson.

9 MR. ANDERSON: Yeah. Thank you,  
10 Mr. Chairman.

11 Is this active contribution to the city?

12 MR. PETERSON: Through the Chair to  
13 Council Member Anderson, yes, sir.

14 MR. CRESCIMBENI: Anything else?

15 THE COMMITTEE: (No response.)

16 MR. CRESCIMBENI: All right. Next  
17 attachment, please. The next item we'll talk  
18 about is the calculation of JEA's 30 excess  
19 BMAP water quality credits. This conversation  
20 came up at our last meeting about whether or  
21 not we could assign a value to those, and I  
22 think Mr. Peterson will address this. He's  
23 giving us handouts.

24 MR. PETERSON: At the last meeting Council  
25 Member Anderson requested information on what

1 the actual value would be if the City had to go  
2 out and purchase these BMAP credits from the  
3 marketplace.

4 After discussions with Public Works and  
5 our Environmental Quality Division, it was  
6 determined that the number that's in the JEA  
7 agreement was somewhat of an agreed-upon  
8 number, that that might not actually be the  
9 actual marketplace number. Public Works was --  
10 is working on but unaware of an actual value  
11 because credits are not purchased that often.

12 MR. CRESCIMBENI: Remind us what the  
13 number was that was agreed upon.

14 MR. PETERSON: 2 million -- it's in our  
15 report. Let me get there real quick. I'll get  
16 it for you.

17 But in our discussions with Public Works  
18 and Environmental Quality Division, we found  
19 out that the City actually has an RFP out right  
20 now to acquire 53 metric tons. This RFP is due  
21 back to the City for April 11th, so at that  
22 time we might have a good idea of what the cost  
23 of a credit would be.

24 MR. CRESCIMBENI: Okay. So we'll get the  
25 RFP back, we can just take the lowest bid and



1 divide it by 53 and multiple it by 30.34 and we  
2 should have a fair market value? Okay.

3 All right. Any questions on this?

4 MR. PETERSON: Mr. Chair, the exact number  
5 for the JEA 30 credits is \$2,086,767 per year.

6 MR. CRESCIMBENI: 2,086,000 what?

7 MR. PETERSON: 767.

8 MR. CRESCIMBENI: And that's annually,  
9 correct?

10 MR. PETERSON: Yes, sir.

11 MR. CRESCIMBENI: And what was the term of  
12 that agreement?

13 MR. PETERSON: That gets us through  
14 December 31st, 2023.

15 MR. CRESCIMBENI: What was the length of  
16 term, do you remember on that? Eight years?  
17 Seven years?

18 MR. PETERSON: The agreement -- I believe  
19 the agreement started October 1 of 2015, so  
20 that would be eight -- a little over eight  
21 years.

22 MR. CRESCIMBENI: Mr. Anderson.

23 MR. ANDERSON: Thank you. Really quick.  
24 So, Phillip, the -- so we're not actually  
25 paying JEA this amount, are we? I thought we

1 changed that.

2 MR. PETERSON: Through the Chair to  
3 Council Member Anderson, you're exactly  
4 correct. We had originally negotiated a deal  
5 where we would pay JEA. The new enter-local  
6 agreement stated that they would give us those  
7 credits.

8 MR. ANDERSON: So you're using this as a  
9 pricing for some value --

10 MR. PETERSON: Yes, sir, that's correct.

11 MR. ANDERSON: Thank you.

12 MR. CRESCIMBENI: Any other questions on  
13 this?

14 THE COMMITTEE: (No response.)

15 MR. CRESCIMBENI: All right.

16 Mr. Peterson, attachments 3, 4, and 5. You  
17 want me to help you pass those out?

18 MS. EVANS: I can pass them out.

19 MR. CRESCIMBENI: All right.

20 Mr. Peterson.

21 MR. PETERSON: Yes, sir. At the last  
22 meeting, information was requested related to  
23 JEA's spend in our local economy. And so  
24 Attachment 3 is a document provided by JEA that  
25 shows the spend in the five-county area with

1 the significant portion of it being in Duval  
2 County in, I believe, it's calendar year '11  
3 through calendar year '17. And you can see  
4 that that number begins at 148.9 million in  
5 2011 and then in 2017, 173.8 million. I  
6 believe that JEA derived this information by  
7 any invoice that had a ZIP code in the  
8 five-county area.

9 Turning over to Attachment 4, information  
10 was requested for JEA's JSEB participation.  
11 And you'll see they have provided it for the  
12 last 11 years. The minority/women-owned  
13 businesses, other JSEBs, and the total  
14 percentage of their available spend, their goal  
15 is 20 percent of their available spend, and the  
16 total exceeded that 20 percent for each of the  
17 years. You will see the total JSEB spend in a  
18 dollar amount.

19 And then the next column would be minority  
20 businesses and women-owned businesses that  
21 don't qualify as JSEBs to see the total JSEB  
22 and non-JSEB spends.

23 The chart below that is just from the  
24 information listed above. And then the chart  
25 at the bottom is kind of a -- it's a different

1 view of spending year over year.

2 And moving on to Attachment 5, another  
3 question was asked of the City JSEB's spend.  
4 The City's procurement department provided this  
5 information. This is for this fiscal yearend  
6 '16 and fiscal year '17. Awards to JSEBs,  
7 you'll see 20 million in fiscal year '16 and  
8 then 18.3 million in fiscal year '17.

9 And then the bottom portion of the chart  
10 is payments to JSEBs in fiscal year '17, and  
11 this -- this total of 32.4, almost 5 million,  
12 is greater than the award because some of those  
13 contracts carry over and the payment actually  
14 occurs in the following year, but they've  
15 broken it down by the owner of the business.

16 MR. CRESCIMBENI: So what would be the  
17 payment to JSEBs for JEA for the past few  
18 years? The last two numbers up top of page --  
19 Attachment Number 4?

20 MR. PETERSON: The -- it would actually be  
21 the column that says JSEB spend. So in 2016,  
22 it's 9,982,869, plus the 13,364,793, so they  
23 got about 20- -- 23.3, 23.4 million.

24 MR. CRESCIMBENI: Compared to the city's  
25 32.5?

1 MR. PETERSON: That's correct.

2 MR. CRESCIMBENI: All right. Any  
3 questions from the Committee members?

4 THE COMMITTEE: (No response.)

5 MR. CRESCIMBENI: I'd forgotten who had  
6 asked this question.

7 All right. Any questions on this?

8 THE COMMITTEE: (No response.)

9 MR. CRESCIMBENI: All right. Well, now  
10 we're at the point where if anybody has any  
11 general questions, we can certainly entertain  
12 those. I would like to have -- how many public  
13 speaker cards do we have?

14 MS. LOPEZ: Seven.

15 MR. CRESCIMBENI: Seven? Thank you.

16 We probably need to restrict that to the  
17 next 45 minutes and then we'll take up public  
18 comment. And if we conclude by the time --  
19 before the end of our adjournment time, we can  
20 go back to general questions.

21 So does anybody have any general questions  
22 they want to ask about JEA since Mr. McElroy is  
23 here?

24 By the way, how many -- are you leaving  
25 those boxes with us, Ms. Brooks?

1 MS. BROOKS: Through the Chair, it may be  
2 better for us to take them back and create the  
3 table of contents with the physical copy, if  
4 you're okay with that.

5 MR. CRESCIMBENI: We're okay with that,  
6 because I would be afraid if we dropped one,  
7 then those --

8 MS. BROOKS: Thank you.

9 MR. CRESCIMBENI: Let's do that, and then  
10 we'll bring those back and those will come into  
11 the custody of Legislative Services.

12 MS. BROOKS: That will be great. Thank  
13 you.

14 MR. CRESCIMBENI: All right. General  
15 questions, Mr. Dennis.

16 MR. DENNIS: Through the Chair,  
17 Mr. McElroy --

18 MR. MCELROY: Yes.

19 MR. DENNIS: Please start my clock over.  
20 He wasn't at the podium.

21 Mr. McElroy, help me out, I met with  
22 someone yesterday and they wanted to talk about  
23 Plant Vogtle, so we need to take some time to  
24 talk about Plant Vogtle, JEA's interest and  
25 participation in it. Also, when we went into

1 that agreement, were you CEO at the time, and  
2 the debt -- just, you know, no -- just I need  
3 to understand what's going on with Plant  
4 Vogtle.

5 MR. MCELROY: The easiest question --  
6 through the Chair, the easiest question is that  
7 I was not CEO at the time. The contract was  
8 entered into in 2008, I believe. And so there  
9 was a different CEO and probably three boards  
10 ago different in terms of those that approved  
11 that -- approved that contract.

12 I think -- if it please the Councilman and  
13 maybe even the Chair, we will provide a two- or  
14 three-page summary of the -- of the transaction  
15 and all of the documents that were presented to  
16 the Board, to the Council Members within the  
17 next several business days. It's a very -- and  
18 I'm not trying to beg off the question here,  
19 but I really can't do it in this time. It was  
20 a complex transaction that was done in a very  
21 different time.

22 We were -- we had a -- through the State  
23 of Florida, had executive orders for CO2  
24 limitations through electric-generated  
25 facilities, we had -- the Federal government

1 was moving in that direction, house -- house  
2 legislation that was going to essentially shut  
3 down SJRPP in the 2014 time frame if they had  
4 been fully enacted. They missed by one vote in  
5 the senate. And then came the clean power  
6 plant, so we were really focused on CO2.

7 It's not a JEA exclusive decision. There  
8 were nine major utilities in the Southeast that  
9 signed up for similar technology and plants.  
10 This one is the only one being -- that's going  
11 through construction at Vogtle. One shut down  
12 last year and others went through to the full  
13 commercial licensing with the Nuclear  
14 Regulatory Commission.

15 MR. DENNIS: I don't mean to cut you off.  
16 So is Plant Vogtle shut, is it still under  
17 construction?

18 MR. MCELROY: No, it's still moving  
19 forward. It's a project and on path to -- to  
20 produce --

21 MR. DENNIS: So let me -- so it's still in  
22 construction. So let me ask this question, are  
23 we the only utility on the hook for project  
24 Vogtle at this point?

25 MR. MCELROY: No.



1 MR. DENNIS: So in your opinion, was --  
2 Project Vogtle is a major liability for JEA  
3 today?

4 MR. BEAN: Paul.

5 (Mr. Bean and Mr. McElroy confer.)

6 MR. MCELROY: I think the subject of that,  
7 we could have both a -- securities filings and  
8 potential litigation, so my answers would be --  
9 would be pretty restricted in this format.  
10 Again, I would like to offer up a comprehensive  
11 view in a three-page document.

12 MR. DENNIS: Sure. So through the -- so  
13 because we're one city, right, City Council,  
14 basically JEA subsidiary, so -- you know, so  
15 would you advise me not to talk about Plant  
16 Vogtle? I mean, should that not be a  
17 conversation out in the community? Because it  
18 appears, you know, that there is some groups  
19 trying to make that an issue for JEA. So can  
20 you advise us being the head of a utility, you  
21 know, what you think how we should move or how  
22 should we speak as one force about Plant --  
23 project -- Plant Vogtle --

24 MR. MCELROY: Yes. I think -- let us get  
25 this document, and it will be sort of essential

1 background information that has been vetted  
2 through the disclosure and potential contract  
3 issues.

4 MR. CRESCIMBENI: Mr. Dennis, would you  
5 like just to have that received individually or  
6 would you like to have that at next week's  
7 meeting?

8 MR. DENNIS: I think it -- at next week's  
9 meeting. If you could have it in seven days,  
10 that would put us at next week's meeting.

11 MR. CRESCIMBENI: I assume this would be  
12 similar to what you presented at the board, the  
13 workshop a week or two ago, correct? You had  
14 free discussion about Plant Vogtle and the  
15 environment, things of that -- a decision was  
16 made with regard to coal pricing and --

17 MR. MCELROY: Correct. We would take --  
18 it's basically capturing those thoughts and --

19 MR. CRESCIMBENI: Right.

20 MR. MCELROY: -- putting them in a --

21 MR. CRESCIMBENI: Let's do that. We'll  
22 schedule that as an action item for the next  
23 meeting.

24 MR. DENNIS: So let me ask this one last  
25 question about Plant Vogtle since I still have

1           some time, when Plant Vogtle comes online,  
2           would we be able to extract electricity from it  
3           and use it here in Jacksonville?

4           MR. MCELROY: Yes. Yes, absolutely.

5           Through the Chair to the -- really the  
6           Committee, it's interesting to look at the  
7           history of power that has moved from Georgia to  
8           Jacksonville, Florida, and it really dates back  
9           to 1982. And in that year, Jacksonville --  
10          30 percent of the electricity used in  
11          Jacksonville came from Georgia. In 1983,  
12          60 percent was moved down. So we have had a  
13          series of agreements with the Southern Company.  
14          We owned a coal plant in Georgia. And on  
15          average, over the last -- since '82, if you look  
16          at it, about 22 percent or 23 percent of all  
17          electricity consumed on an annual basis in  
18          Jacksonville with JEA is generated in Georgia.

19          MR. DENNIS: I know I said it was my last  
20          question, but I do have some time, so I do want  
21          to exhaust all of my time.

22          MR. CRESCIMBENI: Use it.

23          MR. DENNIS: Through the Chair to  
24          Mr. McElroy --

25          MR. CRESCIMBENI: Mr. McElroy, this may

1 not be his last question.

2 MR. DENNIS: Well, you know, so -- so, you  
3 know, as we talk about Plant Vogtle -- and  
4 again, it's becoming a major topic in the  
5 various circles, what is our obligation  
6 financially with Plant Vogtle?

7 MR. MCELROY: The -- through the Chair,  
8 the -- Vogtle is a Purchase Power Agreement.  
9 We will -- once Plant Vogtle comes online, is  
10 commercially operating, we are required to  
11 purchase 206 megawatts of capacity energy and  
12 ancillary services. That's about 13 -- 12 or  
13 13 percent of our electricity will come from  
14 that facility. It is carbon, CO2 neutral.  
15 There is no CO2 and it is part of the long-term  
16 and 10-year or 15-year plan for CO2 reduction  
17 and it allows us to achieve a 45 percent  
18 reduction in CO2 off of our [unintelligible].

19 MR. DENNIS: And through the Chair to  
20 Mr. McElroy, so --

21 MR. CRESCIMBENI: Go ahead.

22 MR. DENNIS: Well, I want to exhaust my  
23 time. So -- so will you be able to speak fully  
24 and vocally about Plant Vogtle when you're back  
25 next week? I saw that you were conversing

1 with --

2 MR. CRESCIMBENI: I don't think he'll be  
3 able to speak with regard to whether it's a  
4 liability. I think that any legal question you  
5 may have in that regard, you'll probably need  
6 to do a one-on-one with Mr. Gabriel. I would  
7 invite him to the meeting, but in the sunshine  
8 that would not be productive because it is a  
9 sensitive matter. I think there's some  
10 attorney/client conversations that need to be  
11 had on a one-on-one basis. I made that  
12 recommendation in the past, and I would  
13 encourage you take me up on that. Mr. Gabriel  
14 and I have talked about the exposure or  
15 liability the City or JEA may have with regard  
16 to that.

17 MR. DENNIS: Okay. So through the Chair,  
18 how much money has JEA invested in Plant  
19 Vogtle?

20 MR. MCELROY: We have -- we have spent  
21 over the last number of years approximately  
22 \$40 million.

23 MR. DENNIS: 40 million?

24 MR. MCELROY: Yes.

25 MR. DENNIS: Is it safe to say that at the

1 end of the process, it will be about  
2 94 million?

3 MR. MCELROY: I'd have to -- I can't -- I  
4 can't comment on that. I'd have to look and  
5 see and get back to you with the included --

6 MR. DENNIS: So -- and hopefully this is  
7 my last question. How does Plant Vogtle relate  
8 to the public in North Carolina with the  
9 partnership with New Energy -- I'm sorry, South  
10 Carolina, can you talk about that plant and  
11 what happened up there?

12 MR. MCELROY: Through the Chair, I believe  
13 that Councilman Dennis is talking about the  
14 Santee Cooper and the standoff, nuclear  
15 facility. That was a similar facility, similar  
16 technology, and the parties in that plant  
17 decided to shut the project down last summer.

18 MR. DENNIS: Were you able to handle that  
19 -- or when it went into agreement, were you the  
20 CEO into that agreement?

21 MR. MCELROY: Oh, can I get clarity,  
22 Mr. Chairman, because I don't know what the  
23 councilman is talking about.

24 MR. CRESCIMBENI: You didn't have any  
25 involvement in Santee Cooper or --

1 MR. MCELROY: Absolutely not.

2 MR. CRESCIMBENI: -- because that's --

3 MR. DENNIS: I'm just making sure -- I'm  
4 just making sure that they didn't. I just want  
5 to know, you know, under his leadership, the  
6 decisions that remained before and how he's  
7 cleaned up or correct the ship since he's been  
8 CEO, and so I think --

9 MR. CRESCIMBENI: I think the scan on a  
10 Santee Cooper cooperative on, they were  
11 building two reactors, correct?

12 MR. MCELROY: They -- yes, yes.

13 MR. CRESCIMBENI: And I think they  
14 invested about 9 -- it was a multi-project, it  
15 was going to be an \$11 billion project, as I  
16 recall. I think at the point they had  
17 9 bill- -- 9 million invested, they thought  
18 they were only 40 percent complete, and the  
19 project may cost 25 billion, so they just  
20 said -- so it was a 40 percent constructed --  
21 there's two 40 percent constructed nuclear  
22 reactors in South Carolina. The job was shut  
23 down. Those two utilities have 9 billion hard  
24 cash spent and there was nobody else to  
25 complete it, and it would require another

1 16 billion in operations.

2 I think one of those utilities just got  
3 acquired by Dominion Energy, did they not?

4 MR. MCELROY: There was a transaction  
5 announced, yes, sir, it was a scan.

6 MR. CRESCIMBENI: That's the  
7 investment-owned utility. And the other one,  
8 Santee Cooper, that's a public utility that's a  
9 State utility, correct?

10 MR. MCELROY: Correct.

11 MR. CRESCIMBENI: Like JEA, it's owned by  
12 the State.

13 MR. MCELROY: Correct.

14 MR. CRESCIMBENI: They have a huge  
15 territory. Don't they have -- there's like  
16 20-some counties?

17 MR. MCELROY: Yes, they --

18 MR. CRESCIMBENI: All right. Council  
19 President Brosche, any more questions?

20 MS. BROSCHE: Thank you, Mr. Chairman.

21 MR. CRESCIMBENI: Is this for Mr. McElroy?

22 MS. BROSCHE: Mr. McElroy -- yes, it is.

23 Thank you.

24 So my first question is that at our  
25 February 14th meeting, you had offered that



1 Mr. Mace would be available to come back if we  
2 had any questions. And while I'm not sure yet  
3 if we do have follow-up questions for him, does  
4 that offer still stand?

5 MR. MCELROY: It does. And to potentially  
6 expedite, we could also do it in written form,  
7 if that would work for the Council as well, to  
8 bring questions and get -- and bring -- and  
9 we'll get a written record.

10 MS. BROSCHE: Okay. Thank you. So along  
11 those same lines, are you planning to attend  
12 these weekly meetings or are you doing so at  
13 the direction or the request of the Chair? I  
14 mean, you came and mentioned your expertise and  
15 that the expertise and our decision to move  
16 forward and the questions that we may have,  
17 you're a big part of helping us understand.

18 MR. MCELROY: I will plan to attend as  
19 many as I possibly can.

20 MS. BROSCHE: Sure.

21 MR. MCELROY: It's a good chunk of time.

22 MS. BROSCHE: Thank you. So at the  
23 March -- you know, a number of us had an  
24 opportunity to attend your board workshop on  
25 March 20th, and the Board Chairman kicked off

1 the meeting by sharing that that was the first  
2 conversation that the JEA Board had regarding  
3 the potential sale of JEA. Can you help me  
4 understand how that can be.

5 MR. MCELROY: I think the -- and just to  
6 look back at the timeline of the board  
7 meetings, there was some discussion to kick  
8 this process off in the late November board  
9 meeting. There was -- in the December board,  
10 there was conversation about the Chairman's  
11 direction to me as CEO to work with our team to  
12 respond to the questions raised by -- by the --  
13 at the November 28th meeting.

14 So that's -- the question was teed up, we  
15 took that charge, and we went down the path of  
16 engaging PMF to provide the information  
17 necessary for them to do their work.

18 It did not come up for discussion with the  
19 members in the January meeting. It appeared  
20 late January where the PFM was signaling that  
21 they thought they could bring this in for a  
22 landing for our February meeting, and that's  
23 when we began to -- began to sort of think  
24 about putting a workshop together for our  
25 board, and it transpired in terms of it being

1 released early. And the February 14th meeting  
2 occurred, they were here at that time. They  
3 did not discuss it among themselves. Really  
4 the -- this last meeting is the first time that  
5 they were together as a group in order to  
6 discuss it.

7 MS. BROSCHE: So is it customary for the  
8 Board Chair to direct the spending of funds and  
9 actions that -- that you should take without  
10 the involvement of the other Board members?

11 MR. MCELROY: I'd say that the --  
12 certainly no, but the December 12th meeting,  
13 the record shows that the Chair clearly  
14 indicated to the Board in his report with the  
15 action taken. And at that point in time we had  
16 not engaged with respect to any money, so there  
17 was -- there was probably time to at least  
18 challenge that if someone -- one of the other  
19 Board members wanted to, and it did not come  
20 up.

21 MS. BROSCHE: So there no vote to engage  
22 PFM or to move forward with that process as a  
23 Board?

24 MR. MCELROY: That is correct.

25 MS. BROSCHE: And -- so how often does

1 that happen, where there's no vote on actions  
2 that you're directed to take that you might be  
3 given by the Board Chair?

4 MR. MCELROY: Well, in terms of direction  
5 specifically from the Board Chair and without  
6 any subsequent conversation of the Board, so  
7 it's sort of -- it's pretty close in terms of  
8 timing for four or five days, I think, if I  
9 recall. It's not -- it's not practice.

10 I think that right now the Board takes  
11 action, we execute. Generally all of the  
12 directives come from full Board meeting.  
13 Typically we advance on the agenda, there's a  
14 decision made, and we execute, report to the  
15 full Board.

16 MS. BROSCHE: So this is a particular  
17 unusually -- this is an unusual circumstance,  
18 is that what you're saying, it's not normal for  
19 that to happen?

20 MR. MCELROY: It's -- I don't recall  
21 another -- another -- another similar  
22 situation.

23 MS. BROSCHE: Okay. So did you have  
24 conversations with -- who did you have  
25 conversations with as it relates to requesting

1 a joint meeting at City Council that you just  
2 mentioned in your remarks?

3 MR. MCELROY: I had -- I had meetings with  
4 the administration on the -- and I don't have  
5 the dates in front of me, but I had meetings.  
6 I had a conversation shortly after the draft  
7 report, which was released on the 7th, so it  
8 would probably be the afternoon of the 8th with  
9 the administration.

10 MS. BROSCHE: Who initiated that  
11 conversation?

12 MR. MCELROY: It was conversation that  
13 included myself, Mr. Mousa, Mr. Hughes.  
14 There -- and I can't -- I can't -- Ms. Dykes  
15 was with me from JEA. I can't remember if  
16 there was another representative of the  
17 administration.

18 MS. BROSCHE: And who initiated that  
19 conversation?

20 MR. MCELROY: I don't recall. The  
21 conversation really centered around, you know,  
22 releasing the full report now that the -- now  
23 that the draft report had been released and was  
24 in the media, at what time was the -- you know,  
25 the report with numbers going to be available.

1 And I think the -- the staffs there had  
2 communicated with -- and I don't recall doing  
3 it -- I don't recall what was said, that PMF  
4 could be mailed on the 14th, the following  
5 week.

6 So my objective at that time during that  
7 conversation and any and all subsequent  
8 conversation was if we were going to have a  
9 meeting with PFM on the 14th was to get the  
10 maximum number of people, Board members,  
11 Council members, and the community together to  
12 be able to hear that report at one time, and  
13 that was -- that was my objective of the  
14 conversation.

15 MS. BROSCHE: So when I had a meeting with  
16 Ms. Shelton and Mr. Hughes on Monday, February  
17 5th, and a follow-up meeting with Ms. Shelton  
18 on February 8th, the same afternoon that you  
19 seem to have had a conversation where they  
20 asking you to consider a joint meeting with the  
21 Board, you're saying that your conversation  
22 would have been that same afternoon on the 8th?

23 MR. MCELROY: The first -- in terms of  
24 that meeting with me and Mr. Mousa was the  
25 meeting on the 8th.

1 MS. BROSCHE: So how did you know to  
2 request a special City Council meeting?

3 MR. MCELROY: Council President, I'm not  
4 versed in -- in the -- really the language and  
5 the structure of the protocol of the City  
6 Council, and I'll be the first to admit that.

7 We talked about me reaching out, and  
8 the -- as the report was coming from the JEA to  
9 ask you to have a meeting. The nuances of the  
10 term "special meeting" were lost on me. I'm  
11 going to plead ignorance on that and beg  
12 forgiveness.

13 I, you know, got a sample of that letter  
14 and reached out to you, tried to, I believe.  
15 My objective again was to get as many people  
16 together in one room at one time, the Council,  
17 the Board, the community, media, to hear the --  
18 and to have the information in one --

19 MS. BROSCHE: So you were asked to call me  
20 to request a meeting?

21 MR. MCELROY: Yes.

22 MS. BROSCHE: By whom?

23 MR. MCELROY: I believe Mr. -- I believe  
24 Mr. Mousa.

25 MS. BROSCHE: And when we spoke on the

1 morning of February 9th after you sent your  
2 letter and requested that meeting, and I asked  
3 you if your Board's going to be taking action  
4 at that joint meeting, and you said, oh, no,  
5 absolutely not. And I responded and said that  
6 since the City Council would not be taking  
7 action either, why did you specifically pause  
8 and suggest that I make sure that I structure  
9 to format the meeting and me not let the  
10 Council take action?

11 MR. MCELROY: And I think I recall saying  
12 if a workshop would work better, that would be  
13 fine with me because my objective was to try to  
14 have as many people as possible listen to the  
15 read-out so that we could get the information  
16 at one point in time. And I -- again, I -- I  
17 don't know the nuances of and the language of  
18 the Council, and so I apologize.

19 MS. BROSCHE: Do you recall suggesting  
20 that I make sure that I choose a format of the  
21 meeting to allow us to take action?

22 MR. MCELROY: No.

23 MS. BROSCHE: You don't recall that?

24 MR. MCELROY: That I asked that?

25 MS. BROSCHE: (Nods head.)



1 MR. MCELROY: I do not recall me asking  
2 that.

3 MS. BROSCHE: Okay. Thank you.

4 MR. CRESCIMBENI: Mr. Love.

5 MR. LOVE: Thank you. Through the Chair  
6 to Mr. McElroy, if JEA is sold to investors,  
7 what would be their expected rate return, what  
8 would be -- what would be an average rate of  
9 return that you would expect to the  
10 stockholders, 5 percent, 10 percent, 8 percent?

11 MR. CRESCIMBENI: Mr. Love --

12 MR. LOVE: You think that's out of line?

13 MR. CRESCIMBENI: Well, no, I don't think  
14 it's out of line, but I think --

15 MR. LOVE: It would be speculation?

16 MR. CRESCIMBENI: -- the more appropriate  
17 question would be, what would they be allowed  
18 by the Public Service Commission? And if they  
19 are a stockholder, my expectations greatly  
20 exceed what --

21 MR. LOVE: Okay. What would they be  
22 about, okay.

23 MR. CRESCIMBENI: Now, Mr. McElroy, can  
24 you address what would be allowed by the Public  
25 Service Commission?

1 MR. MCELROY: I don't know the exact  
2 number, but it's 10-ish.

3 MR. LOVE: 10-ish, okay.

4 And then in the state of Florida, how do  
5 investor-owned utility electric rates compare  
6 to JEA?

7 MR. MCELROY: I believe we have one  
8 that's -- one that's lower, one we're right on  
9 the money, and a couple that are higher --

10 MR. LOVE: Okay.

11 MR. MCELROY: -- at this time.

12 MR. LOVE: At this time. All right.  
13 Thank you.

14 MR. CRESCIMBENI: Mr. McElroy, JEA used to  
15 publish a rate chart, I think on a monthly  
16 basis. As a Council Member, I used to receive  
17 that. What caused JEA to stop that practice?

18 MR. MCELROY: We include that practice in  
19 our Board material on a monthly basis.

20 MR. CRESCIMBENI: Will I have to get on  
21 the Board to get it or is that something  
22 that --

23 MR. MCELROY: No, I don't recall --  
24 certainly I don't recall stopping the practice.  
25 I don't recall the practice to distribute.

1 MR. CRESCIMBENI: I think there was a --  
2 it was a handy tool, it came out monthly, and  
3 it was a -- you know, in the past JEA was --  
4 was beating all the investor-owned utilities  
5 for a long, long time, were they not?

6 MR. MCELROY: Yes. Yes, sir.

7 MR. CRESCIMBENI: All right. Mr. Becton.

8 Mr. Ferraro, were you -- you're -- are you  
9 just changing your mind? because you were on  
10 and then you dropped off. Did you want to ask  
11 a question?

12 MR. FERRARO: I do.

13 MR. CRESCIMBENI: Okay. Go ahead.

14 MR. FERRARO: Thank you. Through the  
15 Chair, I had a question on the Plant Vogtle.  
16 How much power would we be getting from that,  
17 what percentage did you say?

18 MR. MCELROY: Through the Chair, about --  
19 about 12 to 13 percent of the electricity  
20 requirement.

21 MR. FERRARO: Okay. So what was -- what  
22 was the power that we were getting from the  
23 St. Johns Power Park, what percentage were we  
24 getting out of that?

25 MR. MCELROY: Through the Chair, it -- it

1           ranged in terms of economics, so it would be --  
2           it would be as low as -- as low as that number  
3           and potentially -- potentially to total that  
4           number, maybe 25 percent.

5           MR. FERRARO: Okay. Because I was under  
6           the understanding we were getting rid of it  
7           because of the cost savings, and I'm hearing  
8           how much money that we were on the hook for the  
9           other power plants. So it's kind of -- was  
10          sold to me a little differently.

11          MR. CRESCIMBENI: Mr. Ferraro, at our next  
12          meeting, I think Mr. McElroy agreed to come  
13          back and do a St. Johns River Power Park  
14          presentation?

15          MR. MCELROY: Yes.

16          MR. CRESCIMBENI: So if there's any points  
17          you want me to include, go ahead and mention  
18          those now so he captures that and brings it  
19          back with him at the next meeting.

20          MR. FERRARO: Okay. So what I'd like to  
21          know is the price that it would have been to  
22          keep the power park, because I have some -- I  
23          don't have them in front of me, but I have some  
24          written-down numbers that I was told that it  
25          was going to be to keep it, and I'm kind of

1 interested in seeing what that is.

2 MR. MCELROY: I'd have to get that full  
3 analysis in front of me in terms of keeping it.  
4 I don't know that there were considerable  
5 savings in terms of -- in terms of the go  
6 forward and the transition that would have  
7 occurred with the ownership at the -- in 2022.  
8 So it's -- it's a combination of the cost of  
9 operating in today's environment.

10 MR. FERRARO: And that part that was FP&L,  
11 we would be assuming that part --

12 MR. MCELROY: That's correct.

13 MR. FERRARO: -- correct?

14 Okay. I just wondered, is it an element  
15 of controversy. Thank you.

16 MR. CRESCIMBENI: So, Mr. McElroy, when  
17 you come back on that presentation, can you  
18 include just maybe the last five or ten years'  
19 output and what percentage of that output was  
20 to the total demand --

21 MR. MCELROY: Yes.

22 MR. CRESCIMBENI: -- for JEA? And then I  
23 think there was some environmental concerns  
24 that -- I think, wasn't St. Johns River Power  
25 Park, wasn't that a real high CO2 contributor?

1 MR. MCELROY: Yes.

2 MR. CRESCIMBENI: So you can certainly  
3 point that out in your presentation, and we'll  
4 bring environmental remediation expenses that  
5 were upcoming?

6 MR. MCELROY: Yes.

7 MR. CRESCIMBENI: Include that --

8 MR. MCELROY: Yes.

9 MR. CRESCIMBENI: Thank you.

10 MR. FERRARO: And then, Mr. Chairman, one  
11 of the reasons I was bringing this up is I'd  
12 like to know, Plant Vogtle, from my  
13 understanding, is being changed. And that  
14 was -- that was my concern, is because  
15 originally what we were being told, that it was  
16 going nuclear, that they knew the footprint may  
17 not be going in that direction, now that's why  
18 I was interested in this.

19 MR. MCELROY: Through the Chair, no, sir,  
20 Plant Vogtle is still nuclear.

21 MR. FERRARO: Okay. The footprint is  
22 going to stay nuclear, it's not going to go to  
23 something else?

24 MR. MCELROY: At this point, that is  
25 correct, it's going to stay nuclear.

1 MR. FERRARO: Okay. Thank you.

2 MR. CRESCIMBENI: Thank you, Mr. Ferraro.

3 Mr. Becton.

4 MR. BECTON: Thank you. Through the  
5 Chair.

6 Mr. McElroy, I want to talk about your  
7 capacity here in Duval County or your  
8 footprint. I know, you know, recently here in,  
9 I don't know how many years ago, you built the  
10 power plant over off of Philips Highway, the  
11 natural gas power plant, but kind of give us an  
12 idea, if -- you know, from a 100 percent  
13 capacity, what capacity you are using right now  
14 with your resources?

15 MR. MCELROY: Well, through the Chair, I  
16 mean, at peak load and peak demand, we would  
17 use almost all of our resources, so we would  
18 use Northside one, two, and three. There are  
19 three units there. There's two solid fuel  
20 units, that's 600 megawatts. There's a gas  
21 unit, which is 500 megawatts.

22 There is -- Tallyrand has two combustion  
23 turbines. Each one of those, about 150, so 300  
24 there. There's 300 to the plant that you  
25 referenced. And then now Brandy Branch would

1 be at about 750 of natural gas combined cycle  
2 and single cycle. And so on a high demand day  
3 when we were in January, only January, when it  
4 was very cold, we were seeing demand and having  
5 all of the units running.

6 MR. BECTON: Okay. And I would be  
7 interested having that maybe documented for us.  
8 So you actually -- at time to time there are  
9 peak hours, you give it -- your pedals to the  
10 metal, as they say, you're doing 100 -- you're  
11 giving the -- your footprint all the energy  
12 that you can produce, have the capability of  
13 having --

14 MR. MCELROY: Have the capability, yes,  
15 that's better. That's a better --

16 MR. BECTON: Capability.

17 MR. MCELROY: Capability. Usually --  
18 usually -- [coughing].

19 MR. BECTON: Okay. So are -- do you  
20 ever -- I mean, now, we -- do you ever exceed  
21 that and have to go out and purchase power?

22 MR. MCELROY: Through the Chair, sometimes  
23 it's like an opt to go out and purchase --

24 MR. BECTON: Right.

25 MR. MCELROY: -- some -- and we'll do



1           that.

2           MR. BECTON: But I'm not -- I'm kind of  
3 interested in the capacity type of thing,  
4 because as Duval County grows, and we mentioned  
5 there's still opportunity for growth out there,  
6 I guess how is JEA looking towards the future,  
7 I mean, to -- it sounds -- when we talk about  
8 increasing capacity, if you're -- you're, you  
9 know, having the pedal all the way down to the  
10 floor, that means there's some point in the  
11 future that you might have -- you know, might  
12 have to increase that. Now, I'm sure you're  
13 going -- part of your answer's going to be this  
14 Plant Vogtle.

15           MR. MCELROY: No, I think that -- through  
16 the Chair, the Southside plant is constructed  
17 to expand. We have a couple -- right now it  
18 has two turbines. It's got at least the land  
19 mass to switch our capability of another two  
20 turbines, and both of those can have combined  
21 cycle. We can cover our systems.

22           MR. BECTON: So I heard that 300 megawatts  
23 or something, I think it's what I remember.  
24 You said that --

25           MR. MCELROY: It's going to go down. It

1           could go to -- it could go to --

2                   MR. BECTON: 600, I would assume?

3                   MR. MCELROY: 600, plus 400, yeah, another  
4           200 on each service. So you get -- you get a  
5           200 heat recovery to the existing turbines, 200  
6           there, and then you have 200, 400, and 6- --  
7           another -- almost -- almost 1,000 a unit.

8                   MR. BECTON: Okay. When do you -- when do  
9           you see you -- JEA having to, you know, pull  
10          the trigger on a capital investment of that  
11          sort?

12                   MR. MCELROY: Of that magnitude, we -- we  
13          -- we don't have it in the current five-year  
14          plan. I think another fall-back in the plan is  
15          to utilize some of the space that is out there.  
16          The St. Johns River Power Park were potentially  
17          a gas unit because we have preserved the  
18          ownership of the switchyard and the  
19          transmissional gears. So you could put an  
20          electric-generating facility there. Natural  
21          gas would be the most efficient form of  
22          generation at this point in time.

23                   MR. BECTON: Well, is there an excess  
24          capacity out there in the marketplace  
25          surrounding us, you know, Georgia, that's

1 readily available, somebody's overbuilt and  
2 had -- you know, and you mentioned there's  
3 another municipals that are declining too, so I  
4 guess I'm trying to imagine there's capacity  
5 out there of some sort.

6 MR. MCELROY: So through the Chair, two  
7 things we do on a daily basis, we go to market  
8 with our -- with our requirements, how much  
9 electricity are we forecasting, and we -- and  
10 what we do is we test the market, we get price  
11 discovery in the market, we find out how much  
12 it would cost to buy, and then we look to see  
13 how much it would cost to make, and those  
14 decisions are made on a 24-hour basis.

15 On a longer-term basis, we'll look at over  
16 the 12 months and then try to say that during  
17 peak times, does it make sense -- does the  
18 market make sense, is there capacity there to  
19 buy cheap power in the summertime, where  
20 there's going to be high demand, and we won't  
21 have to turn on one of our high-cost units, and  
22 the day before put some pieces in there.

23 The third view further out is really  
24 the -- what we call integrated resource plan,  
25 and this is done every five years for a

1 utility, we'll then look out over ten years and  
2 look at its requirements. And in that, you  
3 will test the market to see if you can get a  
4 fixed purchase power arrangement or you make on  
5 your own, and then you plan your fleet over the  
6 next decade and fill that. So there's -- it's  
7 sort of a three-step process, very short,  
8 intermediate, and then long-term. And there  
9 are really protocols that drive all of those  
10 decisions.

11 MR. BECTON: So what's your best guess  
12 right now of Plant Vogtle producing any kind of  
13 capacity?

14 MR. MCELROY: I believe they're -- well, I  
15 know that their current cost and schedule has  
16 been published, and that's what we've  
17 disclosed. And we're looking to get energy at  
18 the end of -- in December of 2121 for the first  
19 unit, unit 3, and 2020 and 2022 for the unit 4.

20 MR. BECTON: Okay. So I guess if I'm, you  
21 know, asking for a projection from JEA, you  
22 know, capital expenditures are always the  
23 biggest hit that any business has to take, and  
24 I guess I'm not really hearing you, you know,  
25 especially imagining that declining industry as

1 a whole, capacity, this Plant Vogtle, are  
2 you -- I mean, are you seeing any capital  
3 expenditure in the next five -- I heard no --  
4 not five but ten, 20 years? I mean, does it go  
5 out that far --

6 MR. MCELROY: Well --

7 MR. BECTON: -- in an effort --

8 MR. MCELROY: Through the Chair, I think  
9 that -- I think there will be replacement. I  
10 think that ongoing, we sort of got down to the  
11 bottom level of capital investment necessary to  
12 maintain the systems. Each one, you know, is  
13 roughly a -- you know, a non-growth period of  
14 time, roughly \$100 million a system, so you've  
15 got to -- you've got to continue to reinvest  
16 and replace and maintain.

17 In terms of major capital investment, we  
18 do have one teed up for the Greenland Energy,  
19 which will -- which will increase its capacity,  
20 but it's within the current footprint of the  
21 plant and bring another 84 megawatts, and -- so  
22 that's teed up next year. And that will be  
23 helpful in terms of keeping our costs low.

24 In terms of any big investments, it's  
25 really out -- you know, out past five years at

1 this point.

2 MR. BECTON: Okay. So good. So I -- you  
3 know, just wrapping this up, I'd like to see  
4 some type of report along this line talking  
5 about this subject matter of capital investment  
6 and going out and so forth because I want us to  
7 understand that the dollars possibly that we've  
8 invested are going to have a long-ranging  
9 return on investment, and that perhaps the  
10 future really looks bright in terms of, as  
11 Council Member Dennis kind of mentioned, you  
12 know, even if you have declining sales, that  
13 your cost of operating and cost of investment  
14 is dropping and your net cash could -- could  
15 actually increase and be a very healthy company  
16 for years to come, just looking at it a little  
17 differently. So a report like that would be  
18 very advantageous for us to look at. Could you  
19 produce something like that?

20 MR. MCELROY: We can produce something  
21 like that. We want to -- we want to think  
22 through the disclosure and forward forecasting,  
23 we are -- while we are a private company, we've  
24 got public bonds, and so we have to be mindful  
25 of what we can disclose, you know, sort of in

1 the broad open forum. It's clearly  
2 considered [unintelligible] --

3 MR. BECTON: You can always put that  
4 disclosure that they do for any investor --

5 MR. MCELROY: Yes. Yes.

6 MR. BECTON: -- the future is only as good  
7 as the past, right?

8 MR. MCELROY: Yes.

9 MR. CRESCIMBENI: So what kind of report  
10 were you asking for?

11 MR. BECTON: A forecast and projection of  
12 their anticipated capital needs and projects  
13 that they have, the capital needs as they  
14 relate the projects and increasing the capacity  
15 and how that lays out for as far as they are  
16 comfortable of projecting, how about that? Is  
17 that a fair --

18 MR. MCELROY: Yeah, five years. And I  
19 think -- I think it's -- absolutely. We have a  
20 five-year capital investment plan that is part  
21 of the process of --

22 MR. BECTON: But I would kind of almost  
23 like to kind of push that little thing ten --  
24 you know, ten years sounds -- doesn't sound --

25 MR. MCELROY: And we have our ten -- and

1 we have a fully disclosed ten-year --

2 MR. BECTON: Okay. There we go.

3 MR. MCELROY: So we can certainly --  
4 actually base --

5 MR. BECTON: Okay. There we go. Perfect.  
6 Thank you.

7 MR. CRESCIMBENI: Ms. Powers, you need a  
8 break?

9 THE COURT REPORTER: Yes, please.

10 MR. CRESCIMBENI: All right. Can we do a  
11 five-minute break, is that okay?

12 THE COURT REPORTER: Yes.

13 MR. CRESCIMBENI: All right. And I'm  
14 checking with Ms. Brown, General Brown, to see  
15 if we can run over our hard stop of time. With  
16 a five-minute break for the court reporter, be  
17 back in exactly five minutes.

18 (Recess from 5:23 p.m. to 5:27 p.m.)

19 MR. CRESCIMBENI: All right. If everyone  
20 would take their seats, please, we will  
21 reconvene the Special Committee on the  
22 potential sale of JEA. We're in the open-ended  
23 question session, and our question/answerer is  
24 not here, but maybe we didn't have any more  
25 questions for Mr. McElroy.



1 Did JEA leave?

2 MR. DENNIS: I see his attorney here.

3 MR. CRESCIMBENI: I have Mr. Bowman for  
4 the first time. Sorry, Vice President Bowman  
5 for the first time.

6 MR. BOWMAN: Thank you, Mr. Chair. I'm --  
7 through the Chair to Mr. McElroy.

8 MR. MCELROY: I'm sorry.

9 MR. BOWMAN: I think I actually found on  
10 your website what Mr. Crescimbeni was talking  
11 about, and it's -- it's -- it is the last part  
12 that I see that is October 1st, 2017, and it is  
13 JEA rates with a comparison of national rates  
14 and Florida rates. And I don't want to dive  
15 into it much right now, but I would really  
16 think that this is important, and so, you know,  
17 in the future, if you can expand it to look at  
18 really Florida and maybe southern Georgia  
19 because -- you know, I'm just looking at 1,000  
20 kilowatt hours, and JEA, \$111 and Clay at 109,  
21 Orlando, 106, Miami, 103. There are some above  
22 us, but those are municipals. So I think  
23 that's important for us to understand that.  
24 And also it says that it includes basic rates,  
25 fuel adjustments, and franchise fees, is that

1 all the taxes that can be put in, so it really  
2 needs to be an apples-to-apples comparison on  
3 that.

4 Additionally, you know, I've worked a lot  
5 of big, big energy users projects, and we've --  
6 we're challenged in that area. We've lost  
7 something because we couldn't get the  
8 commercial rates, so I think it's important for  
9 this Committee to know how do we compare as a  
10 big industrial rate users to some of the big  
11 suppliers around here.

12 And on a positive note, that the Board  
13 approved last year the negotiable rates, and  
14 that's changed the dynamic. I haven't used it  
15 a whole lot, but what I'm really interested to  
16 see is how do our rates compare to the  
17 residential users for Florida and the  
18 surrounding area and then the big energy users,  
19 and I really want an apples-to-apples, and all  
20 fees and taxes are included on that.

21 And I also certainly understand that the  
22 privately utilities, the release of big  
23 commercial rates, so I know it's a challenge,  
24 and you're not going to be able to get there.  
25 But -- so really it's not a question to you,

1           it's an assignment in the future, okay? Is  
2           that clear or any questions at all on what I'm  
3           asking for?

4           MR. MCELROY: No, no. We can -- we can  
5           shore that out in terms of producing more rate  
6           discovery work statewide and including the  
7           region.

8           MR. BOWMAN: Okay. And now I'll forward  
9           this to -- to my colleagues here, or I'll  
10          forward it to Legislative Services. It's on  
11          the web. Thank you.

12          MR. CRESCIMBENI: Thank you, Mr. Bowman.  
13          Do you want those rates to include, like, the  
14          storm recovery fees, et cetera, as well? You  
15          want the bottom-line rate?

16          MR. BOWMAN: I want all -- all in so we  
17          can look at one rate and say yeah, they all  
18          compete for less, that's good too.

19          MR. CRESCIMBENI: Thank you, sir.

20          Anybody else for the first time?

21          THE COMMITTEE: (No response.)

22          MR. CRESCIMBENI: All right. Mr. Dennis  
23          for the second time.

24          MR. DENNIS: Thank you. Through the Chair  
25          to Mr. McElroy, you know, I just really

1 appreciate you coming and speaking for us and  
2 the full transparency and everything like that.  
3 I know it's tough. It's probably been tough,  
4 you know, few weeks and everything that like,  
5 but I just want to thank you.

6 On February 14th I asked you a series of  
7 questions about an unsolicited bid, you know,  
8 and I asked had you received an unsolicited bid  
9 by JEA, you said no. And I said, has JEA  
10 received an unsolicited bid to purchase, and  
11 you said no. And I said, has the Board of JEA  
12 received an unsolicited bid, you said no. And  
13 I said, well, Mr. McElroy, you're -- may not be  
14 under oath, but it's definitely videotaped,  
15 it's always going to the recording. And so  
16 when I left there, I said, well, you know, I  
17 should have ex- -- you know, expanded the  
18 question. Are you aware of any solicited bid  
19 to buy JEA, whether it's been given to the  
20 administration, to the mayor, to anyone in your  
21 sphere as it relates to JEA? Are you aware of  
22 any solicited bid received or given to purchase  
23 JEA?

24 MR. MCELROY: I am not aware of any  
25 solicited bid --

1 MR. DENNIS: Unsolicited bid.

2 MR. MCELROY: Unsolicited bid that -- I  
3 have not seen --

4 MR. DENNIS: No, I said are you aware of  
5 it. You don't necessarily have to -- had to  
6 verbally see it or are you aware of any  
7 unsolicited bid to buy JEA?

8 MR. MCELROY: I have not. Again, I mean,  
9 I'm not -- whether it's there or not, I have to  
10 be able to tell you what I have seen and heard,  
11 you know, firsthand. I have not seen a --

12 MR. DENNIS: Seen or heard.

13 MR. MCELROY: Seen or heard from  
14 anybody -- any potential buyer or any  
15 potential -- I have not been involved in  
16 conversations with -- with any potential buyer  
17 with regard to advancing what one would call a  
18 solicited bid. There have been --

19 MR. DENNIS: Unsolicited bid.

20 MR. MCELROY: Unsolicited.

21 MR. DENNIS: Unsolicited bid.

22 So are you aware of any unsolicited bids  
23 to buy JEA?

24 MR. MCELROY: I think in terms of -- the  
25 way I would -- the way I would characterize

1 that is that I believe through my -- through my  
2 time at JEA, I have been -- I have heard  
3 through rumors and innuendos that there were  
4 potential acquirers of JEA. I cannot recall  
5 when those conversations occurred, but I think  
6 that's where I am.

7 MR. DENNIS: Do you think you heard those  
8 rumors within the past 12 months?

9 MR. MCELROY: Could be 12. It could be  
10 60.

11 MR. DENNIS: I don't care about 60, within  
12 the past 12 moments. I'm giving you an out,  
13 I'm not saying within the past five months.  
14 Within the past 12 months, have you heard of  
15 any unsolicited bids? And I'll go to another  
16 question, but --

17 MR. MCELROY: Yeah, I think it's fair to  
18 say that there was -- I heard some rumors, and  
19 they were unattributed, sometime in the last 12  
20 to 24 months that there might be some potential  
21 acquired bid. I just was --

22 MR. DENNIS: Through the Chair, where did  
23 you hear those rumors? Did those bids go to  
24 the administration, to the mayor, Mr. Mousa,  
25 Mr. Weinstein?

1 MR. MCELROY: No, they were outside of --  
2 outside of JEA.

3 MR. DENNIS: Okay. My next question, when  
4 were you -- when did you become aware of the  
5 RFP, the December RFP?

6 MR. MCELROY: Through the Chair, can you  
7 be more specific in terms of the RFP?

8 MR. DENNIS: The PFM sit-down in December,  
9 when did you become aware of that?

10 MR. MCELROY: Could I -- through the  
11 Chair, one clarifying question, the JEA RFP  
12 or --

13 MR. DENNIS: No, Mr. McElroy, Paul  
14 McElroy, when did Paul McElroy become aware  
15 that PFM sent out the RFP?

16 MR. CRESCIMBENI: I think he's referring  
17 to the -- the RFP that the, you know, then  
18 office in Orlando procured on behalf of the  
19 City of Jacksonville for all strategic  
20 something or another.

21 MR. MCELROY: Is that --

22 MR. CRESCIMBENI: Strategic and financial  
23 advisory services.

24 MR. MCELROY: Right.

25 MR. DENNIS: So through the Chair, when

1 did Paul McElroy become aware of that?

2 MR. MCELROY: In the middle of December, I  
3 would have to check the date. And --

4 MR. DENNIS: Through the Chair, how did  
5 you find out about it?

6 MR. MCELROY: I was told about it by our  
7 finance team.

8 MR. DENNIS: Led by who?

9 MR. MCELROY: I believe the best to my  
10 recollection, Ms. Dykes informed me that she  
11 had heard it from an investment banker.

12 MR. DENNIS: So at no time did you hear it  
13 from the administration?

14 MR. MCELROY: I did not hear it from the  
15 administration.

16 MR. DENNIS: Okay. My next question,  
17 First Coast news reported that Moelis, I'm  
18 assuming I'm pronouncing that correctly, came  
19 over to JEA and had meetings through sign-ins.  
20 Were you a part of any of those meetings?

21 MR. MCELROY: I was not part of the  
22 meetings with Moelis.

23 MR. DENNIS: Through the Chair, who from  
24 your organization were at those meetings?

25 MR. MCELROY: I would have to check the



1 record, but I would assume -- I'm not -- I  
2 would check the record. I know I was not in  
3 those meetings.

4 MR. DENNIS: Through the Chair, when were  
5 you -- when did you become aware of Moelis  
6 meeting with your staff? When did Paul McElroy  
7 become aware that Moelis was meeting with your  
8 staff?

9 MR. MCELROY: Within -- within  
10 approximately 24 hours before the meeting,  
11 maybe less.

12 MR. DENNIS: And through the Chair, what  
13 is your recollection -- recollection of the  
14 meeting? What was the purpose of the meeting?  
15 Why -- when you were told that they were  
16 coming, what was the purpose of the meeting?

17 MR. MCELROY: They were meeting with --  
18 with -- through the Chair, with PFM and our  
19 team, and they were doing -- our team and PFM  
20 were doing discovery and --

21 MR. DENNIS: Discovery about?

22 MR. MCELROY: About the report that PFM  
23 was -- was going to prepare, and that was  
24 delivered here on December. So they were  
25 reaching out to experts in the -- in the field

1 of finance, in the field of mergers and  
2 acquisitions to get information about the  
3 process. And that was -- that was my  
4 understanding of why the meeting took place.

5 MR. DENNIS: So as a leader of an  
6 organization, do you feel that your team let  
7 you down by only giving you 24-hour notice?

8 MR. MCELROY: No.

9 MR. DENNIS: Through the Chair, do you  
10 feel that you don't know what's going on at  
11 your organization?

12 MR. MCELROY: No.

13 MR. DENNIS: Through the Chair, who  
14 informed you that they were coming over 24  
15 hours before?

16 MR. MCELROY: It's interesting. I think  
17 the direct Moelis was -- was our finance team.  
18 I can't recall, I'll go back and if the logs  
19 exist --

20 MR. DENNIS: Was it by e-mail?

21 MR. MCELROY: Pardon me?

22 MR. DENNIS: Was it by e-mail?

23 MR. MCELROY: I don't believe so. Phone  
24 call.

25 MR. DENNIS: From?

1 MR. MCELROY: I placed the call that -- I  
2 understood there was some- -- somebody coming.

3 MR. DENNIS: So let me understand, so you  
4 assumed somebody was coming and you placed the  
5 call. How did you find out that someone was  
6 coming to meet with your staff?

7 MR. MCELROY: I -- and I forget. I'd have  
8 to go back and check. There was -- there was a  
9 call that there was -- was somebody coming to  
10 visit, and it was not part of the Moelis party,  
11 but may be related to Moelis and some business.  
12 It was a questionable -- and I was not aware of  
13 it.

14 I called the finance -- Chief Financial  
15 Officer, and Ms. Dykes informed me that Moelis  
16 was coming in to meet with PFL, and they were  
17 going to talk about the process of the report  
18 and gather information. And, quite frankly, I  
19 didn't think much of it.

20 MR. DENNIS: Okay. I know my time is out,  
21 so I'll rest here, but if there's some more  
22 time and you do allow, I'll get back with you.

23 MR. CRESCIMBENI: Thank you, Mr. Dennis.  
24 Council President Brosche.

25 MS. BROSCHE: Thank you, Mr. Chairman.

1           And, Mr. McElroy, my questions are not for  
2           you, so -- I mean, you're welcome to stand  
3           there, but my questions are for somebody else.

4           Mr. Billy, we had a series of questions  
5           that we compiled through the action item list  
6           that Chairman Crescimbeni is collecting for  
7           each meeting. We had that for the last  
8           meeting. And in an update meeting that you and  
9           I had on this and a number of other matters  
10          yesterday, and I asked how the status was  
11          going, you provided me a recap of the answers  
12          that you've been compiling. And there was one  
13          in particular where, I believe it was  
14          Councilman Becton was asking for the cost to  
15          the fees, the City's debt that -- that he  
16          requested the information from the Finance  
17          Department, but it's not been provided. Has  
18          that yet been provided?

19          MR. BILLY: Through the Chair to Council  
20          Member Brosche, no, it has not.

21          MS. BROSCHE: Okay. So, Colleagues, I  
22          have some copies of -- because I asked  
23          Mr. Billy to provide me with his request for  
24          the information, and I have copies of that  
25          request in which it was originally requested on

1 March 15th of Treasury, to a Mr. Barnes, who  
2 forwarded that to Mr. Weinstein, who responded,  
3 "We are not working on the JEA effort, only you  
4 are. Work on it at your risk. There may be a  
5 late-night Billy e-mail accusing you of selling  
6 the JEA while others are not looking." And so  
7 clearly Mr. Barnes didn't work on it.

8 When we asked that question in the last  
9 meeting, again, Mr. Becton asked that question,  
10 the Council Auditor's Office said the Special  
11 Committee's now requesting this information,  
12 and Mr. Barnes forwarded it to Mr. Weinstein,  
13 and this Monday Mr. Weinstein shared, "We  
14 continue to not work on any JEA sale analysis.  
15 They are on their own."

16 And so from time to time, I think that  
17 we're going to -- we've entered into a process  
18 of trying to understand and get questions  
19 answered, and I'm having a hard time connecting  
20 with how is it that we can get the answers to  
21 our questions in order to proceed, and  
22 especially in light of some of the things that  
23 we heard earlier at the podium, that those  
24 things are in conflict. And so I'm going to  
25 pass along this information so that you can

1 read the trail yourself and we can go from  
2 there.

3 MR. CRESCIMBENI: Thank you, Ms. Brosche.  
4 Anybody else?

5 Mr. Dennis?

6 MR. DENNIS: Through the Chair to the  
7 Committee, I would love to have a copy of that.  
8 And I wish you would have had a copy of that in  
9 the Tuesday Council meeting.

10 And I hope this is appropriate for me to  
11 share. First of all, I'm delighted that we  
12 have all 12 people here, our other colleagues,  
13 but I think if we would have had that  
14 information in the attempt to handicap,  
15 dismantle this Committee's work, it would have,  
16 I think, made a difference in some of our  
17 colleagues, their decisions, that they -- in  
18 light of not having information. I hope moving  
19 forward that this body reconsider putting  
20 people under oath, trying to get down to the  
21 truth of the matter, and determine if selling  
22 JEA is the best thing to do. You know, I don't  
23 want to be -- you know, sit down a rabbit's  
24 trail. I don't want to -- you know,  
25 Mr. McElroy, he was asked, will you be here at

1 every meeting, he said, it's a chunk of time.  
2 It's a chunk of all of our time, but it's  
3 important.

4 And so I truly believe that this body, the  
5 citizens of Jacksonville, they deserve full  
6 transparency and they deserve the truth. I'm  
7 going to continue to say it over and over and  
8 over.

9 And, Madam President, I really appreciate  
10 you bringing this to light. And, you know, for  
11 all my colleagues, you really need to have a  
12 serious -- you know, serious, you know, look in  
13 the mirror and figure out what we're doing here  
14 as a body. And I'm done.

15 MR. CRESCIMBENI: Thank you, Mr. Dennis.

16 Okay. Mr. Billy, do we expect --  
17 Mr. Peterson, I guess these e-mails are back  
18 and forth between you. And do we expect any  
19 participation, then, going forward on that one  
20 outstanding action item, just based on the  
21 participation from the Finance Department?

22 MR. BILLY: To the Chair, I don't expect  
23 to receive -- they said we won't get an answer  
24 on that one, but we've had -- we have a great  
25 working relationship with the treasury. We --

1 everything else has been business as usual.  
2 This is -- this is -- this is the only time  
3 this has happened.

4 MR. CRESCIMBENI: Is there any way we can  
5 procure the information independent of the  
6 Finance Department?

7 MR. BILLY: That might be possible. I'm  
8 really not sure.

9 MR. CRESCIMBENI: Well, okay. All right.  
10 Thank you, sir.

11 I have no one else on the queue.

12 Mr. McElroy, again, thank you for being  
13 here today. Does anyone want to carry a motion  
14 to give Mr. McElroy two visits even though it  
15 was only one?

16 MR. ANDERSON: So moved.

17 MR. CRESCIMBENI: Raise your hands if you  
18 approve.

19 THE COMMITTEE: (Raises hands.)

20 MR. CRESCIMBENI: All right. Mr. McElroy,  
21 I'll sign your log sheet or whatever, you have  
22 two visits to add to your number. And I also  
23 want to ask you a question, do you -- do you  
24 enjoy bragging about the company that you're  
25 overseeing?



1           MR. MCELROY: I love bragging about the  
2           company I'm overseeing.

3           MR. CRESCIMBENI: I would like to add to  
4           your list of action items a list of awards that  
5           JEA has won in the past five years. Because I  
6           know the number -- I know I heard you talk  
7           about JP Power award at the workshop. Was that  
8           last week? I may be -- don't have that right.

9           MR. MCELROY: Yes.

10          MR. CRESCIMBENI: Last week. Time is a  
11          blur. But anything else that you -- and I  
12          understand that you won some other awards  
13          recently from the Florida and Municipal  
14          Electric Association.

15          MR. MCELROY: Yes.

16          MR. CRESCIMBENI: So if you want to make  
17          us a list of those and you come in and brag  
18          next week or the following week at the meeting,  
19          we would love to hear those.

20          MR. MCELROY: Thank you.

21          MR. CRESCIMBENI: Thank you for being  
22          here.

23          MR. MCELROY: Thank you very much.  
24          Committee, thank you very much.

25          MR. CRESCIMBENI: All right. We're going

1 to move into the public comment period. I'm  
2 going to call several names. If I call your  
3 name, you need to immediately work your way to  
4 the front row.

5 Jennifer Stokes will be first, followed by  
6 John Bezares, I hope I'm pronouncing that  
7 correctly, and then Valerie Gutierrez and then  
8 Jason Baber or Baber, if you will come to the  
9 front. Jennifer Stokes is first.

10 Are you Jennifer?

11 MS. STOKES: I am Jennifer Stokes. I live  
12 at 12302 Del Rio Drive here in Jacksonville.  
13 And I'm a record payer, taxpayer. I'm an  
14 employee of JEA. My opinions here today are my  
15 own.

16 I want to thank the Committee for their  
17 work, although I think at this point we are  
18 discussing less the future viability of JEA  
19 than we are doing discovery into education of  
20 the Council and the citizens of how engrained  
21 JEA is in the community. We've got 100 years  
22 of experience with change in the electrical  
23 system. I just looked it up, Thomas Edison  
24 didn't pass away until 1931, and we were  
25 cranking out electricity before then here in

1 Jacksonville.

2 We thought about future revenue streams,  
3 and the employees that sit in front of you and  
4 the employees that aren't here literally can do  
5 anything that you task us with. I think our  
6 hurricane recovery proves that. I think our --  
7 everything that we do on a daily basis proves  
8 that, the massive amount of hours and  
9 volunteerism in the community and our actions  
10 shows that we value the community as much as  
11 the community values us.

12 We've got 1950, roughly, employees, but  
13 there's also 2,000 retirees out there that make  
14 up part of this community too, who we still  
15 consider active family members within the JEA  
16 group.

17 I think this process has become political.  
18 It's clear that the Board of JEA no longer  
19 represents the people or is necessarily even  
20 working in the best interest of the people to  
21 administer what goes on at JEA. Out of the  
22 seven positions, there's only six of them  
23 filled. Two of them are merger and acquisition  
24 lawyers, two of them are religious  
25 professionals. I'll let you look up who the

1 other two people are. I would suggest Council  
2 looks at reformatting the JEA Board to  
3 incorporate more employee interaction as  
4 more -- we well as more citizen interaction.

5 I also would like to remind this Committee  
6 as well as the entire Council, the  
7 billion-dollar investors don't show up and  
8 invest a billion dollars because they're  
9 interested in community growth. They don't  
10 show up and invest billions of dollars because  
11 they care about how fast it takes us to recover  
12 from a hurricane. They're sophisticated  
13 buyers. The longer this process drags out, the  
14 more likely it is that we become their victims  
15 and not partners in a sale or a privatization.  
16 A short-term gain of billions of dollars will  
17 not provide any long-term benefits to the City,  
18 and I challenge anybody on Council or in public  
19 to show us what that would be, what that  
20 long-term gain would look like.

21 A few random notes. The EOC is joined  
22 between JEA and the City, it's because we all  
23 live here, we all work for the government, and  
24 individually we'd like to get out of a  
25 hurricane situation as quickly as everybody

1 else too.

2 \$8 million to school capital, the problem  
3 with that is if it only goes to capital, when  
4 you build capital, your operating costs go up  
5 as well. And we heard there was a  
6 \$25 million number before we get more operating.  
7 So even a bump to school capital doesn't help in  
8 the long run, it hurts.

9 I want to just remind everybody on Council  
10 that figures never lie, but liars figure.

11 Thank you.

12 MR. CRESCIMBENI: Thank you, Ms. Stokes.

13 Any questions for Ms. Stokes? If not,  
14 John Bezares. I can't really read your  
15 handwriting.

16 MR. BEZARES: I apologize. It's Bezares  
17 or Bezares. My name is John Bezares.  
18 Residence -- my address is on file.

19 I would just like first to say that I  
20 wasn't able to attend all the meetings, and I  
21 thought that the second meeting and the talk of  
22 putting everybody under oath to be fair, I  
23 think that was really a great idea. I would  
24 like to say that as a regular person, if I was  
25 asked to go under oath, I think that getting an

1 attorney is a really good idea, but if you are  
2 an attorney, and the way I see it, you went to  
3 law school, you put on that shiny white robe,  
4 and you stand in front of people and you say,  
5 I'm here to represent the truth for everyone.  
6 To be scared and not want to do that, I don't  
7 understand that. You're a lawyer. You're  
8 trained in depositions and acquisitions and  
9 contract law. And from my limited  
10 understanding, where a comma is or a semicolon  
11 in a legal contract can change the whole tone  
12 of something. So that I don't understand, not  
13 wanting to take the oath.

14 The first report said that the City  
15 Council could set almost all the rules for the  
16 future sale. You want to do something? You  
17 want to give people power? Set it now. Make  
18 JEA spend the money where you want, put it  
19 where you want. They're here asking you to  
20 sell. This is where the power is.

21 The location of the new company CEO, we  
22 don't even know who Duke -- who runs Duke? Who  
23 runs FP&L? Who runs the Caneput [phonetic]  
24 company? And I would like to know when was the  
25 last time any one of those three -- the CEO of

1 those three companies spoke at this level. So  
2 the guy who runs FP&L, why -- he represents all  
3 of Florida. When was the last time he was at  
4 the City Council? I don't think we'll get that  
5 kind of service in the future.

6 I would like to thank Mr. Crescimbeni for  
7 the time. I wanted it a little more harsher in  
8 the beginning because I have a vested interest,  
9 but you've been able to -- I've been able to  
10 try to listen to the details, and I want to say  
11 thank you.

12 The stor- -- if JEA's junk, who wants to  
13 buy it? If it's going down, going down, going  
14 down, going down, why is somebody going to come  
15 in and give us \$11 billion?

16 Real quick, it's good to be proud of 138  
17 years of the Edison club. Why aren't you proud  
18 of 125 years and looking for another 100 years  
19 here at JEA? Why can't we just keep it on  
20 rolling? It's always good -- I mean, it's --  
21 to say how long we've been around, but why  
22 shorten it up and simmer down.

23 I never did hear correctly the landfill  
24 leakage cost, I'm talking about leaking out of  
25 the landfill and JEA taking care of that, I

1 never heard a dollar amount attached to that.

2 Loyalty, why would we care about customer  
3 loyalty if the company's not loyal to them?

4 You know, we want all these people to be loyal  
5 to JEA, but we're not going to be loyal to  
6 them? I don't get that.

7 Everybody likes to talk on the side. I  
8 know a little bit about SJRPP. If you want to  
9 talk after, I'll be more than glad to tell you  
10 some stories.

11 I apologize for the randomness. And it's  
12 never -- you buy a house, it's not personal,  
13 someone says. These things are certified true.  
14 And as a random thought, if one member of the  
15 Board can ask someone to spend \$100,000, then  
16 why can't that same member of the Board ask JEA  
17 to spend another \$100,000 to buy an independent  
18 person and get there? because one needs to  
19 focus exclusively on where we're going to get  
20 the money to find someone with the experience.

21 Thank you.

22 MR. CRESCIMBENI: Thank you, sir.

23 Next is Valerie Gutierrez, followed by  
24 Jason -- I think this might be Baber, I don't  
25 know, Andy Johnson, Gregory Johnson, and David



1 Thomy, Thomy?

2 MR. THOMY: Thomy.

3 MR. CRESCIMBENI: Ms. Gutierrez.

4 MS. GUTIERREZ: Yes, thank you. Valerie  
5 Gutierrez. I represent IBEW, over 500  
6 employees within JEA, plus also employees that  
7 have been with JEA.

8 First, I just want to say, I guess I'm a  
9 little surprised that the individuals that kind  
10 of took three hours of your life on Tuesday are  
11 not here to hear the complete presentation and  
12 comments that we had to present, but I know  
13 people have their own personal life, just as I  
14 do and everybody else that's behind you.

15 But I want to say that I appreciate  
16 Mr. Ferraro for bringing up the SJRPP and the  
17 closing because I would think that it being  
18 closed, that -- you know, that the revenue  
19 would increase since you are no longer having  
20 to pay O&M or operating costs to maintain  
21 SJRPP, so I look forward to see what those  
22 numbers are going to be as well as far as the  
23 increases.

24 And this is not a reflection on  
25 Mr. McElroy, but I just want to say the

1 employees that I represent have been under  
2 extreme stress due to the uncertainty of their  
3 jobs, and they work on a very dangerous --  
4 every day, whether it's linemen, power park, or  
5 even my colleagues in the replay and  
6 substation. You know, I just met with a line  
7 crew this morning, and they said you need to  
8 let them know that they're all -- you know,  
9 that they're extremely worried about their job  
10 and what the future holds for them.

11 And -- let me see. So I just want to make  
12 sure that the Committee and Council Members  
13 consider that, moving forward with getting more  
14 information on this. So the sooner we can wrap  
15 this up, I think it will put people's minds at  
16 ease.

17 Also, during the hurricanes, it's an all  
18 hands on deck, as Jennifer mentioned earlier,  
19 especially these last two hurricanes, and that  
20 even included me, even though I was just kind  
21 of a runner. I facilitated or, you know, got  
22 lunch or whatever was needed so the linemen  
23 could continue to do their job at -- the best  
24 that they can. And I don't think you're going  
25 to get that kind of response from a private

1 investor.

2 And the other thing too is I know you were  
3 looking at some accolades or awards for what,  
4 you know, JEA has done. Just recently our  
5 linemen, I think it was at Kissimmee, they  
6 ended up winning the Florida championship --  
7 what is that called? Rodeo. So they do that.

8 So thank you for your time.

9 MR. CRESCIMBENI: Thank you,  
10 Ms. Gutierrez. We have a question. Councilman  
11 Ferraro.

12 MR. FERRARO: Thank you. Through the  
13 Chair, did you know that I haven't heard any  
14 compelling evidence of why the JEA should be  
15 sold, but also did you know that with -- I'm  
16 getting lots of calls from my -- I'm getting  
17 lots of calls and people coming up to me. And  
18 I understand what you just said about morale  
19 being low. So when you go and you talk with  
20 the folks that are listening to you, we have  
21 not -- I haven't -- and I'm speaking for  
22 myself, I haven't heard any evidence of why JEA  
23 should be sold, but I'm interested in hearing  
24 the whole story. So if you're talking with  
25 people out there, please let them know that. I

1 mean, we're here to listen, and I just didn't  
2 know if you knew that, because it sounded like  
3 when people come up, they sound like this is a  
4 done deal, and this is not a done deal. This  
5 is something that we're listening to, and I  
6 didn't know if you knew that, because I  
7 really -- I really want you to know that.

8 And the morale that I'm hearing from  
9 people, who -- I think you guys did a fantastic  
10 job over the past two hurricanes that I've been  
11 part of. And the people I talked to that are  
12 on the phone and they're upset, and when I  
13 finish talking to them, they understand that.  
14 But don't get all pulled into the hype. And I  
15 just wanted to let you know that this is not a  
16 done deal. This is something we're really  
17 listening to you guys about.

18 MS. GUTIERREZ: I appreciate that,  
19 Councilman. And I understand that, but as you  
20 know, rumor control or all the whatevers, what  
21 ifs and all that, some of these people may  
22 gravitate to that, thinking it's already a done  
23 deal. I have to tell them it is not. You guys  
24 as the Committee or Council, full Board will be  
25 having a final vote on -- on or if it does get

1 to that point. So I'm -- like you said, I'm  
2 trying to calm their nerves and make them  
3 realize it is not a done deal.

4 MR. FERRARO: I'm in your community, and I  
5 wanted you to know that.

6 MS. GUTIERREZ: And I appreciate that.  
7 I'll relay that information.

8 MR. FERRARO: Okay.

9 MS. GUTIERREZ: Thank you, sir.

10 MR. CRESCIMBENI: Thank you,  
11 Ms. Gutierrez.

12 Mr. Jason Baber. Did I get it right that  
13 time?

14 MR. BABER: Yes.

15 MR. CRESCIMBENI: Can you pronounce my  
16 name? Let's turn the tables. Go ahead.

17 MR. BABER: Jason Baber. I'm an  
18 electrical engineer in JEA. I'm also the Vice  
19 President of the Professional Employees  
20 Association. I wanted to come tonight. I've  
21 heard this several times in the Times-Union and  
22 at -- presented at the JEA Board and then again  
23 here tonight talking about deregulation and the  
24 competition that may or may not bring. So I  
25 would say it's if and when the Committee, their

1 independent consultants started, one of the  
2 first questions they should answer with this  
3 Committee is how the U.S. electric regulation  
4 and deregulation works.

5 No utility in the U.S. has a deregulated  
6 transmission or distribution system. The  
7 85 percent of Texans in a deregulated market  
8 mentioned earlier by Councilman Gulliford, I  
9 believe, that applies only to generation and  
10 possibly building.

11 In 2016 Hugh McCorkle stated that most  
12 Texans were paying more for their energy  
13 because customers were only allowed to change  
14 generation providers once per year and didn't  
15 have the adequate resources to know how to  
16 effectively shop for those services.

17 No one regulates the transmission  
18 distribution due to Federal NERC requirements  
19 and also because no one wants eight sets of  
20 power lines running through their yard.

21 That being said, one day after we hear  
22 rumors that Mr. Kury, Mr. Petway, and  
23 Mr. McElroy were having dinner together, the  
24 mayor's political council -- or the political  
25 allies on this Council went full attack in

1 order to dissolve the committee and to remove  
2 all the old power to enforce the truth.

3 The main instigator of Tuesday night's  
4 push could be the written speech the mayor gave  
5 to him to read and didn't stay tonight to hear  
6 all this -- this going on -- goings on. The  
7 push was clearly to move the discussion back to  
8 the JEA Board where the mayor can tell them  
9 what they think. When the plan failed, the  
10 mayor replied to then make sure and certain, so  
11 in all discussions while ensuring the people  
12 with the answers would not be held accountable  
13 to the truth. This Committee here has now been  
14 politicized, and again, which is one of the  
15 main complaints why this committee was started.

16 Thank you very much.

17 MR. CRESCIMBENI: Thank you, sir. We have  
18 one question. Council President Brosche.

19 MS. BROSCHE: Thank you, Mr. Chairman.

20 Through the Chair to Mr. Baber, and I  
21 think I actually have two questions. Could I  
22 ask you to e-mail -- well, I was going to say  
23 the Committee. Can I task you to e-mail the  
24 Council some of the things that you just said  
25 about regulation and deregulation, that part

1 when you started out talking about the  
2 different parts, and if you could include links  
3 and resources, that would be great.

4 MR. BABER: I can do that.

5 MS. BROSCHE: And I was -- I was catching  
6 a question when you were talking for just a  
7 short period of time during what you were  
8 saying. So what did you say about a dinner?

9 MR. BABER: We heard rumors that  
10 Mr. Petway, Mr. Kury, and Mr. McElroy were  
11 having dinner together Monday night.

12 MS. BROSCHE: Okay. Thank you very much.

13 MR. CRESCIMBENI: Thank you, sir.

14 Andy Johnson, followed by Gregory Johnson,  
15 followed by David Thomy.

16 MR. JOHNSON: Thank you, Mr. Chairman. I  
17 would congratulate you because I think this  
18 Committee is doing excellent work. I think the  
19 original Committee was on the ball, and now we  
20 seek to dilute the power here of everybody  
21 that's on the Committee. I think there ought  
22 to be a requirement that everybody joining the  
23 Committee go back and review every single  
24 minute of the videotape of everything we've  
25 done up until now because it's a very important



1 project.

2 I'd like to make a couple of suggestions,  
3 some of them are complicated, and I will just  
4 mention them and we can discuss them some other  
5 time, but one complicated suggestion that comes  
6 up about once every two years for the last 40  
7 years is that the City Council would be more  
8 effective, more powerful if the City Council  
9 has its own independent attorney unconnected  
10 with the mayor's attorney. I don't mean any  
11 disrespect for anybody. I think the General  
12 Counsel's Office are professional people who do  
13 good things, but the School Board, the City  
14 Council, and the mayor should have their own  
15 separate legal staff. This staff should not  
16 even talk to each other except -- [clapping] --  
17 in dispute.

18 The second item is that we were talking  
19 about whether people should take an oath. I  
20 don't really care too much, I thought it was a  
21 good idea, but if we're not going to take an  
22 oath, the key thing is we've got to find a way  
23 to either to take an oath or to pass a Council  
24 requirement or somehow enforce some regulation  
25 to be sure that nobody connected with the sale

1 of the JEA can ever make a penny off the sale.  
2 I have a vision of people with the City going  
3 on to work with million-dollar salaries through  
4 this utility. We need to ensure that doesn't  
5 happen and that's not going on.

6 The third thing that's on my mind is that  
7 I think that this Committee hasn't yet even  
8 probed at all into the environmental aspects of  
9 the sale. I think if there is a sale, there  
10 are water quality and air quality --  
11 [coughing] -- because when you have a  
12 City-owned utility, you work with them on your  
13 concerns about your water, about your air,  
14 about your other environmental issues.

15 Also, when it's City owned, when a  
16 customer is the same person as the owner, City  
17 owned, then we can work with ourselves on  
18 whether we want to have windmills built out  
19 there off the coast -- off the coast like they  
20 do in Denmark for everyone to acquire --  
21 everybody to put a solar panel on top of their  
22 roof. That may be the wave of the future. But  
23 that works better with a municipal utility than  
24 if you're an investor-owned utility situation.

25 Lastly, if we are short on money, and it

1 seems like the gravity it is, if we're worried  
2 about the pension fund bill going out, but if  
3 we're short on money, the way to deal with the  
4 shortage of money is to comply with the Florida  
5 constitution. If we comply with the Florida  
6 constitution and if we correct our problems and  
7 assess everybody in Jacksonville on a full  
8 100 percent, we would have enough money to  
9 build another fire station, to hire more  
10 cops, develop the walkway that I walk to the  
11 library, and just have longer library hours,  
12 and for us to do a lot of other good things  
13 without any millage increase if we just  
14 simply complied with the Florida constitution.

15 MR. CRESCIMBENI: Thank you, Mr. Johnson.  
16 Any questions?

17 THE COMMITTEE: (No response.)

18 MR. CRESCIMBENI: Gregory Johnson. Is he  
19 still here?

20 Okay. David Thomy.

21 MR. THOMY: Thomy.

22 MR. CRESCIMBENI: Thomy?

23 MR. THOMY: Yes.

24 MR. CRESCIMBENI: Sir, in the future, when  
25 we're in the audience, we don't allow --

1 MR. THOMY: I'm sorry.

2 MR. CRESCIMBENI: We don't allow clapping,  
3 cheering --

4 MR. THOMY: Yes.

5 MR. CRESCIMBENI: -- calisthenics, any of  
6 that stuff.

7 MR. THOMY: I'm sorry. I remember what I  
8 want to forget and forget what I want to  
9 remember. I've been here a long time ago, but  
10 there's so much important things that others  
11 have said, particularly something about  
12 presenting why the sale has to be made or trust  
13 to the public.

14 The Public Service Commission, when you're  
15 selling -- if you sell it, the seller will  
16 rebox the assets to whatever they want to do,  
17 which will affect all the prices. The Public  
18 Service Commission will black box it. If you  
19 don't have an expert that can tell you how much  
20 damage can be done, you'll have no idea of the  
21 rates. PCS absolutely looks after, from my  
22 experience in another state, I was regulated,  
23 PSC usually looks at the homeowners, and the  
24 commercial accounts be damned, and they look at  
25 the other total investment of the industrial

1 park for their rate of return there, which  
2 would put Cecil Field in a lot of trouble  
3 there.

4 The second thing, they talked about the  
5 City attorney does not represent the City,  
6 because an attorney can have only one client,  
7 and I bet you you'd loved to have known that  
8 when you first came on Council, because the  
9 attorney's client may be the very person you're  
10 opposed to and you're getting the other  
11 person's advice, not the good judgment of the  
12 attorney. That has to be changed.

13 When these attorneys are sent to the  
14 School Board, Supervisor of Election, you are  
15 nullifying my vote for my person that I want to  
16 represent what policy he says, and I don't want  
17 a veil thrown over his ideas by someone else  
18 not elected to that position.

19 The other thing is I started telling  
20 people in 2008 that JEA was going to be sold  
21 because I could not see how it could survive  
22 with the -- with the general liability of a  
23 nuclear plant, that is, we own JEA. We signed  
24 a contract there for 3 billion plus of  
25 construction liability. Look it up -- do

1 research on Fryar's [phonetic] Bond Rating  
2 agency there -- we took the general liability  
3 in the proportion to the electrical power we're  
4 contracted to take. And I couldn't find very  
5 much, and I didn't look very hard, I admit, on  
6 the other two partners.

7 The other thing is we have not done very  
8 well with our contracts with others. Our  
9 attorneys have not represented the citizens  
10 maybe or their fall-back positions, they have  
11 not set benchmarks to achieve. And I say only  
12 that in the sense of that you are going to have  
13 to sell either position on the JEA, and you're  
14 starting from a position of -- of people really  
15 don't want to hear because the facts really  
16 haven't been presented other than what they  
17 hear. They don't know why --

18 MR. CRESCIMBENI: All right.

19 MR. THOMY: -- but they know there's a  
20 problem. Thank you.

21 MR. CRESCIMBENI: Thank you, sir. If you  
22 could just restate your name for the record.

23 MR. THOMY: David Thomy, T-h-o-m-y.

24 MR. CRESCIMBENI: Thank you, sir.

25 Kimberly Miller is next, followed by Bert

1 Sparks.

2 Is Kimberly Miller here?

3 Mr. Sparks, if you'll make your way  
4 forward as well.

5 MS. MILLER: Thank you, Chair. My name is  
6 Kimberly Miller and I represent Duval County  
7 Public Schools. I am here to -- I delivered a  
8 letter to the Council Office unsigned by the  
9 superintendent, Patricia Willis, as well as  
10 Chair Wright. They wanted to engage in the  
11 process in hopes that you will have -- be able  
12 to have further conversations with the  
13 Committee.

14 MR. CRESCIMBENI: Sorry, you sent a letter  
15 to --

16 MS. MILLER: To the --

17 MR. CRESCIMBENI: You're handing out this  
18 letter?

19 MS. MILLER: Uh-huh. That's it.

20 MR. CRESCIMBENI: You want to just tell us  
21 what the letter is about briefly.

22 MS. MILLER: Sure. So the letter  
23 basically addresses some concerns that the  
24 Chair and the Superintendent had in regards to  
25 the Council Auditor's report on March 22nd. We

1 stand firm that we receive no additional  
2 funding from JEA and we wanted to make sure  
3 that that was noted and was documented for the  
4 Committee and their review. We are eager to  
5 have a conversation about what revenue is  
6 possible, but we wanted to at least make sure  
7 that the Committee is aware that we've received  
8 no funds from JEA to date.

9 MR. CRESCIMBENI: Were you here earlier in  
10 the meeting when we talked the potential  
11 contribution to the School Board?

12 MS. MILLER: Yes, sir, that's correct.

13 MR. CRESCIMBENI: What's your role in the  
14 School Board?

15 MS. MILLER: I am the Director of  
16 Governmental Relations.

17 MR. CRESCIMBENI: So you -- are you  
18 suggesting that the Council Auditor's  
19 information on the computation of the receiving  
20 of ad valorem taxes from an investor-owned  
21 utility is accurate, not accurate?

22 MS. MILLER: Sir, I'm not speaking to his  
23 actual accuracy of his report. He did not  
24 speak to Duval County Public Schools or our  
25 auditor or Chief Financial Officer to make that



1 report.

2 MR. CRESCIMBENI: Mr. Billy, didn't you  
3 call and leave messages for someone at the  
4 School Board?

5 MR. BILLY: Yes, we did contact someone  
6 over there. I think it was the budget office.  
7 We may have a few e-mails, and I know we also  
8 spoke to someone on the phone.

9 MR. CRESCIMBENI: Can you get that  
10 information together for Ms. --

11 MS. MILLER: Ms. Miller.

12 MR. CRESCIMBENI: -- Ms. Miller so that  
13 she can take that back to Ms. Willis and  
14 Ms. Wright?

15 MS. MILLER: Yes, sir. Will do. Thank  
16 you so much.

17 MR. CRESCIMBENI: Thank you. Question,  
18 Ms. Miller.

19 Mr. Becton.

20 MR. BECTON: Thank you. Through the  
21 Chair, Ms. Miller, yes, it says, "Although many  
22 in the community believe that the school  
23 district receives revenue from JEA, we do not."

24 Did you hear anything that implied that we  
25 suggested that the School Board received money

1 from JEA?

2 MS. MILLER: If -- the March 22nd meeting  
3 left -- was not exactly explicit that we did  
4 not receive any funding, and I think that is  
5 why the Superintendent and the Chair felt that  
6 it was necessary to make that statement, to be  
7 clear. We received no funding. And we know  
8 there was a discussion about \$8 million and  
9 that potential from the JEA revenue, but we've  
10 re- -- we haven't received any funds.

11 MR. BECTON: Well, Ms. Miller, I've been  
12 here completely and been involved in that  
13 conversation, and I do not remember anybody  
14 stating that the School Board received money  
15 from JEA or even indicated that to that point.  
16 So I would encourage you guys to go back and  
17 review the transcript, which is being done word  
18 by word, before, you know, insinuating that --  
19 that that was implied or mentioned in our  
20 deliberations, so -- but we're certainly  
21 interested in hearing the School Board's views  
22 on the calculation as well. So please, we look  
23 forward to that engagement.

24 MS. MILLER: Absolutely. We look forward  
25 to it as well. Thank you.

1 MR. CRESCIMBENI: Thank you, Ms. Miller.  
2 Mr. Sparks.

3 MR. SPARKS: Thank you, Council Members.  
4 My name is Bert Sparks. Record's on file.  
5 Construction maintenance foreman at JEA. I  
6 push one of the overhead crews.

7 When you talk about selling JEA to a  
8 privatization company, a lot of them are  
9 maintenance-only utilities, so am I to assume  
10 my job is protected? We have 130, roughly,  
11 people in our department. We do construction  
12 and maintenance. And now we're going to move  
13 just to maintenance, my job is not protected at  
14 that point. So there is a concern for my job  
15 and my family my livelihood.

16 We won -- you want to talk about awards?  
17 Our JEA linemen did the best in Conehead,  
18 Kansas, competed in the international rodeo,  
19 come in number one. That's won at the  
20 international rodeo. That's awards.

21 We do very well in our storms. We  
22 represent JEA very well and handle --  
23 [coughing] -- any work that we do. You want  
24 another way of revenue, storm work. Storm work  
25 is the way to go get revenue, go out and start

1 working storms. There's a bunch of companies  
2 that do this and that's all they do, is chase  
3 storms.

4 My last thing is you-all are elected  
5 officials. You-all have constituents that you  
6 represent. I would like to know how many  
7 constituents in each region will JEA solve.  
8 Because if the numbers aren't there, then to me  
9 this is a moot conversation at this point. I  
10 appreciate your time.

11 MR. CRESCIMBENI: Thank you, Mr. Sparks.

12 Any questions?

13 THE COMMITTEE: (No response.)

14 MR. CRESCIMBENI: All right. Any  
15 announcements that anybody would like to make?

16 MR. DENNIS: Birthdays.

17 MR. CRESCIMBENI: Birthdays. No  
18 birthdays.

19 All right. Well, we've reached the  
20 conclusion of our meeting. I've got a lot of  
21 action items. I can read them into the record  
22 or I can work with Mr. Clements to reconcile  
23 his list and my list and put them in the  
24 minutes. Any motion --

25 MR. LOVE: We trust you.

1 MR. CRESCIMBENI: Fair enough.

2 All right. If there's something else,  
3 tell me -- Council President Brosche.

4 MS. BROSCHE: Thank you, Mr. Chairman.

5 Through the Chair to the Committee, I just  
6 want to give you a brief update. I had the  
7 opportunity to speak with Dr. Sherry Magill at  
8 the Jesse Ball duPont Fund before our meeting  
9 started.

10 She is going to mention that the Jesse  
11 Ball duPont Fund Board of Trustees issued an  
12 RFP to contract directly with a research  
13 institution using the scope and qualifications  
14 that this Committee developed and approved, and  
15 added a few questions that -- that the Jesse  
16 Ball duPont Fund had in -- had in order to  
17 commission the research, and that that report  
18 will be available to us when they complete it.  
19 We had a meeting with her. There were a lot  
20 of -- you know, a lot of twisting ourselves  
21 into a pretzel in order to get through  
22 procurement quickly. So much like other  
23 organizations that we heard are doing their own  
24 studies, that's how this is -- what this is  
25 trended to and they're going to make sure that

1 we have a copy directed to us. It's all going  
2 to be directed to us and to them as a research  
3 product as an output. So that's the update.

4 MR. CRESCIMBENI: Thank you, Council  
5 President.

6 Our next meeting will be held next  
7 Thursday. It's got a hard time of 3:30 p.m.  
8 That will be April 5th.

9 I want to thank Mr. Ferraro, Vice  
10 President Bowman, and Councilman Love, new  
11 additions to the Committee for sticking in the  
12 long haul here. Where else can you get kind of  
13 this much fun on a Thursday afternoon?

14 All right. To the original Council  
15 Members, Council President, Mr. Dennis,  
16 Mr. Becton, Ms. Morgan, thank you for your  
17 patience and courage today. We'll meet again  
18 next week, next Thursday, April 5th at 3:30.  
19 And until then, this meeting is adjourned.

20 (Proceedings concluded at 6:18 p.m.)

21 - - -

REPORTER'S CERTIFICATE

STATE OF FLORIDA )

COUNTY OF DUVAL )

I, Stephanie Powers Cusimano, Registered Professional Reporter, Florida Professional Reporter, and Notary Public in and for the State of Florida at Large, hereby certify that I was authorized to and did stenographically report the proceedings and that the foregoing transcript, pages 1 through 222, is a true record of my stenographic notes.

I further certify that I am not a relative, employee, attorney, or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 11th day of April 2018.

\_\_\_\_\_  
Stephanie Powers Cusimano  
Registered Professional Reporter  
Florida Professional Reporter