

---

**From:** Michael Mace <MACEM@pfm.com>  
**Sent:** Tuesday, February 20, 2018 1:11 PM  
**To:** Charleroy, Melissa M. - Executive Assistant  
**Subject:** Re: JEA Requests  
**Attachments:** JEA Data Request Assumptions for Ranges.pdf; JEA Data Request Taxes.pdf

Melissa - attached you will find responses to the data requests.

JEA Data Requests Taxes - is in response to the question about assumed taxes in the event JEA stays under City ownership and the assumed taxes under a private owner. It should be noted, that in the transition to private ownership as currently assumed in the models, the overall tax burden of the private utility would increase relative to JEA. However, the portion of the taxes/fees that go to the City decline. AGAIN, THAT IS UNDER THE ASSUMPTIONS IN THE MODEL. THERE ARE A GREAT MANY COMBINATIONS OF ASSUMPTIONS THAT COULD BE USED THAT WOULD PRODUCE DIFFERENT RESULTS. THE FINAL DETERMINATION OF THESE ASSUMPTIONS WOULD BE MADE BY THE CITY LEADERS.

JEA Data Request Assumptions for Ranges - is in response to the request for assumptions for the various valuation methodologies that were employed.  
Please let me know if you need anything else.

Regards,

Michael Mace  
PFM  
917-318-7869 Cell

---

**From:** Charleroy, Melissa M. - Executive Assistant <charm@jea.com>  
**Sent:** Friday, February 16, 2018 1:14 PM  
**To:** Michael Mace  
**Subject:** JEA Requests

Good Afternoon Mike,

Can you provide me with a status of the 3 outstanding JEA requests?

Thank you

Melissa Charleroy  
JEA  
Executive Assistant to  
Paul McElroy, Chief Executive Officer,  
Melissa Dykes, Chief Financial Officer  
and JEA Board of Directors  
21 West Church Street Jacksonville, FL 32202  
Ph: 904-665-7313 | Fax: 904-665-4238 | Mobile: 904-616-4219 [charm@jea.com](mailto:charm@jea.com)

-----  
Florida has a very broad Public Records Law. Virtually all written communications to or from State and Local

Officials and employees are public records available to the public and media upon request. Any email sent to or from JEA's system may be considered a public record and subject to disclosure under Florida's Public Records Laws. Any information deemed confidential and exempt from Florida's Public Records Laws should be clearly marked. Under Florida law, e-mail addresses are public records. If you do not want your e-mail address released in response to a public-records request, do not send electronic mail to this entity. Instead, contact JEA by phone or in writing.

Electric

\$4,100 5.25% \$0 15X	\$5,100 4.75% \$50 17X	Unlevered Disc CF After Tax WACC Synergies Terminal PE Mult.
\$4,500 20X PE on 125MM \$2.0BN Debt Balance	\$5,385 24.5X PE on 130MM \$2.2BN Debt Balance	PE times Earnings Runrate Plus Debt
\$4,455 11X on \$405MM	\$6,090 14X on \$435MM	EBITDA Mult times EBITDA Runrate
\$4,050 1.5X on \$2.70Bn	\$5,500 2.0X on \$2.75Bn	Net PP&E Mult times Net PP&E

Water/Sewer

\$3,800 5.25% \$0 15X	\$5,000 4.50% \$35 19X	Unlevered Disc CF After Tax WACC Synergies Terminal PE Mult.
\$4,000 23X PE on 100MM \$1.7BN Debt Balance	\$4,770 27X PE on 110MM \$1.8BN Debt Balance	PE times Earnings Runrate Plus Debt
\$3,000 12X on \$250MM	\$4,185 15.5X on \$270MM	EBITDA Mult times EBITDA Runrate
\$4,050 1.5X on \$2.70Bn	\$5,500 2.0X on \$2.75Bn	Net PP&E Mult times Net PP&E

Estimated Tax Payments for JEA vs. Private Owner			
--	--	--	--

		JEA 2018 Est.	Private 2020 Est.
City Transfer		115	0
Franchise Fees	3% current, assumed increase to ~6%	40	78
State Utility Tax	assumed 2.6% of revenues in 2020	33	46
Property Taxes	assumed 1.8% of net plant		94
City Portion			
Other			
Public Service Tax	assumed same	90	90
Income Taxes	on after tax income		11
Total Taxes		278	319
Local Gov't Portion		245	262